# We fuel Ambitions, Support Growth & Transform Lives

Annual Report 2024

MAU BANK

# Content


| | |
|---|---|
| **Corporate information** | 3 - 4 |
| **Directors' report** | 5 - 9 |
| **Sustainability report** | 110 - 23 |
| **Corporate governance report** | 24 - 48 |
| **Statement of compliance under Section 75(3) of the Financial Reporting Act 2004** | 49 |
| **Statement of management's responsibility for financial reporting** | 50 |
| **Report from the secretary** | 51 |
| **Independent auditor's report** | 52 - 58 |
| **Statements of financial position** | 59 |
| **Statements of profit or loss and other comprehensive income** | 60 - 61 |
| **Statements of changes in shareholders' equity** | 62 - 64 |
| **Statements of cash flows** | 65 - 66 |
| **Notes to the financial statements** | 67 - 187 |
| **Management discussion and analysis** | 188 - 218 |
| **Administrative information** | 219 - 229 |

# We fuel Ambitions, Support Growth & Transform Lives

At MauBank, we believe that financial services should be a force for positive change! We are committed to empowering individuals, businesses, and communities.

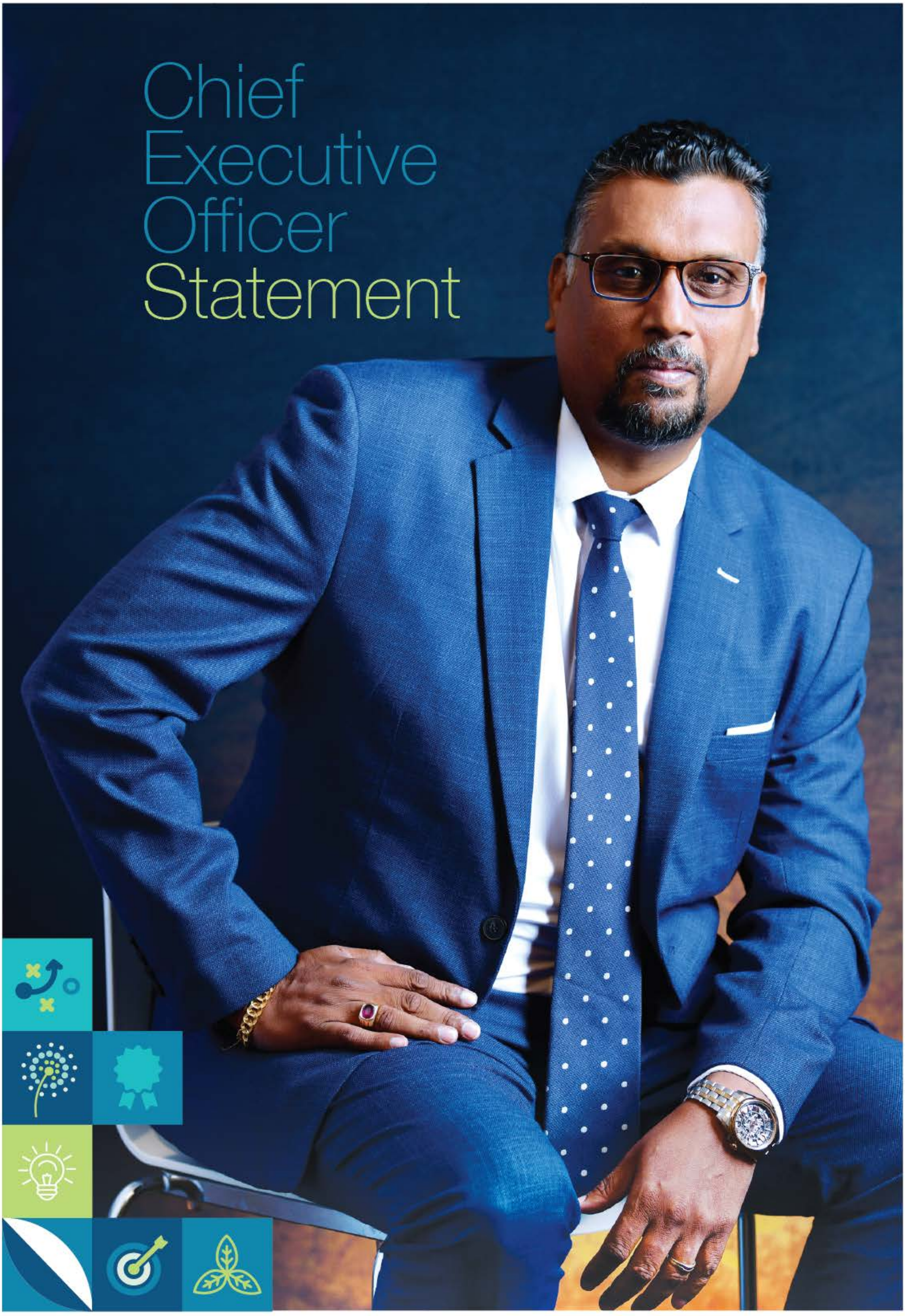
This year's theme, "**We Fuel Ambitions, Support Growth, and Transform Lives,**" reflect on the meaningful strides we have taken to shape a brighter future.

By fostering innovation, driving sustainable development and prioritizing the needs of our customers we enable growth at every level.

As we look back on the year, we celebrate the transformative power of banking in driving progress and creating opportunities that improve lives and build a stronger future for all.

MauBank, Le partenaire de votre progrès !

# Chief Executive Officer Statement



# Chief Executive Office
## Statement

## Accelerating with Purpose, Delivering with Heart

FY 2023/24 has been a landmark year for MauBank – a year of bold decisions, sharp execution, and unwavering belief in our collective strength. We are proud to have delivered our strongest financial performance to date, reaching a Profit After Tax of Rs 807.59 million, a 112% increase year-on-year. Our Net Operating Income rose to Rs 2.14 billion, driven by solid growth across our core businesses, while our Net Trading Income surged by 186%. These results are not just indicators of performance — they are a reflection of a bank that is focused, agile, and customer-obsessed.

Our total assets grew by 37%, surpassing Rs 48.5 billion, and our loan portfolio expanded by 12%, demonstrating our continued support to households and businesses alike. Customer deposits increased by 38%, reinforcing the trust the market places in us. The Capital Adequacy Ratio stood at a robust 19.68%, and our Return on Equity reached 17%, highlighting a healthy balance of growth and prudence. We also exceeded budget expectations by 14%, and revenue increased by 44% over last year — firm evidence that our strategy is working.

But beyond the numbers lies our real strength: our people.

### Culture of Disruption: Rethinking the Way We Work

This year, we shifted gears. We didn't just transform structures; we transformed mindsets. At every level, our people embraced change, challenged the status quo, and committed to delivering more – faster, better, smarter.

We've redefined how we think, how we sell, and how we serve. This disruption was deliberate – we knew that to compete, we had to ignite a true sales culture, push boundaries, and empower teams to lead from the front. Our Extended Leadership Team played a crucial role in this shift, embracing an intrapreneurial spirit and working across functions to bring value to the 5 Cs – Customer, Colleague, Company, Control, Community.

### Customer-Centric Transformation: Built Around You

We put our customers at the centre of everything we do. Every week, cross-functional teams meet to review and redesign the customer experience — from journey simplification to turnaround time reduction. These are not theoretical discussions — they lead to real, tangible change.

We scrutinized the needs and pain-points of all our segments, from Retail to Global Business, from SMEs to Corporates. We undertook deep sectoral reviews to better understand the nuances of industries like real-estate, production, and hospitality. This has allowed us to customize solutions, reduce documentation, and accelerate decision-making.

A revamped RAM scoring model means that today, over 90% of applications are approved automatically, within minutes.

We've simplified application forms, streamlined approval flows, and redesigned key products to reduce complexity and enhance accessibility.

The message is clear: banking with MauBank is easier, faster, and more aligned to your needs.

### Empowering Our People: Stronger Together

Our journey would be meaningless without the incredible people behind it. This year, we invested significantly in capacity building, bringing in fresh talent and upskilling existing teams to meet the evolving needs of our customers.

Through targeted training programmes, reinforcement of key teams, and the implementation of a culture rooted in Empowerment and Autonomy, we've given our people the tools and freedom to lead. The Right Sizing and Reward approach we adopted has also helped align our structure with strategic priorities and performance goals, ensuring the right resources are in the right places.

### Process and Technology: The Backbone of Speed

Operational excellence was a key focus this year. We reviewed and optimized core internal processes to cut down response times and enhance control.

On the technology front, we improved the stability and scalability of our platforms. These enhancements now support automated workflows, faster approvals, and seamless integration across departments – enabling teams to serve customers with agility and precision.

### Our Brand: A Promise Delivered

Today, we stand taller — not just because of what we've achieved, but because of how we've achieved it. MauBank is increasingly seen as a trusted, service-oriented brand, with a strong sense of identity and purpose. Our customers are our ambassadors, and their loyalty speaks volumes. We take pride in being responsive, approachable, and dependable — not just a bank, but a partner in every customer's journey.

# Chief Executive Office
Statement

## Looking Ahead

Our sights are firmly set: to become the third largest local bank in Mauritius. This ambition is bold, but within reach. We will pursue it with discipline, innovation, and above all, with our people leading the way.

To our customers – thank you for trusting us.

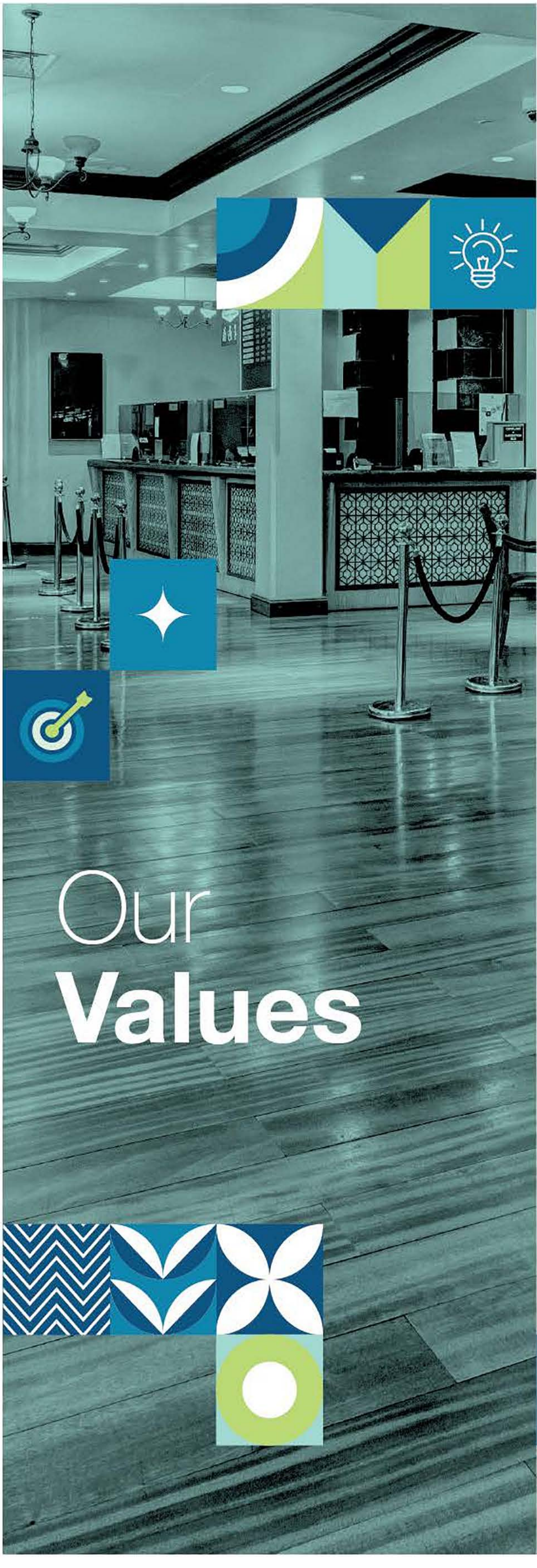
To our employees – thank you for owning the mission and driving it forward with heart and resolve.

To our shareholders and Board – thank you for your unwavering confidence.

Together, we're building more than a successful bank. We're building a bank that matters.

**Vishuene Vydelingum**
Chief Executive Officer

# Our Values



> We drive progress by helping to create jobs, empower communities, foster entrepreneurship and economic mobility while managing risk and providing a return to our clients and our shareholders. Because we recognize that we can only be successful when the individuals, companies, communities and employees we serve are able to reach their vision of success.

At MauBank, we stand guided by a common purpose to help make financial lives better by connecting clients and communities to the resources they need to be successful. We deliver this through a focus on responsible growth and environmental, social and govemance (ESG) leadership.

## Responsiveness

We take ownership of issues and respond swiftly and positively to the needs of clients and stakeholders

## Integrity

We always conduct business with the highest standards of ethnics and governance

## Innovation

We do our best to find newer and more efficient ways of delivering convenience to our clients and improve how things are done internally

## Teamwork

We work collaboratively and effectively with colleagues towards a shared vision

## Excellence

We deliver on what we promised and constantly strive to exceed what is expected

# Financial statements for the year ended 30 June 2024

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

| Non-Executive Directors | Appointed on | Resigned on |
|---|---|---|
| Mr. Sookun Gooroodeo (Appointed as chairperson effective 30 June 2020) | 10 June 2020 | |
| Mr. Sokappadu Ramanaidoo | 03 October 2019 | |
| Mr. Codabux Muhammad Javed | 10 March 2017 | |
| Mr. Rampersad Rabin | 19 September 2019 | |
| Mr. Jeetoo Mohamad Fardeen | 15 July 2021 | |
| Mr. Semjevee Sivananda | 15 July 2021 | |
| Mr. Kokil Anil Kumar | 15 July 2021 | |
| Mrs. Vasseur-Soneea Alexandra | 15 July 2021 | |

**Executive Director**

| | | |
|---|---|---|
| Mr. Mungar Premchand | 23 November 2018 | 22 November 2023 |
| Mr. Vishuene Vydelingum | 22 November 2023 | |

# Financial statements for the year ended 30 June 2024

## KEY MANAGEMENT TEAM

CORPORATE INFORMATION (Cont'd)

| | | |
|---|---|---|
| **EXECUTIVE TEAM** | Mr. VYDELINGUM Vishuene | Chief Executive |
| | Mr. SOORMALLY Mohamad Issa | Deputy Chief Executive |
| | Mr. MOTEE Ramesh | Chief Risk Officer |
| | Mr. MOHADEB Damodarsingh (Deepak) | Chief Financial Officer |
| | Mr. NAIR Praveen Viswanathan | Chief Information and Digital Officer |
| | Ms. SADDUL Anouchka | Head of Corporate Affairs, Brand Management and Marketing |
| | Mr. SEEBARUTH Rakesh (B.K) | Head of Internal Audit |
| | Mr. LUXIMON Sanraj | Head of Sustainability and Corporate Strategy |
| | Mrs. MARDAY SEECHURN Jinny | Officer in charge – HR |
| **OTHER KEY MANAGEMENT** | Mr. POOLOO Maoumar AL | Head of Operations |
| | Mr. PILLAY Appasamy Govindasamy | Head of Corporate Banking |
| | Mr. GARSEE Ashvind | Head of Business Development and Debt |
| | Mr. SAWMY Premendra | Head of Special Asset Management |
| | Mr. BADEGHAN Yoghen Kistnesamy | Compliance Officer cum MLRO |
| | Mr. TRANQUILLE Jean Hugues Ivan | Company Secretary |

**REGISTERED OFFICE:**

MauBank Ltd
25, Bank Street
Cybercity,
Ebène, 72201
Republic of Mauritius

**AUDITOR:**

Ernst & Young
6th floor, IconEbene,
Rue de L'institut, Ebene
Republic of Mauritius

# Channels

In a world of modern banking landscape, we offer a wide array of channels to meet the unique preferences and needs of our customers.

From physical touchpoints to digital platforms such as internet banking, mobile banking, and online loan lending platforms, we deliver hassle free, efficient, and secure services to our customers.

Our approach prioritizes accessibility, personalization, and a steadfast commitment to making banking an effortless and integral part of everyday life.

| | |
|---|---|
| **Business Centres** | 19 |
| **ATMs** | 31 |
| **Post Office** | 103 |
| **Mobile Banking** | |
| **Internet Banking** | |
| **Cards** | |

# Financial statements for the year ended 30 June 2024

## DIRECTORS' REPORT

The Board of Directors is pleased to present the Audited Financial Statements of MauBank Ltd ("Bank") and its subsidiary, MauBank Investment Ltd, for the year ended 30 June 2024. The financial statements have been prepared in accordance with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, the International Financial Reporting Standards, the Financial Reporting Act 2004, the Companies Act 2001 and the Banking Act 2004. The Bank and its subsidiary are collectively referred to as the Group.

### GLOBAL ECONOMIC OUTLOOK

Economic activity was resilient through the global disinflation of 2022–2023. As global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. The unexpected economic resilience, despite significant central bank interest rate hikes aimed at restoring price stability, also reflects the ability of households in major advanced economies to draw on substantial savings accumulated during the pandemic.

Global growth, estimated at 3.2 percent in 2023, is projected to continue at the same pace in 2024 and 2025. The pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine; weak growth in productivity; and increasing geo-economic fragmentation. Global headline inflation is expected to fall from an annual average of 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.

### REVIEW OF THE MAURITIAN ECONOMY

The domestic economy sustained its growth momentum, expanding by 6.4 per cent in the first quarter of 2024, mainly driven by investment spending on major capital projects, particularly in the context of the ongoing construction projects, and household spending. The labour market remained resilient and the unemployment rate stood at 6.3 per cent in the first quarter of 2024. Domestic economic activity is expected to remain strong in 2024. The growth momentum in the financial sector is expected to persist as authorities consolidate efforts to cement the international reputation of the Mauritian International Financial Centre. Growth in the tourism sector is expected to remain robust in 2024 and is expected to contribute significantly towards improving the current account for the year, with the deficit projected to decline further to 4.0 percent. Real GDP growth is projected at 6.5 per cent for the year.

Recent inflation data provides encouraging signs that the disinflationary process remains ongoing and is very much likely to continue in the second half of 2024. Headline inflation continued to ease further to 4.5 per cent in June 2024, moving within the inflation target range of 2-5 per cent for the first time since the introduction of the new Monetary Policy Framework in January 2023. Year-on-year inflation also remained entrenched on a downward trajectory, falling to 2.2 per cent in June 2024, reflecting the gradual normalization in the prices of fresh vegetables. Core measures of inflation, which indicate underlying inflationary pressures, also continued to subside. Headline inflation is forecast to close 2024 at 4.9 per cent.

### BANKING SECTOR IN MAURITIUS

Sitting at the crossroads of Asia and Africa, the Mauritius banking industry has been channeling investments for decades, supported by one of the most business-friendly and stable economies in the region. However, the banking industry is facing global disruptions of unprecedented scale and scope. These demand significant adaptation and change.

Whilst the Mauritius banking industry has many proven strengths that have contributed to its success to date, it also faces several challenges. The borderless and disruptive nature of technology is transforming the way in which financial services are accessed and delivered, thus pushing the banking industry in a transformative era. Coupled with that, fast-evolving consumer demands, competition from fintechs and non-bank financial institutions, the climate crisis to name just a few are reshaping banking business models. The pandemic, a daunting moment for humanity, also accelerated recourse to digital channels for expediting financial transactions. These unprecedented developments are altering the way financial resources are managed in the wider economy, undeniably posing major challenges to the banking industry.

The Bank of Mauritius continues to manage the rupee excess liquidity situation through the conduct of its open market operations. Short-term yields have evolved within the interest rate corridor. Gross Official International Reserves of the country remained comfortable at US$8.2 billion as at end-June 2024, representing 12.9 months of import cover, thus providing adequate buffers against potential external shocks. The banking sector remains resilient with strong capital and liquidity buffers.

Source:
International Monetary Fund World Economic Outlook April 2024
Report on Future of Banking in Mauritius – Oliver Wyman
BOM Monetary Policy Committee Media Release of the 11 July 2024

# Financial statements for the year ended 30 June 2024

## DIRECTORS' REPORT (Cont'd)

### FINANCIAL RESULTS AND BUSINESS ACTIVITIES

The Bank's total assets was Rs 48.52 Bn as at 30 June 2024 against Rs 35.44 Bn as at 30 June 2023 whilst gross loans and advances stood at Rs 25.11 Bn as at 30 June 2024, against Rs 21.94 billion as at 30 June 2023. On the other hand, the Bank has experienced an increase in its deposit base from Rs 30.43 Bn at 30 June 2023 to Rs 41.85 Bn at 30 June 2024, an increase of 37.53%.

The Bank ended the year 30 June 2024 with a profit after tax of Rs 807.5 Mn against a profit after tax of Rs 380.8 Mn for year ended 30 June 2023.

Please refer to the Management Discussion and Analysis on page 188 for more details.

### CORPORATE GOVERNANCE

MauBank Ltd adheres to good corporate governance principles and procedures in its business strategy, operations and organisational culture.

The Board of Directors of the Bank delegates its powers to several Board Committees and Management Committees which operate in line with the best international good corporate governance practices, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank.

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee

ii. Board Risk Management Committee

iii. Nomination and Remuneration Committee

iv. Board Investment & Credit Committee

v. Corporate Governance Committee

vi. Strategy and Finance Committee

vii. Procurement Committee

viii. Board Cybersecurity Committee

ix. Project Monitoring Committee

The Bank ensures adherence to all its policies and procedures which are in line with the guidelines issued by the Bank of Mauritius (Central Bank or BOM). An Anti-Money Laundering Unit, forming part of the Compliance department, is specifically mandated to safeguard the reputation and integrity of the Bank by safeguarding against any money laundering offence.

### SUBSTANTIAL SHAREHOLDERS

At 30 June 2024, the major shareholding of the Bank was as follows:

| | |
|---|---|
| MauBank Holdings Ltd | 99.96% |
| Other Shareholders | 0.04% |

# Financial statements for the year ended 30 June 2024

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' REMUNERATION

The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 20,806,652** for year ended 30 June 2024 compared to Rs 29,094,744 for the year ended 30 June 2023 and Rs 20,574,691 for the period ended 30 June 2022.

The total remuneration paid to the directors of the Bank for the year ended June 30, 2024 are as follows:

| | Rs |
|---|---|
| Executive Director | **16,887,652** |
| Non-Executive Directors | **3,919,000** |
| | **20,806,652** |

As per Section 221(1)(e)(ii) of the Companies Act 2001, the remuneration received by each director individually are as follows:

| | Rs |
|---|---|
| **Executive** | |
| Mr. Vydelingum Vishuene | **7,066,421** |
| Mr. Mungar Premchand | **9,821,231** |
| **Non-Executive** | |
| Mr. Sookun Gooroodeo | **1,019,000** |
| Mr. Sokappadu Ramanaidoo | **545,000** |
| Mr. Rampersad Rabin | **300,000** |
| Mr. Codabux Muhammad Javed | **425,000** |
| Mr. Jeetoo Mohamad Fardeen | **360,000** |
| Mr. Semjevee Sivananda | **425,000** |
| Mr. Kokil Anil Kumar | **385,000** |
| Mrs. Vasseur-Soneea Alexandra | **460,000** |
| | **20,806,652** |

### DIRECTORS' SERVICE CONTRACTS

The Bank has an employment contract with the Executive Director, Mr. Vishuene Vydelingum, who was appointed Chief Executive with effect from 22 November 2023.

### DONATIONS

During the year ended 30 June 2024, donations made by the Bank amounted to **Rs 2,955,640** (30 June 2023: Rs 2,853,294). However, there were no political donations made.

### DIRECTORS' SHARE INTERESTS

The Directors have no direct or indirect interest in the share capital of the Bank.

# Financial statements for the year ended 30 June 2024

## DIRECTORS' REPORT (Cont'd)

### AUDITOR

The external auditor's remuneration is set out under section 2.7.2 on page 47 of the Corporate Governance report.

### PROSPECTS AHEAD

MauBank Ltd's operations span across the following pillars: Retail, SME, Corporate and International Banking; as it continues to grow in these areas.

The Bank has been actively pursuing growth opportunities in its International Banking business as it aims to consolidates its network within its global and African business partners. We have further launched new products, such as the Green Loan, to aid our clients to align with the Government's policy of adopting sustainable energies for a greener Mauritius. We continue to remain at the forefront of our clients to provide exceptional and customer needs based services to the satisfaction of our clients.

We remain fully aware of the ever increasing impact of technological based services and at MauBank Ltd, we remain committed to providing a fast and efficient service through the use of a technology based platform to enhance customer experience. We are pleased to announce that our recently launched online leasing platform has seen a subsequent growth in the number of users due to its simplicity and ease of use.

Management is fully aware of the ever increasing competition in the banking sector in the island of Mauritius and our efforts shall be converged to ensure that we remain among the top three banking institution in Mauritius through our strategical planning and product development.

# Financial statements for the year ended 30 June 2024

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, financial performance and cash flows of the Group. In preparing those financial statements, the directors are required to:

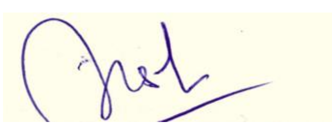
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

### ACKNOWLEDGEMENTS

The Bank is grateful for the support given by the Government of Mauritius as ultimate shareholder, the Honourable Prime Minister and Minister of Finance, Economic Planning & Development and the Financial Secretary. The Bank is also grateful to management and the employees for their commitment and support. The Bank wishes to convey its special thanks to its customers and depositors for their unwavering trust and continued support.



**Mr. Gooroodeo Sookun**
**Chairperson**
**On behalf of Board of Directors**

**Mr. Vishuene Vydelingum**
**Chief Executive Officer**
**On behalf of Board of Directors**

**Mr. Sivananda Semjevee**
**Director**
**On behalf of Board of Directors**

**Date: 27 September 2024**

**Ebène 72201, Republic of Mauritius**

## SUSTAINABILITY REPORT

### 1. Disclosure

This is the 2nd year we bring forward our disclosure on Sustainability for the annual report. On the sustainability front, the financial year 23/24 was one which was very dynamic, filled with challenges and opportunities. Despite the exemplary performance of the different economic sectors in Mauritius, the island state remains substantially vulnerable to numerous climate change events; hence being ranked at position 16th in regard to risk index compared to over 180 other countries assessed in the 2020 Relief Web report.

The COP 28, held in December 2023 was particularly momentous as it marked the conclusion of the first 'global stocktake' of the world's efforts to address climate change under the Paris Agreement. Having shown that progress was too slow across all areas of climate action – from reducing greenhouse gas emissions, to strengthening resilience to a changing climate, to getting the financial and technological support to vulnerable nations – countries responded with a decision on how to accelerate action across all areas by 2030. That included a call on governments to speed up the transition away from fossil fuels to renewables such as wind and solar power in their next round of climate commitments. The stocktake recognized the science that indicates global greenhouse gas emissions need to be cut 43% by 2030, compared to 2019 levels, to limit global warming to 1.5°C. But it noted parties are off track when it comes to meeting their Paris Agreement goals. In the short-term, parties were encouraged to come forward with ambitious, economy-wide emission reduction targets, covering all greenhouse gases, sectors and categories and aligned with the 1.5°C limit in their next round of climate action plans, also known as, nationally determined contributions, by 2025.

The SDG 2024 report came out on 27 June 2024 and some key findings are of relevance to stakeholders at large. While the average regional country score is 53.7, Mauritius rates at 70.4 contributes to Mauritius' ranking at 73rd out of 163.

On the SDG dashboards and trends, Mauritius is either moderately improving or is on track for maintaining SDG achievement, on 8 out of the 17 SDGs, namely:

- SDG 1: No poverty, SDG 5: Gender Equality, SDG 6: Clean water and sanitation, SDG 7: Affordable and clean energy, SDG 8: Decent work and economic growth, SDG 9: Industry, Innovation and Infrastructure, SDG 11: Sustainable cities and communities, and SDG 17: Partnerships for the goals.

UN Sustainable Development Solutions Network (SDSN), in its recommendations, has taken Sustainable Development to be the guiding principle of our age defined it in the following 5 Ps:

People signifies the commitment to leave no person, no group, no nation, and no region behind.

Planet signifies the challenge of living within the planetary boundaries.

Prosperity signifies the commitment to extend the material benefits of modern education and technology to all parts of the world, and to all member states of the UN.

Peace signifies the vital commitment by all nations in the nuclear age to live together under the UN Charter and international law, including the duty of non-intervention in the internal affairs of other nations and the duty of peaceful resolution of conflicts, guided by international law.

Partnerships signifies the commitment by all stakeholders, including governments, civil society, and business organizations, to work together cooperatively, honestly, and ethically to achieve the shared goals of humanity.

The report also underscores the fact that to a great extent, Sustainable development is a long-term investment challenge. To achieve prosperity, social inclusion, and environmental protection, nations and regions require well-designed, well implemented, and properly governed and financed programs of public and private investment. Major investment priorities include quality education, universal health coverage, zero-carbon energy systems, sustainable agriculture, urban infrastructure, and digital connectivity. All of this requires long term national and regional plans backed by a Global Financial Architecture (GFA) that is reformed to be fit for purpose.

The overwhelming problem with the current GFA is that most low-income countries (LICs) and lower-middle-income countries (LMICs) pay an inordinately high cost of capital, much higher than paid by the high-income countries (HICs). The deck is stacked against the LICs and LMICs. These countries urgently need to gain access to affordable long-term capital, so that they can invest at scale to achieve their sustainable development objectives. To bring about the needed financial mobilization, new institutions and new forms of global financing – including global taxation – will be required.

# Financial statements for the year ended 30 June 2024

## SUSTAINABILITY REPORT

### 1. Disclosure (Cont'd)

The UN Sustainable Development Solutions Network (SDSN) also purports that Profits must be the reward for contributions to the common good, not private gains achieved at the public's expense. Ethical Businesses should along with the SDGs and hold themselves to these global goals.

Mauritius outlined the progress made in the fields of climate adaptation and the just transition in Mauritius focussing on the need for Small Islands Developing States (SIDS) to access renewable energy technologies without additional pressure arising from their debt burden. Mauritius also stressed on the importance of the operationalisation of the Loss and Damage for SIDS. To demonstrate that it walks the talk, Mauritius adopted the Environment Act 2024 which is a modern legislative framework with a view to ensuring better environmental protection, management and conservation.

The central bank released a paper in September 2022, in collaboration with the international consultancy firm Oliver Wyman and the Mauritius Bankers Association. The report identified five core themes that shall shape the future of the Mauritius banking sector: innovative products and services; new technology and business models; compliance with international standards and regulations; Environmental, Social, and Governance (ESG); and human capital development.

MauBank has committed to an enterprise-wide Sustainability Roadmap and it aims at promoting environmentally sound and sustainable development across its wide range of activities, and is committed to act as a responsible partner vis-à-vis its stakeholders and to address impacts that its business operations may have on the environment and society.

It is the view of MauBank that technology should be in the forefront in the manner we deliver service, in the way we run our back-office processing and in the way, we make decisions. Technology may be used to analyse the data we hold at various levels to understand the situation we are currently in and what are the trends we are experiencing, remove inefficiencies, improve MauBank's Carbon footprint and further improve the service level to our clients, becoming leaner, faster, and less bulky while at all times complying to the regulator's needs. Technology may also be leveraged to cope with the manpower challenge we have been witnessing recently by automating processes at certain areas of operation. Through this report, which is based on the bank's Sustainability Roadmap, our intent is to show and demonstrate the bank's commitment towards Sustainability and describe the different actions and initiatives that it has taken throughout the FY 23/24.

MauBank Ltd aims at promoting environmentally sound and sustainable development across its wide range of activities, and is committed to act as a responsible partner vis-à-vis its stakeholders and to address impacts that its business operations may have on the environment and society (ES).

Some terms that are commonly used and that are related to Sustainability as well as in Climate Related and Environmental Financial Risk Management are:

- Physical risks: refer to threats to assets and communities caused by extreme weather events and long-term climate changes.
- Transition risks: refer to risks associated with transitioning to a low carbon economy.
- Climate-related risk: are exposures to potential loss events from physical or transition risks caused by or related to climate change.
- Environmental or nature-related risk: are exposures to potential loss related to environmental degradation.

The bank's objectives amongst others are to promote sustainable business and to ensure that the bank's risk management processes are aligned with industry good practices. MauBank has adopted the need to understand the E&S risks associated with an industry, a client or a transaction, just as it is being done for traditional banking risks. Doing this effectively is essential to avoid any negative impacts on the environment or society, and to uphold the bank's commitments to local and international standards. Systematic evaluation of ES risks is an integral part of the bank's risk management practices. It also ensures that it operates in line with industry standards or sector-specific standards by referencing to applicable, national regulations.

At bank's level, the array of the bank's policies and compliance with the Guidelines of the Bank of Mauritius ensure that Governance matters are always close to our practices.

## SUSTAINABILITY REPORT

### 1. Disclosure (Cont'd)

In addition to the above, MauBank Ltd's Board has adopted the bank's Climate-Related Environmental Financial Risk Policy. This policy buffs the bank's Corporate Governance framework and has its purpose of identifying the Climate Related & Environmental Financial Risks (C&E) associated with customers and understanding the potential impact on the bank's portfolio, internal operations, strategies, business model, risk appetites and other decision-making processes, and thereafter:

- Systematically assess and manage C&E when on-boarding customers
- Implement the necessary steps to manage C&E risks
- Require/educate customers to implement mitigation measures
- Identify climate-related business opportunities
- Ensure that the Bank's image/reputation is well managed with regard to C&E risks

In view of the risks that climate change poses for financial stability in the long run, it is important for MauBank to respond as follows: -

(a) through taking early actions to implement changes towards building climate resilience;

(b) strategically, by accounting for how actions today affect future outcomes under a range of scenarios and time horizons over the long term;

(c) comprehensively, when strengthening the risk management frameworks to address these financial risks from climate change perspective. In particular, a financial institution is to manage these risks by recognizing the distinctive elements of Climate Related & Environmental Financial Risks (C&E): far-reaching in breadth and magnitude, foreseeable but highly complex due to uncertainty, nonlinearity, irreversibility and dependency on short-term actions; and

(d) holistically, through greater collaboration across a wider spectrum of stakeholders when managing the systemic impact of climate-related risks. Financial institutions stand to gain from greater collective coordination and harmonisation, notably through industry-wide platforms.

### 1.1 RISK MANAGEMENT & GOVERNANCE

MauBank Ltd has established clear roles and responsibilities for managing climate change and environmental risks at all levels of our organization.

The Board has the highest level of oversight for climate change with responsibilities also allocated to some sub-committees. The Committee of the Board will meet at regular intervals and will be responsible for reviewing and approving the climate-related objectives and performance, including goals and targets to support action on climate change.

The bank's senior management team is responsible for developing and executing the action plans and reporting on the progress and performance. The bank's Risk Management function is responsible for identifying, measuring, monitoring and reporting on our exposure to climate change and environmental risks. The bank also has dedicated teams and committees to support the implementation of the different policies and governance frameworks across its business units and functions.

The bank's approach to managing climate change and environmental risks is comprehensive and forward looking. MauBank Ltd incorporates climate change and environmental factors into its risk appetite, risk identification, risk mitigation, reporting and risk disclosure processes (the bank plans in the future to use scenario analysis and stress testing to assess the potential of different climate pathways and environmental shocks on its business model, portfolio, capital adequacy and liquidity). With respect to lending, investing and financing activities, MauBank Ltd applies appropriate due diligence, screening, monitoring and reporting procedures to manage the climate change and environmental risks. MauBank Ltd also seeks to reduce the direct environmental footprint of its own operations by minimizing greenhouse gas emissions, energy consumption, water use, waste generation.

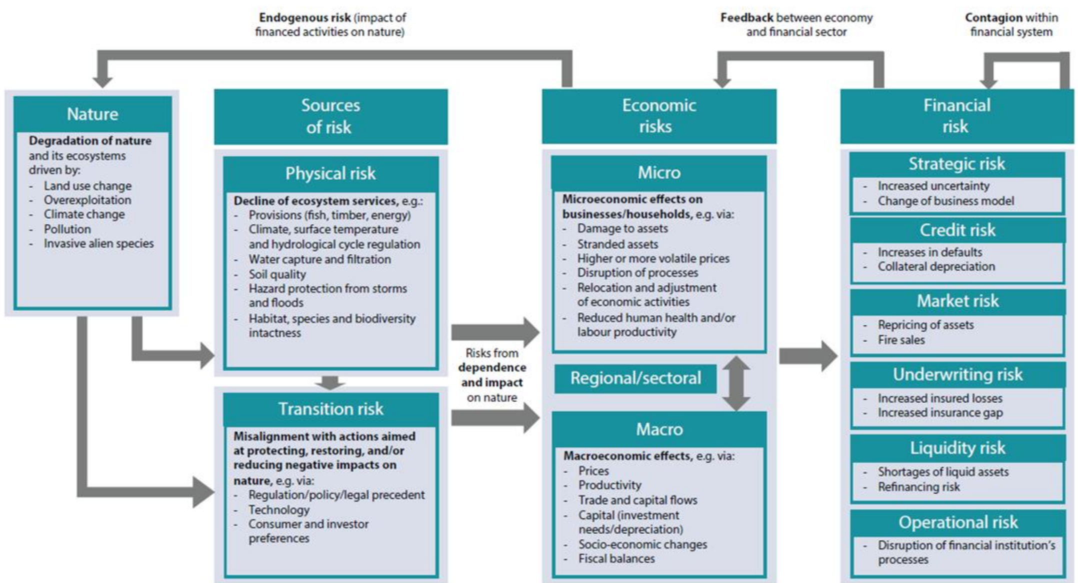
Notwithstanding the above, the bank takes cognizance that decline in biodiversity and deterioration of the environment lead to serious financial risks. The framework below (adopted from Svartzman.R et al 2021), demonstrates the different possible interactions of climate risks on the different transmission channels and the final financial impacts in the form of financial risks.

# Financial statements for the year ended 30 June 2024

## SUSTAINABILITY REPORT

1. Disclosure (Cont'd)

1.1 RISK MANAGEMENT & GOVERNANCE (Cont'd)




*Source: Adapted from Svartzman, R. et al. (2021) A "Silent Spring" for the Financial System? Exploring Biodiversity-Related Financial Risks in France.*

As part of its Governance framework and policies concerning Climate related and Environmental Financial Risk Management, the bank has aligned the responsibility and accountability of the Board and Management as prescribed by the Bank of Mauritius' Guideline on Climate Related and Environmental Financial Risk Management, as detailed below:

### 1.1.1 The role of the Board of Directors:

i. To ensure an appropriate collective understanding of and relevant expertise on climate-related and environmental financial risks at both board level and senior management level;

ii. To approve and periodically review the strategy and risk management framework for climate-related and environmental financial risks and opportunities;

iii. To clearly set the roles and responsibilities of senior management, internal organizational structures as well as board sub-committees, as applicable, for the management of climate-related and environmental financial risks;

iv. To ensure adequate and timely reporting to the board and board sub-committee on climate-related and environmental financial risks and opportunities; and

v. To ensure relevant capacity development and training programs on climate-related and environmental financial risks and assess the efficiency thereof.

## SUSTAINABILITY REPORT

## 1. Disclosure (Cont'd)

## 1.1 RISK MANAGEMENT & GOVERNANCE (Cont'd)

### 1.1.2 The role of Senior Management:

i. To develop and implement the climate-related and environmental financial risk management framework and policies;

ii. To regularly review the effectiveness of the framework, policies, tools and controls;

iii. To provide periodic reports, at least on a half-yearly basis, to the board on climate-related and environmental financial risks issues and opportunities as well as on the effectiveness and adequacy of the framework

iv. To ensure that the internal structures responsible for managing climate-related and environmental financial risks are clearly defined and have adequate resources, skills and expertise;

v. To ensure adequacy, appropriateness and efficiency of the training and capacity development plans. In particular, frontline staff shall have sufficient awareness and understanding to identify potential climate-related and environmental financial risks; and

vi. To ensure that material climate-related and environmental financial risk issues are addressed in a timely manner.

### 1.1.3 MauBank's portfolio and exposures in Climate Sensitive sectors

As a responsible bank, MauBank Ltd is conscious that its significant environmental and social impacts lie in its financing activities. Providing credit facilities to customers who are engaged in, or are planning to engage in, activities that could potentially have material environmental or social risks exposes MauBank Ltd to an increased likelihood of credit loss and potential reputational damage should the customer fail to identify, manage and effectively mitigate these risks. Therefore, materiality of C&E-related risks is considered in the Credit Risk assessment of these facilities.

Below is a snapshot of our portfolio based on Sector list as at 30 June 2024, and the percentage exposure in Climate Sensitive sectors.

| **Portfolio of Climate sensitive Sectors** | **Gross amount Loans and Advances 30 June 2024 - MUR** | **% of Total Exposure** |
|---|---:|---:|
| Construction | 2,484,864,125 | 9.85% |
| Tourism | 2,111,069,946 | 8.37% |
| Traders | 1,550,921,802 | 6.15% |
| Manufacturing | 940,502,411 | 3.73% |
| Transport and others | 386,616,248 | 1.53% |
| Infrastructure | 307,773,362 | 1.22% |
| Agriculture and Fishing | 258,229,027 | 1.02% |
| **TOTAL exposure in Climate sensitive sectors** | **8,039,976,921** | **31.89%** |

Our aggregate percentage exposures are at 31.89 % of total loans and advances, with the lowest and highest exposures being in the following sectors:

- Agriculture and fishing at 1.02%
- Construction  at 9.85%

# Financial statements for the year ended 30 June 2024

## SUSTAINABILITY REPORT

### 1. Disclosure (Cont'd)

### 1.2 Defining the Short and Medium Term – Climate Strategy

The bank recognises that climate change and environmental degradation pose significant challenges and opportunities for its business, its customers and its stakeholders as well as the planet. It will strive, in so far as is reasonably practicable, to address these issues and contribute to the transition to a low-carbon and sustainable economy. MauBank Ltd is therefore integrating climate change and environmental considerations in its strategy, planning and decision making.

The Governance framework and policies at the bank will therefore guide its actions and decisions in relation to Climate Related & Environmental Financial Risks management. It applies to all the bank's activities, products and services across its operations and value chain. The Bank will monitor and assess the potential impacts of climate change and environmental risks on its financial performance, resilience and reputation.

#### Decarbonisation Strategies:

- **Transition to Renewable Energy:** Conduct Carbon assessment and shift away from fossil fuels and enhance energy efficiency to decrease overall energy demand.
- **Commence with the Green Products initiatives:** Add products to our baseline in line with Sustainable Development.
- **Advocate the transition towards Green Solution:** Educate our clients to adopt sustainable practices to maintain resilience
- **Finance Green Solutions:** Raise green line of credit from DFi for Sustainable finance
- **Climate Risk Management:** Actively manage climate-related risks through robust governance processes.
- **Monitor Regulatory Updates:** Regularly review updates to understand any changes or new guidelines related to climate risk management.
- **Incorporate Best Practices:** Align with applicable standards and industry best practices to ensures robust risk management and governance
- **Stakeholder Engagement:** Engage stakeholders systematically to raise awareness and foster relationships.

The objective was to identify areas of improvement and determine its priority areas. As such, the action plan for MauBank looked at firstly creating awareness and buy in from all the staff of the bank, then sought to have alignment (alignment of interests, followed by alignment of ideas and ultimately alignment of values) and reinforcement in the bank's culture. Thereafter, more substantive projects are being undertaken in light of the objectives of the bank.

#### Climate-related opportunities

- **Capital Markets:** Explore issuing green bonds or sustainability-linked bonds. These allow investors to support environmental-friendly projects while earning returns.
- **Bank Loans:** Collaborate with banks to secure loans specifically earmarked for sustainable initiatives. Many financial institutions now offer green financing options.
- **Public-Private Partnerships (PPPs):** Engage in partnerships with governments and private entities to fund infrastructure projects. PPPs can accelerate sustainable development.
- **Innovative Funding Mechanisms:** Explore impact investing, and blended finance models. These can attract diverse sources of capital.

# Financial statements for the year ended 30 June 2024

## SUSTAINABILITY REPORT

1. Disclosure (Cont'd)

### 1.3. ESG / Sustainability Materiality Assessment for MauBank Ltd

In order to refine our understanding of the key challenges and address them strategically, we have conducted a materiality assessment and the results are displayed in the table below.

| Environment | Social Capital | Human Capital | Business Model & Innovation | Leadership & Governance |
|---|---|---|---|---|
| Building & Infrastructure | Human Rights & Community Relations | Labour Practices | Products Design and Lifecycle | Systemic Risk Management |
| Air Quality | Data Security | Health & Safety | Supply Chain Management | Business Ethics |
| Energy Management | Responsible Banking | Employee Diversity, Inclusion and Engagement | Materials Sourcing Efficiency & Traceability | Competitive Behaviour |
| GHG Emissions | Customer Welfare | | Business Model Resilience | Management of Changing Legal & Regulatory Environment |
| Water & Wastewater Management | Customer Privacy | | Physical Impacts on Climate Change | Critical Incident Risk Management |
| Waste & Hazardous Materials Management | | | | |
| Ecological Impacts | | | | |

# Financial statements for the year ended 30 June 2024

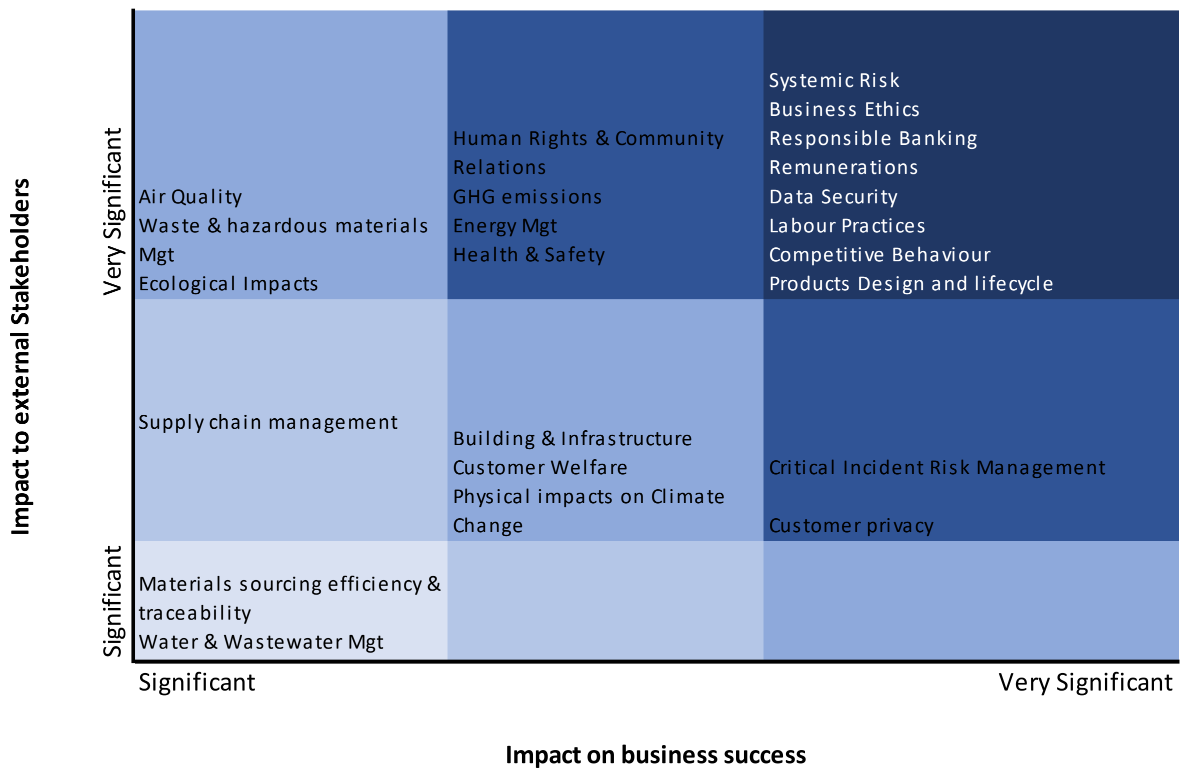
## SUSTAINABILITY REPORT

### 1. Disclosure (Cont'd)

### 1.4. Materiality Map

Social challenges are closely associated with environmental degradation, for example destruction of ecosystems, and economic issues. Our analysis, draws from input from employees' guests, suppliers, and partners. MauBank Ltd has identified key focal points for our business. Environmental concerns—specifically, climate change adaptation, energy efficiency, and water management—emerged prominently. Likewise, social issues such as employee safety, wellbeing, and career development were highlighted.

Moving forward, guided by these insights, we have set out Sustainability roadmap and remain committed to proactive and impactful sustainability initiatives.




### 2. List of accomplishments and projects in FY 23/ 24

The list of projects undertaken in FY 23/24 include not only projects or products that the bank has extended clients, but also projects that the bank is implementing to bring Sustainability as part of its identity. These internal projects are changes drivers that create the momentum and the positive reinforcement inside the bank's fabric, enabling it staff to encounter Sustainability daily.

## SUSTAINABILITY REPORT

### 2.1 Engagement with Development Financial Institutions (DFI):


MauBank Ltd has engaged with DFI as a means to provide accessible funding to promote sustainable finance on both mitigation and adaptation fronts to Individuals, SMEs and Corporates.

### 2.2 Financial Inclusion


The need for financial inclusion and has for a long-time been a subject that MauBank Ltd has pondered upon. Since 2019, MauBank Ltd has availed a line of credit from African Development Bank (AfDB) of USD 100M so as to help SMEs.

The purpose of the loan has been and still is to provide long-term liquidity required to MauBank Limited to expand its Small and Medium Enterprise (SME) operations, by focusing on various sectors such as manufacturing, ICT, agriculture, construction, trade and services, among others.

The overarching objective is to scale-up lending and financial service delivery to SMEs in Mauritius.

### 2.3 Discontinuing the use of single-use plastic bottles


The bank is committed in its journey towards sustainability and we are embarking in gradually bringing the necessary changes in the bank's culture. As such, we have initiated a project to replace single use plastic bottles by branded glass bottles which were used in meeting rooms. In the alignment process, same has been gifted to all members of staff. This initiative seeks to address this issue and materially demonstrate the bank's commitment toward reducing plastic usage.

# Financial statements for the year ended 30 June 2024

## SUSTAINABILITY REPORT

### 2.4 Initiated the project of Carbon assessment of the physical infrastructures


Conduct a Carbon Footprint Analysis and Reduction Strategy for Corporate Sustainability at MauBank Ltd, i.e. of our building/ premises/ bank's operations including IT infrastructure etc in regards to the actual carbon footprint and identify areas for improvement and recommend feasible and cost-effective energy saving measures which will contribute to curtail the carbon footprint of MauBank Ltd.

### 2.5 Initiated the construction of a photovoltaic EV charging station


MauBank is committed to contribute in a significant manner to reducing its carbon footprint, improving energy efficiency and building resilience against natural disasters. It also undertakes initiatives to manage the transition and physical risks faced today and under future scenarios.

In its effort to align to the above and to the government energy transition, as also to its Sustainability Roadmap, MauBank Ltd is keen on being seen on the market as a bank which is an early-adopter of innovative technologies and a photovoltaic EV charging station can/will stand as a flagship project will resonate among peers and clients alike.

Currently the bank has photovoltaic panels on the rooftop of its head office. These are used as a subsidiary source of electricity for the yard and to some extent, to the building as well. The Head office, also boasts a rainwater collecting system and the water collected is thereafter used for the irrigation of the yard.

In 2024, MauBank has embarked on an ambitious but necessary project which will see it invest in the building of a Photovoltaic carport at its Head Office in Ebene. The purpose of the project is to produce clean energy from renewable sources, in this case sunlight, with a view to contribute towards the reduction of its carbon emission.

While the project lifetime is 20 years, based on the Internal Rate of Return (IRR), the bank is forecasting to reach breakeven point sometime at year 11. While this can seem quite long, it is important to put into perspective the fact that all Sustainability initiatives require sometime some significant initial investment cost which is discounted over a longer timeline. It is also important to keep in view that we are targeting the PV project to generate more than 66 MWh of clean electricity in the first year in any scenario, with a target reduction of at least 75,4 tons of $CO_2$ emissions annually which is equivalent to some 3,323 trees planted. Implementation of the Photovoltaic Project will help in contributing towards the SDGs, the bank's vision as well as the Government of Mauritius' vision.

## SUSTAINABILITY REPORT

### 2.6 Implementation of the BOM's guideline on Climate Related and Environmental Financial Risk Management

MauBank Ltd has completed important milestones towards the implementation of the guideline with the collaboration of Consultants and dedicated staff. Necessary training has been carried out on climate and Environmental Risks with appropriate policy on C&E risk framework put in place. Additionally, a climate credit scoring model has been introduced. A few other milestones remain to be reached and the bank as a whole is putting in its best effort to complete these within agreed timelines.

### 2.7 Measures and schemes to help employees in dire straits

MauBank Ltd has put in place various supportive measures and schemes for our staff who are in a situation of dire straits. The measures put in place have the objective of assisting MauBank employees who require exceptional help/support (financial and non-financial) in exceptional situations which are outside of the purview of existing policies and benefits.

### 2.8 Sustainability Logo, Digital Mascot, and Sustainability Champions

In 2024, MauBank has launched its sustainability logo, which accompanies specific products.

The bank has developed a Digital Mascot, as an active support to bring awareness to the staff and reinforce the culture change initiatives that are being undertaken across the bank.

The bank has set up a team of Sustainability champions – across all departments – such that it helps in the implementation of initiatives and keep the message true throughout.

# Financial statements for the year ended 30 June 2024

## SUSTAINABILITY REPORT

### 2.9 Interest Rate Rebate Scheme for its Staff on select Banking Products


In order to push forward its Sustainability agenda and to lead by example, the bank has implemented interest rebate schemes for its staff on select banking products which promote Carbon reduction and decrease fossil fuel dependency. Additionally, the bank has also installed EV charging bay in its endeavour to reduce its carbon emission.

### 2.10 Paper Waste Reduction through recycling


Instead of discarding waste paper to the landfill, MauBank Ltd has started a recycling initiative. Waste paper (old newspapers and shredded papers are collected weekly + achieves documents at end of life) are sent to a paper / plastic collection firm and thereafter these are given a 2nd life-line, either as fluting paper (the corrugated sheets of paper in cardboard sheets), or as A4 paper.

Quantitatively this represents:

In 2022: 11.29 tons contributed to a reduction of 10,636 kgCO2eq

In 2023: 2.64 tons contributed to a reduction of 2,487 kgCO2eq

### 2.11 Pledge of MUR 1 Rupee per digital transaction


As from January 2024, MauBank Ltd pledges one rupee towards Sustainability for all digital transactions. The funds raised will be used for Sustainability projects such as:

- Create a sustainability culture at the bank with one of the objectives being to reduce paper use.
- Encourage customers to use digital platforms;
- Build brand reputation with respect to Green Initiatives/Sustainability;
- Foster the bank’s engagement into environmental initiatives towards carbon reduction initiatives.

## SUSTAINABILITY REPORT

### 2.12 Awareness Event held on World Environment Day


On the occasion of the World Environment day, 5th June 2024, MauBank Ltd organised a talk on "Our Earth, our responsibility", to its leadership team in its alignment of interest, ideas and values strategy.

The bank had two guests, who addressed the bank's Leadership Team on two very important issues, namely: about the advantages of moving from a linear economy model to a circular economy model; and about the paper- recycling and the new life given to once thought merely as paper wastes.

### 2.13 Promoting Diversity, Equity and Inclusion


MauBank Ltd does not discriminate on the basis of colour, religion, beliefs, creed, sex, sexual orientation, or ethnicity. It ensures fair treatment and equal opportunity of its staff, customers and stakeholders, as enshrined in the contract of employment and the different internal policies of the bank.

On the one hand, as a fair and equal opportunity employer, it ensures that staff is recruited, retained and rewarded based on performance and merits. It also ensures:

- that the staff is given duties, tasks, projects and assignments that are adequate and commensurate to their grades;
- that salaries are paid on time;
- that paid leaves are granted as per entitlement; and
- the safety, health and wellbeing of its employees.

On the other hand, as responsible and committed employees, they ensure:

- the workmanship, i.e. employment contract is executed personally, fairly and in good faith;
- that it is their responsibility to keep information confidential;
- that they abide by the bank's rules and policies relating to discipline, schedules, hygiene and safety of the workplace;

For the FY 23/24, below are some of the initiatives that were implemented throughout the year to promote Diversity, Inclusion and Equality.

- **Gender Equality:** the bank ensures that there is no discrimination based on gender when hiring for any job position.
- **Diverse Talent Acquisition and Retention:** Attracting, retaining individuals from diverse backgrounds who align with MauBank's core values.
- **Cultural Integration and Collaboration:** Fostering team-building activities within each department to bridge potential cultural gaps, encourage team work and promote unity.
- **Transparent Career Advancement:** Fair and defined career ladder for each staff by promoting internal recruitment whenever there is a vacancy.

## SUSTAINABILITY REPORT

### 3. Ending Note

MauBank Ltd's strategy revolves around making decisions and taking directions based around the triple bottom line -People, Planet and Profit. The bank still focuses mainly on goals where clear objectives are set and results can be quantified and translated to ensure that the targets are being met. These three objectives are as described in the table below, in the ESG format. These link to our bank's activities, and are therefore taken into consideration when making business and operational decisions.

| Environment | Social | Governance |
|---|---|---|
| To undertake responsible sustainability practices to mitigate direct and indirect environmental impacts on our business and operations. | CUSTOMER ORIENTATION:<br><br>- To engage our employees to deliver service excellence.<br>- To be genuinely committed to be "le partenaire de votre progres".<br>- To be innovative and responsible in the delivery of our products | To undertake sustainable and responsible business practices through integrity, good business ethics and exemplary business conduct. |
| To be committed to using our resources wisely, thereby ensuring the protection and conservation of the natural environment. | EMPLOYER OF CHOICE:<br><br>- To create a conducive and well-balanced workplace with emphasis on employee wellbeing and safety & health.<br>- To attract and retain talents by providing an environment where our employees have the opportunity to grow.<br>- To improve competencies through continuous training.<br>- To recognize and reward performance. | To comply with the relevant laws, regulations, guidelines and business rules. |
| To be vigilant about emerging climate change challenges and opportunities, enhancing preparedness and responsiveness to regulatory requirements or commercial pressure | CORPORATE SOCIAL RESPONSIBILITY:<br><br>- To support the underprivileged communities through CSR contributions and other actions. | To engage with stakeholders in a responsible, fair and reasonable manner. |

## CORPORATE GOVERNANCE REPORT

'*The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of an organization*'. [The National Code on Corporate Governance 2016 (the "Code")]

Recognizing and understanding the positive impacts that the Code can bring in an organization, MauBank Ltd ("MauBank" or the "Bank") has ensured that its strategies are aligned to the Code together with other applicable laws and guidelines, whereby, encouraging a culture and attitude that nurture the principles of Corporate Governance throughout decision making.

This report sets out the Bank's Corporate Governance processes and the role they play in supporting the delivery of the Bank's strategy and provides for explanations from any deviations from the Code.

This report is published on the Company's website, as part of the Annual Report.

### 1. STATEMENT OF COMPLIANCE BY THE BOARD

Regarding matters of good governance, the Bank is guided by the Bank of Mauritius' Guideline on Corporate Governance, The National Code of Corporate Governance for Mauritius (the "Code") as revised in 2016 together with other fundamental legislations such as the Banking Act 2004 and the Companies Act 2001.

The Bank has endeavoured to adhere to the principles as set out in the Code by taking matters at Board level and Committees of the Board. The Board is of view that there is no material deviation to be highlighted. In addition, the Bank has a Corporate Governance Committee to specifically discuss on Corporate Governance matters. The Bank's Corporate Governance system also includes the involvement of Management Forums, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations.

The above-mentioned system provides structures for the following:

- Formulation of strategic directions and plans;
- Setting up of corporate objectives and budgets;
- Establishing clear lines of responsibility and accountability;
- Delegation of authority to management to implement Board approved plans and strategies and to operate the Bank's business on a day to day basis;
- Sanctioning of banking facilities to related parties and large credit exposure to a customer / group;
- Monitoring of performance and compliance with laws, regulations, policies and procedures;
- Risk Management framework;
- Internal control systems;
- Rewards and incentives;
- Succession planning for Executives; and
- Good governance practices.

To the best of its knowledge, the Board has relentlessly endeavoured towards attaining, adhering and maintaining throughout the financial year 2023-2024, the highest level of Corporate Governance in accordance with the Guideline on Corporate Governance issued by the Bank of Mauritius, the National Code for Corporate Governance and other relevant legislations.

# CORPORATE GOVERNANCE REPORT

## 2. BRIEF OVERVIEW OF THE UNDERLYING PRINCIPLES OF THE CODE OF CORPORATE GOVERNANCE

The Code rests on eight (8) core principles that encourages the "apply and explain" approach, whereby, allowing organisations to adapt its practices to particular circumstances.

**These principles are:**

1. The Governance Structure
2. The Structure of the Board and its Committees
3. Director Appointment Procedures
4. Director Duties, Remuneration & Performance
5. Risk Governance and Internal Control
6. Reporting with Integrity
7. Audit
8. Relations with Shareholders and other key Stakeholders

# CORPORATE GOVERNANCE APPLIED

## 2.1 PRINCIPLE 1: GOVERNANCE STRUCTURE

*"All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified."*

*"The board has the ultimate responsibility for the safety and soundness of the financial institution. It must oversee the institution's business strategy, internal organisation and governance structure, its risk management and compliance practices, and key personnel decisions. It is essential that there be a clear demarcation of responsibilities and obligations between the board and management. The board should be independent from management".* (Bank of Mauritius Guideline on Corporate Governance)

MauBank Ltd, a Public Interest Entity ("PIE"), is led by a unitary Board, which is collectively responsible and accountable for the decisions taken. To better discharge its duties, the Board of Directors delegates its powers to various Board Committees and Management Committees which operate in line with good corporate governance practices, while maintaining the ultimate accountability and responsibility for the affairs and performance of the Bank. The Board Charter, as approved by the Board, caters for the delegation of authority and provides the necessary mandates for the proper functioning of the below mentioned committees together with an effective oversight process.

The Board has constituted the following committees to assist effective implementation of its responsibilities:

i. Audit Committee
ii. Board Risk Management Committee
iii. Nomination and Remuneration Committee
iv. Board Investment & Credit Committee
v. Corporate Governance Committee
vi. Procurement Committee
vii. Board Cybersecurity Committee

The Chief Executive (CE) together with management executives are responsible for the day to day operations of the Bank and regularly reports to the various Committees of the Board and ultimately to the Board of Directors who keep an oversight that the decisions taken are in line with best practices inclusive of legal and regulatory requirements.

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

The Bank also ensures adherence to all its policies and procedures which are in line with the Guidelines issued by the Bank of Mauritius. The operating model of the Bank ensures segregation of duties and also well-defined lines of responsibilities of the sub committees are laid down through the Terms of Reference (ToR) of each Committees.

#### 2.1.1 Key Features of Board processes

In addition to their regular meetings, the Board can be convened as and when required.

Key decisions taken by the Board, include:

- Review and approval of monthly, quarterly and annual financial accounts;
- Review and approval of annual budget:
- Review and approval of Corporate Strategy;
- Approval of Board Charter and the Terms of References of sub-committees;
- Ratification of Organisational Chart through the Nomination and Remuneration Committee;
- Ratification of key senior positions through the Nomination and Remuneration Committee;
- Approval of policies and procedures, inclusive of the Bank's Code of Conduct and Ethics.

#### 2.1.2 Website

As part of its obligations under the Code, the following documents can be found on the Bank's website:

- Constitution of the Bank;
- Organisation Chart;
- Directors details; and
- Board Charter.

### 2.2 PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

"*The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurating with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."* (Bank of Mauritius Guideline on Corporate Governance)

#### 2.2.1 Board Size and Composition

The recommended number of Independent Director as per the BOM's Guideline on Corporate Governance and the Banking Act 2014 is 40 per cent of the Board composition.

The Board of MauBank Ltd is a unitary Board that currently comprises of five (5) Independent Directors, representing 55.6 percent of the Board composition, three (3) Non-Executive Directors and one (1) Executive Director, who are all Mauritian residents. The Board includes directors from various industries and backgrounds which it believes is sufficient towards effective decision making. Moreover, with no alternate directors' discussions at Board and Committee levels, discussions and decision making are more productive and effective.

Currently with the membership of nine (9) Directors, the Board believes that it is commensurate to the Bank's current business activities. The Directors are appointed on the Board in accordance with laws of Mauritius and the constitution of the Bank. Their membership is renewed on an annual basis during the Annual Meeting of Shareholders. The last Annual Meeting was held on 15 November 2023.

For the financial year ended 30 June 2024, the Chief Executive was the sole Executive Director at the Bank and he was supported by a robust executive management team.

Recognising the importance of diversity, MauBank Ltd continue to engage in creating new and inspiring possibilities for women within the Bank. Presently, two women form part at the Executive Committee level.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.2 Board Composition

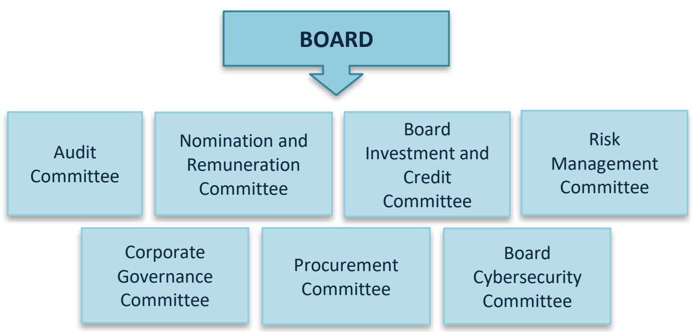
1 Executive Director
3 Non-Executive Director
5 Independent Directors

**Composition:**

- Mr. Sookun Gooroodeo (Independent Director & Chairperson)
- Mr. Mungar Premchand (Executive Director - up to 22 November 2023)
- Mr. Vydelingum Vishuene (Executive Director – appointed on 22 November 2023)
- Mr. Codabux Muhammad Javed (Independent Director)
- Mr. Rampersad Rabin (Non-Executive Director)
- Mr. Sokappadu Ramanaidoo (Independent Director)
- Mr. Kokil Anil Kumar (Non-Executive Director)
- Mrs. Vasseur-Soneea Alexandra (Independent Director)
- Mr. Semjevee Sivananda (Independent Director)
- Mr. Jeetoo Mohamad Fardeen (Non-Executive Director)

### 2.2.3 The Board, its committees structure & mandate

### 2.2.3.1 Board and Committees Structure




### 2.2.3.2 Board Mandate

The Board as empowered by the Bank's Constitution and Charter is responsible, among others, to:

- Function independently of management;
- Operate at a higher level than management;
- Exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the Bank so that it achieves sustainable prosperity;
- Ensure that policies, procedures and practices are in place to protect the Bank's assets and reputation;
- Consider the necessity and appropriateness of installing a mechanism by which breaches of the principles of corporate governance may be reported;
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- Ensure that there is a suitable induction and evaluation program in place which meets specific needs of the Bank and its directors;
- Appoint the CE and ensure that succession is professionally planned in good time; and
- Balance 'conformance' and 'performance'. Conformance is compliance with the various laws, regulations and codes governing organisation. Ensuring performance requires the development of a commensurate enterprise culture within the organisation so that returns to shareholders are maximized while respecting the interests of other stakeholders.

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.3 The Board, its committees structure & mandate (Cont'd)

#### 2.2.3.3 Board Attendance

Directors are expected to attend, in person or by teleconference, Board meetings, except in exceptional circumstances. The following table gives the record of attendance at meetings of the Bank's Board during the financial year ended 30 June 2024:

| Members | Date of Appointment | Board Status | Meeting Attendance |
|---|---|---|---|
| SOOKUN Gooroodeo *(Chairperson)* | 10-Jun-2020 | Independent Director | 14/14 |
| MUNGAR Premchand (resigned on 22 November 2023) | 23-Nov-2018 | Executive Director | 6/6 |
| VYDELINGUM Vishuene | 22-Nov-2023 | Executive Director | 8/8 |
| CODABUX Muhammad Javed | 10-Mar-2017 | Independent Director | 14/14 |
| RAMPERSAD Rabin | 19-Sep-2019 | Non-Executive Director | 7/14 |
| SOKAPPADU Ramanaidoo (see note below) | 03-Oct-2019 | Independent Director | 14/14 |
| KOKIL Anil Kumar (see note below) | 15-Jul-2021 | Non-Executive Director | 13/14 |
| VASSEUR-SONEEA Alexandra | 15-Jul-2021 | Independent Director | 12/14 |
| SEMJEVEE Sivananda | 15-Jul-2021 | Independent Director | 14/14 |
| JEETOO Mohamad Fardeen | 15-Jul-2021 | Non-Executive Director | 14/14 |

Note

Mr. Sokappadu (formerly Non-Executive Director) was elected as Independent Director at the Annual Meeting of Shareholders held on 15 November 2023.

Mr. Kokil (formerly Independent Director) was elected as Non-Executive Director at the Annual Meeting of Shareholders held on 15 November 2023.

### 2.2.4 Committees of the Board

The Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance Committee were set-up on 31 March 2016. The Board Investment and Credit Committee was constituted on 31 March 2016 and reconstituted on 05 November 2019.

The Procurement Committee was constituted on 27 July 2021.

The Board Cybersecurity Committee was constituted on 21 June 2022.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.1 Audit Committee

#### Mandate

The Audit Committee's principal function is to oversee the Bank's financial reporting process, monitor the internal control systems, review financial statements, provide support to the Board of Directors on compliance, audit and financial matters, oversee performance of external and internal auditors of the Bank and review internal and external inspections.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

Mr. Semjevee Sivananda (Chairperson as from 30 January 2024)

Mr. Sookun Gooroodeo

Mrs.Vasseur-Soneea Alexandra (appointed on 24 January 2024)

#### Committee Attendance

The Directors who served on the Audit Committee and their attendance during FY 2023/2024 are as follows:

| Members | Board Status | Meeting Attendance |
|---|---|---|
| KOKIL Anil Kumar (former Chairperson*) | Non-Executive Director | 3/8 |
| SEMJEVEE Sivananda (Current Chairperson) | Independent Director | 8/8 |
| SOOKUN Gooroodeo | Independent Director | 7/8 |
| VASSEUR-SONEEA Alexandra | Independent Director | 5/8 |

*Mr. Kokil (formerly Independent Director) was elected as Non-Executive Director at the Annual Meeting of Shareholders held on 15 November 2023. Mr. Kokil's tenure as Chairperson of the Audit Committee ceased following his election as Non-Executive Director at the Annual Meeting of Shareholders held on 15 November 2023.

### 2.2.4.2 Nomination and Remuneration Committee

#### Mandate

The Nomination and Remuneration Committee is a committee of the Board which has the responsibility of selecting competent and qualified personnel and making recommendations to the Board of Directors. The Committee aims to retain and attract qualified and experienced personnel for the smooth running of the Bank.

The roles of this Committee are to review corporate objectives and budgets, senior executives' performance, reward policy and approve productivity bonus policy to employees, approve salary revisions, service conditions and staff welfare policy, approve recruitment or promotion of top managers, review irregularities and serious offences, recommend recruitment and terms of contract of employment of the Chief Executive and other Senior Officers, review and recommend nomination of suitable persons eligible as candidate for directorship, in accordance with Fit and Proper Person Policy and the BOM Guideline on Corporate Governance.

The Nomination and Remuneration Committee also reviews the Bank's Organisational Chart, which is ultimately tabled at Board Level for ratification.

The Committee was reconstituted on 26 April 2022 and the current composition is as follows:

- Mr. Sokappadu Ramanaidoo(Chairperson)
- Mr. Vydelingum Vishuene
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra
- Mr. Jeetoo Mohamad Fardeen

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.2 Nomination and Remuneration Committee (Cont'd)

#### Committee Attendance

The Directors who served on the Nomination and Remuneration Committee and their attendance at committee meetings during FY 2023/2024 are as follows:-

| Members | Board Status | Meeting Attendance |
|---|---|---|
| SOKAPPADU Ramanaidoo (Chairperson) | Independent Director | 6/6 |
| SEMJEVEE Sivananda | Independent Director | 4/6 |
| JEETOO Mohamad Fardeen | Non-Executive Director | 6/6 |
| VASSEUR-SONEEA Alexandra | Independent Director | 6/6 |
| MUNGAR Premchand (resigned) | Executive Director | 3/6 |
| VYDELINGUM Vishuene (as from 22 November 2023) | Executive Director | 3/6 |

### 2.2.4.3 Board Investment and Credit Committee

#### Mandate

The Board Investment and Credit Committee reviews and approves credit proposals above Rs. 100 million. This Committee is held as and when the need arises. The Committee also approves all relevant policies pertaining to Investment and Credit of the Bank.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Codabux Muhammad Javed (Chairperson)
- Mr. Vydelingum Vishuene (appointed on 22 November 2023)
- Mr. Sokappadu Ramanaidoo
- Mr. Kokil Anil Kumar (appointed on 07 March 2024)

#### Committee Attendance

The Directors who served on the Board Investment & Credit Committee and their attendance at committee meetings during FY 2023/24 are as follows:-

| Members | Board Status | Meeting Attendance |
|---|---|---|
| CODABUX Muhammad Javed (Chairperson) | Independent Director | 18/18 |
| SOKAPPADU Ramanaidoo | Independent Director | 18/18 |
| VASSEUR-SONEEA Alexandra (up till 07 March 2024) | Independent Director | 12/18 |
| MUNGAR Premchand (resigned) | Executive Director | 6/18 |
| VYDELINGUM Vishuene | Executive Director | 9/18 |
| KOKIL Anil Kumar | Non-Executive Director | 6/18 |

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.4 Board Risk Management Committee

#### Mandate

The main responsibilities of the Board Risk Management Committee are the identification and oversight of the principal risks at the Bank, including but not limited to credit, market, liquidity, operational, compliance and regulatory and reputational risks and the actions taken to mitigate them. It is also responsible to advise the Board on the Bank's overall current and future risk appetite, tolerance and strategy and oversee Senior Management's implementation of the risk appetite framework and reporting on the state of risk culture in the Bank to the Board.

The Committee was reconstituted on 26 April 2022 and the current composition is as follows:

- Mr. Jeetoo Mohamad Fardeen (Chairperson)
- Mr. Vydelingum Vishuene (appointed on 22 November 2023)
- Mr. Kokil Anil Kumar
- Mr. Semjevee Sivananda

#### Committee Attendance

The Directors who served on the Board Risk Management Committee and their attendance during FY 2023/2024 are as follows:

| Members | Board Status | Meeting Attendance |
|---|---|---|
| JEETOO Mohamad Fardeen (Chairperson) | Non-Executive Director | 3/3 |
| MUNGAR Premchand (resigned) | Executive Director | 2/3 |
| VYDELINGUM Vishuene | Executive Director | 1/3 |
| KOKIL Anil Kumar | Non-Executive Director | 3/3 |
| SEMJEVEE Sivananda | Independent Director | 3/3 |

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.5 Corporate Governance Committee

#### Mandate

The Committee is responsible to determine, agree and develop the Bank's general policy on corporate governance in accordance with applicable Codes, Guidelines and Legislations. It should also ensure that the corporate governance report and disclosures to be published in the Bank's annual report is in compliance with provisions all applicable Codes, Guidelines and Legislations.

Specifically, the duties of the Committee are to:

- Develop and recommend to the Board a corporate governance framework and a set of corporate governance guidelines.
- Review and evaluate the implementation of the corporate governance guidelines within the organisation.
- Periodically review and evaluate the effectiveness of the organisation's Code of Business Conduct and Ethics.
- Ensure that an adequate process is in place for the Board and senior management to compliance with the organisation's Code of Business Conduct and Ethics.
- Review the position descriptions of the chairperson, deputy chairperson, and Board committee chairs and recommend any amendments to the Board.
- Review and recommend the implementation of structures and procedures to facilitate the Board's independence from management.
- Review annually with the Board the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, age, skills, gender and experience required for the Board as whole.
- Make recommendations to the Board with respect to the size and composition of the committees of the Board including the corporate governance committee.
- Make recommendations on the frequency, structure and functioning of Board meetings and Board committee meetings.
- Monitor and evaluate the functioning of committees and make any recommendations for any changes including the creation and elimination of committees.
- Develop charters for any new committees established by the Board and review the charters of each existing committee and recommend any amendments to the charter.
- Review any notice given by an individual director that the director intends to retain an outside advisor at the expense of the organisation.
- Review all related party transactions and situations involving board members and refer where appropriate to the Board or the shareholders general meeting.
- Oversee the evaluation of the Board as a whole, its committees and individual directors. If the evaluation is being conducted internally, oversee Board performance and report annually to the Board with an assessment of the Board's performance.
- Review its own performance annually.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the bank and the market in which it operates.
- Periodically receive a report from Legal Counsel or Chief Compliance Officer or Company Secretary or Chief Governance Officer on compliance issues.
- Ensure that an adequate process is in place for the Board and senior management to comply with the National Code of Corporate Governance.
- Work and liaise as necessary with all other Board committees.

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.5 Corporate Governance Committee (Cont'd)

The Committee was reconstituted on 31 January 2022 and the current composition is as follows:

- Mr. Sokappadu Ramanaidoo (Chairperson)
- Mr. Vydelingum Vishuene (appointed on 22 November 2023)
- Mr. Kokil Anil Kumar
- Mr. Jeetoo Mohamad Fardeen
- Mrs. Vasseur-Soneea Alexandra
- Mr. Codabux Muhammad Javed

#### Committee Attendance

The Directors who served on the Corporate Governance Committee and their attendance during FY 2023/2024 are as follows:

| Members | Board Status | Meeting Attendance |
|---|---|---|
| SOKAPPADU Ramanaidoo(Chairperson) | Independent Director | 1/1 |
| MUNGAR Premchand (resigned) | Executive Director | 1/1 |
| VYDELINGUM Vishuene | Executive Director | 0/1 |
| KOKIL Anil Kumar | Non-Executive Director | 1/1 |
| JEETOO Mohamad Fardeen | Non-Executive Director | 1/1 |
| VASSEUR-SONEEA Alexandra | Independent Director | 1/1 |
| CODABUX Muhammad Javed | Independent Director | 1/1 |

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.6 Procurement Committee

#### Mandate

The duties of the Committee shall be to review certain revenue and capital expenditure of the Bank to ensure that the Bank's expenditure is appropriate in the pursuit of the Bank's operations, including evaluating and making recommendation to the Board on any acquisition or disposal and/or any undertaking or part of any undertaking of the Bank, approving any emergency procurements, monitoring, evaluating and reviewing management's procedures for procurement, on a regular basis and the controls in place to ensure value for money and determine and set inbuilt accountability parameters for management in case of failure and reviewing the Bank's procurement policy for recommendation to the Board.

The Committee was reconstituted on 27 July 2021 and the current composition is as follows:

- Mr. Codabux Muhammad Javed (Acting Chairperson as from 25 January 2023)
- Mr. Vydelingum Vishuene (appointed on 22 November 2023)
- Mr. Semjevee Sivananda
- Mrs. Vasseur-Soneea Alexandra

#### Committee Attendance

The Directors who served on the Procurement Committee and their attendance at committee meetings during FY 2023/24 are as follows:

| Members | Board Status | Meeting Attendance |
|---|---|---|
| CODABUX Muhammad Javed (Acting Chairperson as from 25 January 2023) | Independent Director | 6/6 |
| MUNGAR Premchand (resigned) | Executive Director | 1/6 |
| VYDELINGUM Vishuene | Executive Director | 4/6 |
| VASSEUR-SONEEA Alexandra | Independent Director | 6/6 |
| SEMJEVEE Sivananda | Independent Director | 6/6 |

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.7 Board Cybersecurity Committee

#### Mandate

The duties of the Committee are to assist the Bank in fulfilling its Cybersecurity risks management and control responsibilities. The Committee ensures Cybersecurity is managed in a manner consistent with the Bank's strategic objectives, regulatory requirements and its approved operational risk appetite. It oversees Senior Management's implementation of the cybersecurity projects, applied control and information security risk appetite framework and reporting on risks identified regarding the state of cybersecurity and information security culture in the Bank. It also considers and approves recommendations in respect to cybersecurity of standards, framework, policies and information security.

The Committee was reconstituted on 21 June 2022 and the current composition is as follows:

- Mr. Kokil Anil Kumar (Chairperson)
- Mr. Vydelingum Vishuene (appointed on 22 November 2023)
- Mrs. Vasseur-Soneea Alexandra
- Mr. Semjevee Sivananda

#### Committee Attendance

The Directors who served on the Board Cybersecurity Committee and their attendance at committee meetings during FY 2023/2024 is as follows:

| Members | Board Status | Meeting Attendance |
|---|---|---|
| KOKIL Anil Kumar (Chairperson) | Non-Executive Director | 2/2 |
| MUNGAR Premchand (resigned) | Executive Director | 1/2 |
| VYDELINGUM Vishuene | Executive Director | 1/2 |
| VASSEUR-SONEEA Alexandra | Independent Director | 2/2 |
| SEMJEVEE Sivananda | Independent Director | 2/2 |

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.8 Directors' Independence

#### Mandate

With around 56% of independent directors on its Board, the Bank ensures that the decision taking processes are independently taken, in the best interest of the Bank. Moreover, by also taking into consideration the guidance put forth by the Code, the Board ensures that Directors form an independent view on any related matter presented at Board Level and any conflict, real or potential, is brought to the attention of the Board decision taking. This ensures that decisions taken are equitable for all concerned parties.

As guidance, the Code has provided for added criteria to determine the independence of a Director:

- Has the director been an employee of the Bank or Group within the past three years?
- Has the director had within the past three years, a material business relationship with the organisation either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the organisation?
- Has the director received additional remuneration from the organisation apart from a director's fee or as a member of the organisation's pension scheme?
- Is the director a nominated director representing a substantial shareholder?
- Has the director close family ties with any of the organisation's advisers, directors or senior employees?
- Has the director cross directorships or significant links with other directors through involvement in other companies or bodies?
- Has the director served on the Board as per term of office prescribed by the Bank of Mauritius guideline on Corporate Governance?

The Board considers that with the Government of Mauritius being a substantial shareholder of the Bank, nominated directors forms part of the prevailing norm in Mauritius. Also, being State-Owned, there is an implied duty towards the public and being answerable to decisions which are taken. As such, any nominated director further ensures that decisions taken at Board level are to the best interests of the all concerned stakeholders.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.2.4.9 Company Secretary

The Bank's Secretary to the Board is guided by its Constitution, the Companies Act 2001 as well as other Guidelines issued by the BOM and the Code. Directors may consult and liaise directly with the Secretary should the need arise, who acts as an 'Independent and Trusted Adviser' of the Directors. The Secretary ensures that all relevant Legislations, Guidelines and any such codes are adhered to by the Board and provide for advice on corporate governance matters as and when required.

In addition, the Board have access to independent professionals for further advice.

The details on the Company Secretary can be found in the Administration section on page 224.

### 2.3 PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES

*"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The Search for Board candidates should be conducted and appointments made on merit against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key office holders."* (The National Code of Corporate Governance for Mauritius).

### 2.3.1 Directors' appointment, election, induction and re-election of directors

Following its mandate, the Nomination and Remuneration Committee has set specific procedures, including a Directors' Onboarding Checklist, have been put in place for newly appointed directors to familiarize themselves with the Bank's overall structure as well as their expected roles and responsibilities as per the Companies Act 2001, the Bank's Constitution, the Board and Committees' Terms of References as well as other Guidelines and the Code.

The Board is responsible for the induction of newly appointed Directors and it ensures that they are given a well thought out induction programme to help them acquaint with the proceedings of the Board. Accordingly, on appointment, directors are provided with a comprehensive 'Directors' Induction' pack comprising, amongst others, of the above-mentioned documents and receive appropriate induction and orientation process on their expected roles and responsibilities.

Additionally, regular training programs are arranged for all the Bank's directors to help them better discharge their responsibilities as members of the Board.

The directors adhere to the provision in the Guideline on Corporate Governance which allows a director to serve for a maximum term of six years. Recognising the need to have a formal succession plan at the Bank, a 'Succession Planning for Directors' has been drafted and implemented, based on the feedback provided by Directors in their evaluation exercise.

### 2.3.2 Biographies of Directors

The directors' profile is described in the "Administrative Information" Section.

### 2.3.3 Website

As per the recommendations of the Code under principle, the profile of individual directors following can be found on the Bank's website.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.4 PRINCIPLE 4: DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

"*Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, Committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives."* (The National Code of Corporate Governance for Mauritius).

#### 2.4.1 Legal Duties of Directors

Directors are apprised of their role when joining the Bank. A Directors' Induction Handbook ("Handbook") is provided to each and every director on onboarding and includes some key legal and regulatory requirements, inclusive of the Companies Act 2001, the Banking Act 2004, Bank of Mauritius' Guideline on Corporate Governance as well as the National Code of Corporate Governance.

- To act in accordance with the Bank's constitution;
- To promote the success of the Bank;
- To exercise independent judgement;
- To use reasonable care, skill and diligence;
- To avoid conflicts of interest;
- Not to accept benefits from third parties nor to gain advantage from the use of the position as a director;
- To act in good faith for the benefit for the Bank; and
- To use powers for a proper purpose for the benefit of members as a whole.

#### 2.4.2 Evaluation of the Board, its Committees and individual directors

As part of their duties and commitment towards constructive decision making, directors carry out an evaluation exercise that helps assess the overall effectiveness of the Board and its Committees, as well as getting an overall view of the knowledge areas of the directors. The last evaluation exercise was carried out during the financial year 2020/2021.

The evaluations will encompass the following:

Directors are apprised of their role when joining the Bank. A Directors' Induction Handbook ("Handbook") is provided to each and every director on onboarding and includes some key legal and regulatory requirements, inclusive of the Companies Act 2001, the Banking Act 2004, Bank of Mauritius' Guideline on Corporate Governance as well as the National Code of Corporate Governance.

- Composition of the Board – with reference to age and gender;
- Composition of Committees of the Board;
- Regulatory Environment;
- Technological Environment;
- Relationship between the Board and Management;
- Allocation of time during the Board and Committees;
- Quality of information provided; and
- Timeliness of information provided.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.4.3 Directors' Interests and Dealings in Shares

The Company Secretary maintains an interest register and is available for consultation to shareholders upon request.

The Directors have no direct or indirect interest in the share capital of the Bank. The shares of the Bank are not quoted on the stock exchange and hence there were no dealings in shares by its Directors.

Pursuant to section 48 of the Banking Act 2004, the Bank has a rigorous procedure for the management of conflicts of interest. All directors are required to disclose any interest they may have in any activity of the Bank.

### 2.4.4 Related Party Transactions and Practices

The Guideline on Related Party Transactions (revised in May 2022) issued by the Bank of Mauritius, is made up of 5 sections:

- Governance Framework;
- Rules Governing Related Party Transactions;
- Monitoring of Related Party Transactions;
- Disclosure and Regulatory Reporting: and
- Transitional Provisions.

Related parties, whether body corporate or natural persons, fall into two main categories:

(a) Those that are related to a financial institution because of ownership interest; and

(b) Those that are related otherwise, such as directors and senior officers who may also have some ownership interest in the financial institution.

Related party transactions include:

(a) Credit exposure, that is credit, financial leasing, non-fund based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party to a related party, investment in equity or other debt instruments of a related party, and any other commitment to provide funds or substitute of funds to a related party;

(b) Placements made by the financial institution with a related party;

(c) Conditional sales agreements with a related party;

(d) Consulting or professional service contracts with a related party;

(e) Deposits placed with the financial institution by a related party

(f) Acquisition, sale or lease of assets of a related party; and

(g) Any pecuniary relationship or other transactions or arrangement with a related party (including by way of service arrangements or contracts).

The Guideline outlines 3 categories of credit exposures to related parties and prescribes the regulatory limits applicable.

In line with the Related Party Transactions, the Board of directors of the Bank has established a policy on related party transactions. The Policy sets out prudent rules and internal limits.

Related party reporting to the Bank of Mauritius is done on a quarterly basis. Ongoing monitoring and reporting related party transactions are also carried out in the Credit Risk Monitoring Committee, Risk Management and Corporate Governance Committees and at Board's level.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.4.5 Access to information

As part of their obligations, directors are furnished with adequate information as and when required by various key members of managements. This information is provided in a timely manner and are inclusive of reports from various departments of the Bank. Additionally, the directors receive independent reports through the Bank's internal auditor, Compliance Department and the external auditor.

The directors have access to all required documentation and to the Company Secretary for any eventual queries and additional information.

### 2.4.6 Information Technology and Information Security ("IT")

The strategic projects and a high-level implementation plan are presented to the Board on regular basis. The Board is also apprised on the progress and implementation of these projects. These projects are reviewed at an operational level through the monthly IT Steering Committee created for the purpose involving the Project Sponsors from business and the team members to review and take appropriate measures to achieve the milestones as expected.

For the IT policies, these are reviewed on a periodic regular basis and presented to the Board for approval and ratification. Also, as part of governance, the performance of the IT systems project is reviewed through a monthly IT Steering Committee and submitted to EXCO for update together with Change Management governances that have been put in place for periodic review. The Change Management Committee sits on weekly basis to approve any changes, as may be deemed appropriate, on the production environment.

As part of the Business Continuity Plan (BCP), an annual Disaster Recovery drill is conducted involving the business unit to test the effectiveness of recovery and measured through Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) agreed with the business unit. A consolidated report from Business and Technical unit as an outcome of the drill is usually presented to the Board for information. The Disaster Recovery drill activity was conducted in phases for financial year 2022/2023 and was completed successfully. Furthermore, the bank has put in place appropriate governance structure to separate activities of the IT Operation division and IT Risk division the division responsible to monitor compliance with IT Security policies and standards.

Independent regular monitoring and adherence checks to IT Security policies are carried out and reported to Management of the bank.

The new Board Cybersecurity Committee which was set up on 21 June 2022 assists the bank in fulfilling its Cybersecurity risks management and control responsibilities.

Information Security Policies are in place to define requirements for the protection of the information assets of the bank. Policies are regularly updated and ratified by the Executive Committee.

Significant IT expenditure is approved at the level of the Board, as per the Procurement policy.

### 2.4.7 Directors' Remuneration

The fees payable to the Chairperson of the Board of directors and the other directors of MauBank Ltd have been determined by the Ministry of Finance, Economic Planning & Development. The remuneration and other benefits received by the directors for MauBank Ltd and MauBank Investment Ltd amounted to **Rs 20,806,652** for the year ended 30 June 2024 compared to Rs 29,094,744 for the year ended 30 June 2023 and Rs 20,574,691 for the year ended 30 June 2022.

Directors' remuneration is in line with current market practice and is commensurate with their level of commitment towards their obligations as Directors of the Bank.

In line with the requirements of the Code, the Bank's Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with organisational performance. Remuneration for the Executive Director comprises a base salary and short-term benefits which reflect his responsibilities and experience, as well as a variable element in the form of a bonus, determined by the performance of both the Bank and the individual.

# Financial statements for the year ended 30 June 2024

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

The remuneration of the Executive Directors and the Non- Executive Director is as follows:

| | Year ended 30 June 2024 | Year ended 30 June 2023 |
|---|---|---|
| | Rs | Rs |
| **Executive Director** | **16,887,652** | 25,024,494 |
| **Non-Executive Directors** | **3,919,000** | 4,070,250 |
| | **20,806,652** | 29,094,744 |

### 2.4.8 Statement of Remuneration Philosophy

The Bank has a Nomination and Remuneration Committee which is a Committee of the Board, and it has the responsibility of approving the selection of competent and qualified personnel. The Committee aims to promote fair and competitive employee remuneration that incentivizes performance and helps in attracting and retaining talent. Qualifications, skills, scarcity, past performance, individual potential, market practices, responsibilities shouldered, and experience are among other factors which influence the remuneration package.

Employee Benefits:

- The Bank currently contributes a percentage of the employees' basic salaries to a pension scheme to provide for a retirement pension at the end of the employees' professional career;
- The Bank provides employees with loans under preferential interest rates and conditions;
- The Bank grants employees a monthly travelling allowance, with the amount varying according to their job grades and responsibilities; and
- The Bank provides medical coverage for all employees and their dependents.

### 2.5 PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

*"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management."* (The National Code of Corporate Governance for Mauritius).

The Board should ensure the maintenance of a sound internal control system.

The Bank's internal controls help ensure it achieves its objectives in operational effectiveness and efficiency, reliable financial reporting, and in compliance with laws, regulations and policies. They also help ensure that the Bank's risk management activities operate as designed and that the management of risk is carried out appropriately.

During the year there were no significant or material deficiencies in the Bank's Internal Control systems that the management are not aware of. Management was not aware of any significant area not covered by Internal Control systems.

Please refer to the Management Discussion and Analysis section within this annual report for risk management disclosures.

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.5.1 Whistleblowing Policy

The Bank has a Whistleblowing Policy in place for employees to raise concerns internally and at a high level, and also disclose any information which the employee believes shows malpractice and impropriety.

These concerns could include:

- Failure to comply with a legal obligation or statutes.
- Criminal activity.
- Improper conduct or unethical behavior as quoted in the Bank's Code of Conduct and Ethics Policy and in contravention with generally acceptable standards of business practice in the banking industry.
- Conduct which is an offence or a breach of law.
- Disclosures related to lapses of justice and unfairness.
- The unauthorized use of the Bank's funds, assets and information.
- Possible cases of fraud, corruption and money laundering cases.
- Attempts to conceal any of the above.

The Board has considered the whistle blowing complaints in FY 2023/2024 and instituted internal inquiries to assess the same. The reports from the internal inquiries are delivered to the Board to make an informed decision.

This Policy aims to:

- Encourage employees to feel confident about raising their apprehensions and to question any act that may raise concerns about practices that may bring disrepute to the Bank and/or cause financial or other loss to the Bank and/or any malicious act that may adversely affect a staff member.
- Provide avenues for employees to raise those concerns and receive feedback on any action taken.
- Reassure employees that they will be protected from possible reprisals or victimization if they have reasonable belief that they have made any disclosure in good faith.
- Minimize the Bank's exposure to the damage that can occur when employees circumvent internal mechanisms.
- Ensure that employees understand the importance of adhering to the Bank's Code of Conduct and Ethics Policy, as well as other applicable policies.

### 2.6 PRINCIPLE 6: REPORTING WITH INTEGRITY

*"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report."* (The National Code of Corporate Governance for Mauritius).


VOLUNTEER
We fuel
Ambitions,
Support Growth
& Transform
Lives

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.6.1 Directors' Responsibilities in respect of the Financial Statements

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, performance and cash flows of the Group. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business in the foreseeable future; and
- State whether the Code of Corporate Governance has been adhered to, or if not, give reasons where there has been no compliance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Group and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and maintain an effective system of internal controls and risk management.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

### 2.6.2 CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Year on year, the bank pursues its Corporate Social Responsibility programme with the partnership of Non-Government Organisations (NGOs) for the advancement of social projects. We are of the view that as an ethical organization, our goals should continuously reflect the interaction of profit-maximization behavior with non-economic concerns. By devoting a yearly budget to community initiatives, the bank endeavors to strengthen its role in contributing to the social and economic growth of society through poverty alleviation, community empowerment and social inclusion.

The Bank's CSR objectives have remained focused on the reduction of social vulnerabilities and inequalities, particularly among children, youth and women, and on access to education for a more sustainable and inclusive development.

In line with the eligibility criteria/sectors of the National Social Inclusion Foundation, the bank has focussed on four main axes of intervention, namely:

1. Medical Assistance
2. Facilitate Integration of Children with Disabilities
3. Support after-school care centers and learning corners
4. Protection and preservation of the environment

During the financial year 2023/2024, the Bank has pursued its partnership NGOs on their projects and/or through staff engagement activities.

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.6.2 CORPORATE SOCIAL RESPONSIBILITY ("CSR") (Cont'd)

#### Enn Rev Enn Sourir

Enn Rev Enn Sourir was established in 2016 and has since then been actively involved in providing supportive services in the following diseases:

1. Childhood Cancer
2. Pediatric Cardiac Diseases
3. Specialised Pediatric Surgery
4. Orthopedic Pediatric
5. Plastic Pediatric Surgeries

It has as mission; 'To ensure that all children have the chance to benefit from the best possible treatment and that their financial circumstances are not an obstacle to saving their lives'. ERES efforts have significantly contributed to positive outcomes, in Mauritius by raising funds for those in need and has as at date, taken care of more than 1,000 beneficiaries.

Initially, the mandate of the NGO was to provide access to the foreign health care facilities to children in need of specialized treatment, which was not available in Mauritius. Having established repute and success in the field, the Government of Mauritius has entered into a partnership with ERES so that all the costs of treatment of children being sent abroad is borne by the former, while the latter takes care of facilitating access to the appropriate health care institutions, handles logistics and ensures each case is taken care of, with proper follow up, end to end.

Having noted a high demand of adult cases requiring foreign treatment, and regularly receiving request to assist adults in that journey, last year, the NGO did a trial to see how it could be of assistance to adults also. In view of the existing gap in supporting adult cases, ERES is now extending its services for this purpose. A new team is therefore being set-up to cater for adults. To achieve their purpose, the NGOs needs to set up a team which can handle this new endeavor. MauBank Ltd is supporting the adult project at its inception to give the NGO the means it requires to develop this expansion by taking on board part of its human resource costs and that of its marketing initiatives to promote its new services offered to adults.

#### Association of Disability Service Providers (ADSP)

Association of Disability Service Providers (ADSP) was founded in 2003. ADSP is a specialized needs school for children and young adults having physical impairment and learning difficulties. Their mission is to provide academic and non-academic education to children and young adults with special education needs to promote social inclusion in the community. MauBank has been supporting ADSP for the last seven years and has been collaborating closely with the NGO for its infrastructural development, the purchase of a van and specialized equipment for the sensory room amongst others.

In 2022, the Bank has financed additional equipment for the sensory room to cater for new rehabilitation techniques for the students who need sensory stimulation therapies, kitchen equipment for a cookery programme to teach students how to cook and bake – with the aim of empowering the students to become autonomous and independent, whereby they can join workplaces within the cooking industry or start their own cooking business and earn a living. The services of a psychologist for therapy that will contribute towards improving the self-esteem of the students and help them cope with their daily struggles, alongside, provide guidance to the parents to better handle and understand their children have also been taken care of.

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.6.2 CORPORATE SOCIAL RESPONSIBILITY ("CSR") (Cont'd)

#### Elles C Nous Association

Elles C Nous Association is an NGO which was established in June 2007. The association welcomes children from vulnerable families after school hours on a daily basis from Monday to Saturday. It has around 70 registered children aged between 5 to 17 years, coming from vulnerable families. The NGO takes care of children, residing mainly in the region of Beau-Bassin, suburbs of Rose-Hill, La Tour Koenig and Pointe aux Sables amongst others. The organization supports children in their studies, helps parents psychologically, organizes healthy leisure activities such as sports and music. The bank has supported it with:

1. Groceries for one-year so that the NGO can provide a nutritious meal to the beneficiaries every Saturday.
2. Basic school materials to ensure that the children do not lack any school items thus encouraging them to study hard and prevent drop-out.
3. The salary of a field worker on a full-time basis for outreach support and ongoing follow up of beneficiaries and their parents for hand-holding and community support.

#### Well-being of strays

Founded in 2017, Well-being of strays is an NGO which takes care of stray dogs/cats and is committed to feeding them daily. They organize mass sterilization campaigns in different parts of the island each year to control the cat and dog population.

Its aim remains to educate the population about welfare of animals and decrease ill-treatment towards them, reduce the number of stray dogs and cats, and provide shelters to stray or abandoned animals until adoption.

To help Well-Being of Strays in its endeavor, the bank has partnered with it on its sterilization campaign to neuter 25 animals per month and 300 per year to cover the whole island. A total of 80 animals were spayed in FY 2023/24.

The bank's support to Well-Being of Strays goes beyond financial assistance. MauBank welcomed the NGO on its premises to carry out its fund-raising activity. A sales of animal related items was organized at the Sub Office and Head Office of MauBank on Monday 6 November 2023 and Tuesday 7 November 2023 respectively. Funds collected from the sale was used by the association for providing food & shelter to rescued animals until adoption.

#### Blood Donation

On 12 September 2023, a Blood Donation Day was organized on two sites, i.e. at the Head Office of MauBank in Ebene, and at its Business Centre in Place d' Armes in a response to the high demand for blood at the Blood Bank and Blood Transfusion Service. 107 pints were collected from benevolent staff and members of the public.

#### Bon et Perpetuel Secours (BPS) Residential Care Home of Belle Rose

A staff engagement activity with the elderly was organised on 20 December 2023 at Bon et Perpétuel Secours (BPS) Residential Care Home of Belle Rose to bring the warmth of Christmas to those away from home.

A team of staff members spent a few hours with the 56 senior lady residents, giving pampering personal care, and entertaining them with singing and dancing activities to spread joy, warmth and love.

Donation of basic consumables were also made.

# Financial statements for the year ended 30 June 2024

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.7 PRINCIPLE 7: AUDIT

*"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's internal and external auditors." (The National Code of Corporate Governance For Mauritius).*

### 2.7.1 Internal audit

The established Internal Audit function provides the Board of Directors (Governing Body) and senior management with the required level of assurance based on the highest level of independence and objectivity by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes which are designed to add value and improve the bank's operations.

This high level of independence and objectivity is achieved by the Head of Internal Audit reporting functionally to the Audit Committee and administratively to the Chief Executive in line with the Banking Act requirements and good governance practices. The internal audit function remains independent of the activities audited and objective in its work. Internal Audit has unrestricted access to the Bank's activities, properties, records, information and personnel.

An internal audit helps the Board and management maintain and improve the process by which risks are identified and managed and helps the Board discharge its responsibilities for maintaining and strengthening the internal control framework. The internal audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board and management. In addition to the objectives of providing assurance, the function also delivers consulting activities in a risk-based approach, aligned to laws, regulations, and the bank's strategic objectives.

The audit universe includes all business units and operations. Based on risk assessment carried out, resources are allocated and an annual risk-based audit plan, with a schedule of execution, is drawn up and approved by the Audit Committee. The Internal Audit Methodology adopted are in line with the Standards for the Professional Practice of Internal Auditing, as prescribed by the Institute of Internal Auditors (IIA).

The audit plan is executed by the Head of Internal Audit, who is adequately supported by a group of staff members, who have the requisite experience in banking, audit, finance and information technology. Progress reports on the execution of the plan are tabled at each Audit Committee meetings which are held at least on a quarterly basis.

After each assignment, an audit report is prepared and tabled in the Audit Committee. The report contains findings with their associated risks, recommendations that address control deficiencies the risks satisfactorily in accordance with the Bank's risk tolerance, and insights that will add value to the Bank. The recommendations are agreed with business owners and action plans with a time frame for execution are drawn in consultation with the Head of Business Units before audit reports are issued. Follow up is carried on a regular basis to obtain status on implementation of recommendations made and reported to the Audit Committee.

Each finding is rated according to the level of risk. Each unit is graded based on the model for evaluating internal controls developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), used internationally.

All high-risk units and the medium risk units were covered satisfactorily as part of the approved audit plan for the financial year 2023/2024.

The details on the Head of Internal Audit can be found in the Administration section on page 223.

# Financial statements for the year ended 30 June 2024

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.7.2 External auditors

Ernst & Young is in its second year as external auditor of the Group and the Bank for the year ended 30 June 2024.

The remuneration, inclusive of Value Added Tax, for audit and other services payable, is as follows:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Audit fees | **8,682,500** | 8,399,600 | 5,488,375 | **8,682,500** | 8,199,500 | 5,341,750 |
| Other services | **2,357,500** | 2,530,000 | 231,150 | **2,357,500** | 2,530,000 | 231,150 |
| **TOTAL** | **11,040,000** | 10,929,600 | 5,719,525 | **11,040,000** | 10,729,500 | 5,572,900 |

Other services for the year ended 30 June 2024 paid to Ernst & Young relates to assurance reports for dividend payment and a half year limited review of the results of the Group.

Ernst & Young retains its independence with regards to their statutory obligations.

The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), to discuss the external auditor's remit and any issues arising from the external audit. Meetings are also held with the external auditor by the Board / Board members, without the presence of Management, at least once a year, if required.

The members of Audit Committee have met with the external auditor without the presence of management during the year.

### 2.8 PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

*"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose."* (The National Code of Corporate Governance For Mauritius).

### 2.8.1 SHAREHOLDING

As at 30 June 2024, the stated capital of the Bank stood at Rs 3,216,601,090 represented by 8,419,472,765 shares. The Bank has twelve (12) shareholders on its share register with MauBank Holdings Ltd ("Holdings") holding 99.96% interest in the Bank and the remaining shares are held by eleven (11) shareholders inclusive of public sector bodies and cooperative societies. The holding company is owned at 100% by the Government of Mauritius.

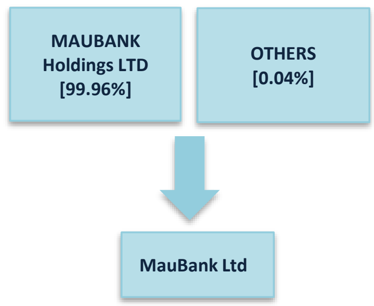
# Financial statements for the year ended 30 June 2024

## CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE APPLIED (Cont'd)

### 2.8.2 GROUP STRUCTURE

The Group Structure of the Bank as at 30 June 2024 is shown below:




The List of Directors of MauBank Holdings Ltd is as follows:

Mr. Beejan Manickchand

Mrs. Khuroona Ranmondhur-Ruggoo

Mrs. Aubdoollah-Suhootoorah Bibi Naimadee

### 2.8.3 SHAREHOLDERS DIARY

The last annual meeting of shareholders was held on 15 November 2023.

### 2.8.4 ENGAGING WITH KEY STAKEHOLDERS

The Bank endeavours to build trusted and sustainable relationships with key stakeholders through regular communication and engagement. The Bank communicates to its stakeholders in a transparent manner through various communication channels, including press announcements, events and the Bank's website and social media pages.

#### The Bank of Mauritius

The Bank is a highly regulated entity, under the supervision of the Bank of Mauritius. The Bank strives to comply with all regulatory provisions and guidelines in the conduct of its activities.

#### Employees

The Bank's ultimate aim is to provide its employees with a safe and conducive working environment, where they feel valued, empowered, and respected. The Bank has implemented numerous initiatives during the year to enhance its working environment.

#### Financial Partners

The Bank plays an important role within the wider banking community with active participation within the Mauritius Bankers Association.

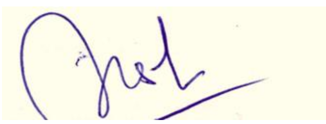
# Financial statements for the year ended 30 June 2024

## STATEMENT OF COMPLIANCE

### [IN ACCORDANCE WITH SECTION 75(3) OF THE FINANCIAL REPORTING ACT 2004]

| | | |
|---|---|---|
| Name of Public Interest Entity ("PIE") | : | MauBank Ltd |
| Reporting Period | : | Year ended 30 June 2024 |

We, the Directors of MauBank Ltd confirm that to the best of our knowledge MauBank Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance in all material aspects.



**Mr. Gooroodeo Sookun**

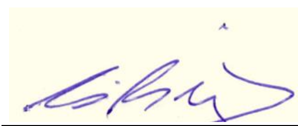
**Chairperson**

**On behalf of Board of Directors**

**Mr. Vishuene Vydelingum**

**Chief Executive Officer**

**On behalf of Board of Directors**



**Mr. Sivananda Semjevee**

**Director**

**On behalf of Board of Directors**

**Date: 27 September 2024**

**Ebène 72201, Republic of Mauritius**

## Statement of management's responsibility for financial reporting

### FOR THE YEAR ENDED 30 JUNE 2024

The Group financial statements (consolidated) and the financial statements for the Bank's operations have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, the Companies Act 2001, the Financial Reporting Act 2004 have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through its sub committees such as the Audit Committee and the Conduct Review Committee, Board Risk Management Committee and Corporate Governance Committee, which comprise Independent and Non-Executive Directors who are not officers or employees of the Bank, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits in coordination with the Bank's external auditors. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Bank, as it deems necessary.

The Bank's external auditor, Ernst & Young, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as its observations on the fairness of financial reporting and the adequacy of internal controls.

**Mr. Gooroodeo Sookun**
**Chairperson**
**On behalf of Board of Directors**

**Mr. Vishuene Vydelingum**
**Chief Executive Officer**
**On behalf of Board of Directors**

**Mr. Sivananda Semjevee**
**Director**
**On behalf of Board of Directors**

**Date: 27 September 2024**

**Ebène 72201, Republic of Mauritius**

## Report from the Secretary

I certify, to the best of my knowledge and belief, that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Companies Act 2001, in terms of Section 166 (d), during the year ended 30 June 2024.

**Mr. Tranquille Jean Hugues Ivan**

**Company Secretary**

**Date: 27 September 2024**

**Ebène 72201, Republic of Mauritius**

Building a better working world

**Ernst & Young Mauritius**
6th Floor, IconEbene
Rue de L'institut
Ebene, Mauritius

Tel: +230 403 4777
Fax: +230 403 4700
www.ey.com



# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF MAUBANK LTD

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### *Opinion*

We have audited the consolidated and separate financial statements of MauBank Ltd (the "Company") and its subsidiary (the "Group") set out on pages 59 to 187 which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 30 June 2024, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and comply with the Companies Act 2001, Banking Act 2004 and 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAUBANK LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*Key Audit Matters (Continued)*

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Allowance for expected credit loss on financial assets<br><br>1. Loans and advances to customers<br><br>As disclosed in note 13, the Group and the Bank have a net loans and advances to customers of MUR 23.4Bn (2023: MUR 20.3Bn; 2022: MUR 17.1Bn) and 23.5Bn (2023: MUR 20.4Bn, 2022: MUR 17.3Bn) respectively as at 30 June 2024. As explained in the accounting policies, these loans and advances to customers are carried at amortised cost, less allowance for credit losses which amounted to MUR 647M (2023: MUR 544M, 2022: MUR 495M) for the Group and the Bank.<br><br>The ECL framework implemented by the Group and the Bank involves significant judgement and assumptions that relate to, amongst others:<br><br>• the identification of Significant Increase in Credit Risk (SICR), and in particular the selection of criteria to identify a SICR. These criteria are highly judgemental and can materially impact the ECL recognised for certain portfolios where the life of the facilities is greater than 12 months;<br><br>• the use of a number of critical assumptions in the determination of Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); | With the assistance of the EY specialist team we performed the following:<br><br>For stage 1 and stage 2 loans, we assessed the appropriateness of the model used including the inputs and assumptions by performing the following procedures:<br><br>1. Reviewing the methodology adopted by the Bank for calculation of ECL and in particular the segmentation of loans in appropriate portfolios reflecting different risk factors. Our review also includes an assessment of the design of the models used for determination of PD, LGD and EAD for different types of loans including inter-alia term loans, overdraft facilities, credit cards, guarantees and other off-balance sheet exposures;<br><br>2. Checking the adequacy and quality of the data used for the calculation of PD, LGD and EAD;<br><br>3. Assessing the key assumptions used in PD, LGD and EAD models and ensure such assumptions reflect the actual behaviours of the credit facilities;<br><br>4. 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;<br><br>5. Ensuring that the criteria for the various staging have been properly applied to each portfolio;<br><br>6. Reviewing the minutes of Board Investment Credit Committee and Management Investment Credit Committee and ensure proper classification to Stage 2 is made for all clients on watchlist;<br><br>7. Checking the accuracy of critical data elements input into the system used for credit grading and the approval of credit facilities; |

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAUBANK LTD

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

### *Key Audit Matters (Continued)*

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements. (Continued)

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Allowance for expected credit loss on financial assets (Continued)<br><br>1. Loans and advances to customers (Continued)<br><br>• the use of forward-looking information to determine the likelihood of future losses being incurred;<br><br>• Qualitative adjustments made to model driven ECL results raised to address model limitations, emerging risks and trends in underlying portfolios which are inherently judgemental.<br><br>The determination of ECL on loans and advances to customers therefore involves a very high level of management judgement, thus requiring greater audit attention and was considered a key audit matter in the current year. | 8. Reviewing of the PD and LGD calculations including the incorporation of forecast macro-economic information by our data modelling specialists;<br><br>Tested the accuracy and completeness of the ECL model by reperformance and focussing on exception reports.<br><br>For impairment of loans in stage 3, judgement is required to determine when a loan is considered to be credit impaired and the determination of the impairment loss suffered. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers. We thus assessed the independence and the qualification of the appraisers. Areas of focus included the corporate and international banking lending portfolios which represent high value exposures.<br><br>We ensured that all credit impaired loans have been properly identified by management by:<br><br>• Reviewing the minutes of the Special Assets Management impairment exercise, Management Investment Credit Committee, Board Investment Credit Committee;<br><br>• Obtaining and testing loan arrears reports and ensuring that all arrears exceeding 90 days are included in the stage 3 impairment list of the ECL model;<br><br>• Identifying loan facilities meeting certain criteria such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline and ensuring these are included in the list of credit impaired facilities. |

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAUBANK LTD

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*Key Audit Matters (Continued)*

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements. (Continued)

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| | For loans that are credit impaired, we independently assessed the appropriateness of provisioning methodologies and policies and formed an independent view on the levels of provisions booked based on the detailed loan and counterparty information in the credit files. We re-performed calculations within a sample of discounted cash flow models and assessed the reasonableness of assumptions used to support the timing and extent of the cash flows.<br><br>Where the borrowers' cash flow forecasts are used to determine recoverable amounts, we ensured that these are supported by objective and unbiased evidence.<br><br>The disclosures relating to allowances for expected credit loss has been provided in note 33. |

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the 228-page document titled "MauBank Ltd Financial Statements for the year ended 30 June 2024", which includes the corporate information, Directors' Report, Sustainability report, Corporate Governance Report, Statement of management's responsibility for financial reporting, Report from the secretary, Management discussion and analysis and Administrative information as required by the Companies Act 2001. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF MAUBANK LTD

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

***Responsibilities of the Directors for the Financial Statements***

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2001, Banking Act 2004 and Financial Reporting Act 2004 and 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's and 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 Company or to cease operations, or have no realistic alternative but to do so.

*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 scepticism 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 and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 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.

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF MAUBANK LTD

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)*

- 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

From the matters communicated with the directors, 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 these matters in our auditor's report unless law 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.

*Use of our report*

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

*Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Building a better working world

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MAUBANK LTD

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

*Banking Act 2004*

In our opinion, the consolidated and separate financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

*Financial Reporting Act 2004*

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the Code") 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 Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

**ERNST & YOUNG**
Ebène, Mauritius

**THIERRY LEUNG HING WAH F.C.C.A.**
Licensed by FRC

Date: 27 September 2024

# Financial Performance

33.75 %

MUR 2.14 Bn

**Total Operating Income**

15.10 %

49.87 %

**Cost to Income Ratio**

4.33 %

19.68 %

**Capital Adequacy Ratio (CAR)**

36.91 %

48.52 Bn

**Total Assets**

37.53 %

41.85 Bn

**Total Deposits**

# Statements of financial position as at 30 June 2024

| | | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|---|
| | Notes | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | | Rs | Rs | Rs | Rs | Rs | Rs |
| **ASSETS** | | | | | | | |
| Cash and cash equivalents | 9(a) | **10,410,128,675** | 4,566,250,861 | 4,251,247,756 | **10,410,128,675** | 4,566,250,861 | 4,251,247,756 |
| Mandatory balances with the Central Bank* | | **2,855,998,585** | 2,277,213,614 | 2,117,551,231 | **2,855,998,585** | 2,277,213,614 | 2,117,551,231 |
| Derivative assets | 27(i) | **78,759,542** | 10,883,632 | 3,366,270 | **78,759,542** | 10,883,632 | 3,366,270 |
| Trading assets | 10 | **529,476,283** | 479,676,718 | 687,904,980 | **529,476,283** | 479,676,718 | 687,904,980 |
| Investment securities | 11 | **8,597,507,619** | 5,059,706,303 | 6,714,208,205 | **8,597,507,619** | 5,059,706,303 | 6,714,208,205 |
| Loans and advances to banks | 12 | **905,925,292** | 938,342,148 | 456,317,785 | **905,925,292** | 938,342,148 | 456,317,785 |
| Loans and advances to customers | 13 | **23,413,207,401** | 20,297,328,616 | 17,186,153,643 | **23,553,801,109** | 20,445,036,472 | 17,342,460,401 |
| Property, plant and equipment | 14(a) | **1,052,888,749** | 1,071,980,600 | 1,041,237,447 | **772,167,579** | 784,559,430 | 756,247,186 |
| Intangible assets | 14(b) | **78,994,101** | 105,673,352 | 138,327,935 | **78,994,101** | 105,673,352 | 138,327,935 |
| Right-of-use assets | 14(c) | **48,935,082** | 46,932,965 | 61,953,710 | **13,778,833** | 43,140,219 | 98,947,164 |
| Investment properties | 15 | **390,500,000** | 390,500,000 | 380,500,000 | **390,500,000** | 390,500,000 | 380,500,000 |
| Investment in subsidiary | 16 | **-** | - | - | **100,000** | 100,000 | 100,000 |
| Current tax assets | 35(c) | **6,640,892** | 6,525,969 | 6,515,111 | **5,104,282** | 5,104,282 | 6,047,358 |
| Deferred tax assets | 35(d) | **28,500,174** | 31,752,759 | 37,939,163 | **39,994,557** | 43,163,019 | 47,715,855 |
| Other assets | 17 | **246,099,945** | 254,303,326 | 194,597,307 | **285,040,299** | 293,243,677 | 233,537,658 |
| **Total assets** | | **48,643,562,340** | 35,537,070,863 | 33,277,820,543 | **48,517,276,756** | 35,442,593,727 | 33,234,479,784 |
| **LIABILITIES** | | | | | | | |
| Deposits from customers | 18(a) | **41,827,432,643** | 30,423,045,218 | 28,787,422,901 | **41,848,275,386** | 30,434,892,362 | 28,791,972,474 |
| Derivative liabilities | 27(i) | **1,075,921,722** | 868,250,541 | 804,853,718 | **1,075,921,722** | 868,250,541 | 804,853,718 |
| Lease liabilities | 19 | **20,614,415** | 17,740,050 | 36,601,939 | **13,748,432** | 46,120,151 | 99,317,576 |
| Payable to fellow subsidiary | 38 | **14,654,255** | 13,649,767 | 16,617,253 | **14,654,255** | 13,649,767 | 16,617,253 |
| Tax liabilities | 35(c) | **27,124,229** | - | - | **27,124,229** | - | - |
| Other liabilities | 20 | **631,641,048** | 539,877,625 | 583,245,420 | **630,948,309** | 539,192,491 | 582,560,289 |
| Retirement benefit obligations | 21 | **148,531,055** | 114,984,217 | 139,602,373 | **148,531,055** | 114,984,217 | 139,602,373 |
| **Total liabilities** | | **43,745,919,367** | 31,977,547,418 | 30,368,343,604 | **43,759,203,388** | 32,017,089,529 | 30,434,923,683 |
| **SHAREHOLDERS' EQUITY** | | | | | | | |
| Stated capital | 22 | **3,216,601,090** | 2,716,420,490 | 2,466,420,956 | **3,216,601,090** | 2,716,420,490 | 2,466,420,956 |
| Statutory reserve | 23 | **236,831,994** | 115,694,092 | 58,574,633 | **236,831,994** | 115,694,092 | 58,574,633 |
| Retained earnings | | **1,125,678,791** | 537,496,351 | 227,552,224 | **1,078,925,530** | 496,293,448 | 194,109,309 |
| Fair value reserve | 11(c) | **(189,773,573)** | (307,836,617) | (190,935,141) | **(189,773,573)** | (307,836,617) | (190,935,141) |
| Other reserve | 24(b) | **159,276,071** | 148,720,529 | 20,280,711 | **159,276,071** | 148,720,529 | 20,280,711 |
| Revaluation reserve | 24(a) | **349,028,600** | 349,028,600 | 327,583,556 | **256,212,256** | 256,212,256 | 251,105,633 |
| **Total equity** | | **4,897,642,973** | 3,559,523,445 | 2,909,476,939 | **4,758,073,368** | 3,425,504,198 | 2,799,556,101 |
| **Total liabilities and equity** | | **48,643,562,340** | 35,537,070,863 | 33,277,820,543 | **48,517,276,756** | 35,442,593,727 | 33,234,479,784 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately on the statement of financial position to enhance the clarity of the financial statements. Comparative information has been restated to conform with current year's presentation.

The notes on pages 67 to 187 form an integral part of these financial statements.

Approved by the Board of Directors and authorised for issue on 27 September 2024 and signed on its behalf by

**Mr Gooroodeo Sookun**
**Chairperson**
**On behalf of Board of Directors**

**Mr Vishuene Vydelingum**
**Chief Executive Officer**
**On behalf of Board of Directors**

**Mr Sivananda Semjevee**
**Director**
**On behalf of Board of Directors**

# Statements of profit or loss and other comprehensive income

## For The Year Ended 30 June 2024

| | Notes | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|---|
| | | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | | Rs | Rs | Rs | Rs | Rs | Rs |
| Interest income using the effective interest method | | **2,235,712,630** | 1,616,605,696 | 1,052,904,548 | **2,246,575,273** | 1,626,737,412 | 1,060,946,862 |
| Interest expense | | **(861,305,867)** | (489,375,124) | (163,929,142) | **(861,636,308)** | (490,616,114) | (166,057,158) |
| **Net interest income** | 28 | **1,374,406,763** | 1,127,230,572 | 888,975,406 | **1,384,938,965** | 1,136,121,298 | 894,889,704 |
| Fee and commission income | | **319,572,553** | 292,122,893 | 262,787,207 | **319,572,553** | 292,122,893 | 262,787,207 |
| Fee and commission expense | | **(68,365,291)** | (51,608,608) | (40,639,242) | **(68,365,291)** | (51,608,608) | (40,639,242) |
| **Net fee and commission income** | 29 | **251,207,262** | 240,514,285 | 222,147,965 | **251,207,262** | 240,514,285 | 222,147,965 |
| Net trading income | 30 | **482,060,084** | 168,550,278 | 142,288,576 | **482,060,084** | 168,550,278 | 142,288,576 |
| Net (loss)/gain from derecognition of financial assets measured at FVTOCI | | **(32,255,635)** | 30,941 | 12,389,795 | **(32,255,635)** | 30,941 | 12,389,795 |
| Other income | 31 | **53,996,356** | 55,149,324 | 27,419,215 | **53,996,356** | 55,149,324 | 27,419,215 |
| | | **503,800,805** | 223,730,543 | 182,097,586 | **503,800,805** | 223,730,543 | 182,097,586 |
| **Net operating income** | | **2,129,414,830** | 1,591,475,400 | 1,293,220,957 | **2,139,947,032** | 1,600,366,126 | 1,299,135,255 |
| Personnel expenses | 33 | **(536,737,009)** | (517,238,561) | (517,442,863) | **(536,737,009)** | (517,238,561) | (517,442,863) |
| Operating lease expenses | 41(b) (i) | **(38,547,343)** | (24,815,016) | (19,051,699) | **(38,547,343)** | (24,815,016) | (19,051,699) |
| Depreciation and amortisation | 14 | **(98,049,687)** | (108,307,862) | (131,436,339) | **(122,713,190)** | (133,656,550) | (155,192,238) |
| Other expenses | 34 | **(374,456,643)** | (369,321,626) | (283,070,694) | **(369,195,486)** | (364,091,629) | (277,671,066) |
| **Profit before impairment and income tax** | | **1,081,624,148** | 571,792,335 | 342,219,362 | **1,072,754,004** | 560,564,370 | 329,777,389 |
| Net impairment loss on financial assets | 32 | **(228,379,764)** | (176,184,292) | (56,862,079) | **(228,379,764)** | (176,184,292) | (56,862,079) |
| **Profit after impairment but before income tax** | | **853,244,384** | 395,608,043 | 285,357,283 | **844,374,240** | 384,380,078 | 272,915,310 |
| Income tax expense | 35(b) | **(40,108,013)** | (7,051,664) | (7,806,944) | **(36,788,227)** | (3,583,687) | (4,339,030) |
| **Profit for the year** | 36 | **813,136,371** | 388,556,379 | 277,550,339 | **807,586,013** | 380,796,391 | 268,576,280 |
| **Earnings per share** | 37 | **0.11** | 0.05 | 0.04 | **0.11** | 0.05 | 0.04 |

The notes on pages 67 to 187 form an integral part of these financial statements.

# Statements of profit or loss and other comprehensive income (Cont'd)

For The Year Ended 30 June 2024

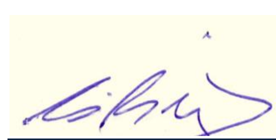
| | | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|---|
| | Notes | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | | Rs | Rs | Rs | Rs | Rs | Rs |
| **Profit for the year** | | **813,136,371** | 388,556,379 | 277,550,339 | **807,586,013** | 380,796,391 | 268,576,280 |
| **Other comprehensive income:** | | | | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | | | |
| Gain on revaluation of property, plant and equipment | | - | 14,101,709 | - | - | 5,101,709 | - |
| Deferred tax on revaluation of property, plant and equipment | 35(d) | - | (1,525,086) | - | - | 4,914 | - |
| Gain on revaluation of right-of-use assets | 24(a) | - | 8,868,421 | - | - | - | - |
| Actuarial (loss)/gain for the year | 21(iv) | **(25,608,633)** | 19,481,270 | (10,842,601) | **(25,608,633)** | 19,481,270 | (10,842,601) |
| Deferred tax credit/(charge) on actuarial (loss)/gain | 35(d) | **1,792,604** | (974,063) | 542,130 | **1,792,604** | (974,063) | 542,130 |
| *Items that may be classified subsequently to profit or loss:* | | | | | | | |
| Debts Securities measured at FVTOCI | | | | | | | |
| Movement on fair value during the year * | 11(c) | **85,807,409** | (116,870,535) | (146,493,356) | **85,807,409** | (116,870,535) | (146,493,356) |
| Fair value gains/(losses) reclassified to profit or loss on disposal * | 11(c) | **32,255,635** | (30,941) | (12,389,795) | **32,255,635** | (30,941) | (12,389,795) |
| Credit impairment charge/(reversal) on financial assets at FVTOCI | 24(b) | **10,555,542** | 128,439,818 | (7,018,875) | **10,555,542** | 128,439,818 | (7,018,875) |
| **Other comprehensive income/(loss) for the year, net of tax** | | **104,802,557** | 51,490,593 | (176,202,497) | **104,802,557** | 35,152,172 | (176,202,497) |
| **Total comprehensive income for the year attributable to equity holders of the parent** | | **917,938,928** | 440,046,972 | 101,347,842 | **912,388,570** | 415,948,563 | 92,373,783 |

* Those two lines relate to movement in debt instruments measure at fair value through other comprehensive income and have been disaggregated to comply with requirements of IFRS 7.20 which requires those items to be shown separately. Comparatives have been amended to conform with changes in the current year.

Approved by the Board of Directors and authorised for issue on 27 September 2024 and signed on its behalf by

**Mr Gooroodeo Sookun**
**Chairperson**
**On behalf of Board of Directors**

**Mr Vishuene Vydelingum**
**Chief Executive Officer**
**On behalf of Board of Directors**



**Mr Sivananda Semjevee**
**Director**
**On behalf of Board of Directors**

The notes on pages 67 to 187 form an integral part of these financial statements.

# Statements of changes in equity

For The Year Ended 30 June 2024

| | Stated Capital | Statutory Reserve | Retained earnings | Fair Value Reserve | Other Reserve | Revaluation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Group** | | | | | | | |
| **At 01 July 2023** | **2,716,420,490** | **115,694,092** | **537,496,351** | **(307,836,617)** | **148,720,529** | **349,028,600** | **3,559,523,445** |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | **-** | **-** | **813,136,371** | **-** | **-** | **-** | **813,136,371** |
| Change in fair value of financial assets held at FVTOCI (Note 11 (c)) | **-** | **-** | **-** | **118,063,044** | **-** | **-** | **118,063,044** |
| Credit impairment charge on financial assets at FVTOCI | **-** | **-** | **-** | **-** | **10,555,542** | **-** | **10,555,542** |
| Actuarial loss for the year (Note 21) | **-** | **-** | **(25,608,633)** | **-** | **-** | **-** | **(25,608,633)** |
| Deferred tax credit on actuarial loss | **-** | **-** | **1,792,604** | **-** | **-** | **-** | **1,792,604** |
| **Total comprehensive income** | **-** | **-** | **789,320,342** | **118,063,044** | **10,555,542** | **-** | **917,938,928** |
| Issue of shares | **500,180,600** | **-** | **-** | **-** | **-** | **-** | **500,180,600** |
| Dividend paid | **-** | **-** | **(80,000,000)** | **-** | **-** | **-** | **(80,000,000)** |
| Transfer to statutory reserve (Note 23) | **-** | **121,137,902** | **(121,137,902)** | **-** | **-** | **-** | **-** |
| **At 30 June 2024** | **3,216,601,090** | **236,831,994** | **1,125,678,791** | **(189,773,573)** | **159,276,071** | **349,028,600** | **4,897,642,973** |

| | Stated Capital | Statutory Reserve | Retained earnings | Fair Value Reserve | Other Reserve | Revaluation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Group** | | | | | | | |
| **At 01 July 2022** | 2,466,420,956 | 58,574,633 | 227,552,224 | (190,935,141) | 20,280,711 | 327,583,556 | 2,909,476,939 |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | - | 388,556,379 | - | - | - | 388,556,379 |
| Gain on revaluation of property, plant and equipment | - | - | - | - | - | 14,101,709 | 14,101,709 |
| Deferred tax on revaluation of property, plant and equipment | - | - | - | - | - | (1,525,086) | (1,525,086) |
| Gain on revaluation of Right-of-use assets | - | - | - | - | - | 8,868,421 | 8,868,421 |
| Change in fair value of financial assets held at FVTOCI (Note 11 (c)) | - | - | - | (116,901,476) | - | - | (116,901,476) |
| Credit impairment reversal on financial assets at FVTOCI | - | - | - | - | 128,439,818 | - | 128,439,818 |
| Actuarial gain for the year (Note 21) | - | - | 19,481,270 | - | - | - | 19,481,270 |
| Deferred tax charge on actuarial gain | - | - | (974,063) | - | - | - | (974,063) |
| **Total comprehensive income** | - | - | 407,063,586 | (116,901,476) | 128,439,818 | 21,445,044 | 440,046,972 |
| Issue of shares | 249,999,534 | - | - | - | - | - | 249,999,534 |
| Dividend paid | - | - | (40,000,000) | - | - | - | (40,000,000) |
| Transfer to statutory reserve (Note 23) | - | 57,119,459 | (57,119,459) | - | - | - | - |
| **At 30 June 2023** | 2,716,420,490 | 115,694,092 | 537,496,351 | (307,836,617) | 148,720,529 | 349,028,600 | 3,559,523,445 |

The notes on pages 67 to 187 form an integral part of these financial statements.

# Statements of changes in equity

## For The Year Ended 30 June 2024

| | Stated Capital | Statutory Reserve | Retained earnings/ (Accumulated losses) | Fair Value Reserve | Other Reserve | Revaluation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Group** | | | | | | | |
| **At 01 July 2021** | 2,466,420,956 | 18,880,341 | (3,352) | (32,051,990) | 27,299,586 | 327,583,556 | 2,808,129,097 |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | - | 277,550,339 | - | - | - | 277,550,339 |
| Change in fair value of financial assets held at FVTOCI (Note 11(c)) | - | - | - | (158,883,151) | - | - | (158,883,151) |
| Credit impairment charge on financial assets at FVTOCI | - | - | - | - | (7,018,875) | - | (7,018,875) |
| Actuarial loss for the year (Note 21) | - | - | (10,842,601) | - | - | - | (10,842,601) |
| Deferred tax charge on actuarial loss | - | - | 542,130 | - | - | - | 542,130 |
| **Total comprehensive income** | - | - | 267,249,868 | (158,883,151) | (7,018,875) | - | 101,347,842 |
| Transfer of general banking reserve to retained earnings | - | 39,694,292 | (39,694,292) | - | - | - | - |
| **At 30 June 2022** | 2,466,420,956 | 58,574,633 | 227,552,224 | (190,935,141) | 20,280,711 | 327,583,556 | 2,909,476,939 |

| | Stated Capital | Statutory Reserve | Retained earnings | Fair Value Reserve | Other Reserve | Revaluation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | | |
| **At 01 July 2023** | **2,716,420,490** | **115,694,092** | **496,293,448** | **(307,836,617)** | **148,720,529** | **256,212,256** | **3,425,504,198** |
| **Total comprehensive income** | - | - | - | - | - | - | - |
| Profit for the year | - | - | **807,586,013** | - | - | - | **807,586,013** |
| Gain on revaluation of property, plant and equipment | - | - | - | - | - | - | - |
| Deferred tax on revaluation of property, plant and equipment | - | - | - | - | - | - | - |
| Gain on revaluation of Right-of-use assets | - | - | - | - | - | - | - |
| Change in fair value of financial assets held at FVTOCI (Note 11(c)) | - | - | - | **118,063,044** | - | - | **118,063,044** |
| Credit impairment charge on financial assets at FVTOCI | - | - | - | - | **10,555,542** | - | **10,555,542** |
| Actuarial loss for the year (Note 21) | - | - | **(25,608,633)** | - | - | - | **(25,608,633)** |
| Deferred tax credit on actuarial loss | - | - | **1,792,604** | - | - | - | **1,792,604** |
| **Total comprehensive income** | - | - | **783,769,984** | **118,063,044** | **10,555,542** | - | **912,388,570** |
| Issue of shares | **500,180,600** | - | - | - | - | - | **500,180,600** |
| Dividend paid | - | - | **(80,000,000)** | - | - | - | **(80,000,000)** |
| Transfer to statutory reserve (Note 23) | - | **121,137,902** | **(121,137,902)** | - | - | - | - |
| **At 30 June 2024** | **3,216,601,090** | **236,831,994** | **1,078,925,530** | **(189,773,573)** | **159,276,071** | **256,212,256** | **4,758,073,368** |

The notes on pages 67 to 187 form an integral part of these financial statements.

# Statements of changes in equity

## For The Year Ended 30 June 2024

| | Stated Capital | Statutory Reserve | Retained earnings | Fair Value Reserve | Other Reserve | Revaluation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | | |
| **At 01 July 2022** | 2,466,420,956 | 58,574,633 | 194,109,309 | (190,935,141) | 20,280,711 | 251,105,633 | 2,799,556,101 |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | - | 380,796,391 | - | - | - | 380,796,391 |
| Gain on revaluation of property, plant and equipment | - | - | - | - | - | 5,101,709 | 5,101,709 |
| Deferred tax on revaluation of property, plant and equipment | - | - | - | - | - | 4,914 | 4,914 |
| Gain on revaluation of Right-of-use assets | - | - | - | - | - | - | - |
| Change in fair value of financial assets held at FVTOCI (Note 11 (c )) | - | - | - | (116,901,476) | - | - | (116,901,476) |
| Credit impairment reversal on financial assets at FVTOCI | - | - | - | - | 128,439,818 | - | 128,439,818 |
| Actuarial gain for the year (Note 21) | - | - | 19,481,270 | - | - | - | 19,481,270 |
| Deferred tax loss on actuarial gain | - | - | (974,063) | - | - | - | (974,063) |
| **Total comprehensive income** | - | - | 399,303,598 | (116,901,476) | 128,439,818 | 5,106,623 | 415,948,563 |
| Issue of shares | 249,999,534 | - | - | - | - | - | 249,999,534 |
| Dividend paid | - | - | (40,000,000) | - | - | - | (40,000,000) |
| Transfer to statutory reserve (Note 23) | - | 57,119,459 | (57,119,459) | - | - | - | - |
| **At 30 June 2023** | 2,716,420,490 | 115,694,092 | 496,293,448 | (307,836,617) | 148,720,529 | 256,212,256 | 3,425,504,198 |

| | Stated Capital | Statutory Reserve | Retained earnings/ (Accumulated losses) | Fair Value Reserve | Other Reserve | Revaluation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | | |
| **At 01 July 2021** | 2,466,420,956 | 18,880,341 | (24,472,208) | (32,051,990) | 27,299,586 | 251,105,633 | 2,707,182,318 |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | - | 268,576,280 | - | - | - | 268,576,280 |
| Change in fair value of financial assets held at FVTOCI (Note 11(c )) | - | - | - | (158,883,151) | - | - | (158,883,151) |
| Credit impairment charge on financial assets at FVTOCI | - | - | - | - | (7,018,875) | - | (7,018,875) |
| Actuarial loss for the year (Note 21) | - | - | (10,842,601) | - | - | - | (10,842,601) |
| Deferred tax credit on actuarial loss | - | - | 542,130 | - | - | - | 542,130 |
| **Total comprehensive income** | - | - | 258,275,809 | (158,883,151) | (7,018,875) | - | 92,373,783 |
| Transfer to statutory reserve (Note 23) | - | 39,694,292 | (39,694,292) | - | - | - | - |
| **At 30 June 2022** | 2,466,420,956 | 58,574,633 | 194,109,309 | (190,935,141) | 20,280,711 | 251,105,633 | 2,799,556,101 |

The notes on pages 67 to 187 form an integral part of these financial statements.

# Statements of Cash Flows

For The Year Ended 30 June 2024

| | | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|---|
| | Notes | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | | Rs | Rs | Rs | Rs | Rs | Rs |
| **Cash from operating activities** | | | | | | | |
| Profit before income tax | | **853,244,384** | 395,608,043 | 285,357,283 | **844,374,240** | 384,380,078 | 272,915,310 |
| **Adjustments for:** | | | | | | | |
| Finance charge on lease liabilities | 19 | **1,126,179** | 782,131 | 1,285,778 | **1,456,620** | 2,023,121 | 3,413,794 |
| Impairment losses on financial assets (excluding bad debts recovered) | 32 | **231,949,946** | 185,481,770 | 60,319,348 | **231,949,946** | 185,481,770 | 60,319,348 |
| Depreciation of property,plant and equipment | 14(a) | **55,848,260** | 44,166,881 | 56,838,352 | **49,148,260** | 37,597,790 | 48,676,471 |
| Amortisation of intangible assets | 14(b) | **29,544,124** | 40,251,815 | 45,164,591 | **29,544,124** | 40,251,815 | 45,164,591 |
| Depreciation of right-of-use assets | 14(c) | **12,657,303** | 23,889,166 | 29,433,396 | **44,020,806** | 55,806,945 | 61,351,176 |
| Gain/(loss) on disposal of property, plant and equipment | 31 | **(1,739)** | 2,354 | (270,777) | **(1,739)** | 2,354 | (270,777) |
| (Gain)/loss on revaluation of investment securities at FVTPL and trading assets | 30 | **(36,543,798)** | (19,793,152) | (5,192,015) | **(36,543,798)** | (19,793,152) | (5,192,015) |
| Gain on revaluation of investment properties | 15 | **-** | (10,000,000) | - | **-** | (10,000,000) | - |
| Retirement benefit obligations | | **7,938,205** | (5,136,886) | 11,454,214 | **7,938,205** | (5,136,886) | 11,454,214 |
| | | **1,155,762,864** | 655,252,122 | 484,390,170 | **1,171,886,664** | 670,613,835 | 497,832,112 |
| **Changes in operating assets and liabilities** | | | | | | | |
| (Increase)/decrease in trading assets | | **(49,799,565)** | (24,445,128) | 1,115,612,330 | **(49,799,565)** | (24,445,128) | 1,115,612,330 |
| Decrease/(increase) in loans and advances to banks | | **35,834,606** | (487,302,660) | 404,643,625 | **35,834,606** | (487,302,660) | 404,643,625 |
| Increase in loans and advances to customers | | **(3,340,349,564)** | (3,161,313,207) | (412,119,245) | **(3,333,235,417)** | (3,152,714,303) | (397,310,844) |
| Increase in investment securities | | **(3,337,592,816)** | 1,883,517,175 | (1,489,834,581) | **(3,337,592,816)** | 1,883,517,175 | (1,489,834,581) |
| Increase/(decrease) in payable to fellow subsidiary | | **1,004,487** | (2,967,485) | (23,442,111) | **1,004,487** | (2,967,485) | (23,442,111) |
| Increase in deposits from customers | | **11,404,387,425** | 1,635,622,317 | 409,243,154 | **11,413,383,024** | 1,642,919,887 | 413,773,879 |
| (Increase)/decrease in Mandatory Balance with the Central Bank * | | **(578,784,971)** | (159,662,383) | 51,650,463 | **(578,784,971)** | (159,662,383) | 51,650,463 |
| (Increase)/decrease in other assets | | **8,203,382** | (59,706,020) | 44,653,496 | **8,203,379** | (59,706,020) | 43,755,015 |
| Increase in net derivative liabilities | | **139,795,270** | 55,879,463 | 294,546,929 | **139,795,270** | 55,879,463 | 294,546,929 |
| Increase/ (decrease) in other liabilities | | **91,916,691** | (44,803,941) | (60,333,125) | **91,909,087** | (44,803,945) | (60,462,730) |
| **Cash generated from operations** | | **5,530,377,809** | 290,070,253 | 819,011,105 | **5,562,603,748** | 321,328,436 | 850,764,087 |
| Tax paid | 35(c) | **(9,475,205)** | (9,875,046) | (10,121,690) | **(4,702,932)** | (5,088,950) | (6,057,413) |
| Tax refund received | 35(c) | **1,421,687** | 6,499,779 | 6,156,295 | **-** | 6,032,026 | 5,915,561 |
| **Net cash from operating activities** | | **5,522,324,291** | 286,694,986 | 815,045,710 | **5,557,900,816** | 322,271,512 | 850,622,235 |
| **Cash from investing activities** | | | | | | | |
| Purchase of equity investments | 11 | **(426,348,247)** | (93,450,207) | - | **(426,348,247)** | (93,450,207) | - |
| Acquisition of property, plant and equipment | 14(a) | **(30,191,085)** | (55,693,083) | (11,581,318) | **(30,191,085)** | (55,693,083) | (11,581,318) |
| Acquisition of intangibles | 14(b) | **(9,430,197)** | (12,730,525) | (13,843,309) | **(9,430,197)** | (12,730,525) | (13,843,309) |
| Proceeds from disposal of investment in equity shares | 11(b) | **380,746,590** | - | - | **380,746,590** | - | - |
| Proceeds from disposal of property, plant and equipment | | **1,739** | 15,696 | 330,543 | **1,739** | 15,696 | 330,543 |
| **Net cash used in investing activities** | | **(85,221,200)** | (161,858,119) | (25,094,084) | **(85,221,200)** | (161,858,119) | (25,094,084) |
| **Cash from financing activities** | | | | | | | |
| Proceeeds from share capital | | **500,180,600** | 249,999,534 | - | **500,180,600** | 249,999,534 | - |
| Dividend paid | | **(80,000,000)** | (40,000,000) | - | **(80,000,000)** | (40,000,000) | - |
| Lease repayment capital | 19 | **(11,785,055)** | (18,861,889) | (23,822,596) | **(47,031,139)** | (53,197,425) | (57,271,105) |
| Lease repayment interest | 19 | **(1,126,179)** | (782,131) | (1,285,778) | **(1,456,620)** | (2,023,121) | (3,413,794) |
| **Net cash from /(used in) financing activities** | | **407,269,366** | 190,355,514 | (25,108,374) | **371,692,841** | 154,778,988 | (60,684,899) |
| Net increase in cash and cash equivalents | | **5,844,372,457** | 315,192,381 | 764,843,252 | **5,844,372,457** | 315,192,381 | 764,843,252 |
| **Cash and cash equivalents, at start of the year** | | **4,566,440,137** | 4,251,247,756 | 3,486,404,504 | **4,566,440,137** | 4,251,247,756 | 3,486,404,504 |
| **Cash and cash equivalents, at end of the year **** | 9(a) | **10,410,812,594** | 4,566,440,137 | 4,251,247,756 | **10,410,812,594** | 4,566,440,137 | 4,251,247,756 |

# **Statements of Cash Flows** (Cont'd)

For The Year Ended 30 June 2024

| | | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|---|
| | Notes | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | | Rs | Rs | Rs | Rs | Rs | Rs |
| **Additional information on operational cash flows from interest and dividends** | | | | | | | |
| Interest paid | | **(737,968,546)** | (400,775,607) | (236,745,883) | **(738,298,987)** | (402,016,597) | (238,873,899) |
| Interest received | | **2,204,003,982** | 1,545,185,341 | 1,061,526,415 | **2,213,977,087** | 1,555,301,326 | 1,069,569,392 |
| Dividend received | | **30,709,321** | 20,292,428 | 2,650,574 | **30,709,321** | 20,292,428 | 2,650,574 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately on the statement of cash flows to enhance the clarity of the financial statements. Comparative information has been restated to conform with current year's presentation.

** Cash and cash equivalents disclosed excludes credit losses of **Rs 0.6Mn** (2023:Rs 0.2Mn; 2022: Rs Nil). The comparatives have been amended to conform with current year presentation.

The notes on pages 67 to 187 form an integral part of these financial statements.

# 1. General information and statement of compliance with IFRS Accounting Standards ("IFRS")

## 1.1 General information

MauBank Ltd (formerly known as Mauritius Post and Cooperative Bank Ltd "MPCB") or the "Bank" has on the 04 January 2016, acquired the assets and liabilities of the National Commercial Bank Ltd ("NCB") from MauBank Holdings Ltd pursuant to a transfer of undertaking carried out as per the provisions of Section 32A of the Banking Act 2004. Subsequently following the transfer, MPCB changed its name to MauBank Ltd ("MauBank"). Its registered office is 25 Bank Street, Cybercity, Ebene, Republic of Mauritius.

The Bank and its subsidiary, MauBank Investment Ltd (formerly known as "MPCB Investment Ltd"), are together referred as the "Group".

The Bank is engaged in the provision of commercial banking services.

The principal activity of MauBank Investment Ltd is to act as land promoter and property developer.

The financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Group and the Bank.

The directors have authorised the issue of the financial statements on 27 September 2024 and they do not have the power to amend the financial statements after issue.

## 1.2 Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004 and the regulations and guidelines issued by the Bank of Mauritius.

These financial statements have further been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments which are measured at their revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. 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 another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Bank take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

## 1.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

# Financial statements for the year ended 30 June 2024

## 2. Application of new and revised International Financial Reporting Standards ("IFRSs")

### 2.1 New and revised Standards that are effective but with no material effect on the financial statements

The Group and the Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group and the Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

| | |
|---|---|
| IFRS 17 | IFRS 17-Insurance Contracts<br><br>In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:<br>- A specific adaptation for contracts with direct participation features (the variable fee approach)<br>- A simplified approach (the premium allocation approach) mainly for short-duration contracts<br><br>The Group and the Bank has not identified contracts that result in the transfer of significant insurance risk, and therefore it has concluded that IFRS 17 does not have a material impact on the financial statements for the year ended 30 June 2024. As part of this determination, the Group and the Bank assessed credit cards and similar products that include insurance coverage. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer. The Group and the Bank has determined that insurance risk associated with an individual customer has not been assessed in setting the price of the contracts as these products are offered at the same price to all applicants, and therefore they are exempt from IFRS 17. |
| IAS 8 | Definition of Accounting Estimates - Amendments to IAS 8<br><br>In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.<br>The amendment did not have an impact on the financial statements of the Group and the Bank. |
| IAS 1 | Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2<br><br>In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.<br><br>The amendments did not have a material impact on the financial statements of the Group and the Bank . |

# Financial statements for the year ended 30 June 2024

## 2.1 New and revised Standards that are effective but with no material effect on the financial statements (Cont'd)

| | |
|---|---|
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12<br><br>In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.<br><br>The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.<br>Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.<br><br>Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.<br><br>The amendments did not have a material impact on the financial statements of the Group and the Bank . |
| IAS 12 | International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12<br><br>In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.<br><br>The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’ respectively.<br>The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.<br>The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.<br><br>The amendments did not have a material impact on the financial Group and the Bank. |

# Financial statements for the year ended 30 June 2024

## 2.2 New and revised Standards and Interpretations in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements are disclosed below. The group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| | |
|---|---|
| IAS 1 | Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants -Amendments to IAS 1 (Effective for annual periods beginning on or after 1 January2024)<br><br>In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:<br><br>• What is meant by a right to defer settlement;<br>• That a right to defer settlement must exist at the end of the reporting period;<br>• That classification is unaffected by the likelihood that an entity will exercise its deferral right<br>•That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification<br>• Disclosures<br><br>The amendment is effective for annual periods beginning on or after 1 January 2024.The amendments must be applied retrospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa. The amendments will not have a material impact on the Group's and the Bank's financial statements. A reassessment will be done when the standard becomes effective. |
| IFRS 16 | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16<br><br>In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.<br><br>After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. |

# Financial statements for the year ended 30 June 2024

## 2.2 New and revised Standards and Interpretations in issue but not yet effective (Cont'd)

| | |
|---|---|
| IFRS 16 | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16(Cont'd)<br><br>The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.<br><br>A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed. The amendments do not have a materialimpact on the group.The amendments are not expected to have a material impact on the Group and the Bank. |
| IAS 7 and IFRS 7 | Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7<br><br>In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.<br><br>The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.<br><br>The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed. The amendments do not have a material impact on the financial statements of the Group and the Bank. |
| IAS 21 | Lack of exchangeability – Amendments to IAS 21<br><br>In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.<br><br>A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.<br><br>If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.<br><br>When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not bein exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.<br><br>The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. The Group and the Bank are currently assessing the impact of these amendments. |

## 2.2 New and revised Standards and Interpretations in issue but not yet effective (Cont'd)

| | |
|---|---|
| IFRS 9 , IFRS 7 | Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7<br><br>In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:<br>•Clarifies that a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met;<br>•Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;<br>•Clarifies the treatment of non-recourse assets and contractually linked instrument;<br>•Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.<br><br>The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted to the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The group is currently assessing the impact of these amendments. |
| IFRS 18 | IFRS 18 – Presentation and Disclosure in Financial Statements<br><br>In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.<br><br>IFRS 18, and the amendments to the other accounting standards, is effective for reporting periods beginning on or after January 1, 2027 and will apply retrospectively. Early adoption is permitted and must be disclosed.<br>The Group and the Bank are currently assessing the impact of these amendments. |
| IFRS 19 | IFRS 19 - Subsidiaries without Public Accountability: Disclosuress<br><br>In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19),which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.<br><br>IFRS 19 is effective for reporting periods beginning on or after January 1, 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.<br><br>An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.<br>The Group and the Bank are currently assessing the impact of these amendments |

## 3. Summary of material accounting policies

### 3.1 Overall considerations

The financial statements have been prepared using the material accounting policies and measurement bases summarised below.

### 3.2 Financial instruments

#### Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Bank commit to purchase or sell the asset.

At initial recognition, the Group and the Bank measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ('FVTPL'), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. An expected credit loss allowance (“ECL”) is recognised for financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income (“FVTOCI”), as described in note 6.1, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:
(1) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(2) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

# 3. Summary of material accounting policies (Cont'd)

## 3.2 Financial instruments (Cont'd)

### Recognition and initial measurement (Cont'd)

### Financial assets

**(i) Classification and subsequent measurement**

The Group and the Bank have applied IFRS 9 and classifies its financial assets in the following measurement categories:

• Fair value through profit or loss (“FVTPL”);

• Fair value through other comprehensive income (“FVTOCI”); or

• Amortised cost.

The classification requirements for debt and equity instruments are described below:

*Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group’s and the Bank's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Business model: the business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group’s and the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include the following:

• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

• how the performance of the portfolio is evaluated and reported to the Group and the Bank’s management;

• the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

• how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

• the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s and the Bank’s stated objective for managing the financial assets is achieved and how cash flows are realised.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

## 3. Summary of material accounting policies (Cont'd)

### 3.2 Financial instruments (Cont’d)

#### Recognition and initial measurement (Cont'd)

#### Financial assets (Cont'd)

(i) Classification and subsequent measurement (Cont'd)

Based on these factors, the Group and the Bank classify their debt instruments into one of the following three measurement categories:

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (‘SPPI’), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6.1. Interest income from these financial assets is included in 'Interest income' using the effective interest method. This category includes cash and cash equivalents, loans and advances to banks, loans and advances to customers and mandatory balances with the Central Bank.

• Fair value through other comprehensive income (“FVTOCI”): Financial assets that are held both for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (‘SPPI’), and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in ‘Net gain from derecognition of financial assets measured at FVTOCI’. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. For financial assets measured at fair value through other comprehensive income, the ECL do not reduce the carrying amount of the financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as ECL amount. This category includes investment securities.

• Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss within ‘Net trading income ' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in ‘Other operating income' . Interest income from these financial assets is included in ‘Net trading income’.

*Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Bank subsequently measures all equity investments at fair value through profit or loss. Gains and losses on equity investments at FVTPL are included in the ‘Net trading income' line in profit or loss.

Trading assets are those assets that the Group and the Bank acquire or incur principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. The income from the trading assets are recorded in 'other income' in the statement of profit or loss.

## 3. Summary of material accounting policies (Cont'd)

### 3.2 Financial instruments (Cont’d)

Recognition and initial measurement (Cont'd)

Financial assets (Cont’d)

#### (ii) Impairment

The Group and the Bank assess on a forward-looking basis the expected credit losses on the following financial instruments that are not measured at FVTPL:

• Financial assets that are debt instruments (e.g. loas and advances, investment securities);
• Lease receivables;
• financial guarantee contracts issued; and
• loan commitments issued.

The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

• The time value of money; and

• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 6.1.3 provides more detail of how the expected credit loss allowance is measured.

#### (iii) Modification of loans

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

• If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

• Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

• Significant extension of the loan term when the borrower is not in financial difficulty.

• Significant change in the interest rate or change in the currency the loan is denominated in.
• Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 6.1.7.

## 3. Summary of material accounting policies (Cont'd)

### 3.2 Financial instruments (Cont'd)

Recognition and initial measurement (Cont'd)

Financial assets (Cont'd)

#### (iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:

(a) Have no obligation to make payments unless it collects equivalent amounts from the assets;

(b) Are prohibited from selling or pledging the assets; and

(c) Have an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group ansd the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's and the Bank's trading activity.

## 3. Summary of material accounting policies (Cont'd)

### 3.2 Financial instruments (Cont'd)

Recognition and initial measurement (Cont'd)

Financial assets (Cont'd)

**(vi) Fair value measurement**

'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 in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group and the Bank measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Bank use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Bank determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group and the Bank measure assets and long positions at a bid price and liabilities and short positions at an ask price.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There have been no transfers between levels of the fair value hierarchy during the current and prior financial years.

# 3. Summary of material accounting policies (Cont'd)

## 3.2 Financial instruments (Cont'd)

### Financial liabilities

#### (i) Classification and subsequent measurement

In the current period, financial liabilities are classified as subsequently measured at amortised cost:

The Group's and the Bank's financial liabilities include deposits from customers, payable to fellow subsidiary and other liabilities.

Deposits and other borrowed funds are the Group's and the Bank's main sources of debt funding.

Deposits and other borrowed funds are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within interest expense.

#### (ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or it expires).

The exchange between the Group and the Bank and their original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms 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 interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

#### (iii) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 6.1.3.3); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

# Financial statements for the year ended 30 June 2024

## 3. Summary of material accounting policies (Cont'd)

### 3.3 Cash and cash equivalents

Cash and cash equivalents consist of notes and coins on hand, balances with banks in Mauritius and abroad, unrestricted balances with the Central Bank, short term loans and placements with banks maturing within 90 days from date of origination, and highly liquid financial assets with original maturities of 90 days or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group and the Bank in the management of its short-term liquidity commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

### 3.4 Mandatory balances with the Central Bank

The Mandatory balances with the Central Bank relates to the minimum amount of cash that banks must keep at the Central Bank in accordance with the guideline on cash reserve requirement. On average, over a maintenance period of 28 day , the bank is required to maintain minimum cash balances (also known as Cash Reserve Ratio) equivalent to 9.0 per cent of their average rupee and foreign currency deposits in the preceding 28-day period. The Cash Reserve Ratio is subject to review by the Central Bank as and when required.

Mandatory reserve deposits are subject to certain restrictions and limitations levelled by the Central Bank of Mauritius. They are not available to finance the Bank’s day–to–day operations and therefore, are not considered as part of cash and cash equivalents.

### 3.5 Loans and advances

The ‘loans and advances to customers’ and ‘loans and advances to banks’ caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method’. The ‘loans to advances to customers’ also include lease receivables. See note 3.7.

### 3.6 Derivative financial instruments

The Group and the Bank enter 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 and foreign exchange risk. Derivative held include forward contracts, spot position and cross currency swaps. 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. Net interest from derivative contracts are recorded in profit or loss under trading income.

### 3.7 Leases

The Group and the Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Bank as a lessee

The Group and the Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets which are accounted in operating expenses. The Group and the Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group and the Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group and the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

## 3. Summary of material accounting policies (Cont'd)

### 3.7 Leases (Cont'd)

The Group and the Bank as a lessor

Leases in which the Group and the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

### 3.8 Property, plant and equipment

#### Freehold land and buildings

Freehold land and buildings are shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Market value is fair value based on appraisals prepared by external professional valuers if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the assets is transferred to accumulated losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation for freehold buildings is recognised on a straight-line basis to write down the revalued amount less estimated residual values. Depreciation is calculated at the rate of 2% p.a.

#### Computer equipment, furniture and fittings, office equipment and motor vehicles

Computer equipment, furniture and fittings, office equipment and motor vehicles are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Equipment which is acquired and not yet installed at the reporting date is treated as capital work in progress.

Depreciation is recognised on a straight-line basis over the estimated useful lives at the following rates:

| | |
|---|---|
| Computer and office equipment | 14% - 33% |
| Furniture and fittings | 14% - 25% |
| Motor vehicles | 20% |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

Material residual value estimates and estimates of useful life are updated as required. Repairs and maintenance costs are expensed as incurred.

Gains or losses arising on the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income within "other income" or "other expenses".

# Financial statements for the year ended 30 June 2024

## 3. Summary of material accounting policies (Cont'd)

### 3.9 Investment property

Investment properties are properties held to earn rental and/or for capital appreciation, and are accounted for using the fair value model. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property rented to the Bank by the subsidiary is not classified as investment property at group level in these financial statements as it includes both the lessor and the lessee. Such property is included within property, plant and equipment and is measured in accordance with Note 3.8 above.

Rental income and operating expenses from investment properties are reported within “Other income” and “Other expenses” respectively.

### 3.10 Investment in subsidiary

A subsidiary is an entity over which the Bank has control. The Bank 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 from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss and other comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of profit or loss and other comprehensive income.

# Financial statements for the year ended 30 June 2024

## 3. Summary of material accounting policies (Cont'd)

### 3.11 Income taxes

Tax expense recognised in the statements of profit or loss and other comprehensive income comprises the sum of current tax, deferred tax, Corporate Social Responsibility Fund (“CSRF”) and Special Levy.

**(a) Current tax**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**(b) Deferred taxation**

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group’s and the Bank’s forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

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

Deferred tax assets and liabilities are offset only when the Group and the Bank have a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the consolidated statement of profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the ‘sale’ presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

**(c) Corporate Social Responsibility Fund (“CSRF”)**

The Group and the Bank are subject to CSRF and the contribution is at a rate of 2% on the chargeable income of the preceding financial year.

**(d) Special Levy**

As per Section 50(H) of the Income Tax Act 1995 (Consolidated to Finance Act 2015), a Special Levy was calculated at 10% on chargeable income. No levy was paid in a year where the Group and the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceding year.

## 3. Summary of material accounting policies (Cont'd)

### 3.12 Retirement and other post-retirement benefits

**(a) Defined contribution plan**

The Group and the Bank contribute to a defined contribution plan for its employees, whereby it pays contributions to a privately administered pension insurance plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and are included in administrative expenses.

**(b) Defined benefit plan**

The Bank operate two Defined Benefit Schemes, which are fully funded. The assets of the funds are held independent and administered by the Swan Life Ltd and National Insurance Company Limited. Pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statements of profit or loss and other comprehensive income under the heading "other comprehensive income". Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. The Bank carries out an actuarial valuation every year.

Remeasurement recognised in other comprehensive income is accumulated under the heading of employee benefit reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of 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 follows:

• 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

For employees who are not covered by a pension plan, the net present value of retirement gratuity payable under the Workers' Rights Act is calculated and provided for, where material. The obligation arising under this item is not funded.

**(c) State plan**

Contributions to the Contribution Sociale Generalisée ("CSG") are expensed to the consolidated statement of profit or loss and other comprehensive income in the period in which they fall due.

**(d) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 3. Summary of material accounting policies (Cont'd)

### 3.13 Provisions and contingent liabilities

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at the reporting date are reviewed in detail and provision is made where necessary after seeking legal advice. Contingent liabilities are disclosed in these financial statements for possible obligations that arise from past events whose existence will be confirmed by uncertain future events not wholly within the control of the Group and the Bank.

### 3.14 Equity

Stated capital is determined using the value of shares that have been issued. Accumulated losses/retained earnings include all current and prior periods results as disclosed in the statement of profit or loss and other comprehensive income.

Fair value reserve comprise gain on fair value of financial assets held at fair value through other comprehensive income. Revaluation reserves comprise the unrealised gains arising out of the revaluation of property, plant and equipment.

Other reserves represent statutory and non-statutory reserves.

### 3.15 Acceptances

Acceptances comprise the commitment of the Group and the Bank to pay bills of exchange drawn on customers. The Group and the Bank expect most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are accounted for as off-balance sheet items and are disclosed as contingent liabilities.

### 3.16 Guarantees

In the normal course of business, the Group and the Bank issue various forms of guarantees to support their customers. These guarantees are kept off-balance sheet unless a provision is needed to cover probable losses. These guarantees are disclosed as contingent liabilities.

### 3.17 Off-balance sheet arrangements

In the normal course of business, the Group and the Bank enter into arrangements that, under IFRS, are not recognised on the statement of the financial position and do not affect the statement of profit or loss and other comprehensive income. These types of arrangements are kept off balance sheet as long as the Group and the Bank do not incur an obligation from them or become entitled to an asset itself. As soon as an obligation is incurred, it is recognised on the statement of financial position, with the resulting loss recorded in the statement of profit or loss and other comprehensive income. Contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

## 3. Summary of material accounting policies (Cont'd)

### 3.18 Net interest income

Interest income and expense for all financial instruments except for those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, see 'Net trading income'.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

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)). The interest is suspended and recognised only upon receipt. For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVTOCI;

Interest income and expense on all trading assets and derivatives are considered to be incidental to the Group's and the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

### 3.19 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 and the Bank earn fee and commission income from a diverse range of services being provided to its customers.

*Fee income earned from services provided to its customers:*

These fees include commission income, management and advisory fees. The fees are recognised over time. These include commission on guarantees, commission on insurance and pensions, commission on loans and advances to customers (management fees), commission on trade finance (processing and renewal), management fees from fellow subsidiary, recovery fees from fellow subsidiaries, membership fees and services (included as part of 'others' in Note 30)

Included also are fees pertaining to cancellation and early repayment of credit facilities (included in loans and advances to customer in note 30) which are recognised when they occur that is at a point in time.

*Fee income from providing transaction services:*

This includes commission on unpaid cheques and service charges (included as part of commission on savings in Note 30) and other transaction fees (included as part of others and commission on trade finance and others in Note 30). This are recognised when the transaction occurs.

*Fee and commission expense*

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

# Financial statements for the year ended 30 June 2024

## 3. Summary of material accounting policies (Cont'd)

### 3.20 Net trading income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Group and the Bank have elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income and expense.

### 3.21 Foreign currency

**(a) Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the Group and the Bank, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**(b) Foreign currency 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 that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘Net trading income’ line item;

• for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the ‘Net trading income’ line item. Other exchange differences are recognised in OCI in the investment’s revaluation reserve;

• for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in ‘net trading income’; and

• for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment’s revaluation reserve

### 3.22 Segment reporting

In accordance with the Bank of Mauritius Guideline on Segmental Reporting under a Single Banking Licence Regime, the Group’s and the Bank’s business is organised under two segments, namely Segment A and Segment B.

• Segment B is essentially directed to the provision of international financial services that give rise to foreign source income. Such services may be fund based or non-fund based.

• Segment A relates to banking business other than Segment B business.

Information on Segment B for the years ended 30 June 2024, 30 June 2023 and 30 June 2022 is disclosed in note 5.

Neither the above guideline nor IFRS mandate the application of IFRS 8 to the financial statements of the Group and the Bank.

## 3. Summary of material accounting policies (Cont'd)

### 3.23 Repossessed property

Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets' as inventory as they are held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the bank. The corresponding loans are derecognised when the Bank becomes the holder of the title deed. The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value. No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in 'other operating income'. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in 'other operating income'. Gains or losses on disposal of repossessed properties are reported in 'other operating income'.

### 3.24 Impairment of non-financial assets

At each reporting date, the Group and the Bank review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

### 3.25 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

The Group and the Bank consider related parties as key management personnel, directors, shareholders and its subsidiary’s undertaking. Interest rate, unless the hedged item has been derecognised, in which case it is released to the statement of profit and loss immediately.

### 3.26 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

As required by the Bank of Mauritius *Guideline on Public Disclosure of Information* , disclosures have been made with comparative information for two years.

## 4. Use of estimates and judgements in applying accounting policies and estimation uncertainty

In the application of the Group’s and the Bank’s accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Significant management judgement**

The following are significant management judgements in applying the accounting policies of the Group and the Bank that have the most significant effect on the financial statements.

*(i) Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group and the Bank determine 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 and how these are managed and how the managers of the assets are compensated. The Group and the Bank monitor 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 and the Bank’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.

*(ii) Use of estimates and judgements*

Management discussed the development, selection and disclosure of the Group and the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 6.1.3.3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
• Determining criteria for significant increase in credit risk;
• Choosing appropriate models and assumptions for the measurement of ECL;
• Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
• Establishing groups of similar financial assets for the purposes of measuring ECL.
• Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 6.1.3.1 to 6.1.3.4

*(a) 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 and the Bank take into account qualitative and quantitative reasonable and supportable forward-looking information.

*(b) 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 and the Bank 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.

## 4. Use of estimates and judgements in applying accounting policies and estimation uncertainty (Cont'd)

**Significant management judgement (Cont'd)**

*(iii) Establishing groups of assets with similar credit risk characteristics (Contd)*

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

*(iv) Models and assumptions used*

The Group and the Bank 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.

*(v) Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of future taxable income against which the deductible temporary differences can be utilised.

**Estimation uncertainty**

The following are key estimations that the directors have used in the process of applying the Group's and the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

*(i) Estimation in respect of ECL.*

*(a) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario.*

The calculation of specific allowance for credit impairment requires management to estimate the recoverable amount of each impaired asset, being the present value of expected cash flows, including amount recoverable from guarantees and collaterals, discounted at the prevailing effective interest rate of the loans. Where loans are secured against immoveable property, the value of such collateral is based on the opinion of independent and qualified appraisers.

## 4. Use of estimates and judgements in applying accounting policies and estimation uncertainty (Cont'd)

**Estimation uncertainty (Cont'd)**

*(b) Probability of default*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

*(c) Loss Given Default*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Note 6.1.8 gives more details about the assumptions used regarding ECL.

At 30 June 2023 and 30 June 2024, the Bank assessed that there is a significant increase in credit risk with respect to its financial securities held in Ghana. The financial instability in the economy of Ghana led to the country defaulting on its coupon payment and principal at maturity. The Bank has assessed the probability of default to be 100% on these securities whilst LGD has been based on recovery rates of recently restructured sovereign bonds in Ghana as well as on the most recent Moodys sovereign report which discloses the most probable LGD. Refer to note 11.

*(ii) Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

*(iii) Pension benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions are based on current market conditions. Additional information is disclosed in Note 21.

*(iv) Revaluation of property, plant and equipment and investment properties*

The Group and the Bank carry its investment properties and land and buildings within property, plant and equipment and right of use assets at fair value. For revaluation purposes, the valuation methodology was based on the income approach with corroborative test using the sales comparison approach. The Group and the Bank engaged an independent valuation specialist to assess fair values as at 30 June 2023 estimating the fair value of properties require assumptions such as rental yield and future rental income to be made. The directors assessed that there were no changes in the fair values as at 30 June 2024.

## 5. Operating segments

In compliance with the Banking Act 2004, the banking business of a licensed bank is divided into two segments. Segment B relates to the banking business that gives rise to "foreign source income". All other banking business is classified under segment A.

The Bank deals mainly in Segment A business with less operations in segment B. The table below provides a summary of the main operations of the Bank with Segment B.

| | The Group | | |
|---|---|---|---|
| | At 30 June 2024 | At 30 June 2023 | At 30 June 2022 |
| | Rs | Rs | Rs |
| **Assets** | | | |
| Cash and cash equivalents | **741,055,551** | 1,100,730,570 | 1,065,305,727 |
| Loans and advances to banks | **905,925,292** | 938,342,148 | 456,317,786 |
| Loans and advances to customers | **1,313,018,708** | 545,280,272 | 492,957,680 |
| Trading assets | **529,476,283** | 479,676,718 | 687,904,980 |
| Investment securities | **1,752,108,908** | 1,758,139,128 | 2,243,798,665 |
| Other assets | **23,800,876** | 21,682,443 | 36,064,083 |
| **Total assets** | **5,265,385,618** | 4,843,851,279 | 4,982,348,921 |
| **Liabilities** | | | |
| Deposits from customers | **9,843,402,370** | 5,184,603,442 | 3,457,952,566 |
| **Total liabilities** | **9,843,402,370** | 5,184,603,442 | 3,457,952,566 |

| | For year ended 30 June 2024 | For year ended 30 June 2023 | For year ended 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| Interest income | **275,799,636** | 143,816,111 | 103,762,776 |
| Interest expense | **(24,791,151)** | (2,486,169) | (584,462) |
| Net interest income | **251,008,485** | 141,329,942 | 103,178,314 |
| Other operating income | **323,213,277** | 86,110,245 | 37,041,279 |
| Total operating income | **574,221,762** | 227,440,187 | 140,219,593 |

## 6. Financial instrument risk

### Risk management objectives and policies

The Group's and the Bank's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's and the Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's and the Bank's financial performance.

The Group and the Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group and the Bank regularly review their risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board Conduct Review and Risk Management Committee under policies approved by the Board of Directors. The Risk Management Forum identifies, evaluates and hedges financial risks in close co-operation with the Group and the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk.

### 6.1 Credit risk analysis

The Group and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group and the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Group and the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and guarantees.

### 6.1.1 Credit risk measurement

Credit risk is the possibility of losses associated with changes in the credit profile of borrowers or counterparties. These losses, associated with changes in portfolio value, could arise due to default or due to deterioration in credit quality.

- Default risk : obligor fails to service debt obligations
- Recovery risk : recovery post default is uncertain
- Spread risk : credit quality of obligor changes leading to a fall in the value of the loan
- Concentration risk : over exposure to an individual obligor, group or industry
- Correlation risk : concentration based on common risk factors between different borrowers, industries or sectors which may lead to simultaneous default

The Group and the Bank's revised credit policy deals with credit concentration limits, exposure limits, diversification strategy, and the Group and the Bank's risk based pricing of loans and advances based on its credit risk appetite and the size of its capital.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group and the Bank measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring ECL under IFRS 9. Refer to note 6.1.3.3 for more details.

The Group and the Bank use internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Bank uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.
The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

# 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.1 Credit risk analysis (Cont'd)

### 6.1.1 Credit risk measurement (Cont'd)

In line with the Bank of Mauritius guidelines on credit risk, the Group and the Bank have adopted the standardised measurement of credit risk. In this

• Segmentation of the credit portfolio (in terms of risk but not size);

• Model Requirements (for risk assessments);

• Data requirements;

• Credit risk reporting requirements for regulatory/control and decision-making purposes at various levels;

• Policy requirements for credit risk (credit process & practices, monitoring & portfolio management etc.); and

• Align risk strategy & business strategy.

### 6.1.2 Risk limit, control and mitigation policies

The Group and the Bank manage, limit and control concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

The Group and the Bank structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) **Collateral**

The Group and the Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

• Mortgages over residential properties;

• Fixed charges over land and buildings; and

• Floating charges over business assets such as premises, inventories and accounts receivable.

Loans and advances amounting to Rs 189,420,901 (2023: Rs 164,013,821; 2022 Rs 161,101,665) were fully covered by collaterals provided to the Bank as part of the arrangement, hence no ECL was adjusted for these facilities.

(b) **Credit-related commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group and the Bank on behalf of a customer authorising a third party to draw drafts on the Group and the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and the Bank are potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.1 Credit risk analysis (Cont'd)

### 6.1.3 Expected credit loss measurement

The Group and the  Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section, all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses 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 losses .

The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 6.1.3.1

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Collectively assessed impairment allowances are provided for:

(i) Portfolios of homogenous assets that are individually below materiality thresholds; and

(ii) Losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

The Group and the Bank has established a policy 'Credit Impairment and Income Recognition 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.

Based on the above process, the Group and the Bank categorise its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

• Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

• Stage 3: Loans considered credit-impaired (as outlined in Note 6.1.3.2.) The Bank records an allowance for the LTECL.

• POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

*The mechanics of the ECL calculation has been included in Note 6.1.3.4.*

*Post model Adjustments*

Clients which may encounter financial difficulties were reclassified from stage 1 to stage 2 amounting Rs 64Mn in 2022. There were no post model adjustments in financial year 2023 and 2024.

The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be significant increase in credit risk, and these criteria will differ from the different types of lending, particulary between retail and corporate.

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.3 Expected credit loss measurement (Cont'd)

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

To determine whether credit risk has significantly increased since initial recognition, the Group and the Bank will compare the risk of default at the assessment date with the risk of default at initial recognition. This assessment is to be carried out at each assessment date.

**SICR criteria**

The Group and the Bank evaluate certain indicators when assessing for SICR by considering all reasonable and supportable information available at the time of assessment. This include both quantitative and qualitative information analysis.

**Qualitative criteria:**

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- If the borrower is on the Watchlist
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The Group and the Bank uses two criteria for determining whether there has been a significant increase in credit risk:

- Qualitative indicators as disclosed above
- A backstop of 30 days past due for all financial assets (regardless of the change in internal grades)

The assessment of SICR is performed on a quarterly basis at a portfolio level for all Retail and Corporate financial instruments held by the Group and the Bank. In relation to Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

**Low credit risk expedient**

IFRS 9 offers a low credit risk (LCR) expedient for the purpose of allocating exposures into stages based on SICR assessment. On application of this expedient, the Group and the Bank may assume that the credit risk of a financial instrument has not increased significantly since initial recognition if it is determined that the financial instrument has low credit risk at the assessment date.

According to IFRS 9, the credit risk on a financial instrument is considered low if:

(a) The financial instrument has a low risk of default;

(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group and the Bank has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2024 (30 June 2023 and 2022: None)

**Backstop**

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

**30+DPD rebuttal**

Regardless of the indicators used by the Group and the Bank to determine SICR, there is a rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group and the Bank shall rebut the 30+ DPD presumptions in the case of any technical delinquencies (i.e. accounts marked as 30+DPD owing to administrative reasons and non-credit related concerns) and cases of delinquencies where payment is linked to government payments with approved invoices which have caused such delinquency. Approval for such instances will be obtained from the Board.

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.3 Expected credit loss measurement (Cont'd)

#### 6.1.3.2 Definition of default and credit-impaired assets

The Group and the Bank's definition of default is aligned with both IFRS 9 and regulatory requirements and internal credit risk management practices. Defaulted assets will fall under the Stage 3 category and a specific provision is recognized against all such assets.

**Impaired Asset**

A loan can be classified as impaired asset when installments of principal and/or interest are due and remain unpaid for 90 days or more, or such unpaid amount has been capitalized, refinanced or rolled-over.

“Past due” loans are loans where payment of principal or interest is contractually due but remains unpaid.

**Overdraft**

An overdraft facility can be classified as impaired asset when one or more conditions as mentioned below are satisfied:

• the advance exceeds the customer’s approved limit continuously for 90 days or more;

• the customer’s approved limit has expired for 90 days or more;

• interest on the advance is due and remains unpaid for 90 days or more; or

• the account has been dormant for 90 days or more and deposits are insufficient to cover the interest capitalized during the period. For this purpose, dormant accounts include accounts, which have only a few transactions of insignificant amounts.

**Bills Purchased and Discounted:**

• The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.

**Investments:**

• Interest/ instalment (including maturity proceeds) for investments is due and remains unpaid for more than 90 days.

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.3 Expected credit loss measurement (Cont'd)

#### 6.1.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired assets' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

• EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

• Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

• The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

• The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

• The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

• For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.

• For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

• The 12-month and lifetime LGDs are determined using a combination of regulatory and historical vintage analysis. These vary by product type.

• LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

• Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 6.1.3.4 for an explanation of forward-looking information and its inclusion in ECL calculations.

• The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc are monitored and reviewed on an annual basis.

• There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

# 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.1 Credit risk analysis (Cont'd)

### 6.1.3 Expected credit loss measurement (Cont'd)

#### 6.1.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

**Loan commitments and letters of credit :**

- When estimating LTECL for undrawn loan commitments, the Group and the Bank estimate 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 cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
- For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

**Financial guarantee contracts:**

The Group and the Bank’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group and the Bank estimates ECL 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 calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognised within other liabilities.

#### 6.1.3.4 Forward-looking information incorporated in the ECL models

(i) The calculation of ECL incorporate forward-looking information. The Group and the Bank have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

(ii) These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are sourced from Bank of Mauritius, IMF and WEO Forecast Database depending upon the type of portfolio. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

(iii) ECL is computed as a probability weighted average of three scenarios; baseline (60%), adverse (20%) and good (20%). For computation of the same, PD is computed for each of the scenario by giving a shock to baseline PD curve in upward and downward direction. Final ECL is computed by giving the weightages to each of the scenario to arrive at weighted average ECL.

(iv) As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group and the Bank consider these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group and the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios and economic variable assumptions.

Some of the economic variables considered in the ECL models are as follows:

1 Unemployment rate given its impact on secured and unsecured borrowers ability to meet their contractual repayments.
2 GDP and core inflation given the significant impact on individual and company's performance and collateral valuations.
3 World inflation forecast for significant impact on the company's performance.
4 Real GDP growth rate, current accounts balance and CPI inflation.
5 SEMDEX given its correlation with the general economic conditions.
6 Bank of Mauritius key Repo Rate given how interest rates would be expected to affect borrower's capability to repay.

**Sensitivity analysis**

The stage 1 and stage 2 expected credit loss rate on the loans and advances portfolio at 30 June 2024 stand at 0.43% (30 June 2023: 0.88%; 30 June 2022: 0.96%). If the loss rate increases or decreases by 5%, the impact on the income statement would be as follows:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| Increase in loss rate by 5% | **(5,153,956)** | (9,234,708) | (8,387,309) |
| Decrease in loss rate by 5% | **5,153,956** | 9,234,708 | 8,387,309 |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.4 Exposure to Credit Risk

### 6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment

| | The Bank | | | |
|---|---|---|---|---|
| | 2024 | | | |
| | Stage 1 | Stage 2 | Stage 3 | |
| | Performing | Special mention | Impaired | Total |
| | Rs | Rs | Rs | Rs |
| | Retail | | | |
| Gross carrying amount | 8,168,422,829 | 340,599,342 | 216,925,354 | 8,725,947,525 |
| Loss allowance | (13,615,290) | (23,539,441) | (98,964,037) | (136,118,768) |
| Carrying amount | 8,154,807,539 | 317,059,901 | 117,961,317 | 8,589,828,757 |

| | The Bank | | | |
|---|---|---|---|---|
| | Corporate and amount due from bank | | | |
| Gross carrying amount | 15,234,566,647 | 92,172,368 | 1,058,977,888 | 16,385,716,903 |
| Loss allowance | (57,531,463) | (8,392,930) | (449,894,866) | (515,819,259) |
| Carrying amount | 15,177,035,184 | 83,779,438 | 609,083,022 | 15,869,897,644 |

Included in Stage 1, Corporate and amount due from Bank is an amount of Rs 140.6Mn pertaining to a credit facility granted to the subsidiary of the Company. ECL charge on the loan facility amounts to Rs 0.8Mn. The intercompany transaction is excluded from the Group reported figures.

| | The Group and The Bank | | | |
|---|---|---|---|---|
| | Investment securities | | | |
| Gross carrying amount | 8,036,768,276 | - | 322,051,352 | 8,358,819,628 |
| Loss allowance | (17,179,840) | - | (142,096,231) | (159,276,071) |
| | 8,019,588,436 | - | 179,955,121 | 8,199,543,557 |

| | The Group and The Bank | | | |
|---|---|---|---|---|
| | Off balance sheet | | | |
| Maximum exposure | 2,594,461,568 | - | - | 2,594,461,568 |
| Loss allowance | (2,016,740) | - | - | (2,016,740) |
| | 2,592,444,828 | - | - | 2,592,444,828 |

ECL on off balance sheet exposures have been recorded in other liabilities. ECL is charged on financial guarantees, letter of credits and other commitments.

| | The Group and The Bank | | | |
|---|---|---|---|---|
| | Cash and cash equivalents and placements | | | |
| Gross carrying amount | 10,113,502,796 | - | - | 10,113,502,796 |
| Loss allowance | (683,919) | - | - | (683,919) |
| | 10,112,818,877 | - | - | 10,112,818,877 |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.4 Exposure to Credit Risk (Cont'd)

### 6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment (Cont'd)

| | The Bank | | | |
|---|---|---|---|---|
| | 2023 | | | |
| | Stage 1 | Stage 2 | Stage 3 | |
| | Performing | Special mention | Impaired | Total |
| | Rs | Rs | Rs | Rs |
| | Retail | | | |
| Gross carrying amount | 7,276,591,829 | 383,557,509 | 249,863,512 | 7,910,012,850 |
| Loss allowance | (19,978,498) | (28,788,179) | (73,134,468) | (121,901,145) |
| Carrying amount | 7,256,613,331 | 354,769,330 | 176,729,044 | 7,788,111,705 |
| | The Bank | | | |
| | Corporate and amount due from bank | | | |
| Gross carrying amount | 13,018,873,072 | 245,929,545 | 760,795,372 | 14,025,597,989 |
| Loss allowance | (109,503,401) | (26,936,282) | (293,891,391) | (430,331,074) |
| Carrying amount | 12,909,369,671 | 218,993,263 | 466,903,981 | 13,595,266,915 |

Included in Stage 1, Corporate and amount due from Bank is an amount of Rs 147.7Mn pertaining to a credit facility granted to the subsidiary of the Company. ECL charge on the loan facility amounts to Rs 0.9Mn. The intercompany transaction is excluded from the Group reported figures.

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Investment securities | | | |
| Gross carrying amount | 4,685,552,333 | - | 318,161,624 | 5,003,713,957 |
| Loss allowance | (14,873,472) | - | (133,847,058) | (148,720,530) |
| | 4,670,678,861 | - | 184,314,566 | 4,854,993,427 |
| | The Group and the Bank | | | |
| | Off balance sheet | | | |
| Maximum exposure | 2,119,139,142 | - | - | 2,119,139,142 |
| Loss allowance | (2,170,009) | - | - | (2,170,009) |
| | 2,116,969,133 | - | - | 2,116,969,133 |

ECL on off balance sheet exposures have been recorded in other liabilities. ECL is charged on financial guarantees, letter of credits and other commitments.

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Cash and cash equivalents and placements | | | |
| Gross carrying amount | 4,273,915,533 | - | - | 4,273,915,533 |
| Loss allowance | (189,276) | - | - | (189,276) |
| | 4,273,726,257 | - | - | 4,273,726,257 |

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.4 Exposure to Credit Risk (Cont'd)

#### 6.1.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment (Cont'd)

The Bank

| | 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | Performing | Special mention | Impaired | Total |
| | Rs | Rs | Rs | Rs |
| **Retail** | | | | |
| Gross carrying amount | 6,420,330,003 | 379,825,335 | 240,378,956 | 7,040,534,294 |
| Loss allowance | (35,177,118) | (59,885,092) | (53,478,112) | (148,540,322) |
| Carrying amount | 6,385,152,885 | 319,940,243 | 186,900,844 | 6,891,993,972 |

The Bank

| | Corporate and amount due from bank | | | |
|---|---|---|---|---|
| Gross carrying amount | 10,430,911,880 | 101,140,474 | 724,327,393 | 11,256,379,747 |
| Loss allowance | (55,827,273) | (16,856,689) | (276,399,379) | (349,083,341) |
| Carrying amount | 10,375,084,607 | 84,283,785 | 447,928,014 | 10,907,296,406 |

Included in Stage 1, Corporate and amount due from Bank is an amount of Rs 156.3Mn pertaining to a credit facility granted to the subsidiary o the Company. ECL charge on the loan facility amounts to Rs 2.0Mn. The intercompany transaction is excluded from the Group reported figures.

The Group and the Bank

| | Investment securities | | | |
|---|---|---|---|---|
| Gross carrying amount | 6,887,231,134 | - | - | 6,887,231,134 |
| Loss allowance | (20,280,711) | - | - | (20,280,711) |
| | 6,866,950,423 | - | - | 6,866,950,423 |

The Group and the Bank

| | Off balance sheet | | | |
|---|---|---|---|---|
| Maximum exposure | 1,388,448,331 | - | - | 1,388,448,331 |
| Loss allowance | (733,864) | - | - | (733,864) |
| | 1,387,714,467 | - | - | 1,387,714,467 |

ECL on off balance sheet exposures have been recorded in other liabilities. ECL is charged on financial guarantees, letter of credits and other commitments.

The Group and the Bank

| | Cash and cash equivalents and placements | | | |
|---|---|---|---|---|
| Gross carrying amount | 4,010,449,944 | - | - | 4,010,449,944 |
| Loss allowance | - | - | - | - |
| | 4,010,449,944 | - | - | 4,010,449,944 |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.4 Exposure to Credit Risk (Contd)

### 6.1.4.1 Maximum exposure to credit risk — Financial instruments subject to impairment

**Risk limit control and mitigation policies**

The Group and the Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counter parties and groups and to industries.

The Group and the Bank structure the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by industry sector are set out in the credit policy. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrower to meet interest and capital repayment obligation and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

**Collaterals and other credit enhancements**

The Group and the Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

| | The Group and the Bank | | | |
|---|---|---|---|---|
| **2024** | **Gross exposure** | **Impairment allowance** | **Carrying amount** | **Fair value of collateral held** |
| | **Rs** | **Rs** | **Rs** | **Rs** |
| **Credit-impaired assets** | | | | |
| Loans to individuals: | | | | |
| - Overdrafts | **8,396,587** | **7,264,455** | **1,132,132** | **5,559,400** |
| - Term loans | **79,176,376** | **43,336,683** | **35,839,693** | **157,627,217** |
| - Mortgages | **96,038,620** | **35,847,428** | **60,191,192** | **199,665,244** |
| Loans to corporate entities: | | | | |
| - Large corporate customers | **776,226,541** | **313,913,899** | **462,312,642** | **4,012,989,737** |
| - Small and medium-sized enterprises (SMEs) | **268,908,703** | **130,208,678** | **138,700,025** | **414,291,958** |
| - Other | **47,156,414** | **18,287,760** | **28,868,654** | **223,016,024** |
| **Total credit-impaired assets** | **1,275,903,241** | **548,858,903** | **727,044,338** | **5,013,149,580** |

The investments in Ghana Bond was also credit impaired and ECL allowance was Rs 142.10Mn at 30 June 2024.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.4 Exposure to Credit Risk (Cont'd)

### 6.1.4.1 Maximum exposure to credit risk — Financial instruments subject to impairment

| 2023 | The Group and the Bank | | | |
|---|---|---|---|---|
| | Gross exposure | Impairment allowance | Carrying amount | Fair value of collateral held |
| | Rs | Rs | Rs | Rs |
| **Credit-impaired assets** | | | | |
| Loans to individuals: | | | | |
| - Overdrafts | 5,847,433 | 5,687,421 | 160,013 | 3,100,000 |
| - Term loans | 67,441,793 | 34,709,298 | 32,732,495 | 124,927,115 |
| - Mortgages | 59,787,879 | 14,997,977 | 44,789,902 | 169,027,086 |
| Loans to corporate entities: | | | | |
| - Large corporate customers | 541,221,042 | 183,586,036 | 357,635,006 | 662,404,614 |
| - Small and medium-sized enterprises (SMEs) | 218,500,399 | 110,168,927 | 108,331,471 | 335,145,000 |
| - Other | 117,860,337 | 17,876,201 | 99,984,136 | 167,564,587 |
| **Total credit-impaired assets** | **1,010,658,883** | **367,025,860** | **643,633,023** | **1,462,168,402** |

The investments in Ghana Bond was also credit impaired and ECL allowance was Rs 133.85Mn at 30 June 2023.

| 2022 | The Group and the Bank | | | |
|---|---|---|---|---|
| | Gross exposure | Impairment allowance | Carrying amount | Fair value of collateral held |
| | Rs | Rs | Rs | Rs |
| **Credit-impaired assets** | | | | |
| Loans to individuals: | | | | |
| - Overdrafts | 5,057,952 | 4,832,789 | 225,163 | 2,950,000 |
| - Term loans | 55,263,129 | 27,958,376 | 27,304,753 | 90,290,190 |
| - Mortgages | 54,579,765 | 10,385,217 | 44,194,548 | 137,088,013 |
| Loans to corporate entities: | | | | |
| - Large corporate customers | 549,599,825 | 180,205,455 | 369,394,370 | 617,945,063 |
| - Small and medium-sized enterprises (SMEs) | 188,376,057 | 95,659,332 | 92,716,725 | 325,823,275 |
| - Other | 111,829,622 | 10,836,322 | 100,993,300 | 149,453,600 |
| **Total credit-impaired assets** | **964,706,350** | **329,877,491** | **634,828,859** | **1,323,550,141** |

No ECL was charged on loans and advances amounting to **Rs 727 Mn** (2023: Rs 644 Mn, 2022:Rs 635 Mn) due to exposure being fully covered by its collateral.

The following table shows the distribution of LTV ratios for the Group and the Bank's mortgage credit-impaired portfolio:

| | The Group and the Bank | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Mortgage portfolio – LTV distribution | Credit-impaired (Gross carrying amount) | Credit-impaired (Gross carrying amount) | Credit-impaired (Gross carrying amount) |
| | Rs | Rs | Rs |
| Lower than 50% | 30,242,399 | 36,793,442 | 34,919,770 |
| 50 to 60% | - | 1,690,411 | 3,731,301 |
| 60 to 70% | 3,582,370 | 2,871,530 | 2,843,560 |
| 70 to 80% | 49414692 | 15110959 | 13085133 |
| 80 to 90% | 8,118,591 | - | - |
| 90 to 100% | 4,680,568 | 3,321,537 | - |
| Total | **96,038,620** | **59,787,879** | **54,579,764** |

# 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.1 Credit risk analysis (Cont'd)

### 6.1.4.2 Financial instruments not subject to impairment

The following table contains an analysis of the financial assets not subject to impairment (i.e. FVTPL):

| | The Group and the Bank | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **Rs** | **Rs** | **Rs** |
| *Financial assets designated at fair value :* | | | |
| Trading assets | **529,476,283** | 479,676,718 | 687,904,980 |
| Equity instruments | **445,974,417** | 363,828,963 | 17,912,214 |
| Derivative assets | **78,759,542** | 10,883,632 | 3,366,270 |

### 6.1.5 Loss Allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impact on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | |
| | **12-month ECL** | **Lifetime ECL** | **Lifetime ECL** | **Total** |
| | **Rs** | **Rs** | **Rs** | **Rs** |
| **Retail** | | | | |
| **Loss allowance as at 01 July 2021** | 32,756,070 | 44,027,702 | 25,714,132 | 102,497,904 |
| **Transfers:** | | | | |
| Transfer from stage 1 to stage 2 | (9,957,927) | 9,957,927 | - | - |
| Transfer from stage 1 to stage 3 | (5,764,993) | - | 5,764,993 | - |
| Transfer from stage 2 to stage 1 | 30,866,692 | (30,866,692) | - | - |
| Transfer from stage 2 to stage 3 | - | (5,777,242) | 5,777,242 | - |
| Transfer from stage 3 to stage 1 | 1,455,567 | - | (1,455,567) | - |
| Transfer from stage 3 to stage 2 | - | 617,434 | (617,434) | - |
| | | | | - |
| Financial assets derecognized during the period other than write-offs | (602,319) | (7) | (3,482) | (605,808) |
| New financial assets originated or purchased | 22,405,771 | - | - | 22,405,771 |
| Changes in existing | (5,347,795) | 17,073,091 | 4,506,916 | 16,232,212 |
| Impact on ECL of transfers | (30,633,948) | 24,852,879 | 13,791,312 | 8,010,243 |
| Write-offs | - | - | - | - |
| **Loss allowance as at 30 June 2022** | **35,177,118** | **59,885,092** | **53,478,112** | **148,540,322** |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| **Retail** | Rs | Rs | Rs | Rs |
| **Loss allowance as at 01 July 2022** | 35,177,118 | 59,885,092 | 53,478,112 | 148,540,322 |
| **Transfers:** | | | | |
| Transfer from stage 1 to stage 2 | (6,632,896) | 6,632,896 | - | - |
| Transfer from stage 1 to stage 3 | (607,676) | - | 607,676 | - |
| Transfer from stage 2 to stage 1 | 31,082,969 | (31,082,969) | - | - |
| Transfer from stage 2 to stage 3 | - | (4,659,759) | 4,659,759 | - |
| Transfer from stage 3 to stage 1 | 1,514,419 | - | (1,514,419) | - |
| Transfer from stage 3 to stage 2 | - | 468,458 | (468,458) | - |
| Financial assets derecognized during the period other than write-offs | (3,259,626) | (3,891,307) | (1,448,971) | (8,599,904) |
| New financial assets originated or purchased | 8,577,051 | - | - | 8,577,051 |
| Changes in existing | (14,640,150) | (10,274,216) | 7,339,721 | (17,574,645) |
| Impact on ECL of transfers | (31,232,711) | 11,709,984 | 11,189,080 | (8,333,647) |
| Write-offs | - | - | (708,032) | (708,032) |
| **Loss allowance as at 30 June 2023** | **19,978,498** | **28,788,179** | **73,134,468** | **121,901,145** |
| **Loss allowance as at 01 July 2023** | **19,978,498** | **28,788,179** | **73,134,468** | **121,901,145** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | **(6,423,291)** | **6,423,291** | **-** | **-** |
| Transfer from stage 1 to stage 3 | **(721,567)** | **-** | **721,567** | **-** |
| Transfer from stage 2 to stage 1 | **12,392,892** | **(12,392,892)** | **-** | **-** |
| Transfer from stage 2 to stage 3 | **-** | **(4,615,263)** | **4,615,263** | **-** |
| Transfer from stage 3 to stage 1 | **3,717,176** | **-** | **(3,717,176)** | **-** |
| Transfer from stage 3 to stage 2 | **-** | **948,287** | **(948,287)** | **-** |
| Financial assets derecognized during the period other than write-offs | **(2,277,086)** | **(2,028,459)** | **(51,645)** | **(4,357,190)** |
| New financial assets originated or purchased | **9,186,141** | **-** | **-** | **9,186,141** |
| Changes in existing | **(6,457,593)** | **(2,776,204)** | **(6,395,914)** | **(15,629,711)** |
| Impact on ECL of transfers | **(15,779,880)** | **9,192,502** | **38,356,745** | **31,769,367** |
| Write-offs | **-** | **-** | **(6,750,984)** | **(6,750,984)** |
| **Loss allowance as at 30 June 2024** | **13,615,290** | **23,539,441** | **98,964,037** | **136,118,768** |

The net impairment charge on financial assets under the retail segment is mainly driven by additional ECL charge upon transfer of exposures from stage 1 to stage 2 attracting a higher ECL as at 30 June 2024.

Out of the Rs 6.75 Mn written off during this financial year, Rs 3.75 Mn pertains to exposures which are subject to enforcement action by the bank. There were no such cases for the financial years ended 30 June 2023 and 2022.

# 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Corporate** | | | | |
| **Loss Allowance as at 01 July 2021** | **38,452,472** | **59,567,138** | **229,896,851** | **327,916,461** |
| Transfers: | | | | - |
| Transfer from stage 1 to stage 2 | (3,194,070) | 3,194,070 | - | - |
| Transfer from stage 1 to stage 3 | (6,181,081) | - | 6,181,081 | - |
| Transfer from stage 2 to stage 1 | 28,075,800 | (28,075,800) | - | - |
| Transfer from stage 2 to stage 3 | - | (733,857) | 733,857 | - |
| Transfer from stage 3 to stage 1 | 173,400 | - | (173,400) | - |
| Transfer from stage 3 to stage 2 | - | 118,647 | (118,647) | - |
| | | | | - |
| Financial assets derecognized during the period other than write-offs | (2,768,435) | (645,514) | (12,703) | (3,426,652) |
| New financial assets originated or purchased | 19,471,628 | - | - | 19,471,628 |
| Impact on ECL of transfers | 7,544,137 | (20,778,609) | 22,053,439 | 8,818,967 |
| Changes in existing | (25,746,578) | 4,210,614 | 17,838,901 | (3,697,063) |
| Write-offs | - | - | - | - |
| **Loss allowance as at 30 June 2022** | **55,827,273** | **16,856,689** | **276,399,379** | **349,083,341** |
| **Loss allowance as at 01 July 2022** | **55,827,273** | **16,856,689** | **276,399,379** | **349,083,341** |
| Transfers: | | | | - |
| Transfer from stage 1 to stage 2 | (5,348,957) | 5,348,957 | - | - |
| Transfer from stage 1 to stage 3 | (793,569) | - | 793,569 | - |
| Transfer from stage 2 to stage 1 | 9,408,224 | (9,408,224) | - | - |
| Transfer from stage 2 to stage 3 | - | (2,523,632) | 2,523,632 | - |
| Transfer from stage 3 to stage 1 | 854,338 | - | (854,338) | - |
| Transfer from stage 3 to stage 2 | - | - | - | - |
| | | | | - |
| Financial assets derecognized during the period other than write-offs | (10,391,646) | (1,080,928) | (1,758,796) | (13,231,370) |
| New financial assets originated or purchased | 35,752,755 | - | - | 35,752,755 |
| Impact on ECL of transfers | 32,999,928 | (1,276,212) | 5,410,051 | 37,133,767 |
| Changes in existing | (8,804,945) | 19,019,632 | 11,534,782 | 21,749,469 |
| Write-offs | - | - | (156,888) | (156,888) |
| **Loss allowance as at 30 June 2023** | **109,503,401** | **26,936,282** | **293,891,391** | **430,331,074** |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| **Corporate** | Rs | Rs | Rs | Rs |
| **Loss allowance as at 01 July 2023** | **109,503,401** | **26,936,282** | **293,891,391** | **430,331,074** |
| Transfers: | | | | - |
| Transfer from stage 1 to stage 2 | **(2,778,051)** | **2,778,051** | **-** | **-** |
| Transfer from stage 1 to stage 3 | **(4,730,563)** | **-** | **4,730,563** | **-** |
| Transfer from stage 2 to stage 1 | **8,416,433** | **(8,416,433)** | **-** | **-** |
| Transfer from stage 2 to stage 3 | **-** | **(13,144,949)** | **13,144,949** | **-** |
| Transfer from stage 3 to stage 1 | **30** | **-** | **(30)** | **-** |
| Transfer from stage 3 to stage 2 | **-** | **-** | **-** | **-** |
| | | | | **-** |
| Financial assets derecognized during the period other than write-offs | **(14,824,626)** | **(1,160,398)** | **(91,147)** | **(16,076,171)** |
| New financial assets originated or purchased | **24,258,910** | **-** | **-** | **24,258,910** |
| Impact on ECL of transfers | **(7,361,630)** | **2,875,800** | **175,177,637** | **170,691,807** |
| Changes in existing | **(54,952,441)** | **(1,475,423)** | **77,417,737** | **20,989,873** |
| Write-offs | **-** | **-** | **(114,376,234)** | **(114,376,234)** |
| **Loss allowance as at 30 June 2024** | **57,531,463** | **8,392,930** | **449,894,866** | **515,819,259** |

ECL transferred from stage 3 to stage 1 is minimal relative to transfer reported in the carrying amount since the exposures were fully secured.

The net impairment charge on financial assets under the corporate segment is mainly driven by additional ECL charge upon transfer of exposures from stage 1 to stage 3 attracting a higher ECL as at 30 June 2024.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Investment securities** | | | | |
| **Loss allowance as at 01 July 2021** | **27,299,586** | **-** | **-** | **27,299,586** |
| Movements with P&L impact | | | | |
| New financial assets originated or purchased | 2,686,770 | - | - | 2,686,770 |
| Financial assets derecognized during the period | (506,732) | | | (506,732) |
| Change in existing | (9,198,912) | - | - | (9,198,912) |
| **Loss allowance as at 30 June 2022** | **20,280,712** | **-** | **-** | **20,280,712** |
| | | | | |
| **Loss allowance as at 01 July 2022** | **20,280,712** | **-** | **-** | **20,280,712** |
| Transfer from Stage 1 to Stage 3 | (1,689,361) | - | 1,689,361 | - |
| Financial assets derecognized during the period other than write-offs | (1,608,305) | - | - | (1,608,305) |
| New financial assets originated or purchased | 109,575 | - | - | 109,575 |
| Changes in existing | (2,219,148) | - | - | (2,219,148) |
| Impact on ECL of transfers | - | - | 132,157,697 | 132,157,697 |
| **Loss allowance as at 30 June 2023** | **14,873,473** | **-** | **133,847,058** | **148,720,531** |
| | | | | |
| **Loss allowance as at 01 July 2023** | **14,873,473** | **-** | **133,847,058** | **148,720,531** |
| Financial assets derecognized during the period other than write-offs | **(1,569,602)** | **-** | **-** | **(1,569,602)** |
| New financial assets originated or purchased | **5,412,979** | **-** | **-** | **5,412,979** |
| Changes in existing | **(1,537,010)** | **-** | **8,249,173** | **6,712,163** |
| **Loss allowance as at 30 June 2024** | **17,179,840** | **-** | **142,096,231** | **159,276,071** |

# Notes to the financial statements
For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Retail** | | | | |
| **Gross carrying amount as at 01 July 2021** | **4,739,174,198** | **281,473,456** | **64,234,546** | **5,084,882,200** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | (317,861,742) | 317,861,742 | - | - |
| Transfer from stage 1 to stage 3 | (58,021,891) | - | 58,021,891 | - |
| Transfer from stage 2 to stage 1 | 197,146,982 | (197,146,982) | - | - |
| Transfer from stage 2 to stage 3 | - | (45,932,077) | 45,932,077 | - |
| Transfer from stage 3 to stage 1 | 7,329,324 | - | (7,329,324) | - |
| Transfer from stage 3 to stage 2 | - | 2,384,680 | (2,384,680) | - |
| Financial assets derecognized during the period other than write-offs | (130,173,605) | (969,452) | (275,404) | (131,418,461) |
| New financial assets originated or purchased | 2,220,059,103 | - | - | 2,220,059,103 |
| Changes in existing* | (237,322,366) | 22,153,968 | 82,179,850 | (132,988,548) |
| **Gross carrying amount as at 30 June 2022** | **6,420,330,003** | **379,825,335** | **240,378,956** | **7,040,534,294** |
| **Gross carrying amount as at 01 July 2022** | **6,420,330,003** | **379,825,335** | **240,378,956** | **7,040,534,294** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | (311,839,253) | 311,839,253 | - | - |
| Transfer from stage 1 to stage 3 | (22,526,969) | - | 22,526,969 | - |
| Transfer from stage 2 to stage 1 | 181,411,418 | (181,411,418) | - | - |
| Transfer from stage 2 to stage 3 | - | (36,050,782) | 36,050,782 | - |
| Transfer from stage 3 to stage 1 | 5,849,806 | - | (5,849,806) | - |
| Transfer from stage 3 to stage 2 | - | 1,041,776 | (1,041,776) | - |
| Financial assets derecognized during the period other than write-offs | (521,578,727) | (68,850,002) | (28,495,324) | (618,924,053) |
| New financial assets originated or purchased | 1,849,232,591 | - | - | 1,849,232,591 |
| Changes in existing* | (324,287,040) | (22,836,653) | 1,275,069 | (345,848,624) |
| Other movements** | - | - | (13,837,689) | (13,837,689) |
| Write-offs | - | - | (1,143,669) | (1,143,669) |
| **Gross carrying amount as at 30 June 2023** | **7,276,591,829** | **383,557,509** | **249,863,512** | **7,910,012,850** |

*Changes in existing represents movement in interest accrued and foreign exchange movement during the financial year.

**Other movement represents movement in deferred income and interest suspended on non-performing accounts during the financial year.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Retail** | | | | |
| **Gross carrying amount as at 01 July 2023** | **7,276,591,829** | **383,557,509** | **249,863,512** | **7,910,012,850** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | **(193,467,733)** | **193,467,733** | **-** | **-** |
| Transfer from stage 1 to stage 3 | **(20,521,505)** | **-** | **20,521,505** | **-** |
| Transfer from stage 2 to stage 1 | **154,242,333** | **(154,242,333)** | **-** | **-** |
| Transfer from stage 2 to stage 3 | **-** | **(77,203,949)** | **77,203,949** | **-** |
| Transfer from stage 3 to stage 1 | **10,138,790** | **-** | **(10,138,790)** | **-** |
| Transfer from stage 3 to stage 2 | **-** | **2,644,292** | **(2,644,292)** | **-** |
| Financial assets derecognized during the period other than write-offs | **(1,750,721,595)** | **(22,324,851)** | **(184,355,374)** | **(1,957,401,820)** |
| New financial assets originated or purchased | **2,238,755,030** | **-** | **-** | **2,238,755,030** |
| Changes in existing* | **453,405,680** | **14,700,941** | **72,136,002** | **540,242,623** |
| Other movements** | **-** | **-** | **1,089,826** | **1,089,826** |
| Write-offs | **-** | **-** | **(6,750,984)** | **(6,750,984)** |
| **Gross carrying amount as at 30 June 2024** | **8,168,422,829** | **340,599,342** | **216,925,354** | **8,725,947,525** |

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Corporate** | | | | |
| **Gross carrying amount as at 01 July 2021** | **11,929,826,391** | **523,358,593** | **766,347,910** | **13,219,532,894** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | (58,599,291) | 58,599,291 | - | - |
| Transfer from stage 1 to stage 3 | (16,885,229) | - | 16,885,229 | - |
| Transfer from stage 2 to stage 1 | 327,470,049 | (327,470,049) | - | - |
| Transfer from stage 2 to stage 3 | - | (6,445,635) | 6,445,635 | - |
| Transfer from stage 3 to stage 1 | 859,040 | - | (859,040) | - |
| Transfer from stage 3 to stage 2 | - | 307,424 | (307,424) | - |
| Financial assets derecognized during the period other than write-offs | (2,742,033,304) | (136,128,450) | (285,696) | (2,878,447,450) |
| New financial assets originated or purchased | 1,135,429,731 | - | - | 1,135,429,731 |
| Changes in existing* | (140,313,072) | (11,080,700) | 5,077,491 | (146,316,281) |
| Other movements** | (4,842,435) | - | (68,976,712) | (73,819,147) |
| **Gross carrying amount as at 30 June 2022** | **10,430,911,880** | **101,140,474** | **724,327,393** | **11,256,379,747** |

*Changes in existing represents movement in interest accrued and foreign exchange movement during the financial year.

**Other movement represents movement in deferred income and interest suspended on non-performing accounts during the financial year.

# Notes to the financial statements
For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Corporate** | | | | |
| **Gross carrying amount as at 01 July 2022** | **10,430,911,880** | **101,140,474** | **724,327,393** | **11,256,379,747** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | (454,303,344) | 454,303,344 | - | - |
| Transfer from stage 1 to stage 3 | (19,561,486) | - | 19,561,486 | - |
| Transfer from stage 2 to stage 1 | 51,332,211 | (51,332,211) | - | - |
| Transfer from stage 2 to stage 3 | - | (17,710,350) | 17,710,350 | - |
| Transfer from stage 3 to stage 1 | 8,970,247 | - | (8,970,247) | - |
| Transfer from stage 3 to stage 2 | - | - | - | - |
| Financial assets derecognized during the period other than write-offs | (8,967,942,966) | (248,493,813) | (379,287) | (9,216,816,066) |
| New financial assets originated or purchased | 11,745,548,429 | - | - | 11,745,548,429 |
| Changes in existing* | 223,993,635 | 8,022,101 | 73,542,835 | 305,558,571 |
| Other movements** | (75,534) | - | (64,690,430) | (64,765,964) |
| Write-offs | - | - | (306,728) | (306,728) |
| **Gross carrying amount as at 30 June 2023** | **13,018,873,072** | **245,929,545** | **760,795,372** | **14,025,597,989** |
| **Gross carrying amount as at 01 July 2023** | **13,018,873,072** | **245,929,545** | **760,795,372** | **14,025,597,989** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 2 | **(38,314,763)** | **38,314,763** | **-** | **-** |
| Transfer from stage 1 to stage 3 | **(338,365,298)** | **-** | **338,365,298** | **-** |
| Transfer from stage 2 to stage 1 | **81,694,219** | **(81,694,219)** | **-** | **-** |
| Transfer from stage 2 to stage 3 | **-** | **(106,342,873)** | **106,342,873** | **-** |
| Transfer from stage 3 to stage 1 | **18,083,821** | **-** | **(18,083,821)** | **-** |
| Transfer from stage 3 to stage 2 | **-** | **-** | **-** | **-** |
| Financial assets derecognized during the period other than write-offs | **(9,070,028,917)** | **(10,109,860)** | **(22,399,486)** | **(9,102,538,263)** |
| New financial assets originated or purchased | **11,279,230,905** | **-** | **-** | **11,279,230,905** |
| Changes in existing* | **243,714,229** | **6,075,012** | **84,107,653** | **333,896,894** |
| Other movements** | **39,679,379** | **-** | **(75,773,767)** | **(36,094,388)** |
| Write-offs | **-** | **-** | **(114,376,234)** | **(114,376,234)** |
| **Gross carrying amount as at 30 June 2024** | **15,234,566,647** | **92,172,368** | **1,058,977,888** | **16,385,716,903** |

*Changes in existing represents movement in interest accrued and foreign exchange movement during the financial year.

**Other movement represents movement in deferred income and interest suspended on non-performing accounts during the financial year.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.5 Loss Allowance (Cont'd)

| | The Group and the Bank | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| | Rs | Rs | Rs | Rs |
| **Investment securities** | | | | |
| **Amount as at 01 July 2021** | **5,397,396,552** | **-** | **-** | **5,397,396,552** |
| Financial assets derecognized during the period other than write-offs | (2,759,803,938) | | | (2,759,803,938) |
| New financial assets originated or purchased | 4,457,414,957 | - | - | 4,457,414,957 |
| Changes in existing | (207,776,437) | - | - | (207,776,437) |
| **Amount as at 30 June 2022** | **6,887,231,134** | **-** | **-** | **6,887,231,134** |
| Amount as at 01 July 2022 | **6,887,231,134** | **-** | **-** | **6,887,231,134** |
| Transfers: | | | | |
| Transfer from stage 1 to stage 3 | (307,058,703) | - | 307,058,703 | - |
| Financial assets derecognized during the period other than write-offs | (4,762,413,096) | - | - | (4,762,413,096) |
| New financial assets originated or purchased | 2,694,959,662 | - | - | 2,694,959,662 |
| Changes in existing | 172,833,336 | - | 37,086,429 | 209,919,765 |
| Other movements | - | - | (25,983,508) | (25,983,508) |
| Write-offs | - | - | - | - |
| **Amount as at 30 June 2023** | **4,685,552,333** | **-** | **318,161,624** | **5,003,713,957** |
| **Amount as at 01 July 2023** | **4,685,552,333** | **-** | **318,161,624** | **5,003,713,957** |
| Financial assets derecognized during the period other than write-offs | **(3,945,510,557)** | **-** | **-** | **(3,945,510,557)** |
| New financial assets originated or purchased | **7,296,726,500** | **-** | **-** | **7,296,726,500** |
| Changes in existing | **-** | **-** | **3,889,728** | **3,889,728** |
| **Amount as at 30 June 2024** | **8,036,768,276** | **-** | **322,051,352** | **8,358,819,628** |

# 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.1 Credit risk analysis (Cont'd)

### 6.1.6 Write-off policy

The Group and the Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's and the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

### 6.1.7 Modification 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 yet 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 and the Bank renegotiate 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 Bank has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group and the Bank assess whether this modification results in derecognition. In accordance with the Group’s and the Bank’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 and the Bank consider 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 and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.7 Modification 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 and the Bank monitor 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 and the Bank perform 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 and the Bank calculate 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 and the Bank measure 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.

These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired totalled **Rs 542,792,857** (30 June 2023: Rs 118,612,623 and 30 June 2022: Rs 1,840,669) for the period under review.

The Group and the Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group and the Bank monitors the subsequent performance of modified assets. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

The Group and the Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Group's and Bank's restructuring activities and their respective effect on the Group's and the Bank's financial performance:

| | The Group and the Bank | | |
|---|---|---|---|
| | Loans and advance to customers | Loans and advance to customers | Loans and advance to customers |
| | 2024 | 2023 | 2022 |
| **Retail** | Rs | Rs | Rs |
| Amortised cost before modification | **1,701,739,471** | 1,149,083,224 | 8,219,819 |
| Net modification loss | - | - | - |

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.8 Maximum exposure to credit risk before collateral held and other credit risk enhancement

Credit risk exposures are as follows:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Cash and cash equivalents | **10,112,818,877** | 4,273,915,533 | 4,010,449,944 | **10,112,818,877** | 4,273,915,533 | 4,010,449,944 |
| Mandatory balance held with Central Bank* | **2,855,998,585** | 2,277,213,614 | 2,117,551,231 | **2,855,998,585** | 2,277,213,614 | 2,117,551,231 |
| Derivative assets | **78,759,542** | 10,883,632 | 3,366,270 | **78,759,542** | 10,883,632 | 3,366,270 |
| Trading assets | **529,476,283** | 479,676,718 | 687,904,980 | **529,476,283** | 479,676,718 | 687,904,980 |
| Investment securities | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 |
| Loans and advances to banks | **905,925,292** | 938,342,148 | 456,317,785.00 | **905,925,292** | 938,342,148 | 456,317,785.00 |
| Loans and advances to customers | **23,413,207,401** | 20,297,328,616 | 17,186,153,643 | **23,553,801,109** | 20,445,036,472 | 17,342,460,401 |
| Other assets* | **216,493,560** | 190,133,536 | 132,540,356 | **255,433,917** | 229,073,892 | 171,480,707 |
| | **46,264,212,742** | **33,163,371,137** | **31,290,580,200** | **46,443,746,807** | **33,350,019,349** | **31,485,827,309** |

** Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance the clarity of the financial statements. Comparative information has been restated to conform with current year's presentation.*

**Other assets include amount due from the subsidiary (in the Bank 's separate financial statements), balances due in clearing and receivables at the Group and at the Bank.*

Credit risk exposures relating to off-balance sheet items are as follows:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | **2,594,461,569** | 2,119,139,142 | 1,388,448,331 | **2,594,461,569** | 2,119,139,142 | 1,388,448,331 |
| Credit commitments | **2,828,967,692** | **1,300,476,500** | **1,600,018,622** | **2,828,967,692** | **1,300,476,500** | **1,600,018,622** |

The above table represents credit risk exposure to the Group and the Bank as at 30 June 2024, 30 June 2023 and 30 June 2022, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans and advances portfolio as:

• **84.86%** (2023:89.32%; 2022: 93.37%) of the loans and advances portfolio is backed by collaterals:

• **91.99%** (2023:83.68%; 2022: 87.22%) of the loans and advances portfolio is considered to be neither past due nor impaired; and

• **Rs 2,013 Mn** (2023: Rs 3,581Mn; 2022: Rs 2,388Mn) of the loans and advances have been assessed on an individual basis and **Rs 1,237 Mn** (2023:Rs 1,010Mn; 2022: Rs 965Mn) is considered impaired.

# Notes to the financial statements
For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

### 6.1.9 Loans and advances

Total Loans and advances to banks and to customers are summarised as follows:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Neither past due nor impaired | **22,958,342,302** | 18,206,941,587 | 15,802,338,513 | **23,098,936,010** | 18,354,649,443 | 15,958,645,271 |
| Past due but not impaired | **736,825,176** | 2,570,302,514 | 1,373,562,420 | **736,825,176** | 2,570,302,513 | 1,373,562,420 |
| Individually impaired | **1,275,903,242** | 1,010,658,883 | 964,706,350 | **1,275,903,242** | 1,010,658,883 | 964,706,350 |
| Gross amount | **24,971,070,720** | **21,787,902,984** | **18,140,607,283** | **25,111,664,428** | **21,935,610,839** | **18,296,914,041** |
| Less allowance for credit impairment | **(651,938,027)** | (552,232,220) | (498,135,855) | **(651,938,027)** | (552,232,219) | (498,135,855) |
| Net amount | **24,319,132,693** | **21,235,670,764** | **17,642,471,428** | **24,459,726,401** | **21,383,378,620** | **17,798,778,186** |

At 30 June 2024, the total impairment provision for loans and advances was **Rs 651,938,027** (2023: Rs 552,232,219 and 2022: Rs 498,135,855) of which **Rs 548,858,903** (2023: Rs 367,025,859 and 2022: Rs 329,877,491) represented the expected credit losses for stage 3 on impaired loans and the remaining amount of **Rs 103,079,124** (2023: Rs 185,206,360 and 2022: Rs 168,258,364) represented the expected credit allowance for stage 1 and 2. Further information on the allowance for credit impairment on loans and advances are provided in Note 12 and 13.

Total Loans and advances to banks and to customers are summarised as follows:
The credit quality of the portfolio of loans and advances that were neither past due nor impaired is assessed by reference to the internal rating system adopted by the Group.

### 6.1.10 Repossessed collaterals

The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value.
No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in ‘other income’. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in ‘other income’. Gains or losses on disposal of repossessed properties are reported in ‘other income’.

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.1 Credit risk analysis (Cont'd)

#### 6.1.11 Country risk management

Cross-border exposures subject banks to country risk, that is the possibility that sovereign borrowers of a particular country may be unable or unwilling, and borrowers unable to fulfill their foreign obligations for reasons beyond the usual credit risk which arises in relation to all lending.

In April 2010, the Bank of Mauritius issued its first guideline on Country Risk Management. In the same year, the Bank put in place its policy on Country Risk Management policy which is a comprehensive document approved by the Board of Directors and which contains the risk appetite of the Group together with a set of techniques on the measurement and monitoring of the Group's country risk exposures.

In September 2020, the Bank of Mauritius issued its first guideline on Cross Border Exposure which was revised in March 2021 and thereafter in August 2022. Prior to issuance of this guideline by the Central Bank, MauBank Ltd already has in place a Cross-Border Investment & Lending Risk Management Policy since November 2019 which is a comprehensive policy dealing with cross border exposures.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this context, MauBank Ltd monitors its country risk exposures at the level of the Asset and Liability Management Committee on a monthly basis.

At 30 June 2024, 26.04 % of the risk weighted exposures were in AA+u countries and the remaining 73.96 % spread between A+ to BBB-u. The highest exposures were in Africa represented by 50.54 %, 26.04 % in North America, 3.28 % in Europe, 6.38% in Middle East and 13.76% in East Asia.

At 30 June 2023, 25.21 % of the risk weighted exposures were in AA+u countries and the remaining 74.79 % spread between A+ to BBB-u. The highest exposures were in Africa represented by 51.69 %, 25.61 % in North America, 18.51 % in Europe, and 4.14% in East Asia.

At 30 June 2022, 29.67% of the risk weighted exposures were in AA+u countries and the remaining 70.33% spread between A+ to BBB-u. The highest exposures were in Africa represented by 43.95%, 30.00% in North America, 13.53% in Europe, and 12.52% in East Asia.

### 6.2 Market risk analysis

Market risk is the risk of loss resulting from adverse movements in the value of financial instruments. It encompasses exposure to interest rates, foreign exchange rates, equity prices and commodity prices. Sound market risk management practices include the measurement and monitoring of market risk as well as the communication and enforcement of risk limits throughout the Group's trading businesses.

Market risk is monitored consistently and reported to the Group's Asset and Liability Committee (ALCO). Movements of major currencies, trends and forecasts are analysed in the ALCO. Matching of Group's Assets and Liabilities is closely monitored by using gap analysis. Limits and authorisation/approval levels are set in the Bank's Liquidity, Interest Rate and Foreign Exchange Risk Policy. Procedures are strictly followed and adhered to.

# Notes to the financial statements
For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity

Foreign exchange risk is the risk that the Group's earnings and economic value will be adversely affected with the movements in the foreign exchange rate. The Group is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales.

The Group monitors its foreign exchange risk exposure based on limits set in the Group's Foreign Exchange Risk Policy. Authorisation limits are clearly indicated in this policy. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. ALCO is the main forum in which foreign exchange and treasury matters are discussed and analysed.

The Subsidiary is not exposed to any foreign currency risk since it did not have any financial assets or financial liabilities denominated in foreign currencies as at 30 June 2024.

The Group's reporting currency is the Mauritian Rupee (MUR) but it has assets, liabilities, income and expenses in other currencies. The tables on the following summarise the Group's exposure to the foreign exchange rate risk at 30 June 2024, 30 June 2023 and 30 June 2022.

| **At 30 June 2024 (The Group)** | **MUR** | **EURO** | **USD** | **GBP** | **OTHER** | **TOTAL** |
|---|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000 equivalent** | **Rs'000 equivalent** | **Rs'000 equivalent** | **Rs'000 equivalent** | **Rs'000 equivalent** |
| **Assets** | | | | | | |
| Cash and cash equivalents | 6,779,348 | 518,559 | 2,323,376 | 487,645 | 301,885 | 10,410,813 |
| Mandatory balance held with Central Bank * | 2,750,680 | 29,016 | 59,415 | 16,888 | - | 2,855,999 |
| Derivative assets | 78,760 | - | - | - | - | 78,760 |
| Trading assets | - | - | 529,476 | - | - | 529,476 |
| Investment securities | 6,845,399 | - | 1,752,109 | - | - | 8,597,508 |
| Loans and advances to banks and customers | 21,019,162 | 918,793 | 2,967,830 | 49,044 | 16,243 | 24,971,072 |
| Other assets | 192,693 | - | 23,801 | - | - | 216,494 |
| **Total assets** | 37,666,042 | 1,466,368 | 7,656,007 | 553,577 | 318,128 | 47,660,122 |
| Less allowance for credit impairment | (489,583) | (116,967) | (45,021) | (1,035) | (17) | (652,623) |
| | 37,176,459 | 1,349,401 | 7,610,986 | 552,542 | 318,111 | 47,007,499 |
| **Liabilities** | | | | | | |
| Deposits from customers | 32,878,398 | 1,255,279 | 6,818,116 | 555,323 | 320,317 | 41,827,433 |
| Derivative liabilities | 1,075,922 | - | - | - | - | 1,075,922 |
| Lease liabilities | 20,614 | - | - | - | - | 20,614 |
| Payable to fellow subsidiary | 14,276 | - | 378 | - | - | 14,654 |
| Other liabilities | 604,853 | 1 | 170 | 142 | 242 | 605,408 |
| **Total liabilities** | 34,594,063 | 1,255,280 | 6,818,664 | 555,465 | 320,559 | 43,544,031 |
| **Net on-balance sheet position** | 2,582,396 | 94,121 | 792,322 | (2,923) | (2,448) | 3,463,468 |
| endorsements and other obligations on account of | 2,064,208 | 3,031 | 524,979 | - | 2,244 | 2,594,462 |
| Credit commitments | 2,816,198 | - | 8,047 | - | 4,723 | 2,828,968 |
| **Total off-balance sheet amount** | 4,880,406 | 3,031 | 533,026 | - | 6,967 | 5,423,430 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements
## For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity (Cont'd)

| At 30 June 2023 (The Group) | MUR | EURO | USD | GBP | OTHER | TOTAL |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent |
| **Assets** | | | | | | |
| Cash and cash equivalents | 345,268 | 327,375 | 3,539,154 | 257,196 | 97,447 | 4,566,440 |
| Mandatory balance held with Central Bank* | 2,184,023 | 23,888 | 55,799 | 13,504 | - | 2,277,214 |
| Derivative assets | 10,884 | - | - | - | - | 10,884 |
| Trading assets | - | - | 479,677 | - | - | 479,677 |
| Investment securities | 3,301,567 | - | 1,758,139 | - | - | 5,059,706 |
| Loans and advances to banks and customers | 19,042,574 | 474,430 | 2,219,585 | 51,227 | 88 | 21,787,904 |
| Other assets | 168,451 | - | 21,682 | - | - | 190,133 |
| **Total assets** | 25,052,767 | 825,693 | 8,074,036 | 321,927 | 97,535 | 34,371,958 |
| Less allowance for credit impairment | (488,416) | (3,034) | (60,216) | (755) | - | (552,421) |
| | 24,564,351 | 822,659 | 8,013,820 | 321,172 | 97,535 | 33,819,537 |
| **Liabilities** | | | | | | |
| Deposits from customers | 24,130,247 | 805,310 | 5,066,549 | 348,836 | 72,103 | 30,423,045 |
| Derivative liabilities | 868,251 | - | - | - | - | 868,251 |
| Lease liabilities | 17,740 | - | - | - | - | 17,740 |
| Payable to fellow subsidiary | 6,575 | - | 7,075 | - | - | 13,650 |
| Other liabilities | 512,073 | - | 193 | 195 | 17 | 512,478 |
| **Total liabilities** | 25,534,886 | 805,310 | 5,073,817 | 349,031 | 72,120 | 31,835,164 |
| **Net on-balance sheet position** | (970,535) | 17,349 | 2,940,003 | (27,859) | 25,415 | 1,984,373 |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | 2,015,224 | 4,309 | 99,606 | - | - | 2,119,139 |
| Credit commitments | 1,300,477 | - | - | - | - | 1,300,477 |
| **Total off-balance sheet amount** | 3,315,701 | 4,309 | 99,606 | - | - | 3,419,616 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity (Cont'd)

| At 30 June 2022 (The Group) | MUR | EURO | USD | GBP | OTHER | TOTAL |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent |
| **Assets** | | | | | | |
| Cash and cash equivalents | 1,008,487 | 70,563 | 2,538,376 | 260,300 | 373,522 | 4,251,248 |
| Mandatory balance held with Central Bank * | 1,981,855 | - | 121,650 | 14,046 | - | 2,117,551 |
| Derivative assets | 3,366 | - | - | - | - | 3,366 |
| Trading assets | - | - | 687,905 | - | - | 687,905 |
| Investment securities | 4,470,135 | - | 2,244,073 | - | - | 6,714,208 |
| Loans and advances to banks and customers | 15,723,805 | 805,841 | 1,548,769 | 62,110 | 82 | 18,140,607 |
| Other assets | 96,476 | - | 36,064 | - | - | 132,540 |
| **Total assets** | 23,284,124 | 876,404 | 7,176,837 | 336,456 | 373,604 | 32,047,425 |
| Less allowance for credit impairment | (469,298) | (8,881) | (13,441) | (6,516) | - | (498,136) |
| | 22,814,826 | 867,523 | 7,163,396 | 329,940 | 373,604 | 31,549,289 |
| **Liabilities** | | | | | | |
| Deposits from customers | 24,314,698 | 764,152 | 2,973,751 | 337,872 | 396,950 | 28,787,423 |
| Derivative liabilities | 804,854 | - | - | - | - | 804,854 |
| Lease liabilities | 36,602 | - | - | - | - | 36,602 |
| Payable to fellow subsidiary | 14,091 | - | 2,526 | - | - | 16,617 |
| Other liabilities | 566,789 | 143.00 | 202 | 208 | 17 | 567,359 |
| **Total liabilities** | 25,737,034 | 764,295 | 2,976,479 | 338,080 | 396,967 | 30,212,855 |
| **Net on-balance sheet position** | (2,922,208) | 103,228 | 4,186,917 | (8,140) | (23,363) | 1,336,434 |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | 1,267,232 | 5,633 | 104,179 | - | 11,404 | 1,388,448 |
| Credit commitments | 1,600,019 | - | - | - | - | 1,600,019 |
| **Total off-balance sheet amount** | 2,867,251 | 5,633 | 104,179 | - | 11,404 | 2,988,467 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity (Cont'd)

| At 30 June 2024 (The Bank) | MUR | EURO | USD | GBP | OTHER | TOTAL |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent |
| **Assets** | | | | | | |
| Cash and cash equivalents | 6,779,348 | 518,559 | 2,323,376 | 487,645 | 301,885 | 10,410,813 |
| Mandatory balance held with Central Bank * | 2,750,680 | 29,016 | 59,415 | 16,888 | - | 2,855,999 |
| Derivative assets | 78,760 | - | - | - | - | 78,760 |
| Trading assets | - | - | 529,476 | - | - | 529,476 |
| Investment securities | 6,845,399 | - | 1,752,109 | - | - | 8,597,508 |
| Loans and advances to banks and customers | 21,159,755 | 918,793 | 2,967,830 | 49,044 | 16,243 | 25,111,665 |
| Other assets | 231,633 | - | 23,801 | - | - | 255,434 |
| **Total assets** | 37,845,575 | 1,466,368 | 7,656,007 | 553,577 | 318,128 | 47,839,655 |
| Less allowance for credit impairment | (489,583) | (116,967) | (45,021) | (1,035) | (17) | (652,623) |
| | 37,355,992 | 1,349,401 | 7,610,986 | 552,542 | 318,111 | 47,187,032 |
| **Liabilities** | | | | | | |
| Deposits from customers | 32,899,240 | 1,255,279 | 6,818,116 | 555,323 | 320,317 | 41,848,275 |
| Derivative liabilities | 1,075,922 | - | - | - | - | 1,075,922 |
| Lease liabilities | 13,748 | - | - | - | - | 13,748 |
| Payable to fellow subsidiary | 14,276 | - | 378 | - | - | 14,654 |
| Other liabilities | 604,555 | 1 | 170 | 142 | 242 | 605,110 |
| **Total liabilities** | 34,607,741 | 1,255,280 | 6,818,664 | 555,465 | 320,559 | 43,557,709 |
| **Net on-balance sheet position** | 2,748,251 | 94,121 | 792,322 | (2,923) | (2,448) | 3,629,323 |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | 2,064,208 | 3,031 | 524,979 | - | 2,244 | 2,594,462 |
| Credit commitments | 2,816,198 | - | 8,047 | - | 4,723 | 2,828,968 |
| **Total off-balance sheet amount** | 4,880,406 | 3,031 | 533,026 | - | 6,967 | 5,423,430 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity (Cont'd)

| At 30 June 2023 (The Bank) | MUR | EURO | USD | GBP | OTHER | TOTAL |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent |
| **Assets** | | | | | | |
| Cash and cash equivalents | 345,268 | 327,375 | 3,539,154 | 257,196 | 97,447 | 4,566,440 |
| Mandatory balance held with Central Bank * | 2,184,023 | 23,888 | 55,799 | 13,504 | - | 2,277,214 |
| Derivative assets | 10,884 | - | - | - | - | 10,884 |
| Trading assets | - | - | 479,677 | - | - | 479,677 |
| Investment securities | 3,301,567 | - | 1,758,139 | - | - | 5,059,706 |
| Loans and advances to banks and customers | 19,190,281 | 474,430 | 2,219,585 | 51,227 | 88 | 21,935,611 |
| Other assets | 207,391 | - | 21,682 | - | - | 229,073 |
| **Total assets** | 25,239,414 | 825,693 | 8,074,036 | 321,927 | 97,535 | 34,558,605 |
| Less allowance for credit impairment | (488,416) | (3,034) | (60,216) | (755) | - | (552,421) |
| | 24,750,998 | 822,659 | 8,013,820 | 321,172 | 97,535 | 34,006,184 |
| **Liabilities** | | | | | | |
| Deposits from customers | 24,142,094 | 805,310 | 5,066,549 | 348,836 | 72,103 | 30,434,892 |
| Derivative liabilities | 868,251 | - | - | - | - | 868,251 |
| Lease liabilities | 46,120 | - | - | - | - | 46,120 |
| Payable to fellow subsidiary | 6,575 | - | 7,075 | - | - | 13,650 |
| Other liabilities | 511,783 | - | 193 | 195 | 17 | 512,188 |
| **Total liabilities** | 25,574,823 | 805,310 | 5,073,817 | 349,031 | 72,120 | 31,875,101 |
| **Net on-balance sheet position** | (823,825) | 17,349 | 2,940,003 | (27,859) | 25,415 | 2,131,083 |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | 2,015,224 | 4,309 | 99,606 | - | - | 2,119,139 |
| Credit commitments | 1,300,477 | - | - | - | - | 1,300,477 |
| **Total off-balance sheet amount** | 3,315,701 | 4,309 | 99,606 | - | - | 3,419,616 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity (Cont'd)

| At 30 June 2022 (The Bank) | MUR | EURO | USD | GBP | OTHER | TOTAL |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent | Rs'000 equivalent |
| **Assets** | | | | | | |
| Cash and cash equivalents | 1,008,487 | 70,563 | 2,538,376 | 260,300 | 373,522 | 4,251,248 |
| Mandatory balance held with Central Bank * | 1,981,855 | - | 121,650 | 14,046 | - | 2,117,551 |
| Derivative assets | 3,366 | - | - | - | - | 3,366 |
| Trading assets | - | - | 687,905 | - | - | 687,905 |
| Investment securities | 4,470,135 | - | 2,244,073 | - | - | 6,714,208 |
| Loans and advances to banks and customers | 15,880,112 | 805,841 | 1,548,769 | 62,110 | 82 | 18,296,914 |
| Other assets | 135,417 | - | 36,064 | - | - | 171,481 |
| **Total assets** | 23,479,372 | 876,404 | 7,176,837 | 336,456 | 373,604 | 32,242,673 |
| Less allowance for credit impairment | (469,298) | (8,881) | (13,441) | (6,516) | - | (498,136) |
| | 23,010,074 | 867,523 | 7,163,396 | 329,940 | 373,604 | 31,744,537 |
| **Liabilities** | | | | | | |
| Deposits from customers | 24,319,248 | 764,152 | 2,973,751 | 337,872 | 396,950 | 28,791,973 |
| Derivative liabilities | 804,854 | - | - | - | - | 804,854 |
| Lease liabilities | 99,318 | - | - | - | - | 99,318 |
| Payable to fellow subsidiary | 14,091 | - | 2,526 | - | - | 16,617 |
| Other liabilities | 566,499 | 143.00 | 202 | 208 | 17 | 567,069 |
| **Total liabilities** | 25,804,010 | 764,295 | 2,976,479 | 338,080 | 396,967 | 30,279,831 |
| **Net on-balance sheet position** | (2,793,936) | 103,228 | 4,186,917 | (8,140) | (23,363) | 1,464,706 |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | 1,267,232 | 5,633 | 104,179 | - | 11,404 | 1,388,448 |
| Credit commitments | 1,600,019 | - | - | - | - | 1,600,019 |
| **Total off-balance sheet amount** | 2,867,251 | 5,633 | 104,179 | - | 11,404 | 2,988,467 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

The Group and the Bank perform a sensitivity analysis to estimate the potential foreign exchange impact arising from movements in an ordinary market environment. The percentage change was based on the exchange rates prevailing between the start and the end of the financial year.

The sensitivity of profit and equity in regards to the Group's and the Bank's financial instruments is subject to changes in the USD/MUR, EURO/MUR, GBP/MUR, AUD/MUR, CAD/MUR, DKK/MUR, HKD/MUR, INR/MUR, JPY/MUR, NZD/MUR, NOK/MUR, SGD/MUR, ZAR/MUR, SEK/MUR, CHF/MUR, SAR/MUR, UAE/MUR and CNY/MUR exchange rates "all other things being equal".

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.1 Foreign currency sensitivity (Cont'd)

It assumes the following percentage changes in the exchange rates for the year ended 30 June 2024:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | % change | % change | % change |
| **The Group and the Bank** | | | |
| United States Dollar | **4.00%** | 6.00% | 6.00% |
| EURO | **3.00%** | 7.00% | 7.00% |
| Great Britain Pound | **4.00%** | 8.00% | 8.00% |
| Australian Dollar | **5.00%** | 3.00% | 3.00% |
| Canadian Dollar | **1.00%** | 1.00% | 1.00% |
| Hong Kong Dollar | **4.00%** | 5.00% | 5.00% |
| Indian Rupee | **2.00%** | 1.00% | 1.00% |
| Japanese Yen | **6.00%** | 14.00% | 14.00% |
| New Zealand Dollar | **4.00%** | 6.00% | 6.00% |
| Singapore Dollar | **4.00%** | 2.00% | 2.00% |
| South African Rand | **9.00%** | 7.00% | 7.00% |
| Swiss Franc | **4.00%** | 2.00% | 2.00% |
| Saudi Arabian Riyal | **4.00%** | 6.00% | 6.00% |
| United Arab Emirates Dirham | **4.00%** | 6.00% | 6.00% |
| Chinese Yuan | **4.00%** | 2.00% | 16.00% |

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Bank's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened/weakened by the above percentages, then this would have had the following impact on profit and equity for the year ended 30 June 2024.

| | 30 June 2024 | | 30 June 2023 | | 30 June 2022 | |
|---|---|---|---|---|---|---|
| | Impact on profit for the year and on equity | | Impact on profit for the year and on equity | | Impact on profit for the year and on equity | |
| **The Group and the Bank** | Strengthened | Weakened | Strengthened | Weakened | Strengthened | Weakened |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| United States Dollar | **(10,698,363)** | **10,698,363** | 188,386 | (188,386) | 206,221 | (206,221) |
| Euro | **17,739** | **(17,739)** | 1,010,808 | (1,010,808) | 1,337,013 | (1,337,013) |
| Great Britain Pound | **(72,087)** | **72,087** | (21,453) | 21,453 | (123,507) | 123,507 |
| Australian Dollar | **(71,291)** | **71,291** | (2,653) | 2,653 | (31,615) | 31,615 |
| Canadian Dollar | **2,423** | **(2,423)** | (39,351) | 39,351 | 422 | (422) |
| Hong Kong Dollar | **(818)** | **818** | 2 | (2) | 2,780 | (2,780) |
| Indian Rupee | **6,834** | **(6,834)** | 854 | (854) | 4,107 | (4,107) |
| Japanese Yen | **(1,228,765)** | **1,228,765** | (472,031) | 472,031 | (492,721) | 492,721 |
| New Zealand Dollar | **161** | **(161)** | 39 | (39) | 236 | (236) |
| Singapore Dollar | **16,983** | **(16,983)** | 6,090 | (6,090) | (26,691) | 26,691 |
| South African Rand | **(268,324)** | **268,324** | (418,408) | 418,408 | (138) | 138 |
| Swiss Franc | **90,478** | **(90,478)** | 227,767 | (227,767) | 8,589 | (8,589) |
| Saudi Arabian Riyal | **4,897** | **(4,897)** | 62 | (62) | 5,205 | (5,205) |
| United Arab Emirates Dirham | **(15,363)** | **15,363** | - | - | - | - |
| Chinese Yuan | **1,944** | **(1,944)** | 18,682 | (18,682) | 2,513 | (2,513) |
| **Total** | **(12,213,552)** | **12,213,552** | 498,794 | (498,794) | 892,414 | (892,414) |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity

Interest rate risk results from mismatches between asset and liability positions which are subject to unfavourable movements in interest rates with potentially adverse impact on margins, net interest income and economic value of a group's assets, liabilities and shareholders' value. Interest rate risk may be measured using methods which include sensitivity analysis and simulation modelling. The Group has its Interest Rate Risk Policy in which risks limits are laid down. Scenario analysis is worked out based on possible changes in interest rates and their impact on net interest income and margin is analysed and discussed in Group's Asset and Liability Management Committee.

The table below summarises the Group's exposure to interest rate risk at 30 June 2024:

| **At 30 June 2024 (The Group)** | **Floating** | **Up to 1 month** | **2 – 3 months** | **4 – 6 months** | **7 – 12 months** | **1– 3 years** | **Over 3 years** | **Non interest bearing** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 6,641,723 | 2,455,508 | - | - | - | - | - | 1,313,582 | 10,410,813 |
| Mandatory balance held with Central Bank * | - | - | - | - | - | - | - | 2,855,999 | 2,855,999 |
| Derivative assets | - | - | - | - | - | - | - | 78,760 | 78,760 |
| Trading assets | 529,476 | - | - | - | - | - | - | - | 529,476 |
| Investment securities | 581,386 | 700,174 | 992,410 | 2,336,271 | 2,220,090 | 568,615 | 1,065,427 | 133,135 | 8,597,508 |
| Loans and advances to customers | 22,471,949 | 812,164 | 331,048 | 189,261 | 8,810 | 374,432 | 783,408 | - | 24,971,072 |
| Other assets | - | - | - | - | - | - | - | 216,494 | 216,494 |
| **Total Assets** | 30,224,534 | 3,967,846 | 1,323,458 | 2,525,532 | 2,228,900 | 943,047 | 1,848,835 | 4,597,970 | 47,660,122 |
| Less allowance for credit impairment | - | - | - | - | - | - | - | (652,622) | (652,622) |
| **Total assets** | 30,224,534 | 3,967,846 | 1,323,458 | 2,525,532 | 2,228,900 | 943,047 | 1,848,835 | 3,945,348 | 47,007,500 |

| **At 30 June 2024** | **Floating** | **Up to 1 month** | **2 – 3 months** | **4 – 6 months** | **7 – 12 months** | **1– 3 years** | **Over 3 years** | **Non interest bearing** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 15,796,200 | 1,929,171 | 1,824,429 | 773,035 | 6,372,524 | 613,132 | 911,158 | 13,607,784 | 41,827,433 |
| Derivative liabilities | 1,049,549 | - | - | - | - | - | - | 26,373 | 1,075,922 |
| Lease liabilities | - | 1,084 | 1,224 | 1,032 | 1,324 | 6,470 | 9,480 | - | 20,614 |
| Payable to fellow subsidiary | - | - | - | - | - | - | - | 14,654 | 14,654 |
| Other liabilities | - | - | - | - | - | - | - | 605,408 | 605,408 |
| **Total liabilities** | 16,845,749 | 1,930,255 | 1,825,653 | 774,067 | 6,373,848 | 619,602 | 920,638 | 14,254,219 | 43,544,031 |
| **Net on-balance sheet interest sensitivity gap** | 13,378,785 | 2,037,591 | (502,195) | 1,751,465 | (4,144,948) | 323,445 | 928,197 | (10,308,871) | 3,463,469 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Group’s exposure to interest rate risk at 30 June 2023:

| At 30 June 2023 (The Group) | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 933,895 | 2,277,713 | - | - | - | - | - | 1,354,832 | 4,566,440 |
| Mandatory balance held with Central Bank * | - | - | - | - | - | - | - | 2,277,214 | 2,277,214 |
| Derivative assets | - | - | - | - | - | - | - | 10,884 | 10,884 |
| Trading assets | 479,677 | - | - | - | - | - | - | - | 479,677 |
| Investment securities | 456,734 | 2,325,281 | 868,384 | - | 200,598 | 456,102 | 734,829 | 17,778 | 5,059,706 |
| Loans and advances to banks and customers | 20,115,274 | 548,578 | 250,886 | 5,899 | 25,494 | 210,452 | 631,321 | - | 21,787,904 |
| Other assets | - | - | - | - | - | - | - | 190,133 | 190,133 |
| **Total Assets** | 21,985,580 | 5,151,572 | 1,119,270 | 5,899 | 226,092 | 666,554 | 1,366,150 | 3,850,841 | 34,371,958 |
| Less allowance for credit impairment | - | - | - | - | - | - | - | (552,421) | (552,421) |
| **Total assets** | 21,985,580 | 5,151,572 | 1,119,270 | 5,899 | 226,092 | 666,554 | 1,366,150 | 3,298,420 | 33,819,537 |

| At 30 June 2023 | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 13,945,801 | 472,890 | 570,216 | 614,956 | 3,455,370 | 2,065,701 | 329,277 | 8,968,834 | 30,423,045 |
| Derivative liabilities | - | - | - | - | - | - | 868,251 | - | 868,251 |
| Lease liabilities | - | 1,424 | 2,007 | 2,884 | 2,900 | 2,255 | 6,270 | - | 17,740 |
| Payable to fellow subsidiary | - | - | - | - | - | - | - | 13,650 | 13,650 |
| Other liabilities | - | - | - | - | - | - | - | 512,478 | 512,478 |
| **Total liabilities** | 13,945,801 | 474,314 | 572,223 | 617,840 | 3,458,270 | 2,067,956 | 1,203,798 | 9,494,962 | 31,835,164 |
| **Net on-balance sheet interest sensitivity gap** | 8,039,779 | 4,677,258 | 547,047 | (611,941) | (3,232,178) | (1,401,402) | 162,352 | (6,196,542) | 1,984,373 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Group's exposure to interest rate risk at 30 June 2022:

| At 30 June 2022 (The Group) | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 349,883 | 883,368 | - | - | - | - | - | 3,017,997 | 4,251,248 |
| Mandatory balance held with Central Bank * | - | - | - | - | - | - | - | 2,117,551 | 2,117,551 |
| Derivative assets | - | - | - | - | - | - | - | 3,366 | 3,366 |
| Trading assets | 687,905 | - | - | - | - | - | - | - | 687,905 |
| Investment securities | 138,867 | 1,667,265 | 1,219,968 | 711,939 | 926,818 | 944,970 | 1,086,469 | 17,912 | 6,714,208 |
| Loans and advances to banks and customers | 16,182,982 | 62,219 | 30,405 | 347,862 | 91,934 | 305,026 | 1,120,179 | - | 18,140,607 |
| Other assets | - | - | - | - | - | - | - | 132,540 | 132,540 |
| **Total Assets** | 17,359,637 | 2,612,852 | 1,250,373 | 1,059,801 | 1,018,752 | 1,249,996 | 2,206,648 | 5,289,366 | 32,047,425 |
| Less allowance for credit impairment | - | - | - | - | - | - | - | (498,136) | (498,136) |
| **Total assets** | 17,359,637 | 2,612,852 | 1,250,373 | 1,059,801 | 1,018,752 | 1,249,996 | 2,206,648 | 4,791,230 | 31,549,289 |

| At 30 June 2022 | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 15,403,495 | 688,090 | 924,843 | 815,655 | 1,067,006 | 897,861 | 134,279 | 8,856,194 | 28,787,423 |
| Derivative liabilities | - | - | - | - | - | - | 804,138 | 715 | 804,853 |
| Lease liabilities | - | 2,883 | 3,762 | 4,908 | 7,309 | 11,168 | 6,572 | - | 36,602 |
| Payable to fellow subsidiary | - | - | - | - | - | - | - | 16,617 | 16,617 |
| Other liabilities | - | - | - | - | - | - | - | 567,359 | 567,359 |
| **Total liabilities** | 15,403,495 | 690,973 | 928,605 | 820,563 | 1,074,315 | 909,029 | 944,989 | 9,440,885 | 30,212,854 |
| **Net on-balance sheet interest sensitivity gap** | 1,956,142 | 1,921,879 | 321,768 | 239,238 | (55,563) | 340,967 | 1,261,659 | (4,649,655) | 1,336,435 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2024:

| At 30 June 2024 (The Bank) | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 6,641,723 | 2,455,508 | - | - | - | - | - | 1,313,582 | 10,410,813 |
| Mandatory balance held with Central Bank * | - | - | - | - | - | - | - | 2,855,999 | 2,855,999 |
| Derivative assets | - | - | - | - | - | - | - | 78,760 | 78,760 |
| Trading assets | 529,476 | - | - | - | - | - | - | - | 529,476 |
| Investment securities | 581,386 | 700,174 | 992,410 | 2,336,271 | 2,220,090 | 568,615 | 1,065,427 | 133,135 | 8,597,508 |
| Loans and advances to banks and customers | 22,612,542 | 812,164 | 331,048 | 189,261 | 8,810 | 374,432 | 783,408 | - | 25,111,665 |
| Other assets | - | - | - | - | - | - | - | 255,434 | 255,434 |
| **Total Assets** | 30,365,127 | 3,967,846 | 1,323,458 | 2,525,532 | 2,228,900 | 943,047 | 1,848,835 | 4,636,910 | 47,839,655 |
| Less allowance for credit impairment | - | - | - | - | - | - | - | (652,622) | (652,622) |
| **Total assets** | 30,365,127 | 3,967,846 | 1,323,458 | 2,525,532 | 2,228,900 | 943,047 | 1,848,835 | 3,984,288 | 47,187,033 |

| At 30 June 2024 | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 15,796,200 | 1,929,171 | 1,824,429 | 773,035 | 6,372,524 | 613,132 | 911,158 | 13,628,626 | 41,848,275 |
| Derivative liabilities | 1,049,549 | - | - | - | - | - | - | 26,373 | 1,075,922 |
| Lease liabilities | - | 636 | 1,252 | 1,074 | 1,408 | 5,859 | 3,519 | - | 13,748 |
| Payable to fellow subsidiary | - | - | - | - | - | - | - | 14,654 | 14,654 |
| Other liabilities | - | - | - | - | - | - | - | 605,110 | 605,110 |
| **Total liabilities** | 16,845,749 | 1,929,807 | 1,825,681 | 774,109 | 6,373,932 | 618,991 | 914,677 | 14,274,763 | 43,557,709 |
| **Net on-balance sheet interest sensitivity gap** | 13,519,378 | 2,038,039 | (502,223) | 1,751,423 | (4,145,032) | 324,056 | 934,158 | (10,290,475) | 3,629,324 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Cont'd)

The table below summarises the Bank's exposure to interest rate risk at 30 June 2023:

| At 30 June 2023 (The Bank) | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 933,895 | 2,277,713 | - | - | - | - | - | 1,354,832 | 4,566,440 |
| Mandatory balance held with Central Bank * | - | - | - | - | - | - | - | 2,277,214 | 2,277,214 |
| Derivative assets | - | - | - | - | - | - | - | 10,884 | 10,884 |
| Trading assets | 479,677 | - | - | - | - | - | - | - | 479,677 |
| Investment securities | 456,734 | 2,325,281 | 868,384 | - | 200,598 | 456,102 | 734,829 | 17,778 | 5,059,706 |
| Loans and advances to banks and customers | 20,262,982 | 548,578 | 250,886 | 5,899 | 25,494 | 210,452 | 631,321 | - | 21,935,612 |
| Other assets | - | - | - | - | - | - | - | 229,073 | 229,073 |
| **Total Assets** | 22,133,288 | 5,151,572 | 1,119,270 | 5,899 | 226,092 | 666,554 | 1,366,150 | 3,889,781 | 34,558,606 |
| Less allowance for credit impairment | - | - | - | - | - | - | - | (552,421) | (552,421) |
| **Total assets** | 22,133,288 | 5,151,572 | 1,119,270 | 5,899 | 226,092 | 666,554 | 1,366,150 | 3,337,360 | 34,006,185 |

| At 30 June 2023 | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 13,945,800 | 472,890 | 570,216 | 614,956 | 3,455,370 | 2,065,701 | 329,277 | 8,980,682 | 30,434,892 |
| Derivative liabilities | - | - | - | - | - | - | 868,251 | - | 868,251 |
| Lease liabilities | - | 3,937 | 7,900 | 11,772 | 20,851 | 1,660 | - | - | 46,120 |
| Payable to fellow subsidiary | - | - | - | - | - | - | - | 13,650 | 13,650 |
| Other liabilities | - | - | - | - | - | - | - | 512,188 | 512,188 |
| **Total liabilities** | 13,945,800 | 476,827 | 578,116 | 626,728 | 3,476,221 | 2,067,361 | 1,197,528 | 9,506,520 | 31,875,101 |
| **Net on-balance sheet interest sensitivity gap** | 8,187,488 | 4,674,745 | 541,154 | (620,829) | (3,250,129) | (1,400,807) | 168,622 | (6,169,160) | 2,131,084 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Contd)

The table below summarises the Bank’s exposure to interest rate risk at 30 June 2022:

| At 30 June 2022 (The Bank) | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 349,883 | 883,368 | - | - | - | - | - | 3,017,997 | 4,251,248 |
| Mandatory balance held with Central Bank * | - | - | - | - | - | - | - | 2,117,551 | 2,117,551 |
| Derivative assets | - | - | - | - | - | - | - | 3,366 | 3,366 |
| Trading assets | 687,905 | - | - | - | - | - | - | - | 687,905 |
| Investment securities | 138,867 | 1,667,265 | 1,219,968 | 711,939 | 926,818 | 944,970 | 1,086,469 | 17,912 | 6,714,208 |
| Loans and advances to banks and customers | 16,339,289 | 62,219 | 30,405 | 347,862 | 91,934 | 305,026 | 1,120,179 | - | 18,296,914 |
| Other assets | - | - | - | - | - | - | - | 171,481 | 171,481 |
| **Total Assets** | 17,515,944 | 2,612,852 | 1,250,373 | 1,059,801 | 1,018,752 | 1,249,996 | 2,206,648 | 5,328,307 | 32,242,673 |
| Less allowance for credit impairment | - | - | - | - | - | - | - | (498,136) | (498,136) |
| **Total assets** | 17,515,944 | 2,612,852 | 1,250,373 | 1,059,801 | 1,018,752 | 1,249,996 | 2,206,648 | 4,830,171 | 31,744,537 |

| At 30 June 2022 | Floating | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1– 3 years | Over 3 years | Non interest bearing | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 15,403,495 | 688,090 | 924,843 | 815,655 | 1,067,006 | 897,861 | 134,279 | 8,860,744 | 28,791,973 |
| Derivative liabilities | - | - | - | - | - | - | 804,139 | 715 | 804,854 |
| Lease liabilities | - | 5,322 | 9,504 | 13,569 | 24,802 | 46,121 | - | - | 99,318 |
| Payable to fellow subsidiary | - | - | - | - | - | - | - | 16,617 | 16,617 |
| Other liabilities | - | - | - | - | - | - | - | 567,069 | 567,069 |
| **Total liabilities** | 15,403,495 | 693,412 | 934,347 | 829,224 | 1,091,808 | 943,982 | 938,418 | 9,445,145 | 30,279,831 |
| **Net on-balance sheet interest sensitivity gap** | 2,112,449 | 1,919,440 | 316,026 | 230,577 | (73,056) | 306,014 | 1,268,230 | (4,614,974) | 1,464,706 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

## 6. Financial instrument risk (Cont'd)

### Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Cont'd)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of 2%. A 2% basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rate.

The calculations are based on the financial instruments held at the reporting date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in profit and equity at 30 June 2024 given an increase or a decrease of 2% in interest rates.

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Increase | **149,538** | 134,202 | 26,967 | **149,538** | 134,202 | 26,967 |

A decrease of 2% in the interest rates would have the corresponding negative impact.

Average interest by major **currencies** for monetary financial instruments is:

| | EURO | USD | GBP | MUR |
|---|---|---|---|---|
| | % | % | % | % |
| **The Group and the Bank** | | | | |
| **At 30 June 2024** | | | | |
| **Assets** | | | | |
| Cash and balances with Central Bank | **N/A** | **N/A** | **N/A** | **N/A** |
| Balances with banks in Mauritius | **N/A** | **N/A** | **N/A** | **N/A** |
| Balances with banks abroad | **N/A** | **0.81** | **1.17** | **N/A** |
| Interbank placements | **3.70** | **5.25** | **4.95** | **3.03** |
| Investment securities: | | | | |
| - Amortised cost | **N/A** | **N/A** | **N/A** | **N/A** |
| - FVTOCI | **N/A** | **4.78** | **N/A** | **3.86** |
| - FVTPL | **N/A** | **N/A** | **N/A** | **N/A** |
| Loans and advances to customers | **7.47** | **8.50** | **8.80** | **7.38** |
| Other investments | **N/A** | **N/A** | **N/A** | **N/A** |
| **Liabilities** | | | | |
| Deposits | **0.25** | **1.30** | **1.76** | **2.84** |
| Balances with banks in Mauritius and other financial institutions | **N/A** | **N/A** | **N/A** | **N/A** |
| Lease liabilities | **N/A** | **N/A** | **N/A** | **7.00** |
| Borrowings from Central Bank | **N/A** | **N/A** | **N/A** | **N/A** |
| Other borrowings | **N/A** | **N/A** | **N/A** | **N/A** |

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.2 Market risk analysis (Cont'd)

### 6.2.2 Interest rate sensitivity (Cont'd)

| | EURO | USD | GBP | MUR |
|---|---|---|---|---|
| | % | % | % | % |
| **The Group and the Bank** | | | | |
| **At 30 June 2023** | | | | |
| **Assets** | | | | |
| Cash and balances with Central Bank | N/A | N/A | N/A | N/A |
| Balances with banks in Mauritius | N/A | N/A | N/A | N/A |
| Balances with banks abroad | N/A | 2.29 | N/A | N/A |
| Interbank placements | N/A | 4.95 | N/A | N/A |
| Investment securities: | | | | |
| - Amortised cost | N/A | N/A | N/A | N/A |
| - FVTOCI | N/A | 4.33 | N/A | 4.49 |
| - FVTPL | N/A | N/A | N/A | N/A |
| Loans and advances to customers | 8.27 | 8.50 | 8.26 | 7.47 |
| Other investments | N/A | N/A | N/A | N/A |
| **Liabilities** | | | | |
| Deposits | 0.11 | 0.14 | 0.84 | 2.75 |
| Balances with banks in Mauritius and other financial institutions | N/A | N/A | N/A | N/A |
| Lease liabilities | N/A | N/A | N/A | 2.62 |
| Borrowings from Central Bank | N/A | N/A | N/A | N/A |
| Other borrowings | N/A | N/A | N/A | N/A |

| | EURO | USD | GBP | MUR |
|---|---|---|---|---|
| | % | % | % | % |
| **The Group and the Bank** | | | | |
| **At 30 June 2022** | | | | |
| **Assets** | | | | |
| Cash and balances with Central Bank | N/A | N/A | N/A | N/A |
| Balances with banks in Mauritius | N/A | N/A | N/A | N/A |
| Balances with banks abroad | N/A | N/A | N/A | N/A |
| Interbank placements | N/A | 1.50 | N/A | N/A |
| Investment securities: | | | | |
| - Amortised cost | N/A | N/A | N/A | N/A |
| - FVTOCI | N/A | 6.19 | N/A | 1.99 |
| - FVTPL | N/A | N/A | N/A | 1.01 |
| Loans and advances to customers | 4.31 | 4.84 | 4.67 | 6.52 |
| Other investments | N/A | N/A | N/A | N/A |
| **Liabilities** | | | | |
| Deposits | 0.006 | 0.077 | 0.20 | 0.85 |
| Balances with banks in Mauritius and other financial institutions | N/A | N/A | N/A | N/A |
| Lease liabilities | N/A | N/A | N/A | 2.62 |
| Borrowings from Central Bank | N/A | N/A | N/A | N/A |
| Other borrowings | N/A | N/A | N/A | N/A |

# 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

## 6.2 Market risk analysis (Cont'd)

### 6.2.3 Interest Rate Benchmark Reform

All of the bank's LIBOR-linked exposures were transitioned to RFR namely Secured Overnight Financing Rate (SOFR), Term SOFR, SOFR Averages and other RFRs in major currencies .The Bank has made use of the practical expedient allowed under The Phase 2 Amendments where contractual changes, or changes to cash flows that are directly required by the reform, are to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Consequently, the effective interest rate (EIR) has been updated to reflect the change in an interest rate benchmark from LIBOR to a Risk Free Rate (RFR) without adjusting the carrying amount as at 30 June 2023.

## 6.3 Liquidity analysis

Liquidity risk is defined within the Group's and Bank's policy framework as 'the risk that, at any time, the Group and Bank does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Group and Bank is undertaken under the guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The liquidity policy of the Group is to ensure that it:

- can meet its financial obligations as they fall due in the normal course of business; and
- maintains an adequate stock of highly liquid assets to enable it to meet unexpected funding needs at short notice.

The Group's liquidity policy requires establishment and maintenance of three lines of defence:

- Cashflow management where the Group creates a continuously maturing stream of assets and liabilities;
- Maintenance of a liquid assets portfolio; and
- Maintenance of a diversified liability base.

The Treasury Unit manages the day-to-day cash flow management and the overall liquidity is under the close supervision of the Group's Asset and Liability Committee.

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of undiscounted cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

| | Sight | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1 – 3 years | Over 3 years | Non-maturity items | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 30 June 2024 (The Group)** | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 10,410,813 | - | - | - | - | - | - | - | 10,410,813 |
| Mandatory balance held with Central Bank * | 2,855,999 | - | - | - | - | - | - | - | 2,855,999 |
| Derivative assets ** | - | 6,953,942 | 286,320 | 140,317 | 566,256 | 1,449,557 | 2,379,386 | - | 11,775,778 |
| Trading assets | - | - | 529,476 | - | - | - | - | - | 529,476 |
| Investment securities | - | 712,780 | 1,001,375 | 2,407,862 | 2,403,973 | 1,286,646 | 1,321,997 | - | 9,134,633 |
| Loans and advances to banks and customers | 284,900 | 1,789,386 | 1,513,454 | 2,216,301 | 2,050,042 | 7,899,362 | 16,311,685 | - | 32,065,130 |
| Other assets | 216,494 | - | - | - | - | - | - | - | 216,494 |
| | 13,768,206 | 9,456,108 | 3,330,625 | 4,764,480 | 5,020,271 | 10,635,565 | 20,013,068 | - | 66,988,323 |
| Less allowance for credit losses | - | - | - | - | - | - | - | - | - |
| **Total assets** | 13,768,206 | 9,456,108 | 3,330,625 | 4,764,480 | 5,020,271 | 10,635,565 | 20,013,068 | - | 66,988,323 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 885,974 | 6,008,374 | 3,888,898 | 2,600,845 | 8,638,003 | 6,208,769 | 14,390,859 | - | 42,621,722 |
| Derivative liabilities ** | - | 6,983,808 | 289,586 | 141,402 | 682,426 | 1,759,268 | 2,976,494 | - | 12,832,984 |
| Payable to fellow subsidiary | - | 14,654 | - | - | - | - | - | - | 14,654 |
| Lease liabilities | - | 1,175 | 1,394 | 1,270 | 1,758 | 7,547 | 11,043 | - | 24,187 |
| Other liabilities | 605,408 | - | - | - | - | - | - | - | 605,408 |
| **Total liabilities** | 1,491,382 | 13,008,011 | 4,179,878 | 2,743,517 | 9,322,187 | 7,975,584 | 17,378,396 | - | 56,098,955 |
| | - | | | | | | | | |
| **Net on-balance sheet liquidity** | 12,276,824 | (3,551,903) | (849,253) | 2,020,963 | (4,301,916) | 2,659,981 | 2,634,672 | - | 10,889,368 |
| **Contingent liabilities** | | | | | | | | | |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | - | 144,893 | 694,664 | 254,652 | 502,185 | 969,649 | 28,418 | - | 2,594,461 |
| Credit commitments | 56,543 | 733,320 | 592,397 | 565,432 | 282,716 | 172,308 | 426,251 | - | 2,828,967 |
| | 56,543 | 878,213 | 1,287,061 | 820,084 | 784,901 | 1,141,957 | 454,669 | - | 5,423,428 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

** Derivative assets and Derivative liabilities have been amended to align to contractual cashflows. Comparatives have been changed to align with current year presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.3 Liquidity analysis (Cont'd)

| At 30 June 2023 (The Group) | Sight | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1 – 3 years | Over 3 years | Non-maturity items | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 | Rs’000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 4,566,440 | - | - | - | - | - | - | - | 4,566,440 |
| Mandatory balance held with Central Bank * | 2,277,214 | - | - | - | - | - | - | - | 2,277,214 |
| Derivative assets ** | - | 184,818 | 691,827 | 662,887 | 162,597 | 1,449,557 | 3,096,752 | - | 6,248,438 |
| Trading assets | - | 479,677 | - | - | - | - | - | - | 479,677 |
| Investment securities | - | 2,335,070 | 1,004,706 | 126,511 | 244,243 | 1,007,265 | 903,938 | - | 5,621,733 |
| Loans and advances to banks and customers | 361,173 | 1,249,439 | 1,001,507 | 1,213,862 | 1,412,521 | 7,327,936 | 15,758,962 | - | 28,325,400 |
| Other assets | 419,207 | - | - | - | - | - | - | - | 419,207 |
| **Total assets** | 7,624,034 | 4,249,004 | 2,698,040 | 2,003,260 | 1,819,361 | 9,784,758 | 19,759,652 | - | 47,938,109 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 596,165 | 3,139,886 | 1,549,629 | 2,054,793 | 5,147,861 | 6,740,536 | 11,774,654 | - | 31,003,524 |
| Derivative liabilities** | - | 211,502 | 692,289 | 658,567 | 193,379 | 1,759,268 | 3,646,991 | - | 7,161,996 |
| Lease liabilities | - | 1,461 | 2,076 | 2,971 | 3,030 | 2,592 | 7,364 | - | 19,494 |
| Payable to fellow subsidiary | - | 13,650 | - | - | - | - | - | - | 13,650 |
| Other liabilities | 1,024,666 | - | - | - | - | - | - | - | 1,024,666 |
| **Total liabilities** | 1,620,831 | 3,366,499 | 2,243,994 | 2,716,331 | 5,344,270 | 8,502,396 | 15,429,009 | - | 39,223,330 |
| | - | | | | | | | | |
| **Net on-balance sheet liquidity gap** | 6,003,203 | 882,505 | 454,046 | (713,071) | (3,524,909) | 1,282,362 | 4,330,643 | - | 8,714,779 |
| **Contingent liabilities** | | | | | | | | | |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | - | 84,431 | 193,129 | 322,976 | 268,517 | 1,145,951 | 104,135 | - | 2,119,139 |
| Credit commitments | 26,010 | 310,173 | 252,137 | 260,095 | 130,048 | 92,004 | 230,010 | - | 1,300,477 |
| | 26,010 | 394,604 | 445,266 | 583,071 | 398,565 | 1,237,955 | 334,145 | - | 3,419,616 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

** Derivative assets and Derivative liabilities have been amended to align to contractual cashflows. Comparatives have been changed to align with current year presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.3 Liquidity analysis (Cont'd)

| | Sight | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1 – 3 years | Over 3 years | Non-maturity items | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 30 June 2022 (The Group)** | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 4,251,248 | - | - | - | - | - | - | - | 4,251,248 |
| Mandatory balance held with Central Bank * | 2,117,551 | - | - | - | - | - | - | - | 2,117,551 |
| Derivative assets** | - | 241,212 | 94,363 | 30,030 | 75,049 | 823,877 | 3,712,491 | - | 4,977,022 |
| Trading assets | - | 455,232 | - | - | 232,673 | - | - | - | 687,905 |
| Investment securities | - | 1,358,985 | 1,565,546 | 766,300 | 999,080 | 1,264,294 | 1,294,939 | - | 7,249,144 |
| Loans and advances to banks and customers | 215,281 | 503,167 | 621,762 | 1,527,007 | 1,324,232 | 4,563,967 | 12,486,004 | - | 21,241,420 |
| Other assets | 132,540 | - | - | - | - | - | - | - | 132,540 |
| **Total assets** | 6,716,620 | 2,558,596 | 2,281,671 | 2,323,337 | 2,631,034 | 6,652,138 | 17,493,434 | - | 40,656,830 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 551,154 | 3,090,589 | 1,866,166 | 2,014,708 | 3,347,656 | 5,648,431 | 12,567,019 | - | 29,085,723 |
| Derivative liabilities** | - | 259,313 | 95,362 | 30,513 | 94,099 | 1,013,607 | 4,364,986 | - | 5,857,880 |
| Lease liabilities | - | 2,961 | 3,905 | 5,427 | 8,597 | 12,339 | 7,826 | - | 41,055 |
| Payable to fellow subsidiary | - | 16,617 | - | - | - | - | - | - | 16,617 |
| Other liabilities | 567,359 | - | - | - | - | - | - | - | 567,359 |
| **Total liabilities** | 1,118,513 | 3,369,480 | 1,965,433 | 2,050,648 | 3,450,352 | 6,674,377 | 16,939,831 | - | 35,568,634 |
| | - | | | | | | | | |
| **Net on-balance sheet liquidity gap** | 5,598,107 | (810,884) | 316,238 | 272,689 | (819,318) | (22,239) | 553,603 | - | 5,088,196 |
| **Contingent liabilities** | | | | | | | | | |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | - | 80,994 | 338,920 | 227,831 | 205,592 | 512,149 | 22,962 | - | 1,388,448 |
| Credit commitments | 32,000 | 405,738 | 328,304 | 320,004 | 160,002 | 101,134 | 252,837 | - | 1,600,019 |
| | 32,000 | 486,732 | 667,224 | 547,835 | 365,594 | 613,283 | 275,799 | - | 2,988,467 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

** Derivative assets and Derivative liabilities have been amended to align to contractual cashflows. Comparatives have been changed to align with current year presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.3 Liquidity analysis (Cont'd)

| | Sight | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1 – 3 years | Over 3 years | Non-maturity items | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 30 June 2024 (The Bank)** | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 10,410,813 | - | - | - | - | - | - | - | 10,410,813 |
| Mandatory balance held with Central Bank * | 2,855,999 | - | - | - | - | - | - | - | 2,855,999 |
| Derivative assets ** | - | 6,953,942 | 286,320 | 140,317 | 566,256 | 1,449,557 | 2,379,386 | - | 11,775,778 |
| Trading assets | - | - | 529,476 | - | - | - | - | - | 529,476 |
| Investment securities | - | 712,780 | 1,001,375 | 2,407,862 | 2,403,973 | 1,286,646 | 1,321,997 | - | 9,134,633 |
| Loans and advances to banks and customers | 284,900 | 1,789,386 | 1,513,454 | 2,216,301 | 2,050,042 | 7,899,362 | 16,452,278 | - | 32,205,723 |
| Other assets | 255,434 | - | - | - | - | - | - | - | 255,434 |
| **Total assets** | 13,807,146 | 9,456,108 | 3,330,625 | 4,764,480 | 5,020,271 | 10,635,565 | 20,153,661 | - | 67,167,856 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 886,599 | 6,011,292 | 3,889,731 | 2,601,679 | 8,641,546 | 6,212,312 | 14,399,404 | - | 42,642,563 |
| Derivative liabilities ** | - | 6,983,808 | 289,586 | 141,402 | 682,426 | 1,759,268 | 2,976,494 | - | 12,832,984 |
| Payable to fellow subsidiary | - | 14,654 | - | - | - | - | - | - | 14,654 |
| Lease liabilities | - | 713 | 1,394 | 1,270 | 1,758 | 6,624 | 4,140 | - | 15,899 |
| Other liabilities | 605,110 | - | - | - | - | - | - | - | 605,110 |
| **Total liabilities** | 1,491,709 | 13,010,467 | 4,180,711 | 2,744,351 | 9,325,730 | 7,978,204 | 17,380,038 | - | 56,111,210 |
| **Net on-balance sheet liquidity gap** | 12,315,437 | (3,554,359) | (850,086) | 2,020,129 | (4,305,459) | 2,657,361 | 2,773,623 | - | 11,056,646 |
| **Contingent liabilities** | | | | | | | | | |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | - | 144,893 | 694,664 | 254,652 | 502,185 | 969,649 | 28,418 | - | 2,594,461 |
| Credit commitments | 56,543 | 733,320 | 592,397 | 565,432 | 282,716 | 172,308 | 426,251 | - | 2,828,967 |
| | 56,543 | 878,213 | 1,287,061 | 820,084 | 784,901 | 1,141,957 | 454,669 | - | 5,423,428 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

** Derivative assets and Derivative liabilities have been amended to align to contractual cashflows. Comparatives have been changed to align with current year presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6.3 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.3 Liquidity analysis (Cont'd)

(i) The tables below show the expected timing of undiscounted cash flows for financial assets and liabilities of the Group and the Bank, slotted as per the rules defined by the Bank of Mauritius.

| | Sight | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1 – 3 years | Over 3 years | Non-maturity items | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 30 June 2023 (The Bank)** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 4,566,440 | - | - | - | - | - | - | - | 4,566,440 |
| Mandatory balance held with Central Bank * | 2,277,214 | - | - | - | - | - | - | - | 2,277,214 |
| Derivative assets** | - | 184,818 | 691,827 | 662,887 | 162,597 | 1,449,557 | 3,096,752 | - | 6,248,438 |
| Trading assets | - | 479,677 | - | - | - | - | - | - | 479,677 |
| Investment securities | - | 2,335,070 | 1,004,706 | 126,511 | 244,243 | 1,007,265 | 903,938 | - | 5,621,733 |
| Loans and advances to banks and customers | 361,173 | 1,249,439 | 1,001,507 | 1,213,862 | 1,412,521 | 7,327,936 | 15,906,670 | - | 28,473,108 |
| Other assets | 229,074 | - | - | - | - | - | - | - | 229,074 |
| **Total assets** | 7,433,901 | 4,249,004 | 2,698,040 | 2,003,260 | 1,819,361 | 9,784,758 | 19,907,360 | - | 47,895,684 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 596,521 | 3,141,544 | 1,550,103 | 2,055,267 | 5,149,875 | 6,742,550 | 11,779,511 | - | 31,015,371 |
| Derivative liabilities** | - | 211,502 | 692,289 | 658,567 | 193,379 | 1,759,268 | 3,646,991 | - | 7,161,996 |
| Payable to fellow subsidiary | - | 13,650 | - | - | - | - | - | - | 13,650 |
| Other liabilities | 512,188 | - | - | - | - | - | - | - | 512,188 |
| Lease liabilities | - | 4,038 | 8,076 | 11,971 | 21,030 | 1,669 | - | - | 46,784 |
| **Total liabilities** | 1,108,709 | 3,370,734 | 2,250,468 | 2,725,805 | 5,364,284 | 8,503,487 | 15,426,502 | - | 38,749,989 |
| **Net on-balance sheet liquidity gap** | 6,325,192 | 878,270 | 447,572 | (722,545) | (3,544,923) | 1,281,271 | 4,480,858 | - | 9,145,695 |
| **Contingent liabilities** | | | | | | | | | |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | - | 84,431 | 193,129 | 322,976 | 268,517 | 1,145,951 | 104,135 | - | 2,119,139 |
| Credit commitments | 26,010 | 310,173 | 252,137 | 260,095 | 130,048 | 92,004 | 230,010 | - | 1,300,477 |
| | 26,010 | 394,604 | 445,266 | 583,071 | 398,565 | 1,237,955 | 334,145 | - | 3,419,616 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

** Derivative assets and Derivative liabilities have been amended to align to contractual cashflows. Comparatives have been changed to align with current year presentation.

# Notes to the financial statements

For year ended 30 June 2024

## 6 Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.3 Liquidity analysis (Cont'd)

| | Sight | Up to 1 month | 2 – 3 months | 4 – 6 months | 7 – 12 months | 1 – 3 years | Over 3 years | Non-maturity items | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 30 June 2022 (The Bank)** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 4,251,248 | - | - | - | - | - | - | - | 4,251,248 |
| Mandatory balance held with Central Bank * | 2,117,551 | - | - | - | - | - | - | - | 2,117,551 |
| Derivative assets ** | - | 241,212 | 94,363 | 30,030 | 75,049 | 823,877 | 3,712,491 | - | 4,977,022 |
| Trading assets | - | 455,232 | - | - | 232,673 | - | - | - | 687,905 |
| Investment securities | - | 1,358,985 | 1,565,546 | 766,300 | 999,080 | 1,264,294 | 1,294,939 | - | 7,249,144 |
| Loans and advances to banks and customers | 215,281 | 503,167 | 621,762 | 1,527,007 | 1,324,232 | 4,563,967 | 12,642,312 | - | 21,397,728 |
| Other assets | 171,481 | - | - | - | - | - | - | - | 171,481 |
| **Total assets** | 6,755,561 | 2,558,596 | 2,281,671 | 2,323,337 | 2,631,034 | 6,652,138 | 17,649,742 | - | 40,852,079 |
| **Liabilities** | | | | | | | | | |
| Deposits from customers | 551,336 | 3,091,271 | 1,866,530 | 2,015,163 | 3,348,339 | 5,649,114 | 12,568,520 | - | 29,090,273 |
| Derivative liabilities ** | - | 259,313 | 95,362 | 30,513 | 94,099 | 1,013,607 | 4,364,986 | - | 5,857,880 |
| Payable to fellow subsidiary | - | 16,617 | - | - | - | - | - | - | 16,617 |
| Other liabilities | 567,069 | - | - | - | - | - | - | - | 567,069 |
| Lease liabilities | - | 5,537 | 9,905 | 14,427 | 26,597 | 47,454 | - | - | 103,920 |
| **Total liabilities** | 1,118,405 | 3,372,738 | 1,971,797 | 2,060,103 | 3,469,035 | 6,710,175 | 16,933,506 | - | 35,635,759 |
| **Net on-balance sheet liquidity gap** | 5,637,156 | (814,142) | 309,874 | 263,234 | (838,001) | (58,037) | 716,236 | - | 5,216,320 |
| **Contingent liabilities** | | | | | | | | | |
| Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers | - | 80,994 | 338,920 | 227,831 | 205,592 | 512,149 | 22,962 | | 1,388,448 |
| Credit commitments | 32,000 | 405,738 | 328,304 | 320,004 | 160,002 | 101,134 | 252,837 | | 1,600,019 |
| | 32,000 | 486,732 | 667,224 | 547,835 | 365,594 | 613,283 | 275,799 | - | 2,988,467 |

* Mandatory balances with the central bank have been reclassified from other assets and are now disclosed separately to enhance clarity of presentation. Comparative information has been restated to conform with current year's presentation.

** Derivative assets and Derivative liabilities have been amended to align to contractual cashflows. Comparatives have been changed to align with current year presentation.

# Notes to the financial statements
For year ended 30 June 2024

## 6. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

### 6.4 Financial assets and liabilities classification

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **Financial assets** | | | | | | |
| *Financial assets at fair value through profit or loss:* | | | | | | |
| Derivative assets | **78,759,542** | 10,883,632 | 3,366,270 | **78,759,542** | 10,883,632 | 3,366,270 |
| Trading assets | **529,476,283** | 479,676,718 | 687,904,980 | **529,476,283** | 479,676,718 | 687,904,980 |
| Equity investments | **445,974,417** | 363,828,963 | 17,912,214 | **445,974,417** | 363,828,963 | 17,912,214 |
| | **1,054,210,242** | 854,389,313 | 709,183,464 | **1,054,210,242** | 854,389,313 | 709,183,464 |
| *Financial assets at fair value through OCI:* | | | | | | |
| Government securities | **6,084,820,083** | 2,403,783,840 | 3,507,620,833 | **6,084,820,083** | 2,403,783,840 | 3,507,620,833 |
| Other securities | **2,066,713,119** | 2,292,093,500 | 3,188,675,158 | **2,066,713,119** | 2,292,093,500 | 3,188,675,158 |
| | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 |
| *Financial assets at amortised cost:* | | | | | | |
| Cash and cash equivalents | **10,410,128,675** | 4,566,250,861 | 4,251,247,756 | **10,410,128,675** | 4,566,250,861 | 4,251,247,756 |
| Mandatory balance with Central Bank | **2,855,998,585** | 2,277,213,614 | 2,117,551,231 | **2,855,998,585** | 2,277,213,614 | 2,117,551,231 |
| Loans and advances to banks | **905,925,292** | 938,342,148 | 456,317,785 | **905,925,292** | 938,342,148 | 456,317,785 |
| Loans and advances to customers | **23,413,207,401** | 20,297,328,616 | 17,186,153,643 | **23,553,801,109** | 20,445,036,472 | 17,342,460,401 |
| Other assets * | **216,493,560** | 190,133,536 | 132,540,356 | **255,433,917** | 229,073,892 | 171,480,707 |
| | **37,801,753,513** | 28,269,268,775 | 24,143,810,771 | **37,981,287,578** | 28,455,916,987 | 24,339,057,880 |
| **Total financial assets** | **47,007,496,957** | 33,819,535,428 | 31,549,290,226 | **47,187,031,022** | 34,006,183,640 | 31,744,537,335 |
| **Financial liabilities** | | | | | | |
| *Financial liabilities at fair value through profit or loss:* | | | | | | |
| Derivative liabilities | **1,075,921,722** | 868,250,541 | 804,853,718 | **1,075,921,722** | 868,250,541 | 804,853,718 |
| *Financial liabilities measured at amortised cost:* | | | | | | |
| Deposits from customers | **41,827,432,643** | 30,423,045,218 | 28,787,422,901 | **41,848,275,386** | 30,434,892,362 | 28,791,972,474 |
| Lease liabilities | **20,614,415** | 17,740,050 | 36,601,939 | **13,748,432** | 46,120,151 | 99,317,576 |
| Payable to fellow subsidiary | **14,654,255** | 13,649,767 | 16,617,253 | **14,654,255** | 13,649,767 | 16,617,253 |
| Other liabilities * | **605,408,091** | 512,478,478 | 567,359,552 | **605,109,991** | 512,187,978 | 567,069,052 |
| | **42,468,109,404** | 30,966,913,513 | 29,408,001,645 | **42,481,788,064** | 31,006,850,258 | 29,474,976,355 |
| **Total financial liabilities** | **43,544,031,126** | 31,835,164,054 | 30,212,855,363 | **43,557,709,786** | 31,875,100,799 | 30,279,830,073 |

* Non-financial assets and liabilities have been excluded

# 7. Fair value measurement

## 7.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

**The Group and the Bank**

| **30 June 2024** | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| | | **Rs** | **Rs** | **Rs** | **Rs** |
| **Assets/(liabilities)** | | | | | |
| Financial assets at FVTPL | 10 and 11(b) | - | **529,476,283** | **445,974,417** | **975,450,700** |
| Financial assets at FVTOCI | 11(a) | - | **8,037,734,666** | **113,798,536** | **8,151,533,202** |
| Derivative financial assets | 28 | - | **78,759,542** | - | **78,759,542** |
| Derivative financial liabilities | 28 | - | **(1,075,921,722)** | - | **(1,075,921,722)** |
| Fair value | | - | **7,570,048,769** | **559,772,953** | **8,129,821,722** |

| **30 June 2023** | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| | | **Rs** | **Rs** | **Rs** | **Rs** |
| **Assets/(liabilities)** | | | | | |
| Financial assets at FVTPL | 10 and 11(b) | - | 479,676,718 | 363,828,963 | 843,505,681 |
| Financial assets at FVTOCI | 11(a) | - | 4,695,877,340 | - | 4,695,877,340 |
| Derivative financial assets | 28 | - | 10,883,632 | - | 10,883,632 |
| Derivative financial liabilities | 28 | - | (868,250,541) | - | (868,250,541) |
| Fair value | | - | 4,318,187,149 | 363,828,963 | 4,682,016,112 |

| **30 June 2022** | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| | | **Rs** | **Rs** | **Rs** | **Rs** |
| **Assets/(liabilities)** | | | | | |
| Financial assets at FVTPL | 10 and 11(b) | - | 455,231,590 | 250,585,604 | 705,817,194 |
| Financial assets at FVTOCI | 11(a) | - | 6,696,295,991 | - | 6,696,295,991 |
| Derivative financial assets | 28 | - | 3,366,270 | - | 3,366,270 |
| Derivative financial liabilities | 28 | - | (804,853,718) | - | (804,853,718) |
| Fair value | | - | 6,350,040,133 | 250,585,604 | 6,600,625,737 |

Level 3 reconciliation is as follows:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Balance at start | **363,828,962** | 250,585,603 | 104,453,227 |
| Transfer from Level 2 | **113,798,536** | | |
| Additions | **426,348,247** | 93,450,206 | 140,379,253 |
| Disposal | **(380,746,590)** | - | - |
| Fair value movement | **36,543,798** | 19,793,153 | 5,753,123 |
| Balance at end | **559,772,953** | 363,828,962 | 250,585,603 |

Financial assets at FVTPL comprise of equity instruments. These equity instruments have been valued using Net Assets Value ('NAV'') as the Directors believe its NAV represents its fair value. An illiquidity discount within the range of 5% to 15% has been applied. A change of 5% in the illiquidity discounts with respect to financial assets at FVTPL will lead to a change of **Rs 1,120,613** ( 2023: Rs 1,034,438 and 2022 Rs 994,014). There has been no change in the fair value hierarchy.

During the year, an amount of Rs 113,798,536, pertaing to financial assets at FVOCI (Ghana Bond), has been reclassified from level 2 to level 3 following a change in inputs to the valuation. Previously, the instrument was classified at level 2 because market prices were available. Now, since the instrument reached its maturity, no market prices are available and it is classified as level 3 and a marketability discount is applied due to reduced marketability.

A marketability discount of 37% has been applied on debt instrument classified in financial assets at FVTOCI (Ghana Bond) in the level 3 hierachy. A change of 5% in the discount rate will lead to a change of Rs 10,421,000.

# Notes to the financial statements

For year ended 30 June 2024

## 7. Fair value measurement (Cont'd)

### 7.1 Fair value measurement of financial instruments (Cont'd)

There has been no transfer between Levels 1 and 2 in the reporting period and the two preceding years.

### (i) Measurement of fair value of financial instruments

Derivative products valued using a valuation technique with market observable inputs include forward foreign exchange contracts and option contracts across several asset classes, including but not limited to Funds, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves, volatility curves and/or feeds from appointed valuation/calculation agents.

### (ii) FVTPL and FVOCI financial assets

The fair values of the Group's investments in Treasury Bills, Treasury Bonds and Treasury Notes have been determined by reference to the mark to market prices at the reporting date. These are classified as level 2 except for debt instrument (Ghana Bond) which has been classified as level 3. Equity instruments measured at FVTPL have been valued using Net Assets Value ("NAV").

Apart from the above financial assets, the other financial instruments are measured as described in the accounting policies associated to them. During the year 2024, there has been a change in inputs used to fair value the investment held in Ghana Bonds where significant unobservable input has been used.

### 7.2 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

**Assets for which fair value approximates carrying value**

For financial assets and financial liabilities that have a short term maturity (less than three months), the carrying amount is assumed to approximate fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

**Fixed rate financial instruments**

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements.

The table does not include the fair values of non-financial assets (Note 7.3 below) and non-financial liabilities . The financial assets and financial liabilities are measured at level 3 on the fair value hierarchy.

| | 30 June 2024 | | | |
|---|---|---|---|---|
| | The Group | | The Bank | |
| | Carrying value | Total fair value | Carrying value | Total fair value |
| | Rs | Rs | Rs | Rs |
| **Financial assets** | | | | |
| *Financial assets measured at amortised cost:* | | | | |
| Cash and cash equivalents | **10,410,128,675** | **10,410,128,675** | **10,410,128,675** | **10,410,128,675** |
| Mandatory balance held with Central Bank | **2,855,998,585** | **2,855,998,585** | **2,855,998,585** | **2,855,998,585** |
| Loans and advances to banks | **905,925,292** | **905,925,292** | **905,925,292** | **905,925,292** |
| Loans and advances to customers | **23,413,207,401** | **23,315,731,136** | **23,553,801,109** | **23,456,324,844** |
| Other assets | **216,493,560** | **216,493,560** | **255,433,917** | **255,433,917** |
| | **37,801,753,513** | **37,704,277,248** | **37,981,287,578** | **37,883,811,313** |
| **Financial liabilities** | | | | |
| *Financial liabilities measured at amortised cost:* | | | | |
| Deposits from customers | **41,827,432,643** | **41,838,988,767** | **41,848,275,386** | **41,859,831,510** |
| Lease liabilities | **20,614,415** | **20,614,415** | **13,748,432** | **13,748,432** |
| Payable to fellow subsidiary | **14,654,255** | **14,654,255** | **14,654,255** | **14,654,255** |
| Other liabilities | **605,408,091** | **605,408,091** | **605,109,991** | **605,109,991** |
| **Total liabilities** | **42,468,109,404** | **42,479,665,528** | **42,481,788,064** | **42,493,344,188** |

# Notes to the financial statements

For year ended 30 June 2024

## 7. Fair value measurement (Cont'd)

### 7.2 Fair value of financial assets and liabilities not carried at fair value (Cont'd)

| | 30 June 2023 | | | |
|---|---|---|---|---|
| | The Group | | The Bank | |
| | Carrying value | Total fair value | Carrying value | Total fair value |
| | Rs | Rs | Rs | Rs |
| **Financial assets** | | | | |
| *Financial assets measured at amortised cost:* | | | | |
| Cash and cash equivalents | 4,566,250,861 | 4,566,250,861 | 4,566,250,861 | 4,566,250,861 |
| Mandatory balance held with Central Bank | 2,277,213,614 | 2,277,213,614 | 2,277,213,614 | 2,277,213,614 |
| Loans and advances to banks | 938,342,148 | 938,342,148 | 938,342,148 | 938,342,148 |
| Loans and advances to customers | 20,297,328,616 | 20,174,356,593 | 20,445,036,472 | 20,322,064,449 |
| Other assets | 190,133,536 | 190,133,536 | 229,073,892 | 229,073,892 |
| **Total financial assets** | 28,269,268,775 | 28,146,296,752 | 28,455,916,987 | 28,332,944,964 |
| **Financial liabilities** | | | | |
| *Financial liabilities measured at amortised cost:* | | | | |
| Deposits from customers | 30,423,045,218 | 30,448,321,232 | 30,434,892,362 | 30,460,168,376 |
| Lease liabilities | 17,740,050 | 17,740,050 | 46,120,151 | 46,120,151 |
| Payable to fellow subsidiary | 13,649,767 | 13,649,767 | 13,649,767 | 13,649,767 |
| Other liabilities | 512,478,478 | 512,478,478 | 512,187,978 | 512,187,978 |
| **Total financial liabilities** | 30,966,913,513 | 30,992,189,527 | 31,006,850,258 | 31,032,126,272 |

| | 30 June 2022 | | | |
|---|---|---|---|---|
| | The Group | | The Bank | |
| | Carrying value | Total fair value | Carrying value | Total fair value |
| | Rs | Rs | Rs | Rs |
| **Financial assets** | | | | |
| *Financial assets measured at amortised cost:* | | | | |
| Cash and cash equivalents | 4,251,247,756 | 4,251,247,756 | 4,251,247,756 | 4,251,247,756 |
| Mandatory balance held with Central Bank | 2,117,551,231 | 2,117,551,231 | 2,117,551,231 | 2,117,551,231 |
| Loans and advances to banks | 456,317,785 | 456,317,785 | 456,317,785 | 456,317,785 |
| Loans and advances to customers | 17,186,153,643 | 17,219,862,762 | 17,342,460,401 | 17,211,207,472 |
| Other assets | 132,540,356 | 132,540,356 | 171,480,707 | 171,480,707 |
| **Total financial assets** | 24,143,810,771 | 24,177,519,890 | 24,339,057,880 | 24,207,804,951 |
| **Financial liabilities** | | | | |
| *Financial liabilities measured at amortised cost:* | | | | |
| Deposits from customers | 28,787,422,901 | 28,977,021,566 | 28,791,972,474 | 28,857,240,483 |
| Lease liabilities | 36,601,939 | 36,601,939 | 99,317,576 | 99,317,576 |
| Payable to fellow subsidiary | 16,617,253 | 16,617,253 | 16,617,253 | 16,617,253 |
| Other liabilities | 567,359,552 | 567,359,552 | 567,069,052 | 567,069,052 |
| **Total financial liabilities** | 29,408,001,645 | 29,597,600,310 | 29,474,976,355 | 29,540,244,364 |

# Notes to the financial statements

For year ended 30 June 2024

## 7. Fair value measurement (Cont'd)

### 7.3 Fair value measurement of non-financial assets

| 30 June 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **The Group** | Rs | Rs | Rs | Rs |
| **Property, plant and equipment and investment properties:** | | | | |
| Land and buildings | - | - | **933,998,094** | **933,998,094** |
| Right of use assets | - | - | **39,823,209** | **39,823,209** |
| Investment properties | - | - | **390,500,000** | **390,500,000** |

| 30 June 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **The Bank** | Rs | Rs | Rs | Rs |
| **Property, plant and equipment and investment properties:** | | | | |
| Land and buildings | - | - | **653,276,924** | **653,276,924** |
| Right of use assets | - | - | **4,666,959** | **4,666,959** |
| Investment properties | - | - | **390,500,000** | **390,500,000** |

| 30 June 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **The Group** | Rs | Rs | Rs | Rs |
| **Property, plant and equipment and investment properties:** | | | | |
| Land and buildings | - | - | 951,804,913 | 951,804,913 |
| Right of use assets | - | - | 37,500,000 | 37,500,000 |
| Investment properties | - | - | 390,500,000 | 390,500,000 |

| 30 June 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **The Bank** | Rs | Rs | Rs | Rs |
| **Property, plant and equipment and investment properties:** | | | | |
| Land and buildings | - | - | 664,383,743 | 664,383,743 |
| Investment properties | - | - | 390,500,000 | 390,500,000 |

| 30 June 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **The Group** | Rs | Rs | Rs | Rs |
| **Property, plant and equipment and investment properties:** | | | | |
| Land and buildings | - | - | 954,715,191 | 954,715,191 |
| Right of use asset | - | - | 35,254,386 | 35,254,386 |
| Investment properties | - | - | 380,500,000 | 380,500,000 |

| 30 June 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **The Bank** | Rs | Rs | Rs | Rs |
| **Property, plant and equipment and investment properties:** | | | | |
| Land and buildings | - | - | 669,774,021 | 669,774,021 |
| Right of use asset | - | - | 4,833,333 | 4,833,333 |
| Investment properties | - | - | 380,500,000 | 380,500,000 |

## 7. Fair value measurement (Cont'd)

### 7.3 Fair value measurement of non-financial assets (Cont'd)

**Freehold land and buildings (Level 3)**

Freehold land and buildings under property, plant and equipment, investment properties and right of use assets are revalued as indicated in note 3.10,3.13 and 3.12 respectively. The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The last valuation was perfomed in the year ended 30 June 2023.

The appraisal are carried out using income approach.
The significant unobservable input is the adjustment for factors specific to the land and buildings in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.The significant unobservable valuation input is the price per square meter which is wihin the range of Rs 10,000 to Rs 115,000.

## 8. Capital management policies and procedures

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

• To comply with the capital and other requirements set by the Central Bank;

• To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

• To maintain a strong capital base to support the development of its business

For the Bank, capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central Bank, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

Previously, the Central Bank requires each bank to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%. The Bank's regulatory capital is divided into two tiers:

• Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and

• Tier 2 capital: qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

With the implementation of Basel III since 01 July 2014, the Bank has to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') at or above a minimum of 10%, a minimum total CAR 10% plus capital conservation buffer of 2.5%, a Common Equity Tier 1 (CET1) CAR of at least 6.5% and a Tier 1 CAR of at least 8% from 01 January 2020. As per latest Bank of Mauritius Guidelines, on the 24th February 2023, on average, over the maintenance period as defined below, banks shall maintain minimum cash balances equivalent to 9.0 percent (hereinafter referred to as "Cash Reserve Ratio") on their average rupee (MUR) and foreign currency (FCY) deposits in the preceding 28 day period.

The Bank's regulatory capital is divided into the following two tiers:

• Tier 1 capital (going-concern capital): comprises of (i) Common Equity Tier 1 and (ii) Additional Tier 1 Capital

(i) The Bank's Common Equity Tier 1 (CET1) capital consists of the following:

(a) stated capital;

(b) statutory reserve;

(c) fair value reserve; and

(d) Retained earnings/ (Accumulated losses)

(ii) The Bank has no Additional Tier 1 (AT1) capital as at 30 June 2024

• Tier 2 capital (gone-concern capital): qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

# Notes to the financial statements
For year ended 30 June 2024

## 8. Capital management policies and procedures (Cont'd)

The following table summarises the composition of regulatory capital and the ratios of the Bank as at 30 June 2024, 30 June 2023 and 30 June 2022 respectively. During the year ended 30 June 2022, the Bank complied with all of the externally imposed capital requirements to which it is subject. At 30 June 2024, capital adequacy ratio was 19.68**%** as compared to 15.35% at 30 June 2023 and 14.53% at 30 June 2022.

| | The Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs'000 | Rs'000 | Rs'000 |
| **Tier 1 Capital** | | | |
| **Common Equity Tier 1 Capital: instruments and reserves** | | | |
| Paid up share capital | **3,216,601** | 2,716,420 | 2,466,421 |
| Retained earnings / (Accumulated losses) | **1,078,926** | 496,293 | 194,109 |
| Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surplus on land and building assets) | **206,334** | (43,422) | (112,080) |
| **Common equity Tier 1 Capital before regulatory adjustments** | **4,501,861** | 3,169,291 | 2,548,450 |
| Common equity Tier 1 Capital: regulatory adjustments | **(119,186)** | (154,351) | (174,280) |
| **Common equity Tier 1 Capital after regulatory adjustments** | **4,382,675** | 3,014,940 | 2,374,170 |
| **Tier 1 Capital** | **4,382,675** | 3,014,940 | 2,374,170 |
| **Tier 2 Capital** | | | |
| **Tier 2 Capital: instruments and provisions** | | | |
| Provisions and loan loss reserves | **267,235** | 249,012 | 180,321 |
| Surplus arising from revaluation of land and buildings owned by the Bank | **115,296** | 115,296 | 112,997 |
| **Tier 2 Capital before regulatory adjustments** | **382,531** | 364,308 | 293,318 |
| Tier 2 Capital: regulatory adjustments | **(3,856)** | (5,515) | (5,150) |
| **Tier 2 Capital** | **378,675** | 358,793 | 288,168 |
| **Total Regulatory Capital (Rs)** | **4,761,350** | 3,373,733 | 2,662,338 |
| **Risk Weighted Assets (Rs)** | **24,189,648** | 21,981,003 | 18,318,424 |
| **Common Equity Tier 1 Capital Adequacy Ratio (%)** | **18.12** | 13.72 | 12.96 |
| **Tier 1 Capital Adequacy Ratio (%)** | **18.12** | 13.72 | 12.96 |
| **Capital Adequacy Ratio (%)** | **19.68** | 15.35 | 14.53 |

## 8. Capital management policies and procedures (Cont'd)

The risk-weighted assets of the Bank are determined by applying prescribed risk weights to on- and off-balance sheet assets, according to the credit risk of the counterparty as follows:

| On Balance Sheet Exposures | Exposures before CRM (Rs) | Exposures after CRM (Rs) | Risk-weights (%) | RWA (Rs) |
|---|---|---|---|---|
| Cash items | 341,431,580 | 341,431,580 | 0 -20 | 8,824,357 |
| Claims on sovereigns | 4,845,234,850 | 4,845,234,850 | 0 - 150 | 541,134,370 |
| Claims on central banks (and international institutions) | 11,765,793,428 | 11,765,793,428 | 0 - 150 | - |
| Claims on multilateral development banks (MDBs) | 999,847,619 | 999,847,619 | 0 - 150 | 879,372,483 |
| Claims on banks | 4,439,636,647 | 4,439,636,647 | 0 - 150 | 1,249,674,765 |
| Claims on non-central government public sector entities (PSEs) | 4,326,416,811 | 4,326,416,811 | 0 - 150 | 265,701,047 |
| Claims on securities firms | 534,689,602 | 534,689,602 | 0 - 150 | 267,344,801 |
| Claims on corporates | 9,495,695,111 | 9,356,176,738 | 0 - 150 | 9,171,393,453 |
| Claims included in the regulatory retail portfolio | 2,778,316,816 | 2,368,960,759 | 75 | 1,776,720,570 |
| Claims secured by residential property | 6,356,259,534 | 6,346,281,228 | 35 - 125 | 2,644,044,369 |
| Claims secured by commercial real estate | 444,658,839 | 444,658,839 | 100 - 125 | 494,961,640 |
| Past due claims | 908,144,512 | 908,144,512 | 50 - 150 | 1,093,142,816 |
| Other assets | 1,154,791,666 | 1,154,791,667 | 100 - 1,250 | 1,155,941,664 |
| **Total on-balance sheet credit risk-weighted exposures** | **48,390,917,015** | **47,832,064,280** | | **19,548,256,335** |

| Off-Balance Sheet Exposures - Non-Market-Related | Total before CRM (Rs) | Total after CRM (Rs) | CCF (%) | RWA (Rs) |
|---|---|---|---|---|
| Direct credit substitutes | 810,712,710 | 810,712,710 | 100 | 810,712,710 |
| Trade-related contingent items | 554,122,570 | 554,122,570 | 35 - 100 | 112,533,977 |
| Transaction-related contingent items | 1,229,626,288 | 1,229,626,288 | 50 | 614,813,144 |
| Other commitments | 2,828,967,692 | 2,828,967,692 | 0 - 50 | - |
| **Total non-market-related off-balance sheet risk-weighted credit exposures** | **5,423,429,260** | **5,423,429,260** | | **1,538,059,831** |

| Off-Balance Sheet Exposures - Market-Related | Notional principal amount (Rs) | Potential future exposure (Rs) | Credit equivalent amount (Rs) | RWA (Rs) |
|---|---|---|---|---|
| **Total** | **6,404,435,612** | **300,701,231** | **327,478,003** | **292,646,088** |

| Operational Risk | | Average gross income (Rs) | Capital charge (Rs) | RWA (Rs |
|---|---|---|---|---|
| **Option 1 - Basic Indicator Approach** | | **1,679,816,137** | **251,972,421** | **2,519,724,205** |

| Foreign Currency Exposure | | | | RWA (Rs) |
|---|---|---|---|---|
| **Aggregate net open foreign exchange position** | | | | **291,106,816** |

# Notes to the financial statements

For year ended 30 June 2024

## 9.(a) Cash and cash equivalents

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Cash in hand | **280,560,835** | 212,148,260 | 218,361,565 |
| Foreign currency notes and coins | **16,748,963** | 80,376,344 | 22,436,247 |
| Balances with banks in Mauritius and abroad | **1,189,163,890** | 1,831,743,419 | 1,102,679,418 |
| Unrestricted balances with the Central Bank (Note (a)) | **194,529,340** | 164,458,971 | 2,024,402,317 |
| Placements with banks (Note (b)) | **8,729,809,566** | 2,277,713,143 | 883,368,209 |
| | **10,410,812,594** | 4,566,440,137 | 4,251,247,756 |
| Allowance for expected credit losses | **(683,919)** | (189,276) | - |
| | **10,410,128,675** | 4,566,250,861 | 4,251,247,756 |
| Current | **10,410,128,675** | 4,566,250,861 | 4,251,247,756 |

(a) Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement ("CRR").

(b) Loans to and placements with banks are balances with original maturity periods of less than three months.

# Notes to the financial statements
For year ended 30 June 2024

## 9.(b) Reconciliation of liabilities arising from financing activities.

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

**The Group**

| | 01 July 2023 | Financing cash outflows | Non Cash flow movement | Interest expense | 30 June 2024 |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| Lease liabilities (Note 19) | **17,740,050** | **(12,911,234)** | **14,659,420** | **1,126,179** | **20,614,415** |
| | **17,740,050** | **(12,911,234)** | **14,659,420** | **1,126,179** | **20,614,415** |

**The Group**

| | 01 July 2022 | Financing cash outflows | Non Cash flow movement | Interest expense | 30 June 2023 |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| Lease liabilities (Note 19) | 36,601,939 | (19,644,020) | - | 782,131 | 17,740,050 |
| | 36,601,939 | (19,644,020) | - | 782,131 | 17,740,050 |

**The Group**

| | 01 July 2021 | Financing cash outflows | Non Cash flow movement | Interest expense | 30 June 2022 |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| Lease liabilities (Note 19) | 60,424,535 | (25,108,374) | - | 1,285,778 | 36,601,939 |
| | 60,424,535 | (25,108,374) | - | 1,285,778 | 36,601,939 |

**The Bank**

| | 01 July 2023 | Financing cash outflows | Non Cash flow movement | Interest expense | 30 June 2024 |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| Lease liabilities (Note 19) | **46,120,151** | **(48,487,759)** | **14,659,420** | **1,456,620** | **13,748,432** |
| | **46,120,151** | **(48,487,759)** | **14,659,420** | **1,456,620** | **13,748,432** |

**The Bank**

| | 01 July 2022 | Financing cash outflows | Non Cash flow movement | Interest expense | 30 June 2023 |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| Lease liabilities (Note 19) | 99,317,576 | (55,220,546) | - | 2,023,121 | 46,120,151 |
| | 99,317,576 | (55,220,546) | - | 2,023,121 | 46,120,151 |

**The Bank**

| | 01 July 2021 | Financing cash outflows | Non Cash flow movement | Interest expense | 30 June 2022 |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| Lease liabilities (Note 19) | 156,588,681 | (60,684,899) | - | 3,413,794 | 99,317,576 |
| | 156,588,681 | (60,684,899) | - | 3,413,794 | 99,317,576 |

# Notes to the financial statements

For year ended 30 June 2024

## 10. Trading assets

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Securities held at FVTPL: | | | |
| Other investments | **529,476,283** | 479,676,718 | 687,904,980 |
| | **529,476,283** | 479,676,718 | 687,904,980 |
| Remaining terms to maturity | | | |
| - Within 3 months | **529,476,283** | 479,676,718 | 455,231,590 |
| - Over 6 and up to 12 months | **-** | - | 232,673,390 |
| | **529,476,283** | 479,676,718 | 687,904,980 |
| *Reconciliation Movement* | | | |
| Balance at start | **479,676,718** | 687,904,980 | 1,798,297,229 |
| Reclassified to equity investments* | **-** | (232,673,390) | - |
| Fair value movement | **-** | - | 5,220,081 |
| Disposals | **-** | - | (1,115,612,330) |
| Other movements** | **49,799,565** | 24,445,128 | - |
| Balance at end | **529,476,283** | 479,676,718 | 687,904,980 |

*During the financial year ended 30 June 2023, management had made an assessment relating to investment in equity instrument currently presented in two separate categories namely the 'Investment securities' and the 'Trading assets'. Management determined that investment in equity instruments, previously included under 'Trading assets', is expected to be realised in more than 12 months following assessment of the relevant facts and circumstatances. As such, this amount was deemed appropriate to be presented into the 'Investment securities' class rather than the 'Trading assets' class.

**Other movements represent return on investments and foreign exchange movements.

## 11. Investment securities

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Financial assets at FVTOCI (Note (a) below) | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 |
| Equity investments at FVTPL (Note (b) below) | **445,974,417** | 363,828,963 | 17,912,214 |
| | **8,597,507,619** | 5,059,706,303 | 6,714,208,205 |

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Remaining terms to maturity of financial assets at FVTOCI | | | |
| - Within 3 months | **1,806,382,782** | 3,193,665,569 | 2,887,232,934 |
| - Over 3 and up to 6 months | **2,336,270,537** | 110,682,830 | 737,357,670 |
| - Over 6 and up to 12 months | **2,220,089,755** | 200,598,160 | 926,817,603 |
| - Over 1 and up to 3 years | **671,770,260** | 456,102,134 | 1,058,418,253 |
| - Over 3 and up to 5 years | **947,347,555** | 349,865,767 | 338,833,733 |
| - Over 5 years | **169,672,313** | 384,962,880 | 747,635,798 |
| | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 |
| Current | **6,362,743,074** | 3,504,946,559 | 4,551,408,207 |
| Non-Current | **1,788,790,128** | 1,190,930,781 | 2,144,887,784 |
| | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 |

At 30 June 2023, an ECL of Rs 133.85 Mn was accounted in the statement of profit or loss pertaining to securities invested in Ghana. The investment in Ghana has been classified in stage 3 as reflected in note 6. The ECL included judgments and estimates, accordingly this has been disclosed in note 4. Refer to note 6.1.5 for ECL on investment securities.

At 30 June 2024, an additional ECL charge of Rs 8.25Mn was made in repect of the securities invested in Ghana, increasing the ECL allowance to Rs 142.10 Mn

## 11. Investment securities (Cont'd)

### (a) Financial assets at FVTOCI

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Investment in debt securities | | | |
| Government Stocks | - | - | 5,905,023 |
| Treasury Notes | 391,756,704 | - | - |
| BOM Bonds | 169,672,311 | 161,859,082 | 170,737,082 |
| Treasury Bills | 5,523,391,068 | 2,241,924,758 | 3,330,978,728 |
| Corporate Bonds | 752,866,540 | 890,384,852 | 954,234,479 |
| Foreign Bonds | 725,523,023 | 948,673,743 | 1,341,033,948 |
| Foreign Treasury Bills | 588,323,556 | 453,034,905 | 893,406,731 |
| | **8,151,533,202** | 4,695,877,340 | 6,696,295,991 |

The Bank has pledged part of its government stocks as collateral to secure borrowings facilities from the Central Bank (Note 40)

### (b) Financial assets at FVTPL

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Equity investments | **445,974,417** | 363,828,963 | 17,912,214 |

*Reconciliation movement*

| | | | |
|---|---|---|---|
| Balance at start | **363,828,962** | 17,912,214 | 17,940,280 |
| Reclassified from trading assets | - | 232,673,390 | - |
| Additions | **426,348,247** | 93,450,206 | - |
| Disposal | **(380,746,590)** | - | - |
| Fair value movement | **36,543,798** | 19,793,153 | (28,066) |
| Balance at end | **445,974,417** | 363,828,963 | 17,912,214 |

Financial assets at FVTPL comprise of equity instruments held for trading.

### (c) Fair value reserve

| | The Group and the bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Balance at start of year | **(307,836,617)** | (190,935,141) | (32,051,990) |
| Movement on fair value during the year* | **85,807,409** | (116,870,535) | (146,493,356) |
| Fair value gains/(losses) reclassified to profit or loss on disposal* | **32,255,635** | (30,941) | (12,389,795) |
| Balance at end of year | **(189,773,573)** | (307,836,617) | (190,935,141) |

* Those two lines relate to movement in debt instruments measure at fair value through other comprehensive income and have been disaggregated to comply with requirements of IFRS 7.20 which requires those items to be shown separately. Comparatives have been amended to conform with changes in the current year.

# Notes to the financial statements

For year ended 30 June 2024

## 12. Loans and advances to banks

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Loans and advances to banks - outside Mauritius | **910,694,230** | 946,528,837 | 459,226,176 |
| Less allowance for expected credit losses | **(4,768,938)** | (8,186,689) | (2,908,391) |
| Net | **905,925,292** | 938,342,148 | 456,317,785 |

### (a) Remaining term to maturity

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| - Within 3 months | **-** | 254,065,732 | - |
| - Over 3 and up to 6 months | **83,050,570** | - | 459,226,176 |
| - Over 6 and up 12 months | **-** | - | - |
| - Over 1 and up to 3 years | **827,643,660** | 692,463,105 | - |
| - Over 3 and up to 5 years | **-** | - | - |
| - Over 5 years | **-** | - | - |
| | **910,694,230** | 946,528,837 | 459,226,176 |
| Current | **83,050,570** | 254,065,732 | 459,226,176 |
| Non-Current | **827,643,660** | 692,463,105 | - |
| | **910,694,230** | 946,528,837 | 459,226,176 |

### (b) Allowance for expected credit losses

| | ECL allowances under stages 1 and 2 | Total |
|---|---|---|
| | Rs | Rs |
| **The Group and the Bank** | | |
| **Balance at 01 July 2021** | 837,954 | 837,954 |
| Provision for expected credit losses for the year (Note 32) | 2,070,437 | 2,070,437 |
| **Balance at 30 June 2022** | 2,908,391 | 2,908,391 |
| Provision for expected credit losses for the year (Note 32) | 5,278,298 | 5,278,298 |
| **Balance at 30 June 2023** | **8,186,689** | **8,186,689** |
| Provision for expected credit losses for the year (Note 32) | **(3,417,751)** | **(3,417,751)** |
| **Balance at 30 June 2024** | **4,768,938** | **4,768,938** |

## 13. Loans and advances to customers

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Retail customers | | | | | | |
| Credit cards | **103,428,098** | 99,381,999 | 89,231,759 | **103,428,098** | 99,381,999 | 89,231,759 |
| Mortgages | **5,295,504,797** | 4,932,655,419 | 4,167,037,672 | **5,295,504,797** | 4,932,655,419 | 4,167,037,672 |
| Other retail loans | **3,327,014,630** | 2,877,975,432 | 2,784,264,863 | **3,327,014,630** | 2,877,975,432 | 2,784,264,863 |
| Corporate customers | **14,041,871,721** | 12,413,092,779 | 10,299,981,752 | **14,182,465,429** | 12,560,800,635 | 10,456,288,510 |
| Entities outside Mauritius | **1,292,557,244** | 518,268,517 | 340,865,061 | **1,292,557,244** | 518,268,517 | 340,865,061 |
| | **24,060,376,490** | 20,841,374,146 | 17,681,381,107 | **24,200,970,198** | 20,989,082,002 | 17,837,687,865 |
| Less allowance for expected credit losses | **(647,169,089)** | (544,045,530) | (495,227,464) | **(647,169,089)** | (544,045,530) | (495,227,464) |
| Net | **23,413,207,401** | 20,297,328,616 | 17,186,153,643 | **23,553,801,109** | 20,445,036,472 | 17,342,460,401 |
| *Of which* | | | | | | |
| Investment in finance lease | **1,406,996,278** | 1,267,428,833 | 1,143,596,374 | **1,406,996,278** | 1,267,428,833 | 1,143,596,374 |
| Less allowance for expected credit losses | **(26,279,001)** | (32,978,616) | (31,872,530) | **(26,279,001)** | (32,978,616) | (31,872,530) |
| | **1,380,717,277** | 1,234,450,217 | 1,111,723,844 | **1,380,717,277** | 1,234,450,217 | 1,111,723,844 |

There has been a significant increase in the loans and advances to customers and finance lease facilities following more credit commitments disbursed /lease facilities provided during the year. An analysis of the allowance for credit losses has been provided in 13(c ).

### (a) Remaining term to maturity

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| - Within 3 months | **2,850,815,055** | 2,652,757,006 | 1,775,413,968 | **2,850,815,055** | 2,652,757,006 | 1,775,413,968 |
| - Over 3 and up to 6 months | **940,608,387** | 720,163,929 | 749,966,677 | **940,608,387** | 720,163,929 | 749,966,677 |
| - Over 6 and up 12 months | **1,587,803,988** | 338,114,157 | 396,873,147 | **1,587,803,988** | 338,114,157 | 396,873,147 |
| - Over 1 and up to 3 years | **2,157,677,925** | 1,812,567,693 | 1,680,029,147 | **2,157,677,925** | 1,812,567,693 | 1,680,029,147 |
| - Over 3 and up to 5 years | **2,763,508,873** | 2,048,313,543 | 1,619,036,926 | **2,763,508,873** | 2,048,313,543 | 1,619,036,926 |
| - Over 5 years | **13,759,962,262** | 13,269,457,818 | 11,460,061,242 | **13,900,555,970** | 13,417,165,674 | 11,616,368,000 |
| | **24,060,376,490** | 20,841,374,146 | 17,681,381,107 | **24,200,970,198** | 20,989,082,002 | 17,837,687,865 |
| Current | **5,379,227,430** | 3,711,035,092 | 2,922,253,792 | **5,379,227,430** | 3,711,035,092 | 2,922,253,792 |
| Non-Current | **18,681,149,060** | 17,130,339,054 | 14,759,127,315 | **18,821,742,768** | 17,278,046,910 | 14,915,434,073 |
| | **24,060,376,490** | 20,841,374,146 | 17,681,381,107 | **24,200,970,198** | 20,989,082,002 | 17,837,687,865 |

## 13. Loans and advances to customers (Cont'd)

### (b) Net investment in finance leases

| | Up to 1 year | Over 1 up to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| | Rs | Rs | Rs | Rs |
| **The Group and the Bank** | | | | |
| **2024** | | | | |
| Gross investment in finance leases | **465,112,183** | **1,079,325,157** | **123,438,252** | **1,667,875,592** |
| Less unearned finance income | **(96,329,356)** | **(157,603,202)** | **(6,946,756)** | **(260,879,314)** |
| Net investment in finance leases | **368,782,827** | **921,721,955** | **116,491,496** | **1,406,996,278** |
| **2023** | | | | |
| Gross investment in finance leases | 437,329,518 | 967,295,629 | 87,498,296 | 1,492,123,443 |
| Less unearned finance income | (85,903,672) | (133,929,307) | (4,861,631) | (224,694,610) |
| Net investment in finance leases | 351,425,846 | 833,366,322 | 82,636,665 | 1,267,428,833 |
| **2022** | | | | |
| Gross investment in finance leases | 373,431,949 | 842,383,820 | 62,366,517 | 1,278,182,286 |
| Less unearned finance income | (53,737,097) | (78,610,746) | (2,238,069) | (134,585,912) |
| Net investment in finance leases | 319,694,852 | 763,773,074 | 60,128,448 | 1,143,596,374 |

A finance lease contract is prepared for these facilities which give the lessees the option to purchase the assets for a residual value at the conclusion of the lease arrangements. Finance leases are secured mainly by charges on the leased assets and/or corporate/personal guarantees. The lease period ranges from 1-15 years.

### (c) Allowance for expected credit losses

| | ECL allowances under stage 3 | ECL allowances under stages 1 and 2 | Total |
|---|---|---|---|
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| Balance at 30 June 2021 | 255,610,982 | 174,477,621 | 430,088,603 |
| Provision for /(Reversal of) expected credit losses for the year (Note 32) | 74,434,782 | (9,127,648) | 65,307,134 |
| Concession to customers | (7,058) | - | (7,058) |
| Written off against provision | (161,215) | - | (161,215) |
| **Balance at 30 June 2022** | **329,877,491** | **165,349,973** | **495,227,464** |
| Provision for expected credit losses for the year (Note 32) | 38,468,534 | 11,669,698 | 50,138,232 |
| Concession to customers | (375,630) | - | (375,630) |
| Written off against provision | (944,536) | - | (944,536) |
| **Balance at 30 June 2023** | **367,025,859** | **177,019,671** | **544,045,530** |
| Provision for /(Reversal of) expected credit losses for the year (Note 32) | **303,180,266** | **(78,709,485)** | **224,470,781** |
| Concession to customers | **(220,004)** | **-** | **(220,004)** |
| Written off against provision | **(121,127,218)** | **-** | **(121,127,218)** |
| **Balance at 30 June 2024** | **548,858,903** | **98,310,186** | **647,169,089** |

# Notes to the financial statements

For year ended 30 June 2024

## 13. Loans and advances to customers (Cont'd)

### (c) Allowance for expected credit losses (Cont'd)

**Allowance for expected credit losses by industry sectors**

| | Gross amount of loans 30 June 2024 | Non-Performing loans 30 June 2024 | Expected credit loss stage 3 30 June 2024 | Expected credit loss stage 1-2 30 June 2024 | Total allowances for expected credit losses 30 June 2024 | Total allowances for expected credit losses 30 June 2023 | Total allowances for expected credit losses 30 June 2022 |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Group** | | | | | | | |
| Agriculture and Fishing | **268,212,139** | **97,638,474** | **80,632,903** | **2,223,191** | **82,856,094** | 89,974,950 | 78,705,780 |
| Manufacturing | **958,453,223** | **70,512,280** | **41,206,191** | **5,516,725** | **46,722,916** | 138,185,843 | 141,173,033 |
| Tourism | **2,237,017,357** | **424,620,339** | **168,487,490** | **10,723,506** | **179,210,996** | 66,012,576 | 20,329,931 |
| Transport | **396,490,721** | **6,611,659** | **2,836,427** | **5,467,924** | **8,304,351** | 13,726,495 | 12,513,875 |
| Construction | **7,718,053,265** | **158,256,264** | **68,103,106** | **34,534,596** | **102,637,702** | 80,659,157 | 95,909,736 |
| Financial and Business Services | **5,083,056,141** | **305,803,164** | **79,094,173** | **6,987,148** | **86,081,321** | 34,142,822 | 30,231,268 |
| Traders | **2,141,202,495** | **115,484,687** | **56,513,313** | **10,876,876** | **67,390,189** | 42,337,656 | 38,289,127 |
| Information Technology | **30,256,974** | **146,839** | **146,839** | **217,184** | **364,023** | 482,136 | 671,989 |
| Personal | **2,114,676,473** | **60,400,321** | **41,270,803** | **8,745,074** | **50,015,877** | 45,928,482 | 48,641,925 |
| *of which credit cards* | ***103,428,096*** | ***7,011,184*** | ***6,639,843*** | ***113,878*** | ***6,753,721*** | *8,722,357* | *7,621,574* |
| Education | **104,189,915** | **121,520** | **-** | **645,480** | **645,480** | 1,757,539 | 3,379,231 |
| Professional | **53,288,767** | **-** | **-** | **515,539** | **515,539** | 524,125 | 901,265 |
| Foreign Governments | **541,134,370** | **-** | **-** | **2,255,928** | **2,255,928** | 1,741,926 | 259,845 |
| Global Business Licence Holders | **105,516,174** | **-** | **-** | **289,730** | **289,730** | 1,389,294 | 1,257,580 |
| Others | **2,308,828,476** | **36,307,694** | **10,567,658** | **9,311,285** | **19,878,943** | 27,182,529 | 22,962,879 |
| | **24,060,376,490** | **1,275,903,241** | **548,858,903** | **98,310,186** | **647,169,089** | 544,045,530 | 495,227,464 |

| | Gross amount of loans 30 June 2024 | Non-Performing loans 30 June 2024 | Expected credit loss stage 3 30 June 2024 | Expected credit loss stage 1-2 30 June 2024 | Total allowances for expected credit losses 30 June 2024 | Total allowances for expected credit losses 30 June 2023 | Total allowances for expected credit losses 30 June 2022 |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | | |
| Agriculture and Fishing | **268,212,139** | **97,638,474** | **80,632,903** | **2,223,191** | **82,856,094** | 89,974,950 | 78,705,780 |
| Manufacturing | **958,453,223** | **70,512,280** | **41,206,191** | **5,516,725** | **46,722,916** | 138,185,843 | 141,173,033 |
| Tourism | **2,237,017,357** | **424,620,339** | **168,487,490** | **10,723,506** | **179,210,996** | 66,012,576 | 20,329,931 |
| Transport | **396,490,721** | **6,611,659** | **2,836,427** | **5,467,924** | **8,304,351** | 13,726,495 | 12,513,875 |
| Construction | **7,858,646,973** | **158,256,264** | **68,103,106** | **34,534,596** | **102,637,702** | 80,659,157 | 95,909,736 |
| Financial and Business Services | **5,083,056,141** | **305,803,164** | **79,094,173** | **6,987,148** | **86,081,321** | 34,142,822 | 30,231,268 |
| Traders | **2,141,202,495** | **115,484,687** | **56,513,313** | **10,876,876** | **67,390,189** | 42,337,656 | 38,289,127 |
| Information Technology | **30,256,974** | **146,839** | **146,839** | **217,184** | **364,023** | 482,136 | 671,989 |
| Personal | **2,114,676,473** | **60,400,321** | **41,270,803** | **8,745,074** | **50,015,877** | 45,928,482 | 48,641,925 |
| *of which credit cards* | ***103,428,096*** | ***7,011,184*** | ***6,639,843*** | ***113,878*** | ***6,753,721*** | *8,722,357* | *7,621,574* |
| Education | **104,189,915** | **121,520** | **-** | **645,480** | **645,480** | 1,757,539 | 3,379,231 |
| Professional | **53,288,767** | **-** | **-** | **515,539** | **515,539** | 524,125 | 901,265 |
| Foreign Governments | **541,134,370** | **-** | **-** | **2,255,928** | **2,255,928** | 1,741,926 | 259,845 |
| Global Business Licence Holders | **105,516,174** | **-** | **-** | **289,730** | **289,730** | 1,389,294 | 1,257,580 |
| Others | **2,308,828,476** | **36,307,694** | **10,567,658** | **9,311,285** | **19,878,943** | 27,182,529 | 22,962,879 |
| | **24,200,970,198** | **1,275,903,241** | **548,858,903** | **98,310,186** | **647,169,089** | 544,045,530 | 495,227,464 |

Others comprise mainly of media entertainment, Health development certificate holders and infrastructure sectors

# Notes to the financial statements

For year ended 30 June 2024

## 14.(a) Property, plant and equipment

| | Freehold land and buildings | Computer and office equipment | Furniture and fittings | Motor vehicles | Assets in progress | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Group** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 01 July 2023 | **980,857,465** | **271,482,444** | **351,443,003** | **16,114,941** | **8,203,995** | **1,628,101,848** |
| Reclassified from computer software | - | - | - | - | **6,565,324** | **6,565,324** |
| Additions during the year | - | **3,485,757** | **1,970,280** | **6,629,206** | **19,443,055** | **31,528,298** |
| Capitalisation of assets in progress | - | **25,385,242** | **6,584,789** | - | **(31,970,031)** | - |
| Write off | - | - | - | - | **(1,337,213)** | **(1,337,213)** |
| Disposal during the year | - | **(220,717)** | - | - | - | **(220,717)** |
| **At 30 June 2024** | **980,857,465** | **300,132,726** | **359,998,072** | **22,744,147** | **905,130** | **1,664,637,540** |
| **Depreciation** | | | | | | |
| At 01 July 2023 | **29,052,552** | **198,051,586** | **321,051,339** | **7,965,771** | - | **556,121,248** |
| Disposal during the year | - | **(220,717)** | - | - | - | **(220,717)** |
| Charge for the year | **17,806,819** | **26,841,048** | **8,830,993** | **2,369,400** | - | **55,848,260** |
| **At 30 June 2024** | **46,859,371** | **224,671,917** | **329,882,332** | **10,335,171** | - | **611,748,791** |
| **Carrying amount** | | | | | | |
| **At 30 June 2024** | **933,998,094** | **75,460,809** | **30,115,740** | **12,408,976** | **905,130** | **1,052,888,749** |

| | Freehold land and buildings | Computer and office equipment | Furniture and fittings | Motor vehicles | Assets in progress | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Group** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 01 July 2022 | 1,003,937,263 | 224,017,907 | 347,859,689 | 11,580,378 | 3,810,616 | 1,591,205,853 |
| Reclassified from computer software | - | - | - | - | 5,133,293 | 5,133,293 |
| Additions during the year | - | 7,168,236 | 656,657 | 4,534,563 | 43,495,853 | 55,855,309 |
| Capitalisation of assets in progress | - | 41,146,884 | 2,926,657 | - | (44,073,541) | - |
| Write off | - | - | - | - | (162,226) | (162,226) |
| Disposal during the year | - | (850,583) | - | - | - | (850,583) |
| Revaluation during the year | 14,101,709 | - | - | - | - | 14,101,709 |
| Transfers | (37,181,507) | - | - | - | - | (37,181,507) |
| **At 30 June 2023** | 980,857,465 | 271,482,444 | 351,443,003 | 16,114,941 | 8,203,995 | 1,628,101,848 |
| **Depreciation** | | | | | | |
| At 01 July 2022 | 49,222,072 | 182,012,058 | 312,008,294 | 6,725,982 | - | 549,968,406 |
| Disposal during the year | - | (832,532) | - | - | - | (832,532) |
| Charge for the year | 17,011,987 | 16,872,060 | 9,043,045 | 1,239,789 | - | 44,166,881 |
| Transfers | (37,181,507) | - | - | - | - | (37,181,507) |
| **At 30 June 2023** | 29,052,552 | 198,051,586 | 321,051,339 | 7,965,771 | - | 556,121,248 |
| **Carrying amount** | | | | | | |
| **At 30 June 2023** | 951,804,913 | 73,430,858 | 30,391,664 | 8,149,170 | 8,203,995 | 1,071,980,600 |

# Notes to the financial statements

For year ended 30 June 2024

## 14.(a) Property, plant and equipment (Cont'd)

| | Freehold land and buildings | Computer and office equipment | Furniture and fittings | Motor vehicles | Assets in progress | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | | Rs |
| **The Group** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 01 July 2021 | 1,003,937,263 | 217,130,807 | 345,500,673 | 11,916,122 | 1,583,176 | 1,580,068,041 |
| Transfer from other assets | - | - | - | - | - | - |
| Additions during the year | - | 2,226,007 | 299,440 | - | 9,055,871 | 11,581,318 |
| Capitalisation of assets in progress | - | 4,768,855 | 2,059,576 | - | (6,828,431) | - |
| Disposal during the year | - | (107,762) | - | (335,744) | - | (443,506) |
| **At 30 June 2022** | 1,003,937,263 | 224,017,907 | 347,859,689 | 11,580,378 | 3,810,616 | 1,591,205,853 |
| | | | | | | |
| **Depreciation** | | | | | | |
| At 01 July 2021 | 32,210,090 | 161,054,463 | 294,542,040 | 5,707,200 | - | 493,513,793 |
| Disposal during the year | - | (92,760) | - | (290,979) | - | (383,739) |
| Charge for the year | 17,011,982 | 21,050,355 | 17,466,254 | 1,309,761 | - | 56,838,352 |
| **At 30 June 2022** | 49,222,072 | 182,012,058 | 312,008,294 | 6,725,982 | - | 549,968,406 |
| | | | | | | |
| **Carrying amount** | | | | | | |
| **At 30 June 2022** | 954,715,191 | 42,005,849 | 35,851,395 | 4,854,396 | 3,810,616 | 1,041,237,447 |

| | Freehold land and buildings | Computer and office equipment | Furniture and fittings | Motor vehicles | Assets in progress | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 01 July 2023 | **693,436,295** | **267,349,758** | **325,826,994** | **13,756,982** | **8,203,995** | **1,308,574,024** |
| Reclassified from computer software | **-** | **-** | **-** | **-** | **6,565,324** | **6,565,324** |
| Additions during the year | **-** | **3,485,757** | **1,970,280** | **6,629,206** | **19,443,055** | **31,528,298** |
| Capitalisation of assets in progress | **-** | **25,385,242** | **6,584,789** | **-** | **(31,970,031)** | **-** |
| Write off | **-** | **-** | **-** | **-** | **(1,337,213)** | **(1,337,213)** |
| Disposal during the year | **-** | **(220,717)** | **-** | **-** | **-** | **(220,717)** |
| **At 30 June 2024** | **693,436,295** | **296,000,040** | **334,382,063** | **20,386,188** | **905,130** | **1,345,109,716** |
| | | | | | | |
| **Depreciation** | | | | | | |
| At 01 July 2023 | **29,052,552** | **191,726,625** | **295,435,332** | **7,800,085** | **-** | **524,014,594** |
| Disposal during the year | **-** | **(220,717)** | **-** | **-** | **-** | **(220,717)** |
| Charge for the year | **11,106,819** | **26,841,048** | **8,830,993** | **2,369,400** | | **49,148,260** |
| **At 30 June 2024** | **40,159,371** | **218,346,956** | **304,266,325** | **10,169,485** | **-** | **572,942,137** |
| | | | | | | |
| **Carrying amount** | | | | | | |
| **At 30 June 2024** | **653,276,924** | **77,653,084** | **30,115,738** | **10,216,703** | **905,130** | **772,167,579** |

# Notes to the financial statements

For year ended 30 June 2024

## 14.(a) Property, plant and equipment (Cont'd)

| | Freehold land and buildings | Computer and office equipment | Furniture and fittings | Motor vehicles | Assets in progress | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 01 July 2022 | 690,757,997 | 219,885,221 | 322,243,680 | 9,222,419 | 3,810,616 | 1,245,919,933 |
| Reclassified from computer software | - | - | - | - | 5,133,293 | 5,133,293 |
| Additions during the year | - | 7,168,236 | 656,657 | 4,534,563 | 43,495,853 | 55,855,309 |
| Capitalisation of assets in progress | - | 41,146,884 | 2,926,657 | - | (44,073,541) | - |
| Write off | - | - | - | - | (162,226) | (162,226) |
| Disposal during the year | - | (850,583) | - | - | - | (850,583) |
| Revaluation | 5,101,709 | - | - | - | - | 5,101,709 |
| Transfers | (2,423,411) | - | - | - | - | (2,423,411) |
| **At 30 June 2023** | 693,436,295 | 267,349,758 | 325,826,994 | 13,756,982 | 8,203,995 | 1,308,574,024 |
| **Depreciation** | | | | | | |
| At 01 July 2022 | 20,983,976 | 175,687,097 | 286,441,378 | 6,560,296 | - | 489,672,747 |
| Disposal during the year | - | (832,532) | - | - | - | (832,532) |
| Charge for the year | 10,491,987 | 16,872,060 | 8,993,954 | 1,239,789 | - | 37,597,790 |
| Transfers | (2,423,411) | - | - | - | - | (2,423,411) |
| **At 30 June 2023** | 29,052,552 | 191,726,625 | 295,435,332 | 7,800,085 | - | 524,014,594 |
| **Carrying amount** | | | | | | |
| **At 30 June 2023** | 664,383,743 | 75,623,133 | 30,391,662 | 5,956,897 | 8,203,995 | 784,559,430 |

| | Freehold land and buildings | Computer and office equipment | Furniture and fittings | Motor vehicles | Assets in progress | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **The Bank** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 01 July 2021 | 690,757,997 | 212,998,121 | 319,884,664 | 9,558,163 | 1,583,176 | 1,234,782,121 |
| Additions during the year | - | 2,226,007 | 299,440 | - | 9,055,871 | 11,581,318 |
| Capitalisation of assets in progress | - | 4,768,855 | 2,059,576 | - | (6,828,431) | - |
| Disposal during the year | - | (107,762) | - | (335,744) | - | (443,506) |
| **At 30 June 2022** | 690,757,997 | 219,885,221 | 322,243,680 | 9,222,419 | 3,810,616 | 1,245,919,933 |
| **Depreciation** | | | | | | |
| At 01 July 2021 | 10,491,989 | 154,742,440 | 270,604,072 | 5,541,514 | - | 441,380,015 |
| Disposal during the year | - | (92,760) | - | (290,979) | - | (383,739) |
| Charge for the year | 10,491,987 | 21,037,417 | 15,837,306 | 1,309,761 | - | 48,676,471 |
| **At 30 June 2022** | 20,983,976 | 175,687,097 | 286,441,378 | 6,560,296 | - | 489,672,747 |
| **Carrying amount** | | | | | | |
| **At 30 June 2022** | 669,774,021 | 44,198,124 | 35,802,302 | 2,662,123 | 3,810,616 | 756,247,186 |

# Notes to the financial statements
For year ended 30 June 2024

## 14.(a) Property, plant and equipment (Cont'd)

The Group's and the Bank's freehold land and buildings have been revalued by a chartered valuer as at 30 June 2023. These valuations were based on market conditions prevailing at that time. If these freehold land and buildings were stated on the historical cost basis, the net book value would be as follows:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2024 | 2023 | 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Cost | **769,576,739** | 769,576,739 | 769,576,739 | **505,694,820** | 505,694,820 | 505,694,820 |
| Accumulated depreciation | **(139,975,405)** | (126,637,516) | (113,299,627) | **(90,211,204)** | (82,150,953) | (74,090,702) |
| | **629,601,334** | 642,939,223 | 656,277,112 | **415,483,616** | 423,543,867 | 431,604,118 |

The valuation of the Group's and the Bank's freehold land and buildings is made every three years. There has been no significant change in the fair value of property, plant and equipment from prior year based on directors' valuation.

## 14.(b) Intangible assets

| **The Group and the Bank** | Computer software | Assets in progress | Total |
|---|---|---|---|
| | Rs | Rs | Rs |
| **Cost** | | | |
| At 01 July 2021 | 600,438,362 | 6,648,403 | 607,086,765 |
| Additions during the year | 2,095,377 | 11,747,932 | 13,843,309 |
| Capitalisation of assets in progress | 8,749,076 | (8,749,076) | - |
| **At 30 June 2022** | **611,282,815** | **9,647,259** | **620,930,074** |
| Reclassification to computer hardware | - | (5,133,293) | (5,133,293) |
| Additions during the year | 678,004 | 12,381,526 | 13,059,530 |
| Capitalisation of assets in progress | 5,681,731 | (5,681,731) | - |
| Write off | - | (329,005) | (329,005) |
| **At 30 June 2023** | **617,642,550** | **10,884,756** | **628,527,306** |
| Reclassification to computer hardware | **-** | **(6,565,324)** | **(6,565,324)** |
| Additions during the year | **240,304** | **9,189,893** | **9,430,197** |
| Capitalisation of assets in progress | **9,850,836** | **(9,850,836)** | - |
| **At 30 June 2024** | **627,733,690** | **3,658,489** | **631,392,179** |
| | | | |
| **Amortisation** | | | |
| At 01 July 2021 | 437,437,548 | - | 437,437,548 |
| Charge for the year | 45,164,591 | - | 45,164,591 |
| **At 30 June 2022** | **482,602,139** | **-** | **482,602,139** |
| Charge for the year | 40,251,815 | - | 40,251,815 |
| **At 30 June 2023** | **522,853,954** | **-** | **522,853,954** |
| Charge for the year | **29,544,124** | **-** | **29,544,124** |
| **At 30 June 2024** | **552,398,078** | **-** | **552,398,078** |
| | | | |
| **Carrying amount** | | | |
| **At 30 June 2024** | **75,335,612** | **3,658,489** | **78,994,101** |
| At 30 June 2023 | 94,788,596 | 10,884,756 | 105,673,352 |
| At 30 June 2022 | 128,680,676 | 9,647,259 | 138,327,935 |

## 14.(c) Right of Use assets

| The Group | Land and building |
|---|---|
| | Rs |
| **Cost/Valuation** | |
| **At 01 July 2021** | 145,149,286 |
| Additions during the year | - |
| **At 30 June 2022** | 145,149,286 |
| Additions during the year | - |
| Revaluation during the year | 8,868,421 |
| **At 30 June 2023** | **154,017,707** |
| Additions during the year | **14,659,420** |
| **At 30 June 2024** | **168,677,127** |
| **Accumulated Depreciation** | |
| **At 01 July 2021** | 53,762,180 |
| Charge for the year | 29,433,396 |
| **At 30 June 2022** | 83,195,576 |
| Charge for the year | 23,889,166 |
| **At 30 June 2023** | **107,084,742** |
| Charge for the year | **12,657,303** |
| **At 30 June 2024** | **119,742,045** |
| **Carrying amount** | |
| **At 30 June 2024** | **48,935,082** |
| At 30 June 2023 | 46,932,965 |
| At 30 June 2022 | 61,953,710 |

| The Bank | Land and building |
|---|---|
| | Rs |
| **Cost/Valuation** | |
| **At 01 July 2021** | 279,286,748 |
| Additions during the year | - |
| **At 30 June 2022** | 279,286,748 |
| Additions during the year | - |
| **At 30 June 2023** | **279,286,748** |
| Additions during the year | **14,659,420** |
| **At 30 June 2024** | **293,946,168** |
| **Accumulated Depreciation** | |
| **At 01 July 2021** | 118,988,408 |
| Charge for the year | 61,351,176 |
| **At 30 June 2022** | 180,339,584 |
| Charge for the year | 55,806,945 |
| **At 30 June 2023** | **236,146,529** |
| Charge for the year | **44,020,806** |
| **At 30 June 2024** | **280,167,335** |
| **Carrying amount** | |
| **At 30 June 2024** | **13,778,833** |
| At 30 June 2023 | 43,140,219 |
| At 30 June 2022 | 98,947,164 |

# Notes to the financial statements

For year ended 30 June 2024

## 14(c) Right of Use assets (Cont'd)

The Group and the Bank have lease contracts for land and building used in its operations. The contracts generally have lease terms of 3 to 5 years, The Group revalues its land every three years. The fair valuation exercise has been carried out by a chartered, independent valuer. A net gain of Rs 8,868,421 was recognised as at 30 June 2023 in Other Comprehensive Income. The sales comparison approach has been used. The directors have assessed the fair value of the right of use assets and concluded that fair value has remained unchanged.

The carrying amount of the right of use of land should these have been stated at historical cost would be:

| | Group | | | Bank | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2024 | 2023 | 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Cost | **13,161,582** | 10,227,973 | 10,227,973 | **5,185,510** | 2,251,901 | 2,251,901 |
| Depreciation | **(2,512,571)** | (3,847,117) | (2,885,337) | **(518,551)** | (2,251,901) | (1,688,925) |
| | **10,649,011** | 6,380,856 | 7,342,636 | **4,666,959** | - | 562,976 |
| The following are amounts recognised in profit or loss: | | | | | | |
| Depreciation expense on right-of-use assets | **12,657,303** | 23,889,166 | 29,433,396 | **44,020,806** | 55,806,945 | 61,351,176 |
| Interest expense on lease liabilities | **1,126,179** | 782,131 | 1,285,778 | **1,456,620** | 2,023,121 | 3,413,794 |
| | **13,783,482** | 24,671,297 | 30,719,174 | **45,477,426** | 57,830,066 | 64,764,970 |

The Group and the Company has short term leases of **Rs 38.5Mn** ( 2023: Rs 24.8Mn, 2022: Rs 19Mn) which has been accounted as an operating lease expense in the statement of profit or loss.

The Group and the Bank had total cash outflows for operating and lease liabilities amounted to **Rs 50.9Mn** (2023 : Rs 44.4Mn, 2022:Rs 44.1Mn) and **Rs 86.4Mn** (2023: Rs 80m , 2022:Rs 85m) respectively.

# Notes to the financial statements

For year ended 30 June 2024

## 15. Investment properties

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Balance at start of year | **390,500,000** | 380,500,000 | 380,500,000 |
| Fair value gain (Note 34) | - | 10,000,000 | - |
| Balance at end of year | **390,500,000** | 390,500,000 | 380,500,000 |

Rental income of **Rs 22.6 Mn** (2023: Rs 24.7 Mn, 2022: Rs 24.2 Mn) was received and operational expenses of **Rs 11.8 Mn** (2023 Rs 8.5 Mn, 2022: Rs 7.3 Mn) were incurred during the year under review towards the investment properties. Direct operating expenses incidental to property that generated income amounted to **Rs 8.8 Mn** (2023: Rs 6.4 Mn, 2022: Rs 5.2 Mn) whereas direct operating expenses incidental to property that did not generate income amounted to **Rs 3.0 Mn** (2023: Rs 2.2 Mn, 2022: Rs 2.1Mn).

The last revaluation performed by an external chartered valuer was in the financial year 30 June 2023. For the financial year 30 June 2024, the Directors have performed an internal valuation and have assessed the fair value of the investment properties to have remainged unchanged. The land was revalued using the sales comparison approach and properties rented out have been valued using the income approach.

The following factors were also considered:
- The location of the property
- The availability of major services around the perimeter of the property
- The demand for similar commercial property in that particular region
- The existing state of repairs and maintenance of the property

## 16. Investment in subsidiary

### 16.1 Unquoted and at cost

| | The Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Balance at end of year | **100,000** | 100,000 | 100,000 |

### 16.2 Details of the subsidiary are as follows:

| Name of subsidiary | Principal activity | Type of shares | % holding | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|---|---|---|
| | | | | Rs | Rs | Rs |
| MauBank Investment Ltd | Land promoter and property developer | Ordinary shares | 100 | **100,000** | 100,000 | 100,000 |

# Notes to the financial statements

For year ended 30 June 2024

## 16. Investment in subsidiary (Cont'd)

**16.3** The subsidiary was incorporated in the Republic of Mauritius on 17 March 2014 as a private company with liability limited by shares.

**16.4** The Bank has 100% holding in MauBank Investment Ltd and the proportion of the voting rights in this subsidiary undertakings held directly by the Bank does not differ from the proportion of ordinary shares held.

**16.5** Management considers that there has been no impairment of the investment in the subsidiary at 30 June 2024 (2023 and 2022: Nil)

## 17. Other assets

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Due from the subsidiary (Note (i) below) | - | - | - | **33,722,960** | 33,722,960 | 33,722,960 |
| Due from holding company (Note (i) below) | **810,212** | 5,905,120 | 1,592,535 | **810,212** | 5,905,120 | 1,592,535 |
| Due from fellow subsidiary (Note (i) below) | **1,118** | 222 | 222 | **1,118** | 222 | 222 |
| Amount receivable in clearing ((Note (iii) below) | **43,463,514** | 54,041,441 | 29,868,215 | **43,463,514** | 54,041,441 | 29,868,215 |
| Prepayments | **23,751,902** | 55,638,883 | 53,998,228 | **23,751,902** | 55,638,883 | 53,998,228 |
| Other receivables (iv) | **133,455,246** | 91,423,286 | 67,130,912 | **138,672,640** | 96,640,677 | 72,348,303 |
| Repossessed properties (v) | **38,763,467** | 38,763,467 | 33,948,467 | **38,763,467** | 38,763,467 | 33,948,467 |
| Others (vi) | **5,854,486** | 8,530,907 | 8,058,728 | **5,854,486** | 8,530,907 | 8,058,728 |
| | **246,099,945** | 254,303,326 | 194,597,307 | **285,040,299** | 293,243,677 | 233,537,658 |
| Current | **205,195,010** | 213,398,391 | 158,507,372 | **244,135,364** | 252,338,742 | 197,447,723 |
| Non-Current | **40,904,935** | 40,904,935 | 36,089,935 | **40,904,935** | 40,904,935 | 36,089,935 |
| | **246,099,945** | 254,303,326 | 194,597,307 | **285,040,299** | 293,243,677 | 233,537,658 |

(i) The amounts due from the subsidiary, holding company and fellow subsidiary are interest free, unsecured and receivable on demand.

(ii) No allowance for expected credit losses has been made on the amount due from the subsidiary, holding company and fellow subsidiary as management has assessed their impact to be immaterial.

(iii) These represents cheques in course of collection.

(iv) Management has assessed the recoverability of the other receivables and has not identified any material provisions for impairment at 30 June 2024, 30 June 2023 and 30 June 2022. Also included in other receivables is an amount due from fellow subsidiary of Rs 72,230,283 as at 30 June 2024, Rs 34,952,318 as at 30 June 2023 and Rs 882,123 due to fellow subsidiary as at 30 June 2022.

(v) Repossessed properties are physically seized assets as a result of non-payment of the debtor. The Bank's policy is to disposed of those assets as soon as market conditions permits.

(vi) Others include stationery, stock of credit cards and other items of stock maintained by procurement and card operations teams.

# Notes to the financial statements

For year ended 30 June 2024

## 18. Deposits from customers

**Retail, corporate and government**

| | | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|---|
| | | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | | Rs | Rs | Rs | Rs | Rs | Rs |
| (a) | Demand | **13,070,532,538** | 7,917,868,568 | 8,856,194,477 | **13,091,375,281** | 7,929,715,712 | 8,860,744,050 |
| | Savings | **15,600,015,315** | 13,795,018,472 | 13,358,918,264 | **15,600,015,315** | 13,795,018,472 | 13,358,918,264 |
| | Time deposits | **13,156,884,790** | 8,710,158,178 | 6,572,310,160 | **13,156,884,790** | 8,710,158,178 | 6,572,310,160 |
| | | **41,827,432,643** | 30,423,045,218 | 28,787,422,901 | **41,848,275,386** | 30,434,892,362 | 28,791,972,474 |
| (b) | Time deposits with remaining term to maturity: | | | | | | |
| | - Within 3 months | **3,802,325,662** | 1,212,813,358 | 1,786,190,807 | **3,802,325,662** | 1,212,813,358 | 1,786,190,807 |
| | - Over 3 and up to 6 months | **799,303,244** | 1,013,024,211 | 1,054,960,888 | **799,303,244** | 1,013,024,211 | 1,054,960,888 |
| | - Over 6 and up to 12 months | **6,459,703,880** | 3,276,647,595 | 1,444,909,012 | **6,459,703,880** | 3,276,647,595 | 1,444,909,012 |
| | - Over 1 and up to 3 years | **1,177,403,706** | 2,631,895,383 | 1,440,970,731 | **1,177,403,706** | 2,631,895,383 | 1,440,970,731 |
| | - Over 3 and up to 5 years | **914,895,904** | 573,719,879 | 841,461,804 | **914,895,904** | 573,719,879 | 841,461,804 |
| | - Over 5 years | **3,252,394** | 2,057,752 | 3,816,918 | **3,252,394** | 2,057,752 | 3,816,918 |
| | | **13,156,884,790** | 8,710,158,178 | 6,572,310,160 | **13,156,884,790** | 8,710,158,178 | 6,572,310,160 |
| | Current | **11,061,332,786** | 5,502,485,164 | 4,286,060,707 | **11,061,332,786** | 5,502,485,164 | 4,286,060,707 |
| | Non-Current | **2,095,552,004** | 3,207,673,014 | 2,286,249,453 | **2,095,552,004** | 3,207,673,014 | 2,286,249,453 |
| | | **13,156,884,790** | 8,710,158,178 | 6,572,310,160 | **13,156,884,790** | 8,710,158,178 | 6,572,310,160 |
| (c ) | Retail | **16,782,833,798** | 14,820,247,548 | 13,188,889,573 | **16,782,833,798** | 14,820,247,548 | 13,188,889,573 |
| | Corporate | **21,955,047,931** | 13,463,191,174 | 14,990,875,886 | **21,975,890,674** | 13,475,038,318 | 14,995,425,459 |
| | Government | **3,089,550,914** | 2,139,606,496 | 607,657,442 | **3,089,550,914** | 2,139,606,496 | 607,657,442 |
| | | **41,827,432,643** | 30,423,045,218 | 28,787,422,901 | **41,848,275,386** | 30,434,892,362 | 28,791,972,474 |

Deposits of **Rs 3,034,038,478** for the year ended 30 June 2024 (2023: Rs 2,168,436,856, 2022: Rs 1,951,022,901) held as collateral for irrevocable commitments under credit facilities inclusive in Deposits from customers.

## 19. Lease liabilities

| | The Group | The Bank |
|---|---|---|
| | Rs | Rs |
| **At 01 July 2021** | 60,424,535 | 156,588,681 |
| Finance charge | 1,285,778 | 3,413,794 |
| Repayment during the year | (25,108,374) | (60,684,899) |
| **At 30 June 2022** | 36,601,939 | 99,317,576 |
| Finance charge | 782,131 | 2,023,121 |
| Repayment during the year | (19,644,020) | (55,220,546) |
| **At 30 June 2023** | **17,740,050** | **46,120,151** |
| Finance charge | **1,126,179** | **1,456,620** |
| Additions during the year | **14,659,420** | **14,659,420** |
| Repayment during the year | **(12,911,234)** | **(48,487,759)** |
| **At 30 June 2024** | **20,614,415** | **13,748,432** |

The lease liabilities relate to the right of use assets.

# Notes to the financial statements

For year ended 30 June 2024

## 19. Lease liabilities (Cont'd)

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| **Remaining term to maturity** | | | | | | |
| - Within 3 months | **2,308,124** | 3,430,641 | 6,644,551 | **1,888,486** | 11,837,660 | 14,826,177 |
| - Over 3 and up to 6 months | **1,031,887** | 2,884,209 | 4,908,087 | **1,073,836** | 11,772,381 | 13,569,376 |
| - Over 6 and up to 12 months | **1,323,722** | 2,899,773 | 7,309,254 | **1,407,620** | 20,850,670 | 24,801,875 |
| - Over 1 and up to 3 years | **6,470,229** | 2,254,722 | 11,167,855 | **5,859,352** | 1,659,440 | 46,120,148 |
| - Over 3 and up to 5 years | **1,748,046** | 669,514 | 610,878 | **1,018,359** | - | - |
| - Over 5 years | **7,732,407** | 5,601,191 | 5,961,314 | **2,500,779** | - | - |
| | **20,614,415** | 17,740,050 | 36,601,939 | **13,748,432** | 46,120,151 | 99,317,576 |
| Current | **4,663,733** | 9,214,623 | 18,861,892 | **4,369,942** | 44,460,711 | 53,197,428 |
| Non-Current | **15,950,682** | 8,525,427 | 17,740,047 | **9,378,490** | 1,659,440 | 46,120,148 |
| | **20,614,415** | 17,740,050 | 36,601,939 | **13,748,432** | 46,120,151 | 99,317,576 |

## 20. Other liabilities

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Cheques in clearance | **114,242,249** | 84,963,174 | 130,905,922 | **114,242,249** | 84,963,174 | 130,905,922 |
| Due on extinction of guarantees (Note (i)) | **103,598,429** | 122,496,861 | 151,697,568 | **103,598,429** | 122,496,861 | 151,697,568 |
| Other payables and accruals (Note (ii)) | **411,558,299** | 330,247,580 | 299,908,066 | **410,865,560** | 329,562,446 | 299,222,935 |
| Overdrawn balances on nostro account | **225,330** | - | - | **225,330** | - | - |
| Provisions for other liabilities | **2,016,741** | 2,170,010 | 733,864 | **2,016,741** | 2,170,010 | 733,864 |
| | **631,641,048** | 539,877,625 | 583,245,420 | **630,948,309** | 539,192,491 | 582,560,289 |
| Current | **528,042,619** | 432,864,269 | 431,547,852 | **527,349,880** | 432,179,135 | 430,862,721 |
| Non-Current | **103,598,429** | 107,013,356 | 151,697,568 | **103,598,429** | 107,013,356 | 151,697,568 |
| | **631,641,048** | 539,877,625 | 583,245,420 | **630,948,309** | 539,192,491 | 582,560,289 |

The other payables and accruals balance are unsecured and interest free. These includes funds received from other banks not yet allocated, provisions and accruals, amount due to card service provider and collections to be remitted to statutory authorties.

Note (i) Due on extinction of guarantees pertains to an amount owed to fellow subsidiary for excess consideration paid by the latter on the acquisition of a portfolio of clients from the bank. The excess consideration pertained to off balance sheet exposure attached to the portfolio of clients. The excess consideration is refunded to the fellow subsidiary as when the guarantees extinguish.

Note (ii) Included in other payables and accruals is an amount of **Rs 10.7Mn** ( 2023: Rs 7.0m, 2022: Rs Nil) pertaining to vacation leave accrued in respect of the provisions of the Workers rights Act 2019.

# Notes to the financial statements

For year ended 30 June 2024

## 21. Retirement Benefits Obligations

*Pension plan*

The pension plan is a final salary defined benefit plan for senior employees and is wholly funded by the Bank. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the plan are held independently and administered by a private insurance company. Employee benefits obligations have been based on reports from Swan Life and SICOM Ltd dated 29 July 2024 and 09 August 2024 respectively.

(i) Amounts recognised in the statements of financial position:

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| Present value of funded obligations | **(184,024,019)** | (162,287,799) | (190,950,590) |
| Fair value of plan assets | **35,492,964** | 47,303,582 | 51,348,217 |
| Liabilities in the statement of financial position | **(148,531,055)** | (114,984,217) | (139,602,373) |
| Residual retirement gratuities | **(54,608,141)** | (26,442,000) | (32,282,000) |
| Defined benefit plan | **(93,922,914)** | (88,542,217) | (107,320,373) |
| | **(148,531,055)** | (114,984,217) | (139,602,373) |

(ii) Movements in the liability recognised in the statements of financial position:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| At start | **(114,984,217)** | (139,602,373) | (117,305,558) |
| Amounts recognised in profit or loss (Note 33) | **(13,364,786)** | (13,235,084) | (11,503,214) |
| Actuarial gains/(losses) recognised in other comprehensive income | **(25,608,633)** | 19,481,270 | (10,842,601) |
| Direct benefit paid | **777,137** | - | - |
| Employer contributions | **4,649,444** | 18,371,970 | 49,000 |
| At end | **(148,531,055)** | (114,984,217) | (139,602,373) |

(iii) Amounts recognised in the statement of profit or loss

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| Current service cost | **6,899,081** | 7,000,843 | 6,781,438 |
| Scheme expenses | **460,797** | 741,651 | 2,800 |
| Cost of insuring benefits | **228,696** | 228,696 | 228,696 |
| Interest cost | **7,588,970** | 7,121,746 | 6,885,530 |
| Expected return on plan assets | **(1,812,758)** | (1,857,852) | (2,395,250) |
| Total included in pension and other costs | **13,364,786** | 13,235,084 | 11,503,214 |
| Actual return on plan assets | **2,511,140** | 2,439,006 | 2,212,642 |

# Notes to the financial statements

For year ended 30 June 2024

## 21. Retirement Benefits Obligations (Cont'd)

*Pension plan (Cont'd)*

(iv) Amount recognized in Other Comprehensive Income:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| Gains/(losses) on pension scheme assets | **704,791** | 581,154 | (182,608) |
| Experience gains/(losses) on the liabilities | **(9,109,655)** | 5,782,077 | 6,433,643 |
| Changes in assumptions underlying the present value of the scheme | **(17,203,769)** | 13,118,039 | (17,093,636) |
| | **(25,608,633)** | 19,481,270 | (10,842,601) |

(v) Movements in defined benefit obligations:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| At start | **(162,287,799)** | (190,950,590) | (192,382,973) |
| Current service cost | **(6,899,081)** | (7,000,843) | (6,781,438) |
| Interest cost | **(7,588,970)** | (7,121,746) | (6,885,530) |
| Benefits transferred out | **6,592,000** | - | - |
| Actuarial gains/(losses) | **(26,313,424)** | 18,900,116 | (10,659,993) |
| Benefits paid | **12,473,255** | 23,885,264 | 25,759,344 |
| At end | **(184,024,019)** | (162,287,799) | (190,950,590) |

(vi) Movements in the fair value of plan assets:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| **The Group and the Bank** | | | |
| At start | **47,303,582** | 51,348,217 | 75,077,415 |
| Expected return on plan assets | **1,812,758** | 1,857,852 | 2,395,250 |
| Assets transferred out | **(6,592,000)** | - | - |
| Actuarial gains/(losses) | **704,791** | 581,154 | (182,608) |
| Employer contributions | **4,649,444** | 18,371,970 | 49,000 |
| Scheme expenses | **(460,797)** | (741,651) | (2,800) |
| Cost of insuring risks benefits | **(228,696)** | (228,696) | (228,696) |
| Benefits paid | **(11,696,118)** | (23,885,264) | (25,759,344) |
| At end | **35,492,964** | 47,303,582 | 51,348,217 |

## 21. Retirement Benefits Obligations (Cont'd)

*Pension plan (Cont'd)*

(vii) Expected return on assets

The assets of the plan are invested in the deposit administration fund of Swan Life and Sicom Ltd. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategy of the fund.

As the fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(viii) Description of the pension schemes

*Retirement gratuities*

The Bank participates in a defined contribution (DC) pension plan which is administered by SICOM. Its contributions for DC employees are expensed to the income statement.

In addition, the Bank has recognised a liability under its defined contribution plan of **Rs 54,608,141** in its Statement of Financial Position as at 30 June 2024 (30 June 2023: Rs 26,442,000 and 30 June 2022: Rs 32,282,000) in respect of residual retirement gratuities that are expected to be paid out of the Bank's cash flow to its employees under the Workers' Rights Act (WRA) 2019.

The Finance Act 2023 which was published on 20 July 2023 repealed the change in the gratutity formula for employees working 5 day- weeks. The Group and the Bank opted for the change in financial year 2024. Since the legislation was put into place in the current financial year, the bank has changed its calculation to 15/26. The impact of this change has been included in current service cost.

The Bank has a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year.

*Defined benefit plan*

The Bank also has a defined plan administered by Swan Life. The Bank has recognised a net defined benefit liability of **Rs 93,922,914** in its statement of financial position as at 30 June 2024 (30 June 2023: Rs 88,542,217 and 30 June 2022: Rs 107,320,373).

The benefit plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

**Investment risk** (where the plan is funded)**:** 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** (where the plan is funded and an annuity is paid over life expectancy): 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.

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

## 21. Retirement Benefits Obligations (Cont'd)

*Pension plan (Cont'd)*

(ix) Pension schemes

(a) Retirement Gratuities

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| **The Group and the Bank** | | | |
| **Principal Assumptions used at End of Year** | | | |
| - Discount rate | **5.70%** | 2.9% - 5.9% | 2.5% - 5.0% |
| - Rate of salary increases | **4.00%** | 3.70% | 3.00% |
| - Rate of pension increases | **N/A** | N/A | N/A |
| - Average retirement age (ARA) | **65** | 65 | 65 |
| - Average life expectancy for: | | | |
| - Male at ARA | **10.6 years** | 15.9 years | 15.9 years |
| - Female at ARA | **12.5 years** | 20.0 years | 20.0 years |

**The Group and the Bank**

**Sensitivity Analysis on Retirment Gratuities**

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| - Increase due to 1% decrease in discount rate | **23,006,770** | 10,056,000 | 10,961,000 |
| - Decrease due to 1% increase in discount rate | **17,520,780** | 7,483,000 | 8,587,000 |

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 pension fund with reference to the Bank's share of contributions. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

**Future cashflows**

- The funding policy is to pay benefits out of the reporting entity’s cashflow as and when due.

| | | | |
|---|---|---|---|
| - Expected employer contribution for the next year | **Rs 134,700** | Rs 114,000 | Rs 110,000 |
| - Weighted average duration of the defined benefit obligation | **17 years** | 18 years | 19 years |

# Notes to the financial statements

For year ended 30 June 2024

## 21. Retirement Benefits Obligations (Cont'd)

*Pension plan (Cont'd)*

(ix) Pension schemes (Cont'd)

(b) Defined benefit plan with Swan Life

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| **The Group and the Bank** | | | |
| **Principal Assumptions used at End of Year** | | | |
| - Discount rate | **4.70%** | 4.90% | 3.60% |
| - Future long-term salary increase | **4.00%** | 3.00% | 3.00% |
| - Post retirement mortality tables | Swan Annuity Rates | Swan Annuity Rates | Swan Annuity Rates |
| | | | |
| **Amounts for the current and previous periods** | | | |
| | **Rs** | Rs | Rs |
| Defined benefit obligation | **(129,178,364)** | (129,102,799) | (150,644,590) |
| Plan assets | **35,255,450** | 40,560,582 | 43,324,217 |
| Deficit | **(93,922,914)** | (88,542,217) | (107,320,373) |
| Actuarial gains/(losses) on plan liabilities | **(2,119,574)** | 8,085,116 | (15,507,993) |
| Actuarial gains/(losses) on plan assets | **712,880** | 972,154 | 1,546,392 |
| | | | |
| **Sensitivity Analysis on Defined Benefit Obligation at End of Year** | | | |
| | **Rs** | Rs | Rs |
| - Increase due to 1% increase in future long term salary assumption | **6,244,888** | 5,994,881 | 9,086,742 |
| - Decrease due to 1% decrease in future long term salary assumption | **5,679,238** | 5,384,944 | 8,147,268 |
| - Increase due to 1% decrease in discount rate | **6,785,144** | 6,439,917 | 2,377,167 |
| - Decrease due to 1% increase in discount rate | **6,048,744** | 5,723,931 | 13,954,020 |

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

| | | | |
|---|---|---|---|
| **Future cashflows** | | | |
| - Expected employer contribution for the next year | **3,400,000** | 7,010,000 | 8,720,000 |
| - Weighted average duration of the defined benefit obligation | **5 years** | 5 years | 6 years |

# Notes to the financial statements

For year ended 30 June 2024

## 22. Stated capital

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| ***Issued, subscribed and paid up*** | | | |
| At start of the year | **2,716,420,490** | 2,466,420,956 | 2,466,420,956 |
| Issue of new shares | **500,180,600** | 249,999,534 | - |
| At end of year | **3,216,601,090** | 2,716,420,490 | 2,466,420,956 |

During the year under review, the bank's shareholders injected **Rs 500,180,600** (30 June 2023: Rs 249,999,534) in the form of new equity capital.

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Number | Number | Number |
| ***Number of shares of no par value*** | | | |
| At start of year | **7,346,728,224** | 6,801,813,502 | 6,801,813,502 |
| Number of shares of no par value issued during the year | **1,072,744,541** | 544,914,722 | - |
| At end of year | **8,419,472,765** | 7,346,728,224 | 6,801,813,502 |

The no par value shares carry the same rights.

Each share confers on the holder the right to:

• one vote on a poll at a meeting of the Bank on any resolution;

• an equal share in the distribution of the surplus assets of the Bank.

## 23. Statutory Reserve

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a Statutory Reserve Account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable. However, if there are accumulated losses, this transfer is not applicable.

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| **The Group and the Bank** | Rs | Rs | Rs |
| Balance at start of year | **115,694,092** | 58,574,633 | 18,880,341 |
| Transfer from profit or loss for the year | **121,137,902** | 57,119,459 | 39,694,292 |
| Balance at end of year | **236,831,994** | 115,694,092 | 58,574,633 |

# Notes to the financial statements

For year ended 30 June 2024

## 24.(a) Revaluation Reserve

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Balance at beginning of year | **349,028,600** | 327,583,556 | 327,583,556 | **256,212,256** | 251,105,633 | 251,105,633 |
| Increase arising on revaluation of properties | **-** | 14,101,709 | - | **-** | 5,101,709 | - |
| Deferred tax on revaluation of properties | - | (1,525,086) | - | - | 4,914 | - |
| Gain on Right-of-use assets | **-** | 8,868,421 | - | **-** | - | - |
| Balance at end of year | **349,028,600** | 349,028,600 | 327,583,556 | **256,212,256** | 256,212,256 | 251,105,633 |

Revaluation reserve pertains to any movements between the carrying amount of property, plant and equipment, specifically land and buildings and its revalued amount as at reporting date.

## 24.(b) Other Reserve

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Balance at beginning of year | **148,720,529** | 20,280,711 | 27,299,586 |
| Credit impairment charge/(reversal) on financial assets at FVTOCI during the year (Note 32) | **10,555,542** | 128,439,818 | (7,018,875) |
| Balance at end of year | **159,276,071** | 148,720,529 | 20,280,711 |

Other reserve pertains to net ECL charge on financial assets at fair value through other comprehensive income.

## 25. Contingent liabilities

*(a)* *Legal matters*

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Bank is involved in various litigation, and the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank 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.

Litigation being a common occurrence in the banking industry due to the nature of the business undertaken, the Bank has established formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

At 30 June 2024, the Bank had claims amounting to **Rs 21 Mn** (2023: Rs 32 Mn) in relation to industrial disputes, for which appropriate legal actions have been taken to resist such claims. At this point in time, the Bank does not consider any liability to devolve from these disputes.

*(b)* *Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers*

| | The Group and the Bank | | |
|---|---|---|---|
| | **30 June 2024** | **30 June 2023** | **30 June 2022** |
| | **Rs** | **Rs** | **Rs** |
| (i) Acceptances on account of customers | **10,251,734** | 3,140,945 | 14,234,671 |
| (ii) Guarantees on account of customers | **2,030,087,265** | 1,977,528,749 | 1,181,518,187 |
| (iii) Letters of credit and other obligations on account of customers | **3,798,576** | 2,636,862 | 70,785,457 |
| (iv) Outward bills for collection | **550,323,994** | 135,832,586 | 121,910,016 |
| | **2,594,461,569** | 2,119,139,142 | 1,388,448,331 |

(i) These are acceptances under usance Letter of credit for importation purpose whereby the buyer as per their contract agreement with the seller enjoys a credit facility to pay at a future date.

(ii) These are issued by the Bank on behalf of its customers, the Principal, as financial assurance to the Beneficiaries in the event that the Principal defaults on their contractual obligations.

(iii) These are written undertakings by an importer's bank, known as the Issuing bank, on behalf of its customer whereby it promises to effect payment in favour of an exporter (beneficiary) up to a stated sum of money, within a prescribed time limit and against stipulated documents and terms of the credit.

(iv) This is a method of payment used in international trade whereby an exporter entrusts the handling of commercial and often financial documents to the Bank and provides instructions concerning the release of these documents to the importer. The Bank do not provide any guarantee of payment under collection.

ECL for loan commitments and financial guarantee contracts of **Rs 2,016,741** (2023: Rs 2,170,010; 2022: Rs 733,864) has been included in other liabilities.

## 26. Credit commitments

| | The Group and the Bank | | |
|---|---|---|---|
| | **30 June 2024** | **30 June 2023** | **30 June 2022** |
| | **Rs** | **Rs** | **Rs** |
| *Loans and other facilities* | | | |
| Undrawn credit facilities | **2,828,967,692** | 1,300,476,500 | 1,600,018,622 |

Undrawn credit facilities refer to credit facilities that the Bank has agreed to be made available to the Borrower, upon receiving signed facility offer letter under a committed credit facility that the Borrower has either not drawn, or has partly drawn. For such facilities, the date that the Bank becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purpose of applying impairment requirements.

# Notes to the financial statements

For year ended 30 June 2024

## 27. Derivatives

(i) The fair value of derivative instruments is analysed as follows:

| The Group and the Bank | Notional principal amount | Fair value | Derivative assets | Derivative liabilities |
|---|---|---|---|---|
| | Rs | Rs | Rs | Rs |
| **30 June 2024** | | | | |
| Foreign exchange forward contracts | **829,897,130** | **818,579,400** | **11,400,141** | **(82,411)** |
| Foreign exchange swap contracts | **9,951,032,621** | **10,959,586,307** | **67,280,531** | **(1,075,834,218)** |
| Foreign exchange spot contracts | **15,455,904** | **15,382,127** | **78,870** | **(5,093)** |
| | **10,796,385,655** | **11,793,547,834** | **78,759,542** | **(1,075,921,722)** |
| **30 June 2023** | | | | |
| Foreign exchange forward contracts | 1,052,307,917 | 1,056,827,928 | 5,876,440 | (10,396,451) |
| Foreign exchange swap contracts | 4,588,533,276 | 5,522,071,361 | 4,930,067 | (857,854,090) |
| Foreign exchange spot contracts | 7,379,594 | 7,302,469 | 77,125 | - |
| | 5,648,220,787 | 6,586,201,758 | 10,883,632 | (868,250,541) |
| **30 June 2022** | | | | |
| Foreign exchange forward contracts | 177,910,743 | 176,516,649 | 2,109,365 | (715,271) |
| Foreign exchange swap contracts | 3,740,022,441 | 4,646,646,185 | 1,199,066 | (804,138,447) |
| Foreign exchange spot contracts | 23,762,921 | 23,705,082 | 57,839 | - |
| | 3,941,696,105 | 4,846,867,916 | 3,366,270 | (804,853,718) |

(ii) Cross currency swap with the holding company

On 18 October 2019, MauBank Ltd entered into a USD/MUR cross currency swap arrangement with MauBank Holdings Ltd (MBH) whereby the Bank received USD 99,750,000 from its holding company in exchange for Rs 3,640,875,000. The duration of the swap arrangement is for a period of 12 years, with a five year grace period on capital repayment and seven years linear capital repayment thereafter. Interest and capital (after grace period) are payable every six months. The interest rate applicable on the USD and Rs amount are respectively USD six months LIBOR + 80bps and MUR cost of funds + 80bps. On 1st August 2023, the cross currency swap was repriced and adjusted to Daily Compounded SOFR.

The bank will repay capital amount of USD 7,125,000 plus accrued interest to MauBank Holdings Ltd (MBH) while MBH will repay capital amount of MUR 260,062,500 plus accrued interest to the bank every 6 months as from 1 August 2024 up to 1 February 2031.

(iii) Besides the cross currency swap with the holding company, the Bank has positions in the following types of derivatives:

**Forward contracts**

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specifc price and date in the future. Forward contracts are customised contracts transacted in the over-the-counter market.

**Spot position**

The current balance on spot position account reflects the bought/sold amounts (FX deals) in original currencies and equivalent amounts corresponding to the prevailing FX spot " Accounting" rate as of the settlement date.

**Swap contracts**

Currency swap contracts are commitments to exchange one set of cash flows in one currency for another set of cash flows in another currency.

# Notes to the financial statements

For year ended 30 June 2024

## 28. Net interest income

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs |
| **Interest income on financial instruments measured at amortised cost** | | | | | | |
| Loans and advances | **1,515,114,495** | 1,154,681,819 | 755,535,852 | **1,525,977,138** | 1,164,813,535 | 763,578,166 |
| Commission on loans and advances | **42,911,626** | 59,870,936 | 47,252,654 | **42,911,626** | 59,870,936 | 47,252,654 |
| Finance lease | **101,935,798** | 80,824,165 | 56,082,385 | **101,935,798** | 80,824,165 | 56,082,385 |
| Placements | **176,709,202** | 82,762,329 | 5,616,018 | **176,709,202** | 82,762,329 | 5,616,018 |
| Trade finance | **88,970,718** | 70,772,095 | 48,254,427 | **88,970,718** | 70,772,095 | 48,254,427 |
| | **1,925,641,839** | 1,448,911,344 | 912,741,336 | **1,936,504,482** | 1,459,043,060 | 920,783,650 |
| **Interest income on financial instruments measured at FVTOCI** | | | | | | |
| Investment Securities: | | | | | | |
| - Government stocks | **1,731,061** | 67,008 | 980,342 | **1,731,061** | 67,008 | 980,342 |
| - Treasury notes | **7,976,653** | - | 2,507,126 | **7,976,653** | - | 2,507,126 |
| - Bank of Mauritius Bonds | **4,091,699** | 4,087,491 | 4,083,629 | **4,091,699** | 4,087,491 | 4,083,629 |
| - Corporate Bonds | **36,582,850** | 44,902,877 | 51,270,875 | **36,582,850** | 44,902,877 | 51,270,875 |
| - Treasury Bills | **73,293,344** | 4,323,932 | 7,463,421 | **73,293,344** | 4,323,932 | 7,463,421 |
| - Bank of Mauritius Bills | **81,101,589** | 57,254,911 | 14,720,543 | **81,101,589** | 57,254,911 | 14,720,543 |
| - Foreign bonds | **57,586,908** | 30,129,800 | 58,355,282 | **57,586,908** | 30,129,800 | 58,355,282 |
| - Foreign bills | **47,706,687** | 26,928,333 | 781,994 | **47,706,687** | 26,928,333 | 781,994 |
| | **310,070,791** | 167,694,352 | 140,163,212 | **310,070,791** | 167,694,352 | 140,163,212 |
| **Total interest income calculated using EIR** | **2,235,712,630** | 1,616,605,696 | 1,052,904,548 | **2,246,575,273** | 1,626,737,412 | 1,060,946,862 |
| **Interest expense on financial instruments measured at amortised cost** | | | | | | |
| Deposits from customers | **859,802,621** | 477,118,687 | 162,643,364 | **859,802,621** | 477,118,687 | 162,643,364 |
| Finance charge on leases | **1,126,179** | 782,131 | 1,285,778 | **1,456,620** | 2,023,121 | 3,413,794 |
| Other borrowed funds | **377,067** | 11,474,306 | - | **377,067** | 11,474,306 | - |
| **Total interest expense** | **861,305,867** | 489,375,124 | 163,929,142 | **861,636,308** | 490,616,114 | 166,057,158 |
| **Net interest income** | **1,374,406,763** | 1,127,230,572 | 888,975,406 | **1,384,938,965** | 1,136,121,298 | 894,889,704 |

# Notes to the financial statements

For year ended 30 June 2024

## 29. Net fee and commission income

| | The Group and the Bank | | |
|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs | Rs | Rs |
| **Fee and commission income** | | | |
| Commission on guarantees | **27,832,503** | 20,107,154 | 17,113,001 |
| Commission on insurances and pensions | **16,690,773** | 16,093,026 | 14,847,233 |
| Commission on loans and advances to customers | **7,308,686** | 6,378,190 | 4,845,367 |
| Commission on savings | **60,696,234** | 49,794,887 | 41,002,561 |
| Commission on trade finance | **53,862,340** | 50,701,171 | 34,176,881 |
| Management fees from fellow subsidiary | **38,572,433** | 44,171,993 | 53,157,373 |
| Recovery fees from fellow subsidiary | **48,377,185** | 53,240,195 | 60,434,060 |
| Other fee income from fellow subsidiary | **7,738,676** | 8,489,433 | 6,642,672 |
| Others | **58,493,723** | 43,146,844 | 30,568,059 |
| **Total fee and commission income** | **319,572,553** | 292,122,893 | 262,787,207 |
| | | | |
| Recognised over a period of time | **151,965,297** | 168,221,137 | 164,881,315 |
| Recognised at a point in time | **167,607,256** | 123,901,756 | 97,905,892 |
| **Total fee and commission income** | **319,572,553** | 292,122,893 | 262,787,207 |
| | | | |
| **Fee and commission expense** | | | |
| Credit card expenses | **63,534,952** | 47,065,904 | 36,170,633 |
| Other fees paid | **4,830,339** | 4,542,704 | 4,468,609 |
| **Total fee and commission expense** | **68,365,291** | 51,608,608 | 40,639,242 |
| | | | |
| **Net fee and commission income** | **251,207,262** | 240,514,285 | 222,147,965 |

## 30. Net trading income

| | The Group and the Bank | | |
|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs | Rs | Rs |
| Foreign exchange transactions | **544,577,976** | 156,414,224 | 372,345,552 |
| Loss on fair value of derivative | **(133,183,552)** | (42,903,836) | (277,861,190) |
| Net revaluation (loss)/gain on financial instruments | **(9,896,848)** | 2,494,108 | (1,725,098) |
| Interest income on financial assets at FVTPL | **-** | - | 3,077,833 |
| Gain on valuation of investment securities and trading assets at FVTPL 11(b) | **36,543,798** | 19,793,152 | 5,192,015 |
| Interest income on cross currency swap sold | **324,605,452** | 243,752,093 | 93,248,295 |
| Interest expense on cross currency swap bought | **(280,586,742)** | (210,999,463) | (51,988,831) |
| | **482,060,084** | 168,550,278 | 142,288,576 |

# Notes to the financial statements

For year ended 30 June 2024

## 31. Other income

| | The Group and the Bank | | |
|---|---|---|---|
| | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs |
| Gain on revaluation of investment properties (Note 15) | - | 10,000,000 | - |
| Rental income on investment properties | **22,616,026** | 24,668,655 | 24,190,793 |
| Gain/(loss) on disposal of property, plant and equipment | **1,739** | (2,354) | 270,777 |
| Gain on disposal of non banking and other assets | - | - | 5,283 |
| Dividend and other income | **31,378,591** | 20,483,023 | 2,952,362 |
| | **53,996,356** | 55,149,324 | 27,419,215 |

## 32. Net impairment loss on financial assets

| | The Group and the Bank | | |
|---|---|---|---|
| | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs |
| ECL charge under stage 1 and 2 for cash and cash equivalents | **494,643** | 189,276 | - |
| ECL (reversal)/charge under stage 1 and 2 for loans and advances to banks (Note 12 (b)) | **(3,417,751)** | 5,278,298 | 2,070,437 |
| ECL (reversal)/charge under stage 1 and 2 for loans and advances to customers (Note 13 (c)) | **(78,709,485)** | 11,669,698 | (9,127,648) |
| ECL charge under stage 3 for loans and advances (Note 13 (c)) | **303,180,266** | 38,468,534 | 74,434,782 |
| ECL charge/(reversal) under stage 1 and 2 for financial assets at FVTOCI (Note 25(b)) | **2,306,369** | (5,407,240) | (7,018,875) |
| ECL charge under stage 3 for financial assets at FVTOCI (Note 25(b)) | **8,249,173** | 133,847,058 | - |
| ECL (reversal)/charge under stage 1 and 2 for off balance sheet items | **(153,269)** | 1,436,146 | (39,348) |
| Bad debts recovered | **(3,570,182)** | (9,297,478) | (3,457,269) |
| | **228,379,764** | 176,184,292 | 56,862,079 |

Amounts included in the cash flow statements excludes ECL charge/(reversal) under stage 1 and 2 for cash and cash equivalent and bad debt recovered.

## 33. Personnel expenses

| | The Group and the Bank | | |
|---|---|---|---|
| | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs |
| Wages and salaries | **394,858,675** | 374,235,468 | 387,842,591 |
| Compulsory social security obligations | **23,535,438** | 22,400,176 | 23,341,909 |
| Pension cost under defined contribution plan | **24,212,609** | 23,908,924 | 24,569,891 |
| Pension cost under defined benefit plan (Note 21(ii)) | **13,364,786** | 13,235,084 | 11,503,214 |
| Contribution to PRGF | **110,586** | 261,636 | 124,176 |
| Other personnel expenses | **80,654,915** | 83,197,273 | 70,061,082 |
| | **536,737,009** | 517,238,561 | 517,442,863 |

## 34. Other expenses

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Business promotion and marketing expenses | **28,331,081** | 18,405,448 | 15,466,007 | **28,331,081** | 18,405,448 | 15,466,007 |
| Travel expenses | **3,647,525** | 526,518 | 378,040 | **3,647,525** | 526,518 | 378,040 |
| Office operating expenses | **36,357,911** | 33,034,038 | 35,331,502 | **36,357,911** | 33,034,038 | 35,331,502 |
| Stationeries | **10,053,875** | 7,965,120 | 6,370,469 | **10,053,875** | 7,965,120 | 6,370,469 |
| General administration expenses | **20,815,039** | 24,142,643 | 17,880,694 | **20,788,257** | 24,137,669 | 17,877,098 |
| Professional fees | **39,186,448** | 62,139,460 | 16,792,310 | **38,878,098** | 61,840,460 | 16,363,710 |
| Insurances | **18,902,572** | 18,187,856 | 16,024,300 | **18,672,199** | 17,957,485 | 15,752,520 |
| Repairs and maintenance | **144,778,174** | 138,458,412 | 117,632,574 | **144,778,174** | 138,458,412 | 117,632,574 |
| Utilities | **61,038,080** | 54,602,043 | 51,350,098 | **61,038,080** | 54,602,043 | 51,350,098 |
| Training | **3,329,590** | 3,013,368 | 912,439 | **3,329,590** | 3,013,368 | 912,439 |
| Other operating expenses | **8,016,348** | 8,846,720 | 4,932,261 | **3,320,696** | 4,151,068 | 236,609 |
| | **374,456,643** | 369,321,626 | 283,070,694 | **369,195,486** | 364,091,629 | 277,671,066 |

## 35. Income tax expense

### (a) Income tax

The applicable tax rate in Mauritius is **5%** for the year ended 30 June 2024 (2023: 5%; 2022: 5%) for profit up to Rs 1.5 Bn. In addition, the Bank is subject to **2%** relating to Corporate Social Responsibility Fund (CSR) for the year ended 30 June 2024 (2023 and 2022: 2%). As at 30 June 2024, the Group had net income tax liability of **Rs 20,483,337** (2023: Rs Nil and 2022: Rs Nil). The Group had an income tax asset of Rs 6,525,969 at 30 June 2023 and an income asset of Rs 6,515,511 at 30 June 2022.

The Bank had no levy during the financial year ended 30 June 2024 (2023: Rs Nil). Special levy on banks is governed under the VAT Act. Every bank shall in every year be liable to pay the taxation authorities a special levy calculated at 5.5% where leviable income is less than or equal to MUR 1.2bn or at 4.5% where leviable income is greater than MUR 1.2bn. 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 Group is also subject to the Advanced Payment Scheme (APS).

Under the APS, the Bank is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on the chargeable income of the preceding financial year.

Please refer to note 40 "Events after the reporting period" for details relating to change in tax rate.

## 35. Income tax expense (Cont'd)

### (b) Statement of profit or loss and other comprehensive income

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Income tax on adjusted profit for the year | **34,670,994** | 2,938,724 | 3,192,635 | **31,827,161** | - | - |
| Movement in deferred taxation | **5,045,189** | 3,687,255 | 4,210,420 | **4,961,066** | 3,583,687 | 4,339,030 |
| CSR contribution | **391,830** | 425,685 | 403,889 | **-** | - | - |
| Tax expense | **40,108,013** | 7,051,664 | 7,806,944 | **36,788,227** | 3,583,687 | 4,339,030 |

### (c) Statement of financial position

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Balance at start of year | **(6,525,969)** | (6,515,111) | (6,146,240) | **(5,104,282)** | (6,047,358) | (5,905,506) |
| Income tax on adjusted profit for the year | **34,670,994** | 2,938,724 | 3,192,635 | **31,827,161** | - | - |
| CSR contribution payable | **391,830** | 425,685 | 403,889 | **-** | - | - |
| Tax refund received during the year | **1,421,687** | 6,499,779 | 6,156,295 | **-** | 6,032,026 | 5,915,561 |
| Tax paid during the year | **(2,424,447)** | (2,633,922) | (2,499,060) | **-** | - | - |
| Tax deducted at source | **(7,050,758)** | (7,241,124) | (7,622,630) | **(4,702,932)** | (5,088,950) | (6,057,413) |
| Balance at end of year | **20,483,337** | (6,525,969) | (6,515,111) | **22,019,947** | (5,104,282) | (6,047,358) |
| | | | | | | |
| Presented as follows: | | | | | | |
| Current tax assets * | **(6,640,892)** | (6,525,969) | (6,515,111) | **(5,104,282)** | (5,104,282) | (6,047,358) |
| Current tax liabilities | **27,124,229** | - | - | **27,124,229** | - | - |

* The current tax asset of Rs 5,104,282 as at 30 June 2024 for the Bank, which is also included the group figure as at 30 June 2024, pertaines to year ended 30 June 2023. The amount will be refunded to the Bank once the tax authorities would have completed their investigation of the corporate return for that year.

### (d) Deferred tax assets

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Balance at start of year | **(31,752,759)** | (37,939,163) | (41,607,453) | **(43,163,019)** | (47,715,855) | (51,512,755) |
| Movement during the year | | | | | | |
| - Charged to statements of profit or loss | **5,045,189** | 3,687,255 | 4,210,420 | **4,961,066** | 3,583,687 | 4,339,030 |
| - Charged/(Credited) to other comprehensive income: | | | | | | |
| On actuarial (loss)/gain | **(1,792,604)** | 974,063 | (542,130) | **(1,792,604)** | 974,063 | (542,130) |
| On revaluation of property, plant and equipment | **-** | 1,525,086 | - | **-** | (4,914) | - |
| Balance at end of year | **(28,500,174)** | (31,752,759) | (37,939,163) | **(39,994,557)** | (43,163,019) | (47,715,855) |

## 35. Income tax expense (Cont'd)

### (d) Deferred tax assets (Cont'd)

Deferred tax arises on the following timing differences:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Accelerated tax depreciation | **(3,137,550)** | 2,762,170 | 2,950,077 | **(2,849,667)** | 3,134,176 | 3,425,654 |
| Provision for credit impairment | **(56,974,033)** | (35,165,602) | (25,957,521) | **(56,974,033)** | (35,165,602) | (25,957,521) |
| Retirement benefit obligations | **(10,397,174)** | (5,749,211) | (6,980,119) | **(10,397,174)** | (5,749,211) | (6,980,119) |
| Revaluation of building | **42,008,583** | 23,650,128 | 22,125,044 | **30,226,317** | 11,867,862 | 11,872,775 |
| Tax loss carried forward | **-** | (17,250,244) | (30,076,644) | **-** | (17,250,244) | (30,076,644) |
| Balance at end of year | **(28,500,174)** | (31,752,759) | (37,939,163) | **(39,994,557)** | (43,163,019) | (47,715,855) |

### (e) Income tax reconciliation

The tax charge on the Group's and the Bank's profit differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 | Year ended 30 June 2024 | Year ended 30 June 2023 | Year ended 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Profit before income tax | **853,244,384** | 395,608,043 | 285,357,283 | **844,374,240** | 384,380,078 | 272,915,310 |
| Tax at 5% | **42,662,219** | 19,780,402 | 14,070,481 | **42,218,712** | 19,219,004 | 13,448,382 |
| Non-allowable items | **22,666,769** | 19,448,873 | 13,650,629 | **22,540,766** | 19,346,114 | 13,467,921 |
| Exempt income | **(15,727,989)** | (9,695,433) | (7,527,307) | **(15,682,073)** | (8,747,923) | (7,461,866) |
| Deferred taxation | **5,045,189** | 3,687,258 | 4,210,420 | **4,961,066** | 3,583,687 | 4,339,030 |
| CSR contribution | **391,830** | 425,685 | 403,889 | **-** | - | - |
| Others | **(14,930,005)** | (26,595,118) | (17,001,168) | **(17,250,244)** | (29,817,195) | (19,454,437) |
| Tax expense | **40,108,013** | 7,051,667 | 7,806,944 | **36,788,227** | 3,583,687 | 4,339,030 |

### (f) Time lapse of tax losses

The bank did not have any tax losses at 30 June 2024.

# Notes to the financial statements
For year ended 30 June 2024

## 36. Profit for the year

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs | Year ended 30 June 2024 Rs | Year ended 30 June 2023 Rs | Year ended 30 June 2022 Rs |
| ***Profit for the year is arrived at after charging:*** | | | | | | |
| Depreciation and amortisation | **(98,049,687)** | (108,307,862) | (131,436,339) | **(122,713,190)** | (133,656,550) | (155,192,238) |
| Directors' emoluments | **(24,744,013)** | (29,094,744) | (20,574,691) | **(24,480,013)** | (28,830,744) | (20,310,691) |
| Payable to auditors (including VAT): | | | | | | |
| - Audit services | **(8,682,500)** | (8,399,600) | (5,488,375) | **(8,682,500)** | (8,199,500) | (5,341,750) |
| - Fees for other services | **(2,357,500)** | (2,530,000) | (231,150) | **(2,357,500)** | (2,530,000) | (231,150) |
| Staff costs (Note 33) | **536,737,009** | (517,238,561) | (517,442,863) | **536,737,009** | (517,238,561) | (517,442,863) |
| Operating lease rentals (Note 41(b(i)) | **(38,547,343)** | (24,815,016) | (19,051,699) | **(38,547,343)** | (24,815,016) | (19,051,699) |
| ***and crediting:*** | | | | | | |
| Rental income (Note 31) | **22,616,026** | 24,668,655 | 24,190,793 | **22,616,026** | 24,668,655 | 24,190,793 |

## 37. Earnings per share

The earnings per share for the year ended 30 June 2024 and for the comparative years were calculated as follows:

| The Group | Earnings per share (Rs) | Profit for the year attributable to equity holders of the parent (Rs) | Weighted Average Number of shares used |
|---|---|---|---|
| **Year ended 30 June 2024** | **0.11** | **813,136,371** | **7,436,123,602** |
| Year ended 30 June 2023 | 0.05 | 388,556,379 | 7,074,270,863 |
| Year ended 30 June 2022 | 0.04 | 277,550,339 | 6,801,813,502 |

| The Bank | Earnings per share (Rs) | Profit for the year attributable to equity holders of the parent (Rs) | Weighted Average Number of shares used |
|---|---|---|---|
| **Year ended 30 June 2024** | **0.11** | **807,586,013** | **7,436,123,602** |
| Year ended 30 June 2023 | 0.05 | 380,796,391 | 7,074,270,863 |
| Year ended 30 June 2022 | 0.04 | 268,576,280 | 6,801,813,502 |

# Notes to the financial statements

For year ended 30 June 2024

## 38. Related party transactions

Transactions and balances between the Group and its related parties are as follows:

**The Group and the Bank**

| | Directors and Key management personnel Rs |
|---|---|
| **Loans and advances** | |
| **At 30 June 2024** | **62,643,465** |
| At 30 June 2023 | 58,759,367 |
| At 30 June 2022 | 40,373,663 |
| **Deposits** | |
| **At 30 June 2024** | **36,086,862** |
| At 30 June 2023 | 83,893,838 |
| At 30 June 2022 | 85,620,031 |
| **Interest income** | |
| **Year ended 30 June 2024<br>Loans and advances** | **1,849,645** |
| Year ended 30 June 2023<br>Loans and advances | 1,316,695 |
| Year ended 30 June 2022<br>Loans and advances | 954,953 |
| **Interest expense** | |
| **Year ended 30 June 2024<br>Deposits** | **928,130** |
| Year ended 30 June 2023<br>Deposits | 1,048,126 |
| Year ended 30 June 2022<br>Deposits | 392,332 |
| **Key management personnel compensation<br>(Salaries and short-term employee benefits including directors' emoluments)<br>Year ended 30 June 2024** | **66,651,289** |
| Year ended 30 June 2023 | 71,233,403 |
| Year ended 30 June 2022 | 83,788,030 |
| **Key management personnel compensation<br>(Post employment benefits)<br>Year ended 30 June 2024** | **2,550,390** |
| Year ended 30 June 2023 | 4,445,894 |
| Year ended 30 June 2022 | 7,117,923 |

The loans and advances with and deposits from key management personnel are contracted at the Bank’s preferential rates as available to all staff members.

# Notes to the financial statements

For year ended 30 June 2024

## 38. Related party transactions (Cont'd)

Transactions and balances with the subsidiary, fellow subsidiary and holding company are as follows:

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) |
| | Rs | Rs | Rs |
| **The Bank** | | | |
| **Subsidiary (MauBank Investment Ltd)** | | | |
| *Balances:* | | | |
| Loans and advances | **140,593,708** | 147,707,856 | 156,306,758 |
| Deposits | **20,842,742** | (11,847,143) | (4,549,574) |
| Amount receivable (Note 17) | **33,722,960** | 33,722,960 | 33,722,960 |
| Rental deposits | **6,000,000** | 6,000,000 | 6,000,000 |
| *Transactions:* | | | |
| Interest income | **(10,862,642)** | (10,131,717) | (8,042,313) |
| Rental expense | **36,000,000** | 36,000,000 | 36,000,000 |
| **The Group and the Bank** | | | |
| **Fellow subsidiary (EAMC Ltd)** | | | |
| *Balances:* | | | |
| Deposits | **(2,299,007)** | (93,486,160) | (70,469,086) |
| Amount payable on net collection of loans and advances (see below) | **(14,654,255)** | (13,649,767) | (16,617,253) |
| Transitional (payable)/receivable | **72,230,283** | 34,952,319 | (882,123) |
| Due on extinction of guarantee | **(103,598,429)** | (122,496,861) | (151,697,568) |
| Amount receivable for expenses paid (Note 17) | **222** | 222 | 222 |
| *Transactions:* | | | |
| Management fee income | **(38,572,433)** | (44,171,993) | (53,157,373) |
| Recovery fee income | **(48,377,185)** | (53,240,195) | (60,434,060) |
| Other fee income | **(7,738,676)** | (8,489,433) | (6,642,672) |
| **Fellow subsidiary (Maufactoring)** | | | |
| *Balances:* | | | |
| Loans and advances | **49,876,614** | 23,661,891 | - |
| Deposits | **(17,302)** | (11,183) | - |
| Amount receivable for expenses paid (Note 17) | **895** | - | - |
| *Transactions:* | | | |
| Interest Income | **2,382,189** | (201,029) | - |
| Rental income | **965,775** | (679,950) | - |
| **Holding company (MauBank Holdings Ltd)** | | | |
| *Balances:* | | | |
| Loans and advances | **3,225,634,212** | 3,220,959,452 | 3,171,673,699 |
| Deposits | **347,287,895** | (476,650,461) | (740,941,028) |
| Amount Receivable for expenses paid (Note 17) | **810,212** | 5,905,120 | 1,592,535 |
| Interest receivable on cross currency swap sold | **135,108,383** | 120,298,500 | 37,855,125 |
| Interest payable on cross currency swap bought | **(122,696,062)** | (111,532,660) | (26,535,382) |
| *Transactions:* | | | |
| Interest income | **(512,413,774)** | (404,081,546) | (199,862,816) |
| Interest expense | **280,586,742** | 210,999,463 | 51,988,831 |
| Dividend paid | **80,000,000** | 40,000,000 | - |

The subsidiary had no transactions with the major shareholders (entities holding at least 10% interest in the Group).

The loan and advances with key management personnel are contracted at the Bank's preferential rates as available to all staff members. The outstanding balances arose in the normal course of business. For the year ended 30 June 2024, the Group and the Bank have raised expected credit losses for doubtful debts relating to amounts owed by relating parties as per ECL model currently being applied on financial assets.Total allowance for expected credit loss charged to income statement on loan and advances amounted to **Rs 154,064** ( 2023: Rs 161,666; 2022: Rs 153,825) . At 30 June 2024, none of the facilities to related parties was non-performing (2023:MUR Nil, 2022: MUR Nil). In addition, for the year ended 30 June 2024 the Bank has not written off any amount owed by related party (2023: MUR Nil, 2022: MUR Nil). The settlement of the related party transactions occurs in cash.

The bank collections for the loans and advances owned by EAMC Ltd on behalf of the latter.The amounts due to EAMC Ltd are interest free, unsecured and repayable within one year.

## 39. Events after the reporting period

In his National Budget on 7 June 2024, the Mauritian Finance Minister announced the introduction of a Corporate Climate Responsibility Levy ("CCRL"), equivalent to 2% of the company's profits, for companies with a yearly turnover of more than MUR 50 million.

Section 41(iii) of the Financial (Miscellaneous Provisions) Act 2024 ("FMPA 2024") gave effect to the CCRL and its effective date is the year of assessment 2024/2025 so that it applies to any company with a financial year that terminated on any date during the period from 1 January 2024 to 30 June 2024. The CCRL also applies to any Mauritian tax resident partnership. The CCRL is computed on the taxable profit of the company and is specifically considered to be an income tax under section 41(a)(i)(A) of the FMPA 2024.

According to IAS 12, changes in tax rates and laws should be recognized in financial statements when the legislation is substantively enacted, which is when it can no longer be amended. The 2% CCRL had not reached the point of substantive enactment by the end of the reporting period as the possibility of further amendments to the legislation still existed at that point in time.

In accordance with IAS 10, "Events After the Reporting Period," the introduction of the CCRL is considered a non-adjusting event. Therefore, no adjustment has been made to the current income tax and deferred tax balances in the financial statements as of 30 June 2024, even if it had a retrospective effect.

The Group and the Bank has quantified the impact of this non adjusting event as follows:

| | Group and Bank | | |
|---|---|---|---|
| **Impact of 2% CCRL** | Year of assessment 2024/2025 | | |
| | Statement of profit or loss | Statement of financial position | Statement of comprehensive income |
| Deferred tax asset | - | (11,427,016) | - |
| Income tax liability | - | 12,730,865 | - |
| Income tax (expense)/credit | (1,816,022) | - | 512,173 |

## 40. Assets pledged

The following assets have been pledged as collateral to secure borrowing facilities from the Central Bank.

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Government stocks | - | - | 284,000,000 |

## 41. Other commitments

### (a) Capital Commitments

| | The Group and the Bank | | |
|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs |
| Approved and contracted for | **2,132,473** | 12,639,257 | 10,313,563 |

The capital commitments represents amount payable for completion of assets in progress that will subsequently be capitalised as property, plant and equipment or intangibles.

### (b) Operating Lease Commitments

### (i) The Group and the Bank as a lessee

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year | **38,547,343** | 24,815,016 | 19,051,699 | **38,547,343** | 24,815,016 | 19,051,699 |
| At the reporting date, the Group and the Bank had outstanding commitment under cancellable operating leases, which fall due as follows: | | | | | | |
| Within 1 year | **31,480,185** | 30,666,688 | 8,355,852 | **31,480,185** | 30,666,688 | 8,355,852 |
| After 1 period and before 5 years | **27,847,894** | 44,326,363 | 19,401,584 | **27,847,894** | 44,326,363 | 19,401,584 |
| After 5 years | **-** | - | - | **-** | - | - |
| | **59,328,079** | 74,993,051 | 27,757,436 | **59,328,079** | 74,993,051 | 27,757,436 |

The above are in respect of leases not falling under the scope of IFRS 16 and are thus expensed to income statement on payments. The operating lease payments represent rentals payable for office, parking space and equipment.

### (ii) The Group and the Bank as a lessor

Property rental income earned during the year was **Rs 22,616,026** (30 June 2023: Rs 24,668,655 and 30 June 2022: Rs 24,190,793). Properties held for rental have a committed tenant between 3 to 10 years.

At the reporting date, the Bank had contracted with tenants for the following future minimum lease payments.

## 41. Other commitments (Cont'd)

### (b) Operating Lease Commitments (Cont'd)

### (ii) The Group and the Bank as a lessor (Cont'd)

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | Rs | Rs | Rs |
| Within one year | **23,529,518** | 23,342,097 | 23,928,057 |
| After 1 year and before 5 years | **33,318,283** | 56,657,220 | 80,330,911 |
| After 5 years | **-** | - | 1,421,597 |
| | **56,847,801** | 79,999,317 | 105,680,565 |

## 42. Immediate holding company and ultimate shareholder

The directors regard MauBank Holdings Ltd, a company incorporated and domiciled in Mauritius, as their immediate holding company and the Government of Mauritius as their ultimate shareholder.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis

### Financial review

### Key Financial Indicators

| Area of Performance | Year Ended 30 June 2024 | Year Ended 30 June 2023 | Year Ended 30 June 2022 |
|---|---|---|---|
| | Rs'm | Rs'm | Rs'm |
| Net Interest Income | **1,384.94** | 1,136.12 | 894.89 |
| Net Non Interest Income | **755.01** | 464.24 | 404.25 |
| Operating Income | **2,139.95** | 1,600.37 | 1,299.14 |
| Operating Expense (including depreciation) | **(1,067.19)** | (1,039.80) | (969.36) |
| Profit before impairment loss and income tax | **1,072.75** | 560.56 | 329.78 |
| Impairment loss on financial assets | **(228.38)** | (176.18) | (56.86) |
| Profit after impairment loss but before income tax | **844.37** | 384.38 | 272.92 |
| Income tax expense | **(36.79)** | (3.58) | (4.34) |
| Profit after income tax | **807.59** | 380.80 | 268.58 |
| | | | |
| Total Assets | **48,517.28** | 35,442.59 | 33,234.48 |
| Total Gross Advances | **25,111.66** | 21,935.61 | 18,296.91 |
| Total Deposits | **41,848.28** | 30,434.89 | 28,791.97 |
| Shareholders Equity | **4,758.07** | 3,425.50 | 2,799.56 |
| Tier 1 Capital | **4,382.68** | 3,014.94 | 2,374.17 |
| Total Regulatory Capital | **4,761.35** | 3,373.73 | 2,662.34 |
| | | | |
| **KEY RATIOS** | **30 June 2024** | **30 June 2023** | **30 June 2022** |
| Cost to Income Ratio | **49.87%** | 64.97% | 74.62% |
| Return on Equity | **16.97%** | 11.12% | 9.59% |
| Return on Total Assets | **1.66%** | 1.07% | 0.81% |
| Impaired Loans/Total Loans | **5.08%** | 4.61% | 5.27% |

The table above illustrates the financials for the year ending 30 June 2024 against the previous reporting periods namely for the year ended 30 June 2023 and the year ended 30 June 2022.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

#### Bank's Performance

The financial statements represent both figures for the Bank and its subsidiary, that is, inclusive of the financial position and performance of MauBank Investment Ltd. However, for the purpose of the current Management Discussion and Analysis, only the Bank's financials have been taken into consideration.

MauBank Ltd registered a profit after tax and impairment of **Rs 807.59 Mn** for the year ended 30 June 2024 against Rs 380.80 Mn in June 2023 and Rs 268.58 Mn in June 2022. The bank's commendable performance for the year under review demonstrates its firm commitment to meet its set objectives in a timely and effective manner, with the support of its management team, employees and stakeholders.

Operating income for the year ended 30 June 2024 stood at **Rs 2,139.95 Mn** compared to Rs 1,600.37 Mn for the year 2023 and Rs 1,299.14 Mn for the year 2022.

- Performance against objectives

| Key Areas | Objectives for year ended 30 June 2024 | Performance achieved for year ended 30 June 2024 | Objective for the year ending 30 June 2025 |
|---|---|---|---|
| **Revenue growth** | Objectives for the year ending 30 June 2024 would be to achieve a revenue of Rs 2.72 Bn, which is 24% more than the year ended 30 June 2023. | The Bank was able to achieve a revenue growth of Rs 0.91 Bn, which was 14% more than budget. | Objectives for the year ending 30 June 2025 would be to achieve a revenue of Rs 3.73 Bn, which is 44% more than the year ended 30 June 2024. |
| **Expense growth** | The operating expense for FY 23/24 is expected to be around Rs 1.21 Bn, in line with our capacity building initiatives both from a human resource and technology perspective. | The Bank closed the year with an operating expense of Rs 1,0673.19 Mn or 49.77% of its operating income. | The operating expense for FY 24/25 is expected to be around Rs 1.45 Bn, in line with our human capacity building initiatives and the continued investments in digital technology which in line with our efficiency journey. |
| **Productivity** | The productivity ratio is expected to be 66.80% for the FY 2023/2024. | The Bank productivity ratio improved to 49.87% compared to 64.97% last year due to the cost containment initiatives. | The productivity ratio is expected to be 57.38% for the FY 2024/2025. |
| **Return on Equity** | The Bank expects the return on equity to be incresaed to 11.52% for the FY 2023/2024. | The Bank was able to achieve a return on equity of 16.97% in the current year. | The Bank expects a return on equity of 16.0% for the FY 2024/2025. |
| **Loan and advances** | The Bank is targeting a loan portfolio of Rs 24.80 Bn for the year ended June 2024. | The portfolio of loan of advances stood at Rs 25.11 Bn for the period under review | The Bank is targeting a loan portfolio of Rs 28.11 Bn for the year ended June 2025. |
| **Customer deposits** | Customer deposit is expected to reach Rs 32.86 Bn as at 30 June 2024, an increase of 7.99%. | The customer deposits stood at Rs 41.85 Bn as at 30 June 2024. | Customer deposit base is expected to be Rs 40.56 Bn as at 30 June 2025. |
| **Return on assets** | The expected return on total assets is 1.24%. | The Bank achieved a higher return on assets of 1.66% in the current year compared to 1.07% June 2023 due to higher profitability generated. | The expected return on total assets is 2.0% for the year ended June 2025. |

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

- Revenue Growth

*Net interest income*

The Bank's net interest income grew by 21.9% to reach **Rs 1,384.94 Mn** for the year 2024 against Rs 1,136.12 Mn for the year 2023 and Rs 894.89 for the year 2022. The ratio of net interest income to total average assets was 3.34% for 2024, 3.31% for 2023and 2.72% for 2022 whereas the ratio of net interest income to total average interest earning assets was **3.91%** for 2024, 4.15% for 2023 and 3.46% for 2022. The below table provides a breakdown of interest income, interest expense, related assets and related liabilities.

| | Year Ended 30 June 2024 | Year Ended 30 June 2023 | Year Ended 30 June 2022 |
|---|---|---|---|
| | Rs Mn | Rs Mn | Rs Mn |
| **Interest income** | | | |
| Loans and advances | **1,759.80** | 1,376.28 | 915.17 |
| Placements | **176.71** | 82.76 | 5.62 |
| Investment securities | **310.07** | 167.69 | 140.16 |
| **Total interest income** | **2,246.58** | 1,626.74 | 1,060.95 |
| **Interest expense** | | | |
| Deposits from customers | **859.80** | 477.12 | 162.64 |
| Finance charge on leases | **1.46** | 2.02 | 3.41 |
| Other borrowed funds | **0.38** | 11.47 | - |
| **Total interest expense** | **861.64** | 490.62 | 166.06 |
| **Net interest income** | **1,384.94** | 1,136.12 | 894.89 |
| **Net interest income to total average assets** | **3.30%** | 3.31% | 2.72% |
| **Net interest income to total average interest earning assets** | **3.91%** | 4.15% | 3.46% |
| **Total assets** | **48,517.28** | 35,442.59 | 33,234.48 |
| **Total average assets** | **41,979.94** | 34,338.54 | 32,909.25 |
| **Total average interest earning assets** | **35,451.10** | 27,392.89 | 25,895.45 |
| **Related assets** | | | |
| - Investment in debt securities - FVTPL | **-** | - | - |
| - Investment in debt securities - FVTOCI | **8,151.53** | 4,695.88 | 6,696.30 |
| - Loans and advances | **25,111.66** | 21,935.61 | 18,296.91 |
| - Placements | **8,729.81** | 2,277.71 | 883.37 |
| | **41,993.01** | 28,909.20 | 25,876.58 |
| **Related liabilities** | | | |
| - Deposits from customers | **41,848.28** | 30,434.89 | 28,791.97 |
| - Other borrowed funds | **-** | - | - |
| - Lease liabilities | **13.75** | 46.12 | 99.32 |
| | **41,862.02** | 30,481.01 | 28,891.29 |

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

### Bank's Performance (Cont'd)

***Interest income***

The Bank's interest income stood at **Rs 2,246.58 Mn** for the year 2024 against Rs 1,626.74 Mn for the year 2023 and Rs 1,060.95 Mn for the year 2022. This growth was generated throughout all interest-bearing asset classes, namely loans and advances to banks and other customers, optimum placements with banks with higher yields and investments in securities products.

***Interest expense***

The Bank's interest expense amounted to **Rs 861.64 Mn** for the year ended 30 June 2024 compared to Rs 490.62 Mn for the year ended 30 June 2023 and Rs 166.06 Mn for the year ended 30 June 2022. The hike in interest expense is mainly due to the increase in the Bank's deposit base, generated from a growing solid client base.

The Bank continues to adopt a prudent approach towards liquidity management. Other than actively monitoring its assets and liabilities maturity mismatch, the Bank also ensures that it has a relatively large stable deposit base, while keeping sufficient liquid assets to meet unforeseen liquidity requirements. As at 30 June 2024, 39.35% of the Bank's assets, or 45.83% of the Bank's deposit base, were invested in liquid assets.

***Non-interest income***

Non-interest income increased by **Rs 307.52 Mn** as compared to the previous year as a result of improvements in income derived from fee and commission, foreign exchange and the Bank's investment properties. The breakdown of non-interest income is as follows:

| | Year Ended 30 June 2024 | Year Ended 30 June 2023 | Year Ended 30 June 2022 |
|---|---|---|---|
| | Rs Mn | Rs Mn | Rs Mn |
| **Non-Interest income** | | | |
| Fee and commission income | 319.57 | 292.12 | 262.79 |
| Net trading income | 482.06 | 168.55 | 142.29 |
| Other income | 21.74 | 55.18 | 39.81 |
| | 823.37 | 515.85 | 444.88 |

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

### Bank's Performance (Cont'd)

***Non-Interest expenses***

Non-Interest expenses for the year ended 30 June 2024 amounted **Rs 1,067.19 Mn** against Rs 1,039.80 Mn in 2023 and Rs 969.36 Mn in 2022.

The main components of non-interest expenses are as follows:

| | Year Ended 30 June 24 | Year Ended 30 June 23 | Year Ended 30 June 22 |
|---|---|---|---|
| | Rs Mn | Rs Mn | Rs Mn |
| **Non-Interest expense** | | | |
| Personnel expenses | (536.74) | (517.24) | (517.44) |
| Operating lease expenses | (38.55) | (24.82) | (19.05) |
| Depreciation and amortisation | (122.71) | (133.66) | (155.19) |
| Other expenses | (369.20) | (364.09) | (277.67) |
| | (1,067.19) | (1,039.80) | (969.36) |

The major components of the non-interest expenses comprising principally of staff expenses and administrative expenses. Operating expenses have been resolutely kept under control. Our approach to innovation and digitalization with the goal of further modernizing the Bank and maximizing its efficiency continues to be a crucial component of our future strategy.

The cost to income ratio or productivity ratio improved to **49.87%** at 30 June 2024 as compared to 64.97% at 30 June 2023 and 74.62% in 2022. This is mainly attributable to an improvement in the operating income base coupled with the cost optimisation initiatives.

***Net impairment loss on financial assets***

Net impairment charge on financial assets amounted to **Rs 228.38 Mn** for the year ended 30 June 2024 against Rs 176.18 Mn for the year ended 30 June 2023 and Rs 56.86 Mn for the year ended 30 June 2022. The non-performing loan ratio stood at **5.08%** at 30 June 2024 against 4.61% at 30 June 2023 and 5.27% at 30 June 2022. In order to continuously manage the non-performing advances, the forum on non-performing advances, continues to meet regularly to monitor the asset quality of the Bank and to ensure that the ratio is maintained to an acceptable level. Relentless efforts are being deployed to optimize recovery actions to realise collaterals and /or personal guarantees of shareholders/directors to maximize realizable value of assets of impaired accounts.

***Taxation***

The Bank reported a tax charge of **Rs 36.79 Mn** for the year ended 30 June 2024, consisting of Rs 4.96 Mn for deferred tax charged and Rs 31.83 Mn for Corporate tax charge.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

### Bank's Performance (Cont'd)

***Total assets***

The asset base of the Bank stood at **Rs 48,517.28 Mn** as at 30 June 24 against Rs 35,442.59 Mn at 30 June 2023 and Rs 33,234.48 Mn at 30 June 2022. The increase in total assets is mainly attributable to an increase in net bank placements, Investment Securities and net loans and advances.

***Loans and advances growth***

Gross loans portfolio registered a year-on-year growth of Rs 3,176.05 Mn to reach **Rs 25,111.66 Mn** as at June 24 as compared to Rs 21,935.61 Mn at June 2023 and Rs 18,296.91 Mn for period ended 30 June 2022.

***Credit risk exposure***

Credit risk occurs mainly in the Bank's credit portfolios comprising retail lending, corporate lending, treasury and financial institutions wholesale lending. Credit risk is explained as the risk of loss arising from failure of borrower or counterparty to meet his financial obligations. Credit risk is among the most common cause of Bank failures, causing virtually all regulatory environment to prescribe minimum standards.

The Bank has a comprehensive Risk Governance Structure which promotes sound risk management for optimal risk-reward trade off. The Board Credit Committee at MauBank Ltd guarantees that the Bank's credit policy limit is respected at all times.

Total gross risk exposures, industry distribution of exposure, residual contractual maturity of the loans and advances portfolio and reconciliation of changes in allowances for impairment is shown at note 12 and 13.

***Credit Risk: Standardised Approach***

The Standardised Approach to Credit Risk requires banks to use credit assessments provided by external credit assessment institutions ("ECAIs") that are recognised by national supervisors as eligible for regulatory capital purposes, to determine the risk weights on their credit exposures.

The following ECAIs are used by the Bank:

- Standard & Poor's Ratings Services
- Moody's Investors Service
- Fitch Ratings

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

### Bank's Performance (Cont'd)

***Concentration of risk policies***

The Bank maintains a credit risk portfolio that is adequately diversified. Maximum exposure limits are set for individual counterparties, countries and sectors to maximise any potential diversification benefits while complying with Bank of Mauritius Guideline on Credit Concentration Risk.

The six most significant individual concentration cases in respect of one customer or group as at 30 June 2024 **(Total Exposure After Set Off )** were as follows:

| S/N | Entity | Amount (Rs Mn) | % Exposure to capital base |
|---|---|---|---|
| 1 | Group 1 | 921.24 | 19.34% |
| 2 | Group 2 | 802.16 | 16.84% |
| 3 | Group 3 | 561.23 | 11.78% |
| 4 | Group 4 | 557.74 | 11.71% |
| 5 | Group 5 | 531.67 | 11.16% |
| 6 | Group 6 | 525.44 | 11.03% |

***Credit quality and provision for credit loss***

Provision for credit losses on loans and advances stood at **Rs 651.94 Mn** at 30 June 2024 against Rs 552.23 Mn at 30 June 2023 and Rs 498.14 Mn at 30 June 2022.

The % of non-performing loans to total loans, allowances for credit impairment to non-performing loans and as a proportion of total loans by industry sector as at 30 June 2024 are as follows:

| | % of Non-performing loans to total loans | % of Allowance for credit impairment to Non-Performing loans | % of Allowance for credit impairment to total loans |
|---|---|---|---|
| Agriculture and Fishing | 0.39% | 6.32% | 0.33% |
| Manufacturing | 0.28% | 3.23% | 0.19% |
| Tourism | 1.69% | 13.21% | 0.71% |
| Transport | 0.03% | 0.22% | 0.03% |
| Construction | 0.63% | 5.34% | 0.41% |
| Financial and Business Services | 1.22% | 6.20% | 0.34% |
| Traders | 0.46% | 4.43% | 0.27% |
| Information Technology | 0.00% | 0.01% | 0.00% |
| Personal | 0.24% | 3.23% | 0.20% |
| Education | 0.00% | 0.00% | 0.00% |
| Professional | 0.00% | 0.00% | 0.00% |
| Foreign Governments | 0.00% | 0.00% | 0.01% |
| Global Business Licence Holders | 0.00% | 0.00% | 0.00% |
| Banks | 0.00% | 0.00% | 0.02% |
| Others | 0.14% | 0.83% | 0.08% |
| | **5.08%** | **43.02%** | **2.59%** |

All non performing loans pertains to the domestic market.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

### Bank's Performance (Cont'd)

***Investments***

The Bank's investment portfolio stood at **Rs 9,216.98 Mn** at 30 June 2024 against Rs 5,539.38 Mn as at 30 June 2023 and Rs 7,402.11 Mn as at 30 June 2022. The Bank manages its securities investment portfolio with the aim of optimizing the yield of its assets base.

***Deposits***

The Bank's deposit base increased by 38% during the year, from Rs 30.43 billion to Rs 41.85 billion, with term deposits accounting for Rs 4.45 billion and, current and savings deposits for Rs 6.97 billion of that growth. The bank's deposit base has been steadily increasing, which attests to its reliable source of liquidity, a steadily expanding and reliable clientele that upholds the bank's operational relationships.

**Capital adequacy**

The Capital Adequacy Ratio (CAR) was **19.68%** at 30 June 2024, well above the regulatory minimum of 12.50%, against 15.35% at 30 June 2023 and 14.53% at 30 June 2022.

MauBank Ltd's Capital Structure for the last three years is as shown on page 147.

## Management discussion and analysis (Cont'd)

### Risk Management

**Risk Management**

Risk encompasses the possible threats to which the Bank is exposed to and the potential impact that these may have on the Bank. Risk management is the process of identifying, assessing and responding to risks, and communicating the outcomes of these processes to the appropriate parties in a timely manner.

Since risk management is directed at uncertainty related to future events and outcomes, it is implied that all business planning exercises and business activities across the Bank should encompass some form of risk management. MauBank Ltd has laid down its Risk Management Policy, which spells out the methodology and technique for managing risk across the Bank. The Risk Management Policy is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

**Risk Mission**

MauBank Ltd risk management mission is to proactively identify, assess, and mitigate risks to safeguard the bank's assets, reputation, and stakeholder interests. We are committed to maintaining a robust risk management framework that fosters a culture of compliance, transparency, and resilience. By integrating best practices and leveraging innovative solutions, we strive to optimize risk-return outcomes and support sustainable growth while adhering to regulatory standards and industry best practices. Our goal is to be recognized as a leader in prudent risk management, providing value and confidence to our customers, shareholders, and communities we serve.

**Risk Philosophy**

MauBank Ltd values a rigorous risk management as an integral part of its day-to-day business operations and also as part of its business growth strategy. With a dynamic approach to risk management, MauBank Ltd remains committed towards ensuring effective and efficient risk processes and optimal returns within its set risk appetite. The overall risk management processes facilitate the alignment of our strategy and annual operating plan with the management of key risks.

**Risk Governance**

The risk governance structure outlines the key responsibilities for decisions on risk taking and risk oversight by defining clear and comprehensive risk management roles and responsibilities using the three lines of defence model. The Bank's risk framework establishes governance, escalation, and reporting processes around risk exposures, risk decisions, and risk events which provides assurance to stakeholders (Board Risk Management Committee and the Board) who delegate risk-taking authority to the business lines. From first-line businesses and support functions, risk information flows to the second line of defence function represented by the Risk Management Division, and then to the Board Risk Management Committee.

The key responsibilities of the Board and the Board Risk Management Committee are spelt out in their respective Terms of Reference, which in turn follow the requirements of the Bank of Mauritius Guidelines.

MauBank Ltd is guided by its various risk policies that have been developed internally and approved by the relevant approving authority as mandated by the Board of Directors. The responsibility for implementing the risk policies lies with the Bank's Management through the relevant business drivers. The risk function regularly reports to the Operational Risk Committee (ORC), Credit Risk Monitoring Committee (CRMC), Information Security Committee (ISC), Business Continuity Steering Committee (BCSCOM), Asset and Liability Committee (ALCO), Board Cyber Security Committee (BCSC), Crisis Management Committee and the Board Risk Management Committee (BRMC).The risk function also contributes to the Non Performance Assets Forum, the Customer Experience Advisory Committee, the Management Procurement Committee and the Management Investment and Credit Committee.

The BRMC and BCSC are sub-committees of the Board having mandate in line with the Bank of Mauritius Guidelines. These committees are chaired by a member of the Board and has the Chief Executive as one of its members. The Chief Risk Officer is a regular attendee of these two committees.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Financial review (Cont'd)

**Risk Management Framework**

The Risk Management Policy of the Bank contains the Risk Management Framework. This framework provides a solid foundation for ensuring that the outcomes of risk taking are consistent with the Bank's business activities, strategies and risk appetite. The framework is based on transparency, management accountability and independent oversight, which is comprehensive enough to capture all risks that the Bank is exposed to and has flexibility to accommodate any changes in business activities.

**Risk Appetite Framework**

Within the Risk Management Framework, the Risk Appetite is embedded through policies, procedures, limits setting, operational guidelines as well as methodologies and tools for risk measuring, monitoring and reporting. The Risk Management Framework allows the bank to determine its Risk Appetite, Risk Threshold and Risk Capacity. Through its Risk Appetite, MauBank Ltd is able to measure the amount of risk the organization is willing to tolerate.

**Risk Defence Model**

The risk framework operates on the concept of 'the three lines of defence model'. The three lines of defence model creates a set of layered defence that align responsibility for risk-taking with accountability for risk control and provide effective, independent risk oversight and escalation. In the three lines of defence model, the assignment of risk management roles is clear and comprehensive in order to prevent gaps, ambiguities, or overlaps in responsibility. More specifically, the Business and Functional Units represent the First Line of Defence (FLOD), the Risk Management Division and Compliance Department together comprise the Second Line of Defence (SLOD), while Internal Audit is the Third Line of Defence (TLOD).

The FLOD comprises the various operations that will execute and support the execution of the Bank's mission. These first line units are responsible for both the operational activities that result in risk as well as control of the resulting risks. The first line "owns" and "manages" its risk in the sense that it is accountable for both positive and negative outcomes and is empowered to manage the distribution of outcomes.

The SLOD comprises the Risk Management and Compliance functions which provide independent risk and compliance assessments on the FLOD activities. While the FLOD has the deepest understanding of its environment, operations and objective, the second line offers an independent perspective based on focused attention to risk management and compliance matters. The SLOD's responsibility is to establish a common framework for risk management and compliance destined to enhance the FLOD's efficiency and effectiveness.

The TLOD is the Internal Audit which provides assurance both to the Senior Management and the Board of Directors of the Bank as regards the state of the overall risk management, compliance and control activities undertaken at the first and second lines of defence.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Risk Management Process**

The risk management policy and framework of MauBank Ltd formulates the process of risk management as the systematic and continuous identification and evaluation of risks as they pertain to the Bank, followed by risk strategies' actions such as: terminate, transfer, accept or mitigate each risk.

The risk management process is as follows: -

(a) Risk identification

(b) Risk assessment and measurement

(c) Risk mitigation and control

(d) Risk reporting

Based on this approach, and with a view to maintaining sound operations and generate sustainable earnings, the Board sets its risk appetite within the prudential guidelines through the application of quantifiable limits in the risk policies for the amount of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, and Country Risk. Other non-quantifiable risks like Technology Risk including Cyber Security Risk, Compliance Risk, Strategic Risk and Reputational Risk are assessed and monitored on a qualitative basis. The Board, through the Board Risk Management Committee (BRMC) and other Board sub-committees, is apprised of the various key risk exposures for decision-making purposes. These key risk information are relayed by the various Management Committees to the Board and its sub-committees. The Management Committees meet regularly as per their respective Terms of Reference to comprehensively measure, evaluate and monitor the occurrence and management of each type of risk.

Risk management is focused on the following major areas:

**Credit risk**

Credit risk is the risk of credit loss that results from the failure of a borrower to honour the borrower's credit obligation to the financial institution.

The Bank has in place a Credit Risk Policy Guide (CRPG) which sets out its credit risk appetite, risk exposure limits and parameters for risk taking. The policy is approved by the Board and subject to regular reviews. The Board delegates its credit sanctioning authority to three separate and distinct Credit Sanctioning Committees, namely:

1) Board Investment & Credit Committee (BICC)

2) Management Investment & Credit Committee (MICC)

3) Credit Committee (CC)

Domestic-related credit facilities are entertained at three different credit sanctioning authorities, within their respective threshold levels as determined by the Bank's approved Credit Risk Policy Guide. All cross border investments and credit exposures (except those which are fully cash secured and which are within the approving authority of MICC), are, however, considered and, if deemed fit, approved at the Board Investment & Credit Committee (BICC). With a view to ensuring transparency and arm's length nature of transactions, all Related Parties' credits are considered and approved by either the Board Investment & Credit Committee (BICC) and/or the Board.

The overall credit process includes comprehensive credit policies on judgmental credit underwriting, automatic credit adjudication based on credit scores, risk measurement, credit training and continuous credit reviews and audit process.

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

### Credit Risk Measurement

**(a) Loans and advances**

The Bank has a retail credit scoring and a corporate rating tool for assessing and measuring credit quality of its borrowers which is benchmarked on international rating norms as per the requirement standards of CRISIL Ltd (India). This credit rating and scoring tool is reviewed and updated as and when deemed necessary. The Bank has embarked on the acquisition of a credit rating model for its Cross border activity.

Credit proposals are assessed independently by a Credit Underwriting Team (CUT) using criteria established in the relevant Bank of Mauritius Guidelines and the Credit Risk Policy Guide (CRPG). The CRPG is reviewed on an annual basis.

The Bank has a dedicated Credit Collection Unit and Monitoring and Control teams which regularly control and monitor credit performance of borrowers. A monthly update from both the Credit Collection & Monitoring and Control Units is tabled to the Accounts Monitoring Forum for review.

**(b) Credit related commitments**

Credit related commitments include bank guarantees, documentary letters of credit, standby letters of credit and undrawn commitments on legally bound facilities. Their credit risk is similar to loans except for documentary letters of credit which are usually short-term and self-liquidating and carry a low level of credit risk and capital charge, as defined under the Bank of Mauritius guidelines.

| | As at 30 June 2024 | As at 30 June 2023 | As at 30 June 2022 |
|---|---|---|---|
| | (Rs) | (Rs) | (Rs) |
| Credit related commitments | 5,423,429,261 | 3,419,615,642 | 2,988,466,953 |

Refer to note 13(c ) for disclosures on credit exposures by industry sector.

**(c) Bank placements and lending to banks**

For the Bank's placements or lending to banks, external credit ratings from international credit rating agencies such as Standard & Poor's, Moody's and Fitch are used on top of internal credit assessments to assist in the credit risk acceptance decisions. The instruments help to diversify risk exposures and income streams, and to maintain a readily available source of liquidity for the Bank.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

### Credit Risk Measurement (Cont'd)

**(e) Risk limit monitoring and control**

MauBank Ltd has an established framework to manage, control and limit concentration of credit risk towards individual counterparties, groups, industry sectors and countries.

Credit exposure to any single borrower and to a group of closely–related customers is governed by the Bank of Mauritius Guideline on Credit Concentration Risk. Concentration of risk from large exposures to individual customers or related groups are managed by internal early warning limits which are set below the regulatory limits of the Bank of Mauritius guidelines. The Bank also sets internal portfolio limits and exposures to industry sectors and countries under its Credit Risk Policy Guide (CRPG). Country Risk Management Policy and Cross Border and Investment Policy with a view to achieving a balanced and well-diversified portfolio. These limits are monitored on an ongoing basis and escalated to the Credit Risk Monitoring Committee (CRMC) and the Board Risk Management Committee (BRMC).

**Related party transactions**

Notwithstanding the regulatory compliance requirement on related party transactions, the Bank also has its internal policy governing transactions with its related parties.

Both internal and regulatory limits are monitored on quarterly basis at the Credit Risk Monitoring Committee (CRMC) and escalated to the Board Risk Management Committee (BRMC).

The Bank has only exempted related party exposures. Its top six related parties as at 30 June 2024 were Rs 3,498.70 Mn, Rs 710.01 Mn, Rs 342.09 Mn, Rs 300.53 Mn, Rs 176.87 Mn, and Rs 165.80 Mn. These balances represented respectively 79.83%, 16.20%, 7.81%, 6.86%, 4.04% and 3.78% of the bank's Tier1 capital. The total top six related parties represented Rs 5,194.00 Mn or 118.52% of Tier 1 capital.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont’d)

### Risk Management (Cont’d)

**Enterprise Wide Risk Management**

MauBank Ltd aims to create a structured approach to understanding, assessing, and mitigating risks across all facets of the bank, thereby enhancing resilience, protecting stakeholders' interests, and supporting sustainable growth and profitability.

The Enterprise-wide risk management (ERM) through the bank’s Risk Management Policy has a comprehensive framework and processes put in place to identify, assess, monitor, and manage all types of risks that the bank may face across its entire operations. This includes:

**Risk Identification**: Systematically identifying and cataloging all potential risks that could impact the bank's objectives and operations. These risks can range from credit and market risks to operational, compliance, and strategic risks.

**Risk Assessment**: Evaluating the likelihood and potential impact of each identified risk on the bank's financial stability, reputation, and regulatory compliance. This involves quantifying risks where possible and prioritizing them based on their significance.

**Risk Monitoring**: Continuously monitoring and updating the status of risks as they evolve over time. This includes tracking key risk indicators (KRIs) and other metrics to provide early warning signals of potential problems.

**Risk Management Strategies**: Developing and implementing strategies to mitigate, avoid, transfer or accept risks based on their assessment. This may involve setting risk tolerance levels and establishing controls and procedures to manage risks effectively.

**Integration with Strategic Planning**: Aligning risk management practices with the bank's overall strategic objectives and decision-making processes. This ensures that risk considerations are embedded in the bank's day-to-day operations and long-term planning.

**Compliance and Reporting**: Ensuring adherence to regulatory requirements and industry standards related to risk management. Reporting to regulators, stakeholders and internal governance bodies on the status of risks and the effectiveness of risk management practices.

**Operational Risk**

MauBank Ltd has adopted the definition of operational risk of Basel II as ‘the risk of loss resulting from inadequate or failed internal processes, people and system or from external events’. It includes legal risk but excludes strategic and reputational risk (and resultant losses). These are covered under Pillar 2 of the Basel II accord.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Enterprise and Operational Risk Governance**

The Bank is guided by its Operational Risk Policy & Framework and its Enterprise Risk Management Framework which is approved by its Executive Committee (EXCO), the Board Risk Management Committee and the Board of Directors.

The Enterprise and Operational Risk Team is headed by a Head of Department , reporting to the Chief Risk Officer (CRO) and the Operational Risk Committee (ORC).

The Operational Risk Committee is held regularly and stands guided by its Terms of Reference which is approved by EXCO and the BRMC. Matters related to Medium, High and Critical risks - as reported and assessed by Business Units in the Loss Data Capture (LDC) system and thereafter independently reviewed by the Operational Risk Team - are addressed in this committee and recommendations are made to address any weaknesses captured by business units from their day-to-day operations and any key risks as identified from their Risk Control Self-Assessments (RCSA). The minutes of the ORC and Executive Summary reports on various key risk areas are escalated to the Board Risk Management Committee.

**Loss Data Capture and Reporting System**

The Bank collects data for all operational risk losses pertaining to operational errors and internal control failures including 'near-misses' in its Loss Data Capture (LDC) system. The collection and analysis of the Bank's own loss data provides vital information to management and provides basis for operational risk management and mitigation. The LDC is an on-line system which is made available to all business users across the Bank and acts as a radar for capturing operational risk incidents. It is an important pillar in the operational risk framework.

**Upgradation of the Loss Data Reporting system**

The Bank has embarked on a project to rehaul its current operational risk management system to adapt to best practices and strengthen its resilience in terms of enterprise wide operational risk assessment.

**Operational Risk Capital Charge under Basel II and III**

MauBank Ltd has adopted the Basic Indicator Approach (BIA) for the computation of its capital charge for operational risk. The BIA uses the Bank's total gross income as its risk indicator. The total operational risk regulatory capital under the Basic Indicator Approach is the average of 15% of the gross income over the last three years.

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Business Continuity Planning and Disaster Recovery**

The Business Continuity Steering Committee ("BCSCOM") derives its mandate from EXCO to act as a platform for providing a clearly defined governance structure which oversees and ensures business continuity of the bank's operations in case of significant business disruption.. It ensures that critical business units of the bank conduct a Business Impact Analysis (BIA) and incorporate therein estimated timeframes for recovery, resource requirements, interdependencies and risk assessments. It also ensures that remedial actions for the identified business functions that consolidate and optimize available resources, are consistent with all the Bank's policies, and are achievable.

**Crisis Management Team (CMT)**

As provided for in its BCP, the Bank may convene its Crisis Management Team (CMT) for managing any crisis situation.. The CMT ensures that, as far as possible, the Bank maintains continuity of its activities to serve its customers and the public in general while at the same time mitigating the risk to its stakeholders. The CMT is constituted of senior executives of the Bank and is chaired either by the Chief Executive or the Deputy Chief Executive.

The CMT have to, inter-alia, decide on the strategic direction of the Bank, ensure there is communication with regulatory bodies and the public, reallocate resources as may be deemed necessary to contain the crisis, review and approve expenses related to the crisis situation, as also set or review policies, or allow temporary derogation/exception to policies, if deemed necessary.

**Business Continuity Plan Testing (BCP)**

Every Year, the Bank conducts a disaster and recovery exercise on its critical systems to test the effectives and robustness of its infrastructure so as to ensure operational resilience.

The BCP testing exercise assesses the level of readiness of the bank to face a Significant Business Disruption (SBD) situation, both from human resource and system capacity perspectives. For the purpose of conducting the BCP, the bank has, during the course of this financial year, reviewed and upgraded its documented standards of procedures with a view to improving the effectiveness and readiness of the bank to face a Significant Business Disruption.

Following the BCP testing exercise, a report on the findings is issued independently by the Control Functions - i.e. Risk Management Division, Compliance Department and Internal Audit Department and same is presented to the Board, together with a critical evaluation of the BCP's overall effectiveness including recommendations for improvement of the bank's resilience in the event of a disaster.

Control Functions will, inter-alia, assess Business Units on the following:

- Level of readiness of each Business Unit to face a contingency situation;
- Level of understanding of staff regarding the purpose of the DR exercise;
- How well staff members are able to handle operations and ensure business continuity.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Market Risk Management**

Market Risk is defined as the risk that the value of on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and commodity prices resulting in a loss to earnings and capital. In simpler terms, it is defined as the possibility of loss to a Bank caused by changes in the market variables.

MauBank Ltd is presently exposed to the following sources of market risk:

• Trading market risk arising through overnight position taken on foreign exchange customer flows, equity & equity like investments and holdings of Government of Mauritius Treasury Bills & Bank of Mauritius Bills.
• Non-trading market risk arising from market movements in exchange rate, equity price and interest rate in banking book with the occurrence of mismatch of Assets and Liabilities repricing, and from off balance sheet items.

The Bank's Market Risk Management Policy and Framework ensures the management, identification, assessment, monitoring and reporting of these risks by the different lines of defence. The Treasury Front Office as first line of defence manages the market risk within the risk limits and policies approved by the Board and monitored through Asset and Liability Committee (ALCO), The Asset Liability Capital Management acts as the Middle Office and Treasury Back Office looks after treasury operations which ensures regulatory compliance. Moreover, the Risk Management Department ensures that there are adequate controls in place while the Compliance function ensures that the policy is in accordance with the regulatory requirements and that the bank is complying with the approved policy, guideline and procedures. The Internal Audit, as third line of defence, independently reviews, validates, verifies and assesses the effectiveness of the framework. The Market Risk Management Policy and Framework is approved by the Board of Directors, as recommended by the Board Risk Management Committee.

Early warning signals and alerts are raised on different levels of exposures of the banking book activities to foreign exchange risk, equity risk, interest rate risk and liquidity risk.

**Foreign exchange risk**

Foreign exchange risk is the risk arising from movements in foreign exchange rates that adversely affect the Bank's earnings and economic value. ALCO is the Management Committee in which foreign exchange and treasury matters are discussed and analyzed. The Bank's Treasury Unit manages the overall Foreign Currency Exposure within the regulatory limit of 15% of Tier 1 Capital as well as operates within the internal overall limits for USD, other major currencies and exotic currencies as set by ALCO and approved by the Board Risk Management Committee. The Stop Loss limit and Dealers' limit are also set and reviewed by ALCO.

Stress Testing on Foreign Exchange Position is carried out under low, medium and severe stress scenarios to determine the change in capital requirements and potential impact on earnings.

**Equity Risk**

Equity risk is the risk that movements in equity prices will negatively affect the value of equity positions. Equity includes instruments like common stocks whether voting and non-voting; equity-like convertible securities; commitments to buy or sell equity securities; depository receipts; equity derivatives; stock indices; index arbitrage; and any other on-balance sheet or off-balance sheet positions which are affected by changes in equity prices. The Bank's equity and equity like investment portfolio comprises of mainly mutual fund and trade fund.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

The Bank carries out stress testing for adverse movement on the equity portfolio under low, moderate and severe stress scenarios which are reported on a monthly basis to ALCO.

**Interest Rate Risk**

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Bank's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Bank's net interest income, while a long-term impact is on the Bank's net worth since the economic value of the Bank's assets, liabilities and off-balance sheet exposures are affected.

The Bank uses the repricing gap schedules to measure the interest rate risk. A gap report is a static model wherein Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL) and Interest Sensitive Off-Balance Sheet items are stratified into various time bands according to their maturity (if fixed) or time remaining to their next repricing (if floating rate). The size of the gap for a given time band – i.e. Assets minus Liabilities + Off-Balance Sheet exposures that reprice or mature within that time band gives an indication of the Bank's re-pricing risk exposure. If ISA of the Bank exceed ISL in a certain time, the Bank has a positive gap in that particular period and vice versa.

The Bank adopts the two common approaches for the assessment of interest rate risk, namely the Earnings Perspective and the Economic Value Perspective.

Under the earnings perspective, the focus of analysis is the impact of changes in interest rates on reported earnings. A change in interest rate - either upward or downward - may reduce earnings.

The economic value perspective considers the potential impact of interest rate changes on the present value of all future cash flows and therefore represents a comprehensive view of the potential long-term effects of changes in interest rates. The economic value of an instrument represents an assessment of the present value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a Bank can be viewed as the present value of the Bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance sheet positions. In this sense, the economic value perspective reflects one view of the sensitivity of the net worth of the Bank to fluctuations in interest rates.

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Stress testing on Interest Rate**

The Bank conducts stress tests under a wide range of severities to test its earnings stability and capital adequacy. It also involves an across the board interest rate shock of 200 basis points up or down while 400 points for its banking book only. The impact reflecting the worst case scenario is considered in determining whether the capital is commensurate with the level of interest rate risk in the banking book (IRRBB).

**Liquidity risk management**

The bank manages its Liquidity risk through an established Liquidity Risk Management Policy and Framework, which conforms to the Central Bank's directives and Basel III liquidity risk norms. The Liquidity Risk Management Policy and Framework is approved by the Board of Directors as recommended by the Board Risk Management Committee.

The policy, through the establishment of key control ratios, ensures that the Bank maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The policy also ensures that the Bank can meet on-going liquidity obligations and liquidity stress situations. Besides, the policy also covers the contingency funding plans of the Bank to meet any funding mismatches.

The Asset and Liability Committee (ALCO), chaired by the Chief Executive, is empowered to provide strategic directions and take important decisions pertaining to management of liquidity and market risk. Matters discussed at ALCO are reported to the Board Risk Management Committee, the latter being a sub-committee of the Board.

The Money Market Unit of the Treasury Front Office manages liquidity risk on a daily basis through cash flow projections and intra-day update of the cash flow whilst the Asset Liability Capital Management (ALCM) Unit monitors the liquidity risk limits post end of day. Liquidity risk limits and tolerance levels are contained in the Liquidity Risk Management Policy and Framework as approved by the Board of Directors.

Risk and Compliance functions ensure that the first line has adequate internal controls in place for liquidity risk oversight and that the Bank is complying with the regulatory norms from a liquidity risk perspective.

Internal Audit, which carries out independently a review and validation of the effectiveness of the Liquidity risk management framework.

The Bank through its set of procedures and policies has embedded control mechanism in-built in its processes as a means to mitigate liquidity risk. The management of intra-day liquidity risks includes as methodology, the continuous Cash Flow update, comprising of the actual and expected flows taking place throughout the day.

The Money Market Unit is thereby able to make sure that there is sufficient balance to meet payment and settlement obligations at all times.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

#### Liquidity Risk Management

**Liquidity Risk Appetite and Tolerance Management**

In line with Principle 2 of Basel III on liquidity risk, the Bank articulates its liquidity risk tolerance that is appropriate for its business strategy and its role. The Bank is guided by its approved risk appetite and tolerance levels.

The risk tolerance is reviewed once a year by ALCM and approval is sought from Board through ALCO and BRMC. Stress test is performed on a monthly basis by the ALCM and the impact is compared against the risk tolerance of the Bank. ALCM also makes available the results of the stress testing analysis to ALCO and to Board Risk Management Committee. Internal limit setting and controls are put in place in accordance with the Bank's articulated risk tolerance limit.

Liquidity concentration risk associated with large individual depositors, is monitored by ALCM on a daily basis and is reported to ALCO on a monthly basis. A regular assessment is made of top 25 single depositors and 10 group depositors for the purpose of deposit concentration risk.

The Bank mainly monitors and manages its liquidity risk through the Liquidity Coverage Ratio (LCR) and Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis Report.

Liquidity Coverage Ratio (LCR) represents a standard that is designed to ensure that the Bank has an adequate inventory of unencumbered high quality assets (HQLA) that consist of cash, or assets convertible into cash at little or no loss of value in market, to meet its liquidity requirements for a 30 days' liquidity stress period.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

Liquidity risk management (Cont'd)

**Disclosure of Liquidity Coverage Ratio**

| LCR common disclosure template quarter ended 30 June 2024- Consolidated basis in MUR | | | |
|---|---|---|---|
| *(Consolidated either in MUR or USD)* | | TOTAL UNWEIGHTED VALUE (quarterly average of bi-monthly observations) | TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observations) |
| **HIGH-QUALITY LIQUID ASSETS** | | | |
| 1 | Total high-quality liquid assets (HQLA) | **13,998,864,122** | **13,998,864,122** |
| **CASH OUTFLOWS** | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | | |
| 3 | *Stable deposits* | | |
| 4 | *Less stable deposits* | *17,863,365,205* | *1,387,797,820* |
| 5 | Unsecured wholesale funding, of which: | | |
| 6 | *Operational deposits (all counterparties)* | 12,514,155,772 | 3,128,538,943 |
| 7 | *Non-operational deposits (all counterparties)* | 1,565,779,927 | 874,551,141 |
| 8 | *Unsecured debt* | | |
| 9 | Secured wholesale funding | - | - |
| 10 | Additional requirements, of which: | | |
| 11 | *Outflows related to derivative exposures and other collateral requirements* | 5,660,849,223 | 5,660,849,223 |
| 12 | *Outflows related to loss of funding on debt products* | | |
| 13 | *Credit and liquidity facilities* | 2,721,879,563 | 619,772,546 |
| 14 | Other contractual funding obligations | | |
| 15 | Other contingent funding obligations | - | - |
| **16** | **TOTAL CASH OUTFLOWS** | **40,326,029,690** | **11,671,509,673** |
| **CASH INFLOWS** | | | |
| 17 | Secured funding (e.g. reverse repos) | | |
| 18 | Inflows from fully performing exposures | 3,259,082,949 | 2,775,123,638 |
| 19 | Other cash inflows | 5,673,347,954 | 5,673,347,954 |
| **20** | **TOTAL CASH INFLOWS** | **8,932,430,903** | **8,448,471,593** |
| **TOTAL ADJUSTED VALUE** | | | |
| **21** | **TOTAL HQLA** | **13,998,864,122** | **13,998,864,122** |
| **22** | **TOTAL NET CASH OUTFLOWS** | | **3,223,038,080** |
| **23** | **LIQUIDITY COVERAGE RATIO (%)** | | **434.34%** |
| **24** | **QUARTERLY AVERAGE OF DAILY HQLA** | | **14,074,682,514** |

The reported figures for "quarterly average of bi-monthly observations " are based on bi-monthly figures for April, May and June 2024. The reported figures for "quarterly average of daily HQLA " are based on business days figures over the period from 1 April 2024 to 30 June 2024.

The liquidity Coverage Ratio improved from 393% as at 30 June 2023 to 434% as at 30 June 2024 attributable to an increase of MUR 9.4 billion in HQLA against an increase of MUR 2.1 billion in Net Cash Outflows. The LCR ratio remains well above the regulatory limit of 100%.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

### Liquidity risk management (Cont'd)

#### Net Stable Funding Ratio

The Bank of Mauritius issued a Guideline on Net Stable Funding Ratio (NSFR) effective 30 June 2024 for banks to actively monitor and control liquidity risk exposures and funding needs by expecting them to meet the NSFR requirement on an ongoing basis.

The NSFR aims at decreasing funding risk and promoting resilience over a one-year time horizon by creating incentives for a bank to fund its activities with more stable sources of funding on an ongoing basis thereby reducing its probability of distress and by the same token potential broader systemic stress. It limits a bank's ability to expand its balance sheet through over-reliance on short-term wholesale funding and encourages better assessment of funding risk across all on- and off-balance sheet items.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

Liquidity risk management (Cont'd)

**NSFR Disclosure as at 30 June 2024**

| SN | Reporting bank name: MauBank Ltd<br>Reporting Period: 30-June-2024<br>*(Reporting currency: In millions of MUR)* | No maturity | < 6 months | ≥ 6 months to < 1 year | ≥ 1yr | Weighted value |
|---|---|---|---|---|---|---|
| | **ASF Item** | | | | | |
| 1 | **Capital: (SN 2+SN 3)** | | | | **4,884** | **4,884** |
| 2 | *Regulatory capital* | | | | 4,884 | **4,884** |
| 3 | *Other capital instruments* | | | | | |
| 4 | **Retail deposits and deposits from small business customers: (SN 5+ SN 6)** | | **14,804** | **1,756** | | **14,904** |
| 5 | *Stable deposits* | | | | | |
| 6 | *Less stable deposits* | | 14,804 | 1,756 | | 14,904 |
| 7 | **Wholesale funding (SN 8+ SN 9)** | | **16,197** | **4,692** | | **10,445** |
| 8 | *Operational deposits* | | *14,353* | | | 7,176 |
| 9 | *Other wholesale funding* | | 1,844 | 4,692 | | 3,268 |
| 10 | **Other liabilities: (SN 11+ SN 12)** | | **3,023** | **651** | **7,206** | **6,632** |
| 11 | *NSFR derivative liabilities* | | | | 900 | |
| 12 | *All other liabilities and equity not included in the above categories* | | *3,023* | 651 | 6,307 | 6,632 |
| 13 | **Total ASF (SN 1+SN 4+ SN 7+SN 10)** | | | | | **36,866** |
| | **RSF Item** | | | | | |
| 14 | **Total NSFR High Quality Liquid Assets (HQLA)** | | | | | **261** |
| 15 | **Deposits held at financial institutions for operational purposes** | | **1,189** | | | **595** |
| 16 | **Performing loans and securities: (SN 17+ SN 18+ SN 19+ SN 21+ SN 23)** | | **8,191** | **738** | **7,295** | **9,432** |
| 17 | Performing loans to financial institutions secured by HQLA 1 | | | | | |
| 18 | Performing loans to financial institutions secured by non HQLA 1 and unsecured performing loans to financial institutions | | 3,671 | 310 | | 706 |
| 19 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | | 4,520 | 378 | 1,157 | 3,360 |
| 20 | *With a risk weight of less than or equal to 35% under the Guideline on Standardised Approach to Credit Risk* | | | | *830* | *629* |
| 21 | Performing residential mortgages, of which: | | | | 4,823 | 4,224 |
| 22 | *With a risk weight of 35% under the the Guideline on Standardised Approach to Credit Risk* | | | | *4,823* | *4,224* |
| 23 | *Securities that are not in default and do not qualify as HQLA, including exchange-traded equities* | | | 50 | 1,315 | 1,142 |
| 24 | **Other assets: (SN 25+SN 26+ SN 27+ SN 28+ SN 29)** | | **1,816** | **71** | **18,422** | **20,306** |
| 25 | *Physical traded commodities, including gold* | | | | | |
| 26 | *Assets posted as initial margin for derivative contracts and contributions to default funds of a Central Counterparty (CCP)* | | | | 24 | 20 |
| 27 | *NSFR derivative assets* | | | | | |
| 28 | *NSFR derivative liabilities before deduction of variation margin posted* | | | | 180 | 180 |
| 29 | *All other assets not included in the above categories* | | 1,816 | 71 | 18,218 | 20,105 |
| 30 | **Off-balance sheet items** | | | | | **141** |
| 31 | **Total RSF (SN 14+ SN 15+ SN 16+ SN 24+SN 30)** | | | | | **30,735** |
| 32 | **Net Stable Funding Ratio (%) (SN 13/ SN 31)** | | | | | **120%** |

*Note: Items to be reported in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.*

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

### Liquidity risk management (Cont'd)

**Disclosure of Net Stable Fundng Ratio**

As per above disclosure statement on NSFR, the Bank maintained a ratio of 120% as at 30 June 2024 with a total Available Stable Funding of MUR 36.9 billion against total Required Stable Funding of MUR 30.7 billion which is well above regulatory norms of 70%.

**Maturity Mismatch Profile of Assets and Liabilities/Gap Analysis**

The Bank uses gap analysis method to determine fund excess or shortage under different time buckets. Cash flows from assets and liabilities are considered under two different approaches namely contractual maturity and behavioural. They are determined on the basis of the terms and conditions of funding or loan instruments as well as on the basis of behaviour of customers, assessed from their past history and current relationship with the Bank.

**Stress Testing on Liquidity**

MauBank Ltd conducts stress tests on a regular basis for a variety of short-term and protracted institution specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with the Bank's established liquidity risk tolerance. The Bank also carries out various stress tests to assess the impact on its liquidity gap within a period of one month after the reporting date. These tests help to assess the ability of the Bank to meet its obligations during period of stress under various scenarios so as to raise any alert on the potential impact of adverse shocks. Several sensitive analyses are also being done based on different single stress test factor as well as multi-factor stress tests. The Bank uses the stress test outcomes to adjust its liquidity risk management strategies, policies and positions and to develop effective contingency plans.

**Country Risk**

Country risk refers to the probability that changes in the business environment in another country where the Bank is doing business may adversely impact its operations or payment for imports resulting in a financial loss. Country risk also includes sovereign risk, which is a subset of risk specifically related to the Government or one of its agencies refusing to comply with the terms of a loan agreement. Causes of country risk include political, macroeconomic mismanagement, war or labour unrest resulting in work stoppages.

**Country Exposure Limits**

In keeping with the Bank of Mauritius' Guidelines on Country Risk Country Management and the Guideline on Cross-Border Exposure, exposure limits are reviewed and approved by the Board. The Bank sets exposure limits for individual countries to manage and monitor country risk. Country exposure limits apply to all on - and off - balance sheet exposures to foreign obligors.

**Country risk measurement and monitoring**

On and off-balance sheet exposures are measured in line with the Bank of Mauritius guideline on 'Standardized Approach to Credit Risk'.

The Bank gathers in a timely manner, information about developments in exposed countries that may have a bearing on the country risk assessment though various sources, for example MauBank Ltd relies on ratings by External Credit Rating Agencies for country risk limits setting.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Reputational risk**

Reputational risk is the risk that the Bank could lose potential business because its character or quality has been called into question. Reputational risk is underlying in all business activities/operations, and any adverse event taking place anywhere within the Bank can potentially impact on its reputation. The process begins at the various Management Forums/Committees by proactively identifying the reputational risks that could impact the Bank following which appropriate strategies and tactics are developed to mitigate each risk and associated implications.

**Business and strategic risk**

Strategic business risk is a possible cause of loss that might arise from the following sources:

a. The original strategic plan may be successfully implemented and may be sufficiently flexible and robust to withstand the impacting risks encountered during implementation. However, having arrived at the new desired position, the organisation might discover that the position is no longer optimal. This could occur because market conditions have changed during the timescale required for implementation.

b. Strategic drift is a risk that all organisations face when they cannot deliver their intended strategic objectives because they have no means of monitoring their progress.

c. As the timescale considered increases, the degree of uncertainty also increases. As uncertainty increases, the number of long-term issues that can impact on the strategy implementation process also increases. These long-term issues represent strategic risks.

d. Unforeseeable strategic risk is a fundamental characteristic of strategic risk management in that the comprehensive management of these unforeseeable issues is generally beyond the control of a single organisation and its management. Responding to such risks therefore involves the application of constant monitoring to determine their effect on the business.

MauBank Ltd uses the following methods of strategic risk management:

• Business planning

• Monitoring of Performance against Objectives as per five year plan

• Assessment of external (industry and macroeconomic) environment

• Readjustment of plans

**Compliance risk**

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its Banking activities.

MauBank Ltd has adapted its compliance function with the general principles of the Basel Committee on Banking Supervision on "Compliance and the Compliance Function in banks" and stands guided by its Compliance Policy. This Policy approved by the Board of Directors sets out the principles and standards for compliance and management of compliance risks in MauBank Ltd with the objective to guide business to manage the compliance risks effectively and obligations inherent in their respective activities.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

Compliance risk (Cont'd)

Compliance is one of the key functions in the bank's corporate governance structure. The identification of compliance risk, its assessment, testing and appropriate risk response are vital for the bank to conduct its activities in accordance with the applicable laws and guidelines.

The general approach to mitigate compliance risk at MauBank Ltd is as follows:

1. Promoting a Compliance Culture across the bank by educating staff on compliance matters.
2. Ensuring compliance with legal/regulatory requirements by implementing a risk-based approach plan.
3. Ensuring that the Anti Money Laundering and Combatting the Financing of Terrorism (AML/CFT) requirements are complied with.
4. Keeping abreast of regulatory changes and ensure implementation and adoption by relevant business units.
5. In line with Section V of BOM Guideline on Corporate Governance, the Compliance function maintains its independence. Concurrently, the Compliance function also provides its advisory support and guidance to the Business units.

**Technology risk**

Technology risk and cyber risk management are paramount to safeguarding operations, customer data, and financial stability. Technology risk encompasses threats arising from the use of information technology (IT) systems and infrastructure, including hardware failures, software glitches, and system outages. These risks can disrupt services, compromise data integrity, and impact regulatory compliance.

Cyber risk, a subset of technology risk, specifically focuses on threats from malicious actors seeking unauthorized access to sensitive information or aiming to disrupt operations through cyberattacks. Banks are prime targets due to the vast amounts of valuable data they hold, including personal and financial information

Effective technology and cyber risk management at MauBank Ltd involves several key strategies as follows:

**Risk Assessment and Identification**: Conducting comprehensive risk assessments to identify potential vulnerabilities and threats within IT systems and networks.

**Risk Mitigation**: Implementing robust controls and security measures, such as encryption, firewalls, intrusion detection systems, and multi-factor authentication, to mitigate identified risks.

**Incident Response Planning**: Developing and regularly updating incident response plans to swiftly address and mitigate the impact of cyber incidents or technology failures.

**Compliance and Regulation**: Adhering to regulatory requirements and industry standards (such as PCI-DSS for payment card data security) to ensure data protection and regulatory compliance.

**Employee Training and Awareness**: Educating staff about cybersecurity best practices and the importance of adhering to internal policies and procedures.

**Continuous Monitoring and Testing**: Employing continuous monitoring tools and conducting regular penetration testing and vulnerability assessments to proactively identify and address potential weaknesses.

**Third-Party Risk Management**: Assessing and managing risks associated with third-party vendors and service providers who have access to sensitive bank data or provide critical IT services.

Effective technology and cyber risk management are integral to maintaining trust, security, and operational resilience within the banking sector. By adopting a proactive approach that combines robust cybersecurity measures with diligent risk assessment and management practices, MauBank mitigates potential threats and safeguard its critical assets and reputation in an increasingly digital landscape.

From a governance perspective, bank has in place an Information Security Committee which operates as per its terms of reference. Technology risk reports are discussed at this committee.

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

Technology risk (Cont'd)

**PCI DSS Implementation**

The bank is continually implementing the control requirements of the Payment Card Industry Data Security Standard with the objective to secure cards data, related processes and systems.

**Climate and Environmental Risk**

In the banking sector, climate and environmental risks are increasingly recognized as critical factors that can impact financial stability, operational resilience and reputation. These risks stem from the broader environmental challenges such as climate change, pollution, resource depletion and biodiversity loss.

Climate change presents significant risks to banks through various channels as follows:
**Physical Risks**: Banks face exposure to physical risks such as extreme weather events (storms, floods, wildfires) that can damage properties, disrupt operations and affect loan portfolios. Properties in vulnerable coastal areas are particularly at risk due to sea-level rise and increased storm intensity.
**Transition Risks**: As governments and businesses transition towards a low-carbon economy, banks may face transition risks associated with policy changes, regulatory frameworks and shifts in consumer preferences. This includes potential devaluation of assets in carbon-intensive industries and sectors.

**Reputational Risks**: Banks can face reputational risks from their association with environmentally damaging activities or failure to adopt sustainable practices. Stakeholders, including customers, investors and regulators, increasingly expect financial institutions to demonstrate environmental responsibility.

**Regulatory Risks**: Regulatory developments aimed at addressing climate change and environmental degradation can introduce compliance risks for banks. Requirements related to disclosure of climate-related financial risks and integration of environmental considerations into lending practices are becoming more prevalent.

**Operational Risks**: Climate-related disruptions, such as power outages or infrastructure damage can impact the operational continuity of banks and their ability to deliver services to customers.

To manage climate and environmental risks effectively, MauBank Ltd has adopted strategies such as:

**Risk Assessment and Scenario Analysis**: Conducting comprehensive assessments to understand exposure to physical and transition risks, using scenario analysis to assess potential impacts on loan portfolios and investments.

**Integration of ESG Criteria**: Incorporating Environmental, Social, and Governance (ESG) criteria into risk management frameworks, investment decisions, and lending practices to promote sustainable finance.

**Engagement and Collaboration**: Engaging with stakeholders, including clients, regulators, and industry peers, to foster dialogue on climate risks, share best practices, and develop industry standards.

**Green Finance Initiatives**: Developing products and services that support investments in renewable energy, energy efficiency, and sustainable infrastructure projects.

**Disclosure and Transparency**: Enhancing transparency by disclosing climate-related financial risks and commitments to sustainable practices in annual reports and communications

Addressing climate and environmental risks is not only a matter of compliance for MauBank Ltd but also an opportunity for the bank to strengthen resilience, enhance reputation, and contribute to a sustainable future. By integrating climate considerations into their risk management strategies and operations, the Bank aims to play a pivotal role in financing the transition to a low-carbon, resilient economy.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Risk Management (Cont'd)

**Capital Management**

The Capital Adequacy framework is supported by a Board approved Internal Capital Adequacy Assessment Process (ICAAP) which encompasses capital planning for current and future periods, taking into consideration strategic focus and business plan and assessment of all material risks under stress conditions.

The Bank's Capital Management Objectives, amongst others, is to provide sufficient capital for the Banking business to achieve its strategic objectives, taking into account the regulatory, economic and commercial environment in which it operates.

The other objectives when managing capital are:

• To comply with the capital requirements as set by the regulator;

• To safeguard the Bank's ability to continue its business as a going concern;

• To maximize returns to shareholders and optimize the benefits to stakeholders; and

• To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of eligible capital are monitored regularly by Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Mauritius for supervisory purposes. The required information is submitted to the Bank of Mauritius on a quarterly basis.

As at 30 June 2024, the total capital base stood at Rs **4,761,350,000** compared to Rs 3,373,733,000 for the year ended 30 June 2023 and Rs 2,662,338,000 for the year ended 30 June 2022 and the total risk weighted assets stood at **Rs 24,189,648,000** compared to Rs 21,981,003,000 at 30 June 2023 and Rs 18,318,424,000 for the year ended 30 June 2022.

CAR was at **19.68%** as at 30 June 2024 compared to 15.35% at 30 June 2023 and 14.53% at 30 June 2022.

**BASEL II Approaches**

MauBank Ltd has adopted the following approach for determining the regulatory capital requirements under the Bank of Mauritius Basel II guidelines for Pillar 1.

a) Credit risk : Standardised approach

b) Market risk: Standardised approach

c) Operational risk: Basic Indicator approach

As part of its ICAAP, MauBank Ltd has conducted stress testing under various historical and stress test scenarios to assess the impact of stress on its capital position. The methodology for the stress testing is approved by the Board of Directors. The results of stress testing are reported to the Board of Directors and the Bank of Mauritius.

In June 2022, Bank of Mauritius has issued its Guideline on Stress Testing which draws on the stress testing principles of the Basel Committee on Banking Supervision (BCBS) contained in its publication 'Stress testing principles', October 2018. As underscored by the BCBS, stress testing is integral to banks' risk management in that it alerts bank management and bank supervisors to the potential impact of unexpected but plausible adverse shocks and provides them an indication of the financial resources needed to absorb such losses. Stress testing can also be used as a key input for risk identification, monitoring and assessment.

Maubank Ltd has in place a Stress Testing Framework as approved by its Board of Directors in November 2022.

**BASEL III**

The Basel III regulation requires higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress, and the introduction of two global liquidity standards.

MauBank Ltd's Capital Structure for the last three years is as shown on page 147.

## Management discussion and analysis (Cont'd)

### Management Committees

The daily affairs and running of the Bank have been delegated to the Bank's Management Team. Issues are discussed, risks and reward tradeoffs are analysed, and decisions are taken at the different Management Forums/Committees in line with their mandates as per their respective approved Terms of Reference. These Forums/Committees meet regularly and comprise of Senior Management and Management Cadres drawn from different units.

All matters discussed and decisions taken at the said Management Forums/Committees are escalated to their respective Board Committee/Board Sub-Committee. The key decision-making Management Forums/Committees are more fully detailed below:

**1. Executive Committee ("EXCO")**

The EXCO acts on behalf of the Board and exercises all powers and performs such duties for the Bank in relation to the day to day management, operation and, control and governance of the business in conformity with manuals, policies, procedures and authorities. The committee meets on a monthly basis to review the progress towards the strategic plan, mission and vision of the Bank. The committee is chaired by the CE and all departmental executives are permanent members of the committee.

**2. Asset and Liability Management Committee ("ALCO")**

ALCO meets on a monthly basis to oversee the Bank's liquidity risk, interest rate risk, foreign exchange risk management and treasury matters. The role of ALCO is to set and oversee the various policies for managing the Bank's statement of financial position based on a detailed analysis of risk return trade off; develop guidelines and limits for operating units and treasury; monitor that those limits are adhered. ALCO also ensures that the strategy of the Bank is in line with the Bank's budget and risk management objectives. ALCO monitors the interest margin between assets and liabilities, the cash flow position and liquidity ratio, deposit concentration and also manages the earnings at risk by conducting stress test scenarios under various market conditions.

**3. Operations Risk Committee ("ORC")**

The ORC meets on a quarterly basis to review the operational risk exposures of the Bank. Operational risk is managed within the Bank's operational risk framework, using the Risk Control and Self-Assessment (RCSA) and its loss data capture (LDC) system as the two main pillars to capture operational risk. The Committee is chaired either by the Chief Executive (CE) or the Deputy Chief Executive (DCE) and consists of members coming from various Business units. Its mandate is derived from the Bank of Mauritius guideline on Operational Risk and Capital Adequacy Determination and the Banks' Operational Risk Management Policy & Framework. This Committee also assists the Board Risk Management Committee (BRMC) in fulfilling its oversight responsibilities relating to operational risk.

**4. Credit Risk Monitoring Committee ("CRMC")**

The CRMC aims at monitoring the Bank's exposure to credit risk, ensuring that such risk stays within the Bank's credit policy and credit risk appetite. This committee assists the BRMC in fulfilling its oversight responsibilities in credit related matters. The CRMC's mandate is derived from the Bank of Mauritius Guideline on Credit Risk Management, Basel document on principles of credit risk management and industry's best practices.

The CRMC, on a quarterly basis, reviews and monitors the credit risk exposures to safeguard the Bank against potential losses by identifying trends in the portfolio at an early stage, with a view to initiating timely corrective action on the credit portfolio at risk to prevent further deterioration.

**5. Credit Sanctioning Committees ("CSC")**

The Bank has two distinct management committees and one at board level whose roles are to consider requests for credit facilities in line with the Bank's defined overall credit risk strategy and have the authority to make a final decision on approval or rejection of proposed credit transactions within the power entrusted to them by the Bank's Credit Risk Policy Guide.

## Management discussion and analysis (Cont'd)

### Management Committees (Cont'd)

**6. NPA Forum ("NPA")**

The NPA Forum reviews the non-performing accounts, type and course of actions for recovery. This forum ensures that all non-performing accounts are captured and that there are clear cut strategies on its recoveries. In this context, the forum makes suitable recommendations on appropriate recovery actions and on the prevention of non-performing accounts based on trend analysis. This Forum meets on a quarterly basis.

**7. Account Monitoring Forum ("AMF")**

The AMF acts a sub-forum to the NPA Forum where all accounts under the watchlist and the potential non-performing list are reviewed. This forum monitors and agrees action plans, as may be deemed appropriate, to safeguard the Bank against potential losses. This Forum meets on a monthly basis.

**8. Procurement Committees**

The Bank has two Procurement Committees: one at Management level and the second at Board level, with distinct sanctioning limits to consider, and if deemed fit, approve any request for the procurement of goods or hiring of services in accordance with the Bank's Procurement Policy. This policy requires, inter-alia, that a due diligence is conducted by the Bank's Procurement Unit and an independent evaluation of bids is conducted separately by a Bid Evaluation Committee (BEC), before consideration by the relevant Procurement Committee.

**9. Health and Safety Forum**

Safety and Health matters are fundamental values in MauBank Ltd and they are therefore fully integrated into the way the Bank conducts its business and in the individual actions of its staff members. The Bank undertakes to ensure the safety of its customers, employees, service providers, and visitors by integrating safety and health protocols in its processes and ensuring compliance with relevant aspects of the Occupational Safety and Health Act. Providing a safe and healthy working environment can only be accomplished through efforts by management and all employees, which devolve on everyone, from top management to the individual worker. This is the essence of the Bank's internal responsibility system and its ultimate goal is to ensure a safe workplace with zero incident.

**10. Business Continuity Steering Committee The Business Continuity Steering Committee ("BCSCOM") derives its mandate from EXCO to act as a platform for:**

• providing a clearly defined governance structure which oversees and ensures business continuity of the bank's operations in case of significant business disrutption.

• ensuring that critical business units of the bank conduct a Business Impact Analysis (BIA) and incorporate therein estimated timeframes for recovery, resource requirements, interdependencies and risk assessments.

• ensuring that remedial actions for the identified business functions that consolidate and optimise available resources, are consistent with all the bank's policies, and are achievable.

• ensuring that identified business functions have a documented plan for activation in the event of significant business disruption.

• ensuring Business Continuity Management (BCM) awareness amongst bank staff by developing competencies through induction, communication, training and simulation exercises.

• Validating the effectiveness of the BCM program through regular testing and review.

# Financial statements for the year ended 30 June 2024

## Management discussion and analysis (Cont'd)

### Management Committees (Cont'd)

**11. Information Security Committee**

• The Committee is mandated by the EXCO to assist the Bank in fulfilling its Information Security/Cybersecurity and control responsibilities and to promote strong culture of awareness in doing so, the Committee will ensure Information Security/Cybersecurity is managed in a manner consistent with internal business needs, regulatory requirement of BOM and approved risk appetite for Operational risk and comply with the bank's policies, processes and procedures.

**The Way Forward**

With the above background, the team at MauBank Ltd will continue to strive towards excellence in an endeavour to deliver better service quality every year to its present and prospective customers.

***Disclaimer***

*Several forward-looking statements relating to the Bank's business strategy, plans and objectives have been embedded in the Management Discussion and Analysis document. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Readers of the document are therefore advised not to place undue reliance on the forward-looking statements as a number of factors may cause actual results to differ from targets, expectations and estimates made initially. MauBank Ltd does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.*

cfi.co 2023

MOST PROMISING BANK

WINNER MAURITIUS

cfi.co 2023

BEST DIGITAL EXPERIENCE IN BANKING

WINNER MAURITIUS

# Administrative Information
## Board of Directors

The composition of the Board, as at 30 June 2024, is as follows:

### Mr. SOOKUN Gooroodeo, C.S.K, FCCA
Independent Director and Chairperson

Mahen Sookun is a fellow of the Association of Chartered Certified Accountants (ACCA) and holds an MBA (Finance) from the University of Leicester (UK). He has served in private and public companies during the last thirty years as a Corporate Finance Executive, in Mauritius and across Africa, in sectors as diverse as Public Utilities, Agriculture and Textiles, Real Estate and Mining, and has sat as non-Executive Director in a number of Boards in offshore companies.

Currently he is the Executive Director of SB ProConsult Ltd, a Chartered Certified Accountancy Firm, which provides accounting tax and advisory services to a range of local and international clients. He is involved in the setting up and structuring of investments from Europe/Australia/Asia via Mauritius in African jurisdictions. During the last few years, Mr Sookun has been involved in various M&A transactions of mining companies, the set of Impact Funds and accompanying high profile investors in the setting up their business in Mauritius.

He was the Group Finance and Administrative Manager of Titanium Resources Limited, a company involved in Mineral Resources and Mining and listed on the AIM market of the London Stock Exchange. From 2008 to 2013, he was the Director, CFO and Secretary of Diamond Fields International, a public company listed in Toronto, and has also served as Independent Director for Australian (ASX) listed company having investments in Africa.

Mr Sookun has travelled extensively within Africa, having lived and worked in Mozambique, Sierra Leone and Madagascar. In Mauritius, Mr Sookun has served as a Finance Executive at the Central Electricity Board, FUEL Sugar Estate, Palmar Textiles Ltd, and as Head of Finance of the largest Real Estate Development Company, Anahita Estates Ltd.

### Mr. VYDELINGUM Vishuene
Chief Executive Officer and Executive Director

Vishuene Vydelingum is a seasoned banker of more than 25 years of experience in the financial sector, with core technical expertise lying predominantly in Corporate and Investment Banking, as well as Treasury Management.

He was appointed Chief Executive Officer of MauBank Ltd in November 2023 after having held the position of Deputy Chief Executive Officer. He joined MauBank in March 2019 as Executive Head - Corporate Banking & Treasury. Before that, he was the Managing Director of CIM Finance Ltd and Commercial Director in Barclays, Mauritius for almost ten years whereby he endorsed marked achievements in domestic, regional and global business development.

Starting his career as a Forex Dealer in BNP Intercontinentale in1996, Vishuene climbed the ladder to becoming a Management Committee Member of Barclays Bank, Mauritius by 2004. He successively occupied the posts of Chief Dealer – Assets & Liquidity Management, Head of Liquidity Management, Treasurer and Regional Treasurer.

Vishuene is a licensed Stockbrocker of the Mauritius Stock Exchange. He holds from Université Paris Sorbonne Nord an Ingénieur Maître en Banque et Finance avec spécialisation en Marchés Dérivés (IUP), Licence (IUP) en Ingénierie de la Banque, Finance et Industrie, and a Diplôme d'Etudes Universitaire Professionnalisés (DEUP) en Banque, Finance et Industrie.

# Administrative Information
## Board of Directors

**Mr. RAMPERSAD Rabin**
Non Executive Director

Mr. Rabin Rampersad is currently the CEO of SME Mauritius. He has spent a major part of his career at senior management positions in the private sector both locally and abroad. His wide functional experience spans Operations, Marketing, Logistics and Business development, mostly on behalf of major multinationals.

Mr. Rampersad has proven expertise in strategy development, business restructuring and international business, . As part of senior management, he has been member of the Board of Directors of several public and private sector companies.

Mr. Rampersad holds a Master in Business Administration, another Master in Marketing and Innovation, is a Chartered Manager, a Chartered Marketer, a Fellow of the Chartered Management Institute, UK and a Fellow of the Chartered Institute of Marketing, UK.

**Mr. SOKAPPADU Ramanaidoo**
Independent Director

Mr. Ramanaidoo Sokappadu was, prior to his retirement, Director, Economy and Finance at the Ministry of Finance, Economic Planningand Development.Hehas been working in the civil service for nearly 40 years. He holds a Bachelor of Arts in Economics, Mathematics and Statistics.

Mr. Sokappadu has in the past worked as short term consultant for the Common wealth Secretariat and the World Bank. He has been a Board director on several parastatal bodies and companies. In addition, he has represented Mauritius in several international conferences and meetings, both locally and abroad.

# Administrative Information
## Board of Directors

### Mr. CODABUX Muhammad Javed
Independent Director

He has worked as Accountant at African Reinsurance Corporation and as Internal Auditor at Lamco International Insurance and Cheribinny Ltd.

Mr. Codabux holds an Executive Master in Business Administration ("EMBA") with First Class (Hons) from India. He is holder of a Higher National Diploma in Business Finance, BTEC, Edexcel Level 5 – EDEXCEL University (UK) under the program of Resource Development International (RDI) U.K. Mr. Codabux has also completed several ACCA papers. He has followed several courses in Accounting & Auditing, Insurance, Reinsurance and Corporate Governance. Mr. Codabux is a Fellow of the Mauritius Institute of Directors.

Mr. Codabux is also a director in JSZ Brothers Co Ltd.

### Mr. JEETOO Mohamad Fardeen
Non-Executive Director (Appointed effective 15 July 2021)

Mr. Mohamad Fardeen Jeetoo is currently working as Acting Accountant, and in his capacity is in charge of the finance section of the Early Childhood Care and Education Authority (ECCEA).

Apart from his expertise and experience in Finance, Mr. Jeetoo is also a young entrepreneur with strong business and innovation skills. He is also the Chief Executive Officer of his own consultancy firm named Connectivity Consultancy Ltd (CCL) and he has vibrantly set up and managed business in the food sector also.

Mr. Jeetoo holds a BSc in Finance and Accounting for the University of Hertfordshire (UK), a BSc in Business Management from University of Southampton (UK) as well as a Masters in Accounting and Finance Management from the University of Hertfordshire (UK).

He is a member of the Bid Evaluation Committee and the secretary of the Finance Committee of ECCEA. He is also nominated as Non-Executive Director at the Mauritius Institute of Directors (MIOD).

Mr. Jeetoo is also a director in Tamarin Briani House, and Manger Lokal Ltd.

# Administrative Information
## Board of Directors

### Mr. SEMJEVEE Sivananda
Independent Director (Appointed effective 15 July 2021)

Mr. Sivananda Semjevee is currently the Managing Director of Logfret Services Ltd, a clearing and Freight Forwarding Company. Prior to that, he was the Executive Director of World Speed Consolidators Ltd. For three years he was based in Madagascar where he was Executive Director of World Speed Madagascar.

With his solid experience in Freight Forwarding Services both at national and regional level, Mr. Semjevee has set up his own company in the field of Import Agent Services since 2004. His business achievements make him a successful entrepreneur and employer of his category.

Mr. Semjevee is also a director in Logfret Services Ltd.

### Mr. KOKIL Anil Kumar
Non-Executive Director (Appointed effective 15 July 2021)

Mr. Anil Kumar Kokil is currently the Chief Executive Officer of the Cote D'Or International Racecourse and Entertainment Complex Ltd, a company incorporated in April 2022 to spearhead the development of a new racecourse and entertainment complex at Cote D'Or.

Mr. Kokil was also a Director (Economic and Finance) at the Ministry of Finance, Economic Planning and Development. During his professional career, he has contributed to and spearheaded the national budget preparations and policy making of successive Governments. The contributions of Mr. Kokil are also recognised at regional and international level. He was the chairperson of the SADC Macro Economic Meetings held in South Africa and in Botswana as well as the chairperson of the Committee set up by the SADC Ministers to look at the Self-Financing Mechanism for SADC. He was the Founder Member of the Collaborative Africa Budget Reform Initiative.

He has been a Consultant for both local and International Organisations and has contributed on Migration for the World Bank, the European Union and the International Organisation for Migration, and has also contributed to several papers in International Publications. He actively participated in UN Annual Meetings of the Global Forum on Migration and Development, as Panelist and Moderator. He has previously been the chairperson of the Skills and Information Technology Development Fund, and chairperson and Assessor of several Disciplinary Committees and Commission of Inquiries appointed by the Public Service Commission and the Disciplinary Forces Service Commission and the Government. He has also acted as the Chief Executive of the Gambling Regulatory Authority.

Mr. Kokil holds an MSc in Public Sector Management, a B.A (Hons) in Statistics with Economics from the University of Delhi and a Professional Certificate in Statistics from the Institute of Statisticians, UK. He has received professional training at the Institute of Development Studies UK; the IMF and World Bank in Financial Programming and Policies, and on Government Finance in Washington amongst others.

# Administrative Information
## Executive Team

### Mrs. VASSEUR-SONEEA Alexandra
Independent Director (Appointed effective 15 July 2021)

Alexandra Vasseur-Soneea is a Head Hunting specialist with recognized expertise in Private Banking, Wealth Management, Trust, Fiduciary, Private Equity, as well as commercial and investment banking sectors. Her career began at Morgan Philips Group, one of the world's largest recruitment firms, where she gained extensive knowledge of the European financial market.

Today, as the Founder and CEO of Kanope Consulting Ltd, Alexandra leads a team dedicated to sourcing and placing talent within these specialized sectors. She leverages her strategic HR expertise to advise leading companies on their recruitment needs.

Alexandra holds a Master 1 in Management from the University of Poitiers in France, as well as a bachelor's degree in management from the same university.

# Administrative Information

## Executive Team

### Mr. VYDELINGUM Vishuene

Chief Executive Officer and Executive Director

Please refer to Board of directors section on pages 219 to 221.

### Mr. SOORMALLY Issa Mohamad

Deputy Chief Executive

Mr Soormally is a C-Suite business leader in the field of Banking and Financial Services, having worked for Global and Regional Conglomerates with presence in Mauritius, Bahrain, and Seychelles, namely BNPI, Barclays, Bramer Bank, Bank of Muscat International, Al Salam Bahrain and Toukan Corporate Services Ltd. He also has a strong proven track record in international banking in various jurisdictions, such as France, Luxembourg, Reunion Island, Kenya, Dubai and South Africa.

He has had a rich exposure working at the Regulatory level, at the Central Bank of Mauritius as Second Deputy Governor, and is currently the Vice Chairman of the Economic Development Board. He is also a Fellow Member of the Mauritius Institute of Directors, member of the sub-committee on Strategy of Mauritius Finance, and Board Member of Mauritius Africa Fund under the aegis of the Ministry of Finance and Economic Development.

# Administrative Information
## Executive Team

### Mr. MOTEE Ramesh, FCCA
Chief Risk Officer

Mr. Motee is presently the Chief Risk Officer of Maubank ltd, he has an extensive experience at senior positions within various entities operating in the banking and financial sector which covers 39 years. He holds a Diplôme d'Etudes Supérieures Spécialisées, Université de Poitiers, and is a Fellow member of Association of Chartered Certified Accountants (FCCA).

### Mr. MOHADEB Damodarsingh (Deepak), FCCA
Chief Financial Officer

Mr. Mohadeb, is a Fellow member of Association of Chartered Certified Accountants (FCCA). He commands extensive experience having held various senior positions within entities operating in the banking, financial and leasing sector over the past 16 years. He is also a Fellow of the Mauritius Institute of Directors (MIoD).

# Administrative Information
## Executive Team

### Mr NAIR Praveen Viswanathan
Chief Information and Digital Officer

Mr Nair has 19 years of experience at senior positions within various entities operating in the Banking, Telecommunications and Fintech Sectors. He has expertise in the Digital Transformation, Financial Operations, Credit, Lending, Risk, Collections and Process Excellence. He holds an MBA in International Business and Strategy from the University of Glasgow Adam Smith Business School, UK and is a certified ISO Internal Auditor from Total Quality Management Institute and Banking on Leaders from Harvard BP.

Prior joining Maubank, Mr Nair was the Chief Operating Officer at Credito PLC for 4 years where he has designed and executed set up of IT, Finance, Strategy, HR and Operations department and also worked in Citicorp, Barclays , as well. He has also successfully set up the Digital Technology Architecture for AI Based Digital Debt Collections and InfoSec controls. He was the Co-Founder and Board Member of the UK Fintech. He was the Head of Process Transformation & Digitalization at Commercial Bank International in Dubai for 8 years, where he occupied various roles as Head of process, Head of debt management amongst others.

### Ms. SADDUL Anouchka
Head of Corporate Affairs, Brand Management and Marketing

Ms. Saddul is a Management with Law graduate, and a Certified Digital Marketing Professional. She also holds qualifications in Personnel Management and in Public Health. She has over 20 years of diverse experience in Marketing, Communications, Media and Public Relations in both Government bodies and the private sector, and is a member of the Digital Marketing Institute, the Chartered Institute of Public Relations, the Mauritius Institute of Directors and the Women Leadership Academy.

# Administrative Information
## Executive Team

### Mr. SEEBARUTH Balraj Kumar (Rakesh), FCCA
Head of Internal Audit

Mr. Seebaruth is a FCCA, a member of MIoD and holds a BSc (Hons) in Accounting.

He has over 20 years of experience in the field of auditing, accounting, finance and global business. He has worked in Big Four auditing firms and lead several audits in various sectors including, but not limited to, asset management, banking, insurance, manufacturing, retailing and telecommunications. Mr Seebaruth was also involved in auditing companies listed on the Stock Exchange of Mauritius as well as working on international assignments. As an experienced instructor, he delivered several audit and accounting training, and soft skill courses in Mauritius. He also formed part of the territory instructor team and delivered training in several sub-saharan african countries, including Kenya, Ghana and Uganda.

### Mr. LUXIMON Sanraj, FCCA, MBA
Head of Sustainability and Corporate Strategy

Mr. Luximon has a BSc (Hons) in Applied Accounting, is an MBA holder and a Fellow member of the Association of Chartered Certified Accountants (FCCA). He holds also a Crisil Cross Border lending certification.

He joined the bank in 2005. Over the years, he has headed different departments, gaining valuable expertise. As a seasoned banker, he has assumed the duty of Officer-in-Charge of the bank in 2015 for a transitional period.

Mr. Luximon is presently the Head of Sustainability & Corporate Strategy. He also overviews the operations of the bank's sister company, EAMC Ltd.

# Administrative Information

## Executive Team

**Mrs MARDAY SEECHURN Jinny**
Officer in charge – HR

Mrs. Marday Seechurn has been a member of the Bank since 2022, bringing with her 12 years of expertise in the Human Resource field, with a focus on the hospitality sector. She is a graduate of the University of Mauritius, holding a BSc in Human Resources Management.

**POOLOO Maoumar AL**
Head of Operations

Mr. Pooloo joined the Bank in 2004. He holds an MBA with specialization in finance from the University of Technology, Mauritius. He is also as certified project manager and is a member of the ACI.

Over the years, he has worked in different departments, gaining valuable expertise. Mr. Pooloo has lately been managing the portfolio of Financial Institution & Parastatal Bodies in Corporate Banking. He has been assigned the responsibility of Operations department following the restructuring of the department.

# Administrative Information
## Executive Team

### Mr. SAWMY Premendra
Head of Special Asset Management

Lorem ipsum dolor sit amet, consectetuer adipiscing elit, sed diam Mr Sawmy holds a Msc in Applied Economics with specialization in Banking and Finance and Bsc (Hons) in Economics with First Class & First Division from the University of Mauritius.

Mr Sawmy has worked at SBM Bank (Mauritius) Ltd & MHC Ltd, prior joining the Bank in April 2004. Over the last 23 years of banking experience, he has led various functions in the Bank as Branch Manager, Area Leader, Head of Credit Services and Head of Consumer Banking Operations. He has also been the Functional Lead in several Finacle Upgrade and Integration Projects.

### Mr. BADEGHAN Yoghen K
Compliance officer cum MLRO

Mr. Badeghan is a fellow of International Compliance Association (ICA), with a combined total of 13 years of experience in banking and financial services. Prior joining MauBank, Mr Badeghan was working as Compliance and MLRO and was responsible for leading a Compliance and AML&CFT Function of the Industrial Finance Corporation of Mauritius (IFCM) for the past two years. He was the Head of Compliance and MLRO at Maybank Mauritius, where he spent over 7 years. He also held various Compliance and AML Risk related functions for State Owned Entities, such as State Investment Corporations Ltd (SIC), DNFBPs under the purview of SIC and Global Business Companies.

### Mr. PILLAY Appasamy Govindasamy
Head of Corporate Banking

Mr. Pillay joined the Bank in 2017, he has 20 years of experience in the banking sector and has worked in mostly Corporate Banking and Business Banking departments. He holds a BA Accounting and Finance degree.

### Mr. GARSEE Ashvind
Head of Business Development and Debt

Mr. Garsee joined the Bank in 2016, he has 17 years of experience in the banking sector and has worked in Corporate Banking both in onshore and offshore segments. He holds a Master in International Business and BA (Hons) Finance services.

### Mr. TRANQUILLE, JEAN HUGUES IVAN
Company Secretary

Mr. TRANQUILLE assumed the duties of Company Secretary on the 12th April 2023. He is a qualified Chartered Secretary (ACG formerly ACIS) from the Chartered Governance Institute UK & Ireland and also holds an ACIB qualification, having professionally qualified from the Chartered Institute of Bankers UK. He successfully completed his Master in Business Administration (MBA) in 2007 at the Edinburgh Business School (Scotland). He has over 30 years of banking and leasing experience, having started his career at the MCB Group and later occupied the post of Administrative Officer at Finlease Company Ltd, then a company within the MCB Group. In 2003, he joined the Mauritius Leasing Co Ltd as “Manager Operations” and later occupied the post of “Head of CUT”. Following the merger into MauBank Ltd in 2016, he occupied the post of “Senior Manager - Enterprise Risk” in the Risk Department up till the 11th April 2023.

# Financial statements for the year ended 30 June 2024

## Administrative information (Cont'd)

### Management team (Cont'd)

**Business Centre Manager at 30 June 2024**

| | | |
|---|---|---|
| LUCKHEE Adesh<br>Place D'Armes | KAWOL Neela<br>Rose Belle | JUGNAUTH Ravin Kumar<br>Quatre Bornes |
| BRAUNAU Aldo Paul Joël<br>Curepipe | RAMTOHUL Dhanvesh<br>Mahebourg | GUNGADIN Kesha<br>Lallmatie |
| BUNDHOO Mohammad Khalid<br>Goodlands | MOOTOOCURPEN Roja Saraspedee<br>(Acting Business Centre Manager)<br>Grand Baie | LAKHOA Uttam<br>Flacq |
| NOBIN Nadine Maeva<br>Chemin Grenier | RUGHOOBUR Anjalee<br>Triolet | AUCKBURALLY Hysham<br>(Acting Business Centre Manager)<br>Vacoas |
| RAJARAMSING Jhusveer<br>Rose Hill | BETCHOO Satyandranath<br>Riviere Du Rempart | JOYGOPAUL Hemlata<br>Terre Rouge |
| DWARKA, Anoukshada<br>St Pierre | HUNGLEY Gary<br>Ebène | EDOUARD Billy Roy<br>Rodrigues |
| BHUNJUN Pounam<br>Pope Hennessy | | |

# Financial statements for the year ended 30 June 2024

## Administrative information (Cont'd)

### Business Centre Network at 30 June 2024

| | | |
|---|---|---|
| PLACE D'ARMES Business Centre<br>1 Queen Street<br>Place D'Armes<br>Port Louis | ROSE BELLE Business Centre<br>Royal Road, Baramia<br>Rose Belle | QUATRE BORNES Business Centre<br>Cnr St Jean & Osman Avenue<br>Quatre Bornes |
| CUREPIPE Business Centre<br>Royal Road<br>Curepipe | MAHEBOURG Business Centre<br>Corner Delices & Marianne Streets<br>Mahebourg | LALLMATIE Business Centre<br>Corner Royal & Tagore Road<br>Lallmatie |
| GOODLANDS Business Centre<br>Royal Road<br>Goodlands | GRAND BAIE Business Centre<br>Richmond Hill Complex<br>Grand Baie | FLACQ Business Centre<br>Royal Road, Cnr of Charles De Gaules & Francois Mitterand Street<br>Flacq |
| CHEMIN GRENIER Business Centre<br>Royal Road<br>Chemin Grenier | TRIOLET Business Centre<br>Royal Road, Anand Square<br>8th Mille, Triolet | VACOAS Business Centre<br>Independence Street<br>Vacoas |
| ROSE HILL Business Centre<br>477 Royal Road<br>Rose Hill | Riviere DU REMPART Business Centre<br>Riverside Shopping Complex<br>Riviere du Rempart | TERRE ROUGE Business Centre<br>Royal Road<br>Terre Rouge |
| ST PIERRE Business Centre<br>Kendra Commercial Centre<br>St Pierre | EBENE<br>Ground Floor, Bramer House<br>Cybercity Ebène | RODRIGUES Business Centre<br>Rue Max Lucchesi<br>Port Mathurin, Rodrigues |
| POPE HENNESSY Business Centre<br>Pope Hennessy Street<br>Port Louis | | |

Tel 405-9400

Fax 404-0333

# Financial statements for the year ended 30 June 2024

## Administrative information (Cont'd)

### Foreign correspondents

**ABSA BANK**
International Financial Institution
2nd Floor, ABSA Towers North
180 Commissioner Street,
Johannesburg 2001
South Africa

**AGRICULTURAL BANK OF CHINA**
Shanghai Business Centre
33/F, ABC Tower, 9 Yincheng Road
Pudong New Area, Shanghai 200120
China

**BANK ALJAZIRA**
Olaya Street
P.O Box 20438-Riyadh 11455
Saudi Arabia

**BANQUE NATIONALE DU CANADA**
National Bank Tower
600 de la Gauchetiere Street West
5th Floor
Montreal, Quebec H3B 4L3

**CREDIT SUISSE (SCHWEIZ) AG**
Uetlibergstrasse 231
PO Box 400
CH-8070 Zurich

**ICICI BANK LTD**
International Financial Institution Group
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051
India

# Financial statements for the year ended 30 June 2024

## Administrative information (Cont'd)

### Foreign correspondents

**JP MORGAN CHASE BANK, N.A.**
Wholesale Account Services
10420 Highland Manor Drive
2nd Floor, Tampa
FL 33610, USA

**JP MORGAN CHASE BANK, N.A.**
London
England
United Kingdom

**JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH (ORGANIZED UNDER THE LAWS OF U.S.A. WITH LIMITED LIABILITY)**

18/ F JP Morgan Tower
138 Shatin Rural Committee Road
Shatin, New Territories
Hong Kong

**MIZUHO BANK, LTD**
10-30 Nihonbashi-Kakigaracho
2 Chome Chuo-Ku
Tokyo 103-8528
Japan

**SBM BANK (INDIA) LIMITED**
1st Floor Raheja Center,
Free Press Journal Marg,
Nariman Point Mumbai
Maharashtra 400021
India

**SOCIETE GENERALE PARIS**
16, Rue Hoche
92972 Paris La Defence Cedex
France

# Financial statements for the year ended 30 June 2024

## Administrative information (Cont’d)

### Foreign correspondents (Cont'd)

**THE STANDARD BANK OF SOUTH AFRICA LIMITED**

Standard Bank, 6th Floor, Entrance 4

3 Simmonds Street

Johannesburg 2001

South Africa

**BANK OF CHINA (MAURITIUS) LIMITED**

5th Flr, Dias Pier Building

Caudan

Port Louis

Mauritius

**ARAB BANK FOR INVESTMENT & FOREIGN TRADE**

Hamdan street, Arbift Building, Tourist Club Area,

Abu Dhabi

United Arab Emirates