Gateway to
achieving your goals

ANNUAL REPORT 2024

ABC BANKING CORPORATION
count on us

ABC BANKING CORPORATION

count on us

CORPORATE INFORMATION

REGISTERED OFFICE, HEAD OFFICE & MAIN BRANCH

WEAL HOUSE, Duke of Edinburgh Avenue,
Place d'Armes, 11328 Port Louis.

Tel: (230) 206 8000
Fax: (230) 208 0088
www.abcbanking.mu
BRN: C07018920

EXTERNAL AUDITORS

KPMG Mauritius
KPMG Centre
31 Cybercity, Ebène
Mauritius

LEGAL SERVICES

Me. Dev Erriah
Me. Jean Christophe Oh-San Bellepeau
Me. Georgy Ng Wong Hing
Me. Michael King Fat
Me. Ghanshyam Bhanji Soni
Me. Roobesh Ramanjooloo

MAIN CORRESPONDENT BANKS

Abu Dhabi Commercial Bank
Bank of China Limited (Shanghai / Mauritius)
Crown Agents Bank Limited
Mizuho Bank Ltd
Société Générale, Paris
Standard Chartered Bank (New York/London/Germany)
Standard Bank of South Africa Limited
Yes Bank Limited

BOARD OF DIRECTORS FOR THE YEAR ENDED 30 JUNE 2024

CHAIRPERSON

Mrs. Ah Foon Chui Yew Cheong

MANAGING DIRECTORS

Prof. Donald Ah-Chuen, G.O.S.K. ***(Until 30 June 2024)***
Mr David Brian Ah-Chuen ***(Appointed on 1 July 2024)***

EXECUTIVE DIRECTORS

Mr David Brian Ah-Chuen ***(Until 30 June 2024)***
Prof. Donald Ah-Chuen, G.O.S.K ***(Appointed on 1 July 2024)***

MEMBERS

Mr Patrick Andrew Dean Ah-Chuen
Mr Max Danny Kim Shian Fon Sing
Mrs Sareeta Goundan ***(Appointed on 4 April 2024)***
Mr Bhanu Pratabsingh Jaddoo
Mr Michel Bruno Lalanne ***(Until 31 December 2023)***
Mr Lakshmana Lutchmenarraidoo
Mr André Kwet-Tsong Tze Sek Sum
Mrs Laura Yee Min Wong Sun Thiong

COMPOSITION AS AT 30 JUNE 2024

BOARD CREDIT COMMITTEE

Mr Max Danny Kim Shian Fon Sing (Member and Chairperson as from 26 January 2024)
Prof. Donald Ah-Chuen
Mr Michel Bruno Lalanne (Ceased to be a member as from 31 December 2023)
Mr Lakshmana Lutchmenarraidoo

AUDIT COMMITTEE

Mr Bhanu Pratabsingh Jaddoo (Chairperson)
Mrs Ah Foon Chui Yew Cheong (Member as from 26 January 2024)
Mr Michel Bruno Lalanne (Ceased to be a member as from 31 December 2023)
Mrs Laura Yee Min Wong Sun Thiong

RISK MANAGEMENT COMMITTEE

Mr Lakshmana Lutchmenarraidoo (Chairperson)
Prof. Donald Ah-Chuen
Mr Bhanu Pratabsingh Jaddoo (Member as from 26 January 2024)
Mr Michel Bruno Lalanne (Ceased to be a member as from 31 December 2023)

CONDUCT REVIEW COMMITTEE

Mr Lakshmana Lutchmenarraidoo (Chairperson)
Mrs Ah Foon Chui Yew Cheong (Ceased to be a member as from 10 November 2023)
Mr Max Danny Kim Shian Fon Sing (Member as from 10 November 2023)
Mr André Kwet-Tsong Tze Sek Sum

CORPORATE GOVERNANCE COMMITTEE

Mr André Kwet-Tsong Tze Sek Sum (Chairperson)
Prof. Donald Ah-Chuen
Mrs Ah Foon Chui Yew Cheong (Ceased to be a member as from 10 November 2023)
Mr Max Danny Kim Shian Fon Sing (Member as from 10 November 2023 & Ceased to be one as from 26 January 2024)
Mrs Laura Yee Min Wong Sun Thiong (Member as from 26 January 2024)

NOMINATIONS AND REMUNERATION COMMITTEE

Mr André Kwet-Tsong Tze Sek Sum (Chairperson)
Prof. Donald Ah-Chuen
Mrs Ah Foon Chui Yew Cheong (Ceased to be a member as from 10 November 2023)
Mr Max Danny Kim Shian Fon Sing (Member as from 10 November 2023 & Ceased to be one as from 26 January 2024)
Mrs Laura Yee Min Wong Sun Thiong (Member as from 26 January 2024)

COMPANY SECRETARY & SHARE REGISTRY

Mr Mahesh Ittoo, ACG
The Company Secretary acts as Secretary to the Board and all Board committees.

ABOUT THE REPORT

This Annual Report of ABC Banking Corporation Ltd (the "bank") has been prepared with the aim of providing all our stakeholders with material information relating to the bank's strategy and business model, material risks, stakeholder interests, performance, prospects and governance, for the period spanning from 1 July 2021 to 30 June 2022. Material events after this date and up to 28 September 2022, the date of approval by the Board of Directors of the bank, have also been considered for this report.

This report is a testimony of the bank's effort to adopt the principles of the Integrated Reporting Framework as directed by the International Integrated Reporting Council (IIRC). Hence, over and above the customary financial reporting, this report extends its coverage to non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders.

The bank, being regulated by the Bank of Mauritius (BOM), is also subject to a number of regulatory reporting as part of the Annual Report. Therefore the bank had to find a balance in this report between the regulatory sections and a strategic section which is more in line with the principles of the Integrated Reporting Framework in relation to the conciseness and clarity of strategic reporting.

The report is therefore split as follows:

Strategic section	Regulatory section
Chairperson's Letter	Corporate Governance Report
Board of Directors	Statement of Compliance
Corporate Profile	Other Statutory Disclosures
Products and Services	Company Secretary's Certificate
Managing Director's Report	Statement of Directors' Responsibilities
Strategy Report	Management Discussion and Analysis
Our Business Model	Risk Report
Material Matters in our	Statement of Management's Responsibility
Operating Environment	for Financial Reporting
Risks for the bank	Independent Auditor's Report
Financial Highlights	Financial Statements

FORWARD-LOOKING STATEMENT

The report contains forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond our control. We therefore advise readers to use caution in interpreting any forward-looking statements in this report.

Staff

We value and engage with our employees, supporting their professional growth as an equal opportunity employer, helping them excel as brand ambassadors.

Society

Our unique business model and expertise guarantee personalized service, ensuring our products and services meet the needs and expectations of each client.

Regulators

We ensure compliance with banking and listing regulations, adopt macro-prudential measures, and implement risk-based monitoring of operations.

Customers

As an economic enabler, we aim to be our clients' preferred financial partner, while leveraging innovative technology to maximize shareholder value.

Shareholders / Investors

A dividend was declared, reflecting a robust profit after tax. The capital adequacy ratio strengthened, while capital and reserves experienced substantial growth.

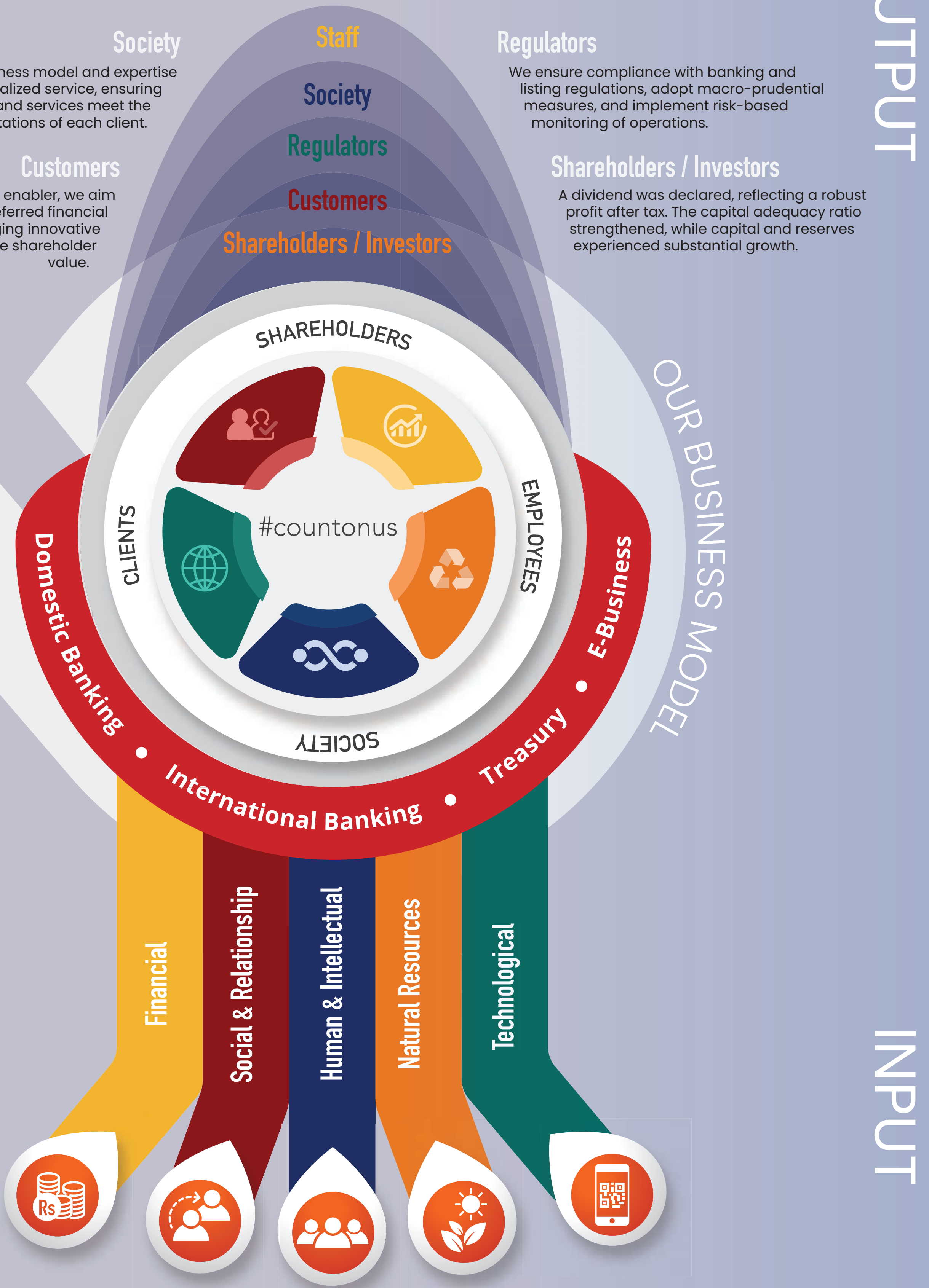
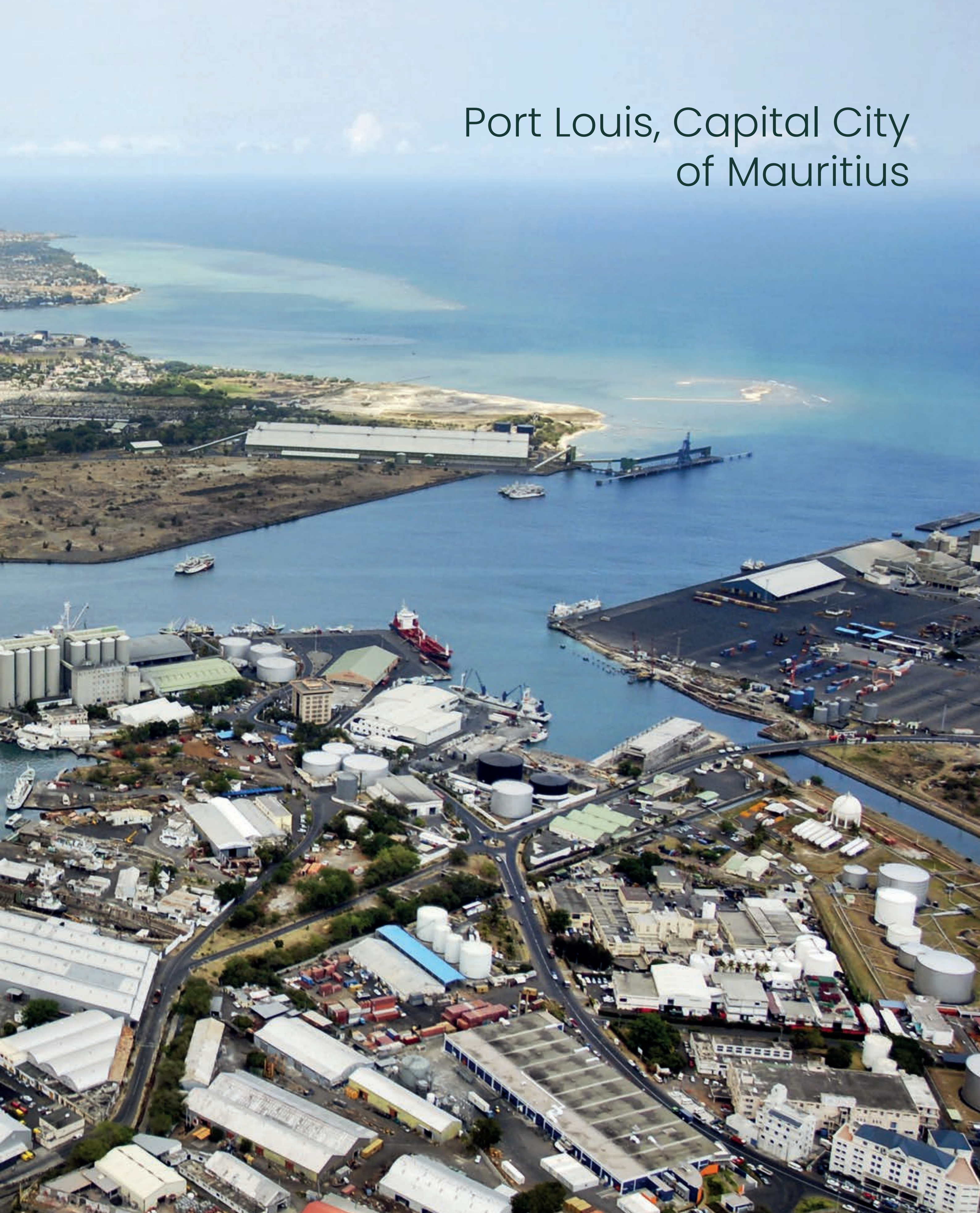


TABLE OF CONTENTS


Port Louis, Capital City of Mauritius

MRS AH FOON

CHUI YEW CHEONG

CHAIRPERSON

Dear Valued Shareholders,

I am pleased to present the annual report of ABC Banking Corporation Ltd for the financial year ended 30 June 2024. The global economy has been marked by continued volatility and uncertainty on account of amongst other factors, inflation and geopolitical conflicts. The local economy on the other hand, grew satisfactorily, with the key sectors of tourism, construction, banking and financial services driving the growth.

Profit after tax for the financial year ended 30 June 2024 stood at MUR 258 million, a decrease from MUR 298 million in the preceding year. You will note however that the results for the financial year 2022 to 2023 included exceptional releases of impairment provisions.

THE FUNDAMENTALS OF THE BANK REMAIN STRONG. THE OPERATING INCOME GREW BY 9.4% TO MUR 850 MILLION

The fundamentals of the bank remain strong. The Operating Income grew by 9.4% to MUR 850 million, driven by the continued growth of the balance sheet with total assets reaching MUR 26.4 billion. The loan portfolio reached MUR 14.3 billion as compared to 11.2 billion for the preceding year whereas deposit levels climbed to MUR 22.4 billion as compared to MUR 20.4 billion for the preceding year. The Capital Adequacy Ratio was at 18.8% when the regulatory minimum stood at 12.5%. During the year, the bank successfully raised MUR 700 million of Tier 2 capital via a bond issue.

Over the years the bank has built a strong customer base and has achieved a steady growth due to a strategy of prudential and enterprise-wide risk. The bank remains focused on this strategy and its objective of serving the country and the community at large.

Since 1 July 2024, the Managing Director is Mr. Brian Ah Chuen. In line with the Management Succession Plan approved by the Board, he replaces Professor Donald Ah Chuen who has voluntarily stepped down. Professor Ah Chuen has by his vision and tenacity placed the bank on solid foundations. Our new Managing Director comes into his role with his experience as Executive Director since 2013 and with enthusiasm.

A corporate reorganization of the bank has already been announced and is in the process; it involves the creation of a holding structure with the aim of unlocking value to the shareholders.

In this year of transition, on behalf of the bank and on my own behalf, I thank Professor Donald Ah Chuen for his outstanding contribution to the bank and wish him well. It has also been a very active year and I thank the personnel and the Management team for their dedication and continued commitment to excellence. My fellow directors continue to provide invaluable collaboration and involvement, for which I extend my gratitude to them.

Ah Foon Chui Yew Cheong
Independant Chairperson

BOARD OF DIRECTORS

Mr André Kwet-Tsong
Tze Sek Sum

Prof. Donald
Ah-Chuen

Mr David Brian
Ah-Chuen

Ms Sareeta
Goundan

Mr Lakshmana
Lutchmenarraidoo

Mrs Ah Foon
Chui Yew Cheong

Mr Bhanu Pratabsingh
Jaddoo

Mr Max Danny Kim Shian
Fon Sing

Mr Patrick Andrew Dean
Ah-Chuen

Mrs Laura Yee Min
Wong Sun Thiong

CORPORATE PROFILE

With its headquarters and banking operations strategically located at the heart of the island's capital, in La Place d'Armes, Port Louis, ABC Banking Corporation Ltd (the "bank") continues its steady ascending course, standing as a well-established bank, highly respected for its excellent reputation, strict integrity and top-quality products and services.

Since February 2020, major departments within the bank shifted from the prestigious WEAL HOUSE to the newly renovated PLANTATION HOUSE, acquired by the bank in 2018.

The bank is organised around four main pillars: Retail & Corporate Banking, Private Banking, International Banking and Treasury. To run the business and successfully deliver its products and services, the bank is equipped with a highly motivated and committed team of experienced professionals and competent staff members, led by a talented, innovative and supportive management, in turn guided by a wise and experienced, well informed, prudent and cohesive Board of Directors.

Starting in December 2010, with a portfolio of MUR 2.0 billion of Term Deposits, a legacy of its original status as a Finance & Leasing Company, the bank has the great merit of having built up a Deposit base totalling MUR 22.4 billion as at 30 June 2024 while its total Shareholders' Equity stood at MUR 2.5 billion on even date.

A major milestone was achieved in January 2016, when the bank opened its shareholding to the public and was listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM). The bank ranks amongst DEM listed companies whose share prices have increased since listing. In March 2024, the bank issued bonds for an aggregate of MUR 700 million which were admitted to the Official List of the Stock Exchange of Mauritius.

Following its successful performance and steady progress, the bank has been receiving prestigious trophies during the past few years. In 2014, it obtained for the second consecutive year, the "Best Private Bank in Mauritius" award in the category of offshore services from Euromoney Magazine. It also won, in 2014 and 2015, the prize of "Best Bank for International Banking Services Mauritius", awarded by Global Banking & Financing Review. Three distinctions came successively in 2015, 2016 and 2017, from Capital Finance International (CFI.co) Magazine, recognising the bank as one of Africa's top performing financial services providers, with the award of "Best International Bank Indian Ocean". The bank also won the "Fastest Growing Banking Brand, Mauritius" for the year 2016, by the Global Brands Magazine. In 2018, the bank was honoured with an award by the CFI Magazine, with the accolade of "Most Innovative & Fastest Growing International Bank in the Indian Ocean 2018", which is a fitting recognition of the hard work achieved by everyone at the bank.

OUR VISION

To be the preferred and trusted bank in our stakeholders' quest for success and value creation.

OUR MISSION

We strive to delight our customers whilst delivering on our responsibilities towards the country, community & environment.

We shall also drive the continuous development of the bank as one team, whilst catering for diverse interest, providing development opportunities for individual talents.

Furthermore, we commit to uphold our shareholders' and all stakeholders' trust in us.

OUR VALUES

Integrity - A commitment to always do the right thing, no matter what the situation or potential gain involved.

Loyalty - To have a strong sense of belonging and dedication to the groups' activities, beliefs and values.

Tenacity - An inner desire to keep advancing and progressing in the face of adversity.

Spirit of innovation - The zest to continuously come up with new and creative solutions amidst changing times.

Service excellence -The dedication to deliver the utmost level of customer experience.

FINANCIAL HIGHLIGHTS

	Bank		
	2024	*Restated 2023	*Restated 2022
STATEMENT OF PROFIT OR LOSS (MUR M)			
Net Interest Income	677.2	*610.3	*460.0
Operating Income	849.6	776.6	618.4
Profit before impairment	338.8	292.1	230.4
Profit before tax	298.1	343.4	227.1
Profit after tax	257.7	298.2	201.0
STATEMENT OF FINANCIAL POSITION (MUR M)			
Total assets	26,392.7	23,638.7	22,155.4
Net loans and advances portfolio	14,270.5	*11,246.6	*10,004.2
Total deposit	22,352.7	20,354.3	19,016.8
Shareholders' fund	2,476.2	2,297.6	2,080.8
Tier 1 Capital	2,400.9	2,210.7	1,974.8
Total net capital	3,272.1	2,488.8	2,384.7
Risk- weighted assets	17,387.4	16,238.7	15,308.4
PERFORMANCE RATIOS (%)			
Return on average total assets**	1.0	1.3	0.9
Return on equity**	10.4	13.0	9.7
Non-interest income to operating income	20.3	23.2	27.4
Loans and advances to deposit ratio	64.5	56.2	53.9
Cost to income ratio	60.1	62.4	62.7
CAPITAL ADEQUACY RATIOS (%)			
Capital & Reserves/Total assets	9.4	9.7	9.4
Capital adequacy ratio	18.8	15.3	15.6
Tier 1 ratio	13.8	13.6	12.9
INVESTOR DATA			
Earnings per share (MUR)***	3.4	3.9	2.6

** The prior year comparatives have been restated to comform to current year figures*
*** based on profit after tax*
**** based on average number of shares*

MR BRIAN

AH-CHUEN

MANAGING DIRECTOR

Dear Valued Shareholders,

It is my pleasure and privilege to present the bank's annual report for the financial year ended 30 June 2024.

Global & Local Economic context

As we come to the second half of the financial year, the global economic landscape is shaped by a complex interplay of factors, including ongoing geopolitical tensions, technological advancements, and environmental challenges. Following a period of recovery from the COVID-19 pandemic, the International Monetary Fund (IMF) estimates global GDP growth to hover around 3.5%. Advanced economies are experiencing stable but subdued growth due to higher interest rates and inflationary pressures whereas emerging markets and developing economies are anticipated to see stronger growth rates, driven by robust domestic demand.

ANOTHER MILESTONE FOR THE BANK DURING THE YEAR WAS THE SUCCESSFUL ISSUANCE OF MUR 700 MILLION OF TIER 2 BOND

Inflation remains a critical concern globally. In 2024, inflation rates are expected to stabilize but remain elevated compared to pre-pandemic levels. Geopolitical tensions also continue to pose risks to the global economy. The US-China trade relationship remains strained, with ongoing disputes over technology, trade policies (including the recent tariff barrier on importation of electric cars from China), and strategic interests. The Russia-Ukraine war persists, affecting energy markets and export of cereals & technical parts from Ukraine, and contributing to regional instability. Since 7th October 2023, with the attack of Hamas on Israël, the Israël-Palestine conflict does not show any sign of ceasefire in the near future. These tensions disrupt global supply chains and create uncertainties for international trade.

The local economic context is rather similar with the country's GDP growth rate expected to be around 6.5%, driven by a recovery in key sectors and robust domestic demand in spite of the pressure on consumer price index arising from imported inflation and continuing increases in shipping freight rates. Key sectors such as Construction, Tourism and Financial Services continue to drive this growth with ongoing infrastructure projects and tourist arrivals expecting to reach 1.4 million this calendar year.

The Bank's Strategy

The bank continues to invest and progress on its #CountOnUs strategy. In January 2024, we welcomed Mr. Bruno Lalanne in our Senior Management Team joining us as our Chief Operating Officer following the departure of Mr. Yashod Umanee General Manager, who we thank for his valuable contribution to the development of the bank for so many years. With Mr. Bruno Lalanne's wealth of experience gained locally and abroad, we can already see his remarkable contribution in the effective management of the operations of the bank.

We continue our prudential growth strategy in terms of consumer banking with very specific and targeted products and offerings which are designed to make a difference in this very competitive market. As a successful commercial bank, we endeavour to leverage on Mauritius' positioning as a safe and stable International Financial Centre (IFC) of reputable standing to grow the international side of the business; both in terms of expanding our private banking offerings to international clients looking to invest or transact in Mauritius or regional financial institutions looking for more accessible hard currency funding.

The Bank's Performance

I am pleased to report that the Operating Profit for this year before impairment has increased by 16.7% to MUR 339 million driven by the increase in Operating Income of MUR 850 million from MUR 777 million last year. The bank made a profit after tax of MUR 258 million as compared to MUR 298 million of the preceding year. This decrease in profit after tax can be attributed to the Provisioning for credit impairment on financial assets (further details in the Financial Review on page 41) as compared to the previous year's reversal of same following the banking sector's recovery from the Covid-19 pandemic.

In line with the #CountOnUs Strategy, we note a major milestone for the bank with interest income breaking the MUR 1 billion barrier this year for the first time to finish at MUR 1.3 billion. This is driven by the 11.7% increase in the loan portfolio to reach MUR 14.3 billion as at 30th June 2024. This growth is a result of a well-executed strategy with our focus on Private Banking, Treasury & International Banking, and significant expansion in Corporate Lending. The NPL ratio remains low being 2.2%, compared to the market average of 4.6% (as per the Financial Stability Report of June 2024) demonstrating the good quality of the bank's loan portfolio.

Another milestone for the bank during the year was the successful issuance of MUR 700 million of Tier 2 bond. It was the first time our bank went to the Debt Capital Markets via a public issuance, and we view the oversubscription of the bond as a very positive indicator of the investor community's confidence in the bank, which is well backed by the continued success of its overall performance.

Outlook

Technological advancements are anticipated to spur growth in specific industries and generate new economic opportunities. Artificial Intelligence (AI) has been at the forefront of the tech world this year with NVIDIA's share price up by 135% in 1 year's time or OpenAI's development of the ChatGPT interface. It is anticipated that most sectors are looking at how to best implement AI and it is no different for the banking sector. That is exactly what the Business Transformation Team at the bank has been looking at in terms of enhancing the customer experience or optimising operational efficiency.

One of the pillars of the bank's strategy is #Sustainability. Sustainable financing has witnessed significant growth in recent years, reflecting a global shift towards environmentally and socially responsible corporate governance and business operations and development . In 2024, the market for sustainable finance continues to expand as investors and institutions increasingly prioritize sustainability in their portfolios. This growth is pushed by heightened awareness of climate change, social issues, and best governance practices, which are prompting both public and private sectors to adopt sustainable goals.

Re-organisation of the bank

The bank is progressing with the already announced re-organisation of the financial business to separate the banking and the non-banking activities with the aim of unlocking value for the shareholders. These current banking shareholders will instead hold shares in the holding company and these new shares would then be listed on the main board of the Stock Exchange of Mauritius thereby bringing greater visibility to the Investor Community. The re-organisation will create agility for the group to be more proactive in growing the banking business.

Acknowledgements

I wish to extend my deepest thanks to the Management Team and Staff for their dedicated efforts and unwavering commitment. My appreciation also goes to the Board, Shareholders, and all other stakeholders for their steadfast support, and to the bank of Mauritius for its invaluable cooperation and guidance.

Finally, with my appointment as the Managing Director of the bank taking effect on 1st July 2024, succeeding Professor Donald Ah-Chuen who will however remain in the company as Executive Director, I would like to convey to him our deep gratitude for all his hard work, perseverance and tenacity, and for his initiatives and leadership for more than two decades, first in the setting up of the ABC Finance & Leasing Company in 1997, followed by its conversion into a fully-fledged commercial bank, becoming its founding Chairman in 2010 and its Managing Director since January 2012. This is not the end of his journey and we look forward to his continued valuable guidance and support.

David Brian Ah-Chuen
Managing Director


Fostering Unity,
Where Every Success Counts.

CORPORATE GOVERNANCE REPORT

Since 2020 and the breakout of the pandemic, Resilience, Sustainability and Innovation have been the leitmotiv in the political, economic and business world. However, as the many companies which have unfortunately struggled during the aforementioned period have witnessed, translating them from theoretical concepts to business reality is no mere feat. One of the catalysts for such transformation is a set of strong governance values and practices across the organisation.

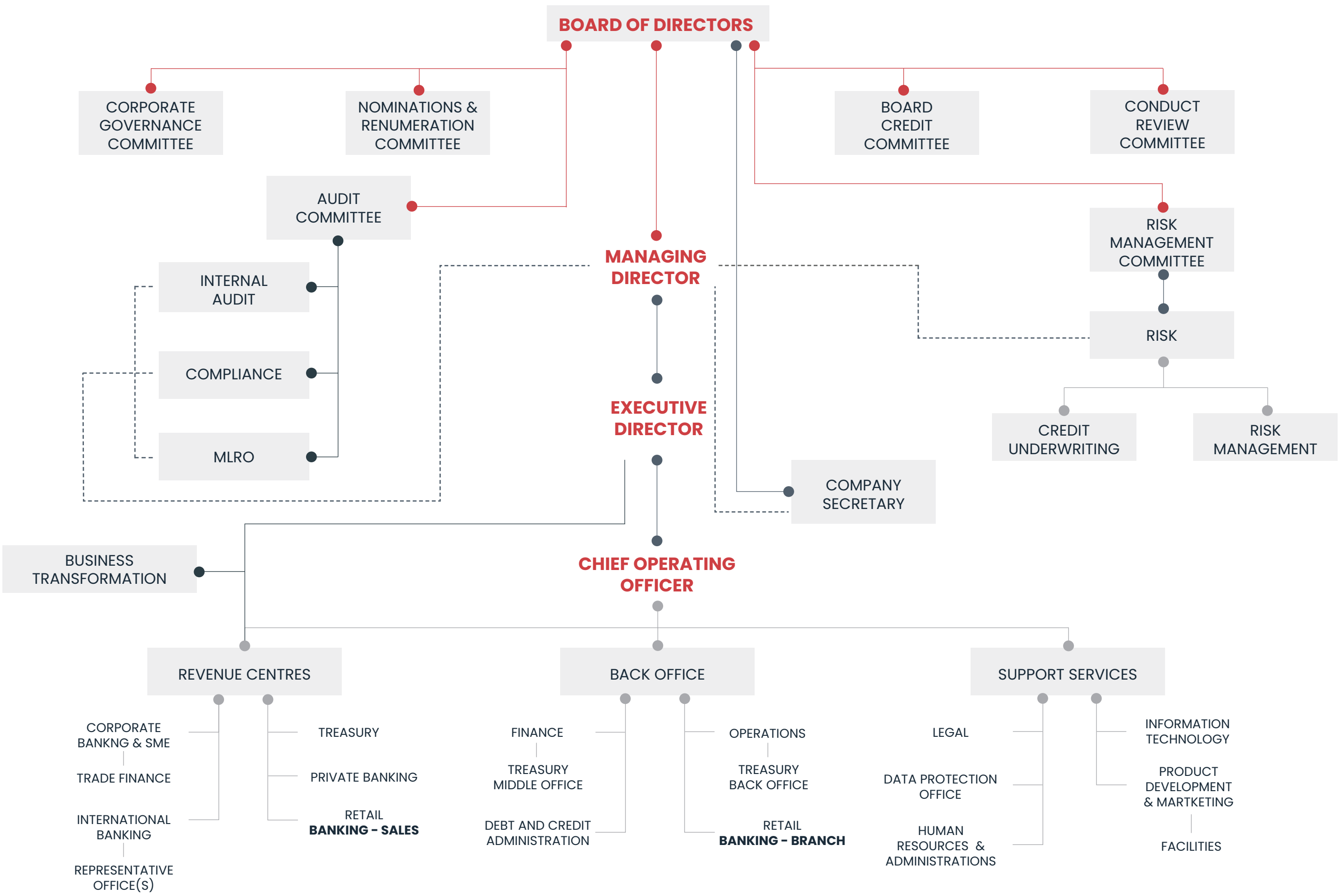
At ABC Banking, our Board of Directors has always been committed to fostering, attaining and sustaining high standards of corporate governance, with the objective of enhancing stakeholders' value and assuming its responsibilities in the Mauritian society and economy.

The bank has in place its Board Charter, job descriptions of key senior governance positions, the Code of Ethics and the statement of major accountabilities of the bank, which have been reviewed and approved by the appropriate authority. These documents are monitored and updated on a yearly basis or as and when required following changes in laws, regulations or decisions taken by the appropriate Board Committee. These documents are available on the bank's website.

OUR GOVERNANCE FRAMEWORK

Our framework has been designed and built so as to become the system of rules and practices by which our Board of Directors ensures accountability, fairness and transparency in the bank's relationship with its stakeholders. Moreover, the Board views the framework as the supporting structure to entity management and compliance, by providing the trunk from which the various branches of compliant operations can grow and flourish.

The below diagram depicts the bank's structure chart as at 30 June 2024, provided by the framework:



THE BOARD AND ITS ROLE

The Board of Directors has set up a governance framework which it deems appropriate to help the organisation achieve its business, strategic and social roles. The governance framework consists of a set of parameters, systems and controls to oversee the efficient and ethical conduct of the bank's operations by management and staff, while ensuring compliance with the legal and regulatory requirements.

The Directors continuously review the implications of corporate governance best practices and affirm that the bank materially complies with the provisions of the National Code of Corporate Governance and Bank of Mauritius Guideline on Corporate Governance.

The bank's Constitution provides that the Board of Directors shall consist of not less than 6 but no more than 10 Directors. In accordance with the provisions of the Banking Act 2004 and the Bank of Mauritius Guideline on Corporate Governance, the Board of Directors consisted of 10 Directors during the year ended 30 June 2024, of which two were Executive Directors, one was a Non-Executive Director and 7 were Independent Directors, including the Chairperson of the Board. The Gender Diversity in the Boardroom remains one of the priorities of the Board and it shall endeavour to improve the percentage of female directors during the next financial year. As the Board is ultimately responsible for the bank's affairs, all Directors are appointed by the bank's shareholders to serve on the Board at the Annual Meeting of Shareholders.

The below composition provides the Board with an adequate balance of experience, expertise and competences to function effectively and independently under the guidance of the Chairperson, Mrs Ah Foon Chui Yew Cheong. Professor Donald Ah-Chuen and Mr David Brian Ah-Chuen, the two Executive Directors, ensure the policies and strategies approved at Board level are cascaded through the organisation.

The Board comprised 10 members during the year ended 30 June 2024. Their profiles can be viewed on pages 6 – 10 :

Directors	Category
Prof. Donald Ah-Chuen	Executive (Managing Director)
Mr David Brian Ah-Chuen	Executive
Mr Patrick Andrew Dean Ah-Chuen	Non-Executive
Mrs Ah Foon Chui Yew Cheong	Independent Chairperson
Mr Max Danny Kim Shian Fon Sing	Independent
Ms Sareeta Goundan	Independent (Appointed on 4 April 2024)
Mr Bhanu Pratabsingh Jaddoo	Independent
Mr Michel Bruno Lalanne	Independent (Until 31 December 2023)
Mr Lakshmana Lutchmenarraidoo	Independent
Mr André Kwet-Tsong Tze Sek Sum	Independent
Mrs Laura Yee Min Wong Sun Thiong	Independent

All Directors of the bank as at 30 June 2024 were residents in Mauritius.

PROFILE OF DIRECTORS

PROFESSOR DONALD AH-CHUEN, G.O.S.K.
MANAGING DIRECTOR until 30 June 2024

Professor Donald Ah-Chuen holds an M.B.A (University of Strathclyde, UK). He is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Institute of Chartered Accountants of Australia and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK).

Professor Donald's long career started with his appointment as the first Chief Internal Auditor of the Central Electricity Board of Mauritius followed by his promotion three years later to the position of Secretary and Head of Administration of the same organization. His hard work, administrative skills and initiatives, especially in bringing stability in the company's state of Industrial Relations and securing a durable long-term Wages and Employment Conditions Agreement with the Workers' Union, were greatly appreciated by the Board which then granted him a scholarship to undertake post-graduate studies in Management in the UK. He obtained the MBA Degree in July 1968 and joined the University of Mauritius two years later to head the Centre of Professional Studies and in 1975, he became the first Mauritian to be appointed Professor of Management and Head of the School of Administration of the University. He subsequently served as Pro-Vice Chancellor of the University before he decided to move to Australia.

Professor Donald worked for a period of 12 years in Sydney in important professional roles in both Academia & Industry, becoming the CEO of Graham Group of Companies and finishing with distinction as Chairman of the Association of Steel Galvanizing Enterprises of Australia. He returned to Mauritius in 1995 to contribute in the consolidation, diversification and further development of the ABC Group of Companies.

Professor Donald is a director of the Stock Exchange of Mauritius Ltd (SEM) and was its Chairman for the year 2018. He is also a director of ABC MOTORS COMPANY LIMITED and P.O.L.I.C.Y Limited, listed on the DEM and SEM respectively. He is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius, and former Chairman of the Standard Bank (Mauritius) Ltd of South Africa. His other previous responsibilities include the Presidency of the Mauritius Chamber of Commerce and Industry, the Chinese Chamber of Commerce, the Mauritian Institute of Management and the Association of Accountants of Mauritius, the Chairmanship of the Tertiary Education Commission of Mauritius, and that of the Mauritius Broadcasting Corporation.

Professor Donald was called by the Authorities to serve as a member of the Commission of Inquiry on Education, the Committee of Inquiry on the Amcol Project of Domaine Les Pailles, and as Chairman of the Committee of Inquiry on the Industrial Disputes in the Public Hospitals Service. Prior to his appointment as Managing Director of ABC Banking Corporation Ltd in January 2012, Professor Donald was the founding Chairman of the bank which was originally set up by him as the ABC Finance & Leasing Company before its subsequent establishment 13 years later as a fully-fledged commercial bank.

Finally, in 2009 he was conferred by Government the distinction of G.O.S.K (Grand Officer of the Order of the Star and Key of the Indian Ocean) in recognition of his valuable contributions to Commerce and Industry, Banking & Financial Services, and Tertiary Education.

MR DAVID BRIAN AH-CHUEN
EXECUTIVE DIRECTOR (MANAGING DIRECTOR as from 1 July 2024)

Mr Brian Ah-Chuen holds a BBA Honours from Schulich School of Business, York University, Toronto, Canada.

He was recently appointed Managing Director of ABC Banking Corporation Ltd, after 12 years as Strategic Business Executive and Executive Director of the Company. During his tenure, Mr Brian Ah-Chuen has overseen major projects including the opening of the ABC Banking Representative Office in Hong Kong and Dubai, the setting up of the Private Banking arm of the Bank, and the opening of the ABC Private Banking Lounge.

He previously held senior positions in the Automobile, FMCG and Hospitality clusters of ABC Group of Companies. Mr Brian Ah-Chuen was President of the Chinese Chamber of Commerce and Board Member of the Mauritius Chamber of Commerce & Industry. He is currently Director of two other listed entities, namely Mauritius Union Assurance Ltd and ABC Motors Company Ltd.

He is a Board Member of Business Mauritius' Africa Strategy Committee. More recently, he has been elected Deputy Chairperson of the Mauritius Bankers Association.

MR PATRICK ANDREW DEAN AH-CHUEN
NON-EXECUTIVE DIRECTOR

Mr Patrick Andrew Dean Ah-Chuen holds a BA degree in Computer Science, from the University of Sydney (Australia) and holds an MBA in International Business from the University of Western Sydney.

Mr Dean Ah-Chuen worked for Westpac Banking Corporation (Australia) in the IT Division and for Clinton's Toyota before returning to Mauritius in 1994 where he joined ABC MOTORS COMPANY LIMITED as Business Development Manager. As at date, he is the Managing Director of ABC MOTORS COMPANY LIMITED, now listed on DEM with overall responsibility for the Automobile Cluster, and also Managing Director of the Shipping & Logistics, Property and Insurance clusters of the ABC Group of Companies.

He is currently an independent director on the Board of Harel Mallac & Co Ltd, a Board member of Lovebridge Ltd (a joint private / public project to assist low-income families, and a Benefactor of the Court of the University of Mauritius since May 2019. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd.

Mr Dean Ah Chuen's experience and business acumen brings an entrepreneurial perspective to boardroom discussions.

MRS AH FOON CHUI YEW CHEONG
INDEPENDENT DIRECTOR AND CHAIRPERSON

Mrs Ah Foon Chui Yew Cheong retired as Judge of the Supreme Court of Mauritius in 2017. Her career in the legal and judicial service spanned over 40 years, including the holding of the office of Director of Public Prosecutions from 1999 to 2003 and presiding over the newly set up Mediation Division of the Supreme Court from 2010 to 2014. In her capacity as Chair of the Board of the Institute for Judicial and Legal Studies since its inception in 2011 up to February 2021, she devised and initiated many courses and workshops for the legal profession and judiciary. In October and November 2022, at the request of the Judiciary, she gave presentations to judicial officers on Judgement writing and Ethics. As president of the local branch of the Association Henri Capitant, she contributes regularly to the online publication of #AHCtualités of the Association, which gives highlights of the current legislative texts and judicial decisions in the 40 member countries.

Mrs Ah Foon Chui Yew Cheong is a member of the Wildlife Justice Commission (WJC) Council. From 2017 until June 2024, she served as the Chairperson on the Board of SOS Children's Villages (Mauritius), an organisation that provides family-type care to children who have lost or were at risk of losing parental care. Her extensive legal and judicial knowledge and experience, along with her strong leadership skills and values, set her as the perfect profile to act as the Independent Chairperson of the bank's Board of Directors.

MR MAX DANNY KIM SHIAN FON SING
INDEPENDENT DIRECTOR

Mr Max Danny Kim Shian Fon Sing holds a BA Management Sciences from the London School of Economics and Political Science. He is qualified as Chartered Accountant from the Institute of Chartered Accountants in England since 1993.

Mr Fon Sing is the CEO of MaxCity Group since 1994 and has more than 25 years of experience in Property Development and Property Funds, Real Estate Finance and Smart City development. Throughout his career, he has assumed several directorship positions and played an active role in setting up MaxCity Property Fund, which has over MUR 7 billion of property assets under management.

Mr Danny Fon Sing's experience and continuous self-driven pursuit of knowledge brings a fresh perspective to boardroom discussions.

MS SAREETA GOUNDAN
INDEPENDENT DIRECTOR

Ms Sareeta Goundan is an experienced and seasoned IT Professional with a demonstrated history of working at Senior Management level, with over 20 years of experience in complex IT environments, out of which over 10 years spent at Senior Management level, driving & implementing IT Strategic initiatives. She is a fellow of the Chartered Management Institute and member of Project Management Institute. She is also the President of the Project Management Institute, Chapter of Mauritius.

She holds an MBA in Business Administration from the University of Sunderland (UK), an MSC in Project Management from the University of Salford, Manchester, a Post Graduate Diploma in Business Studies from Edexcel, UK and a Graduate Diploma in Computer Science, UK. She also has an extensive experience in Information Security Management, Business Continuity Planning and ISO27001.

As Founder and Director of SSL Consulting Services Ltd since January 2018, she has directed various strategic initiatives. Prior to this, she served as General Manager, Information Technology at IBL Group of Companies from January 2010 to September 2017, overseeing comprehensive IT operations and strategies. Preceding this role, she held the positions of Manager and Senior Manager Information Technology at Ireland Blyth Limited from January 2005 to December 2009. With over two decades of experience in Senior Management roles within the IT sector, she brings a wealth of expertise in driving and executing strategic initiatives across diverse industries.
Her leadership further extends to overseeing multiple projects simultaneously, ensuring operational efficiency and successful outcomes that exceed stakeholder expectations. With her extensive experience and profound expertise, she is well-equipped to serve as a Director on the Board of ABC Banking Corporation Ltd, bringing invaluable insights and leadership to thrive in today's dynamic business environment.

MR BHANU PRATABSINGH JADDOO
INDEPENDENT DIRECTOR

Mr Bhanu Pratabsingh Jaddoo is a Fellow Member of the Institute of Chartered Accountants in England and Wales, and a Corporate Finance and Advisory specialist focusing on investment management and corporate development.

During his career, Mr Jaddoo has held important executive roles and directorship in entities of the De Chazal Du Mée Group and was the Chief Financial Officer and Director of Titanium Resource Group Ltd, a mining company listed on the London Stock Exchange. He also held the position of Managing Director of the Board of Investment between 2005 and 2010 and was the Secretary General of the Mauritius Chamber of Commerce and Industry (MCCI). He currently sits as an Independent Director on a number of Private Equity Funds and international boards, with a focus on risk management, governance and sustainability.

MR LAKSHMANA LUTCHMENARRAIDOO
INDEPENDENT DIRECTOR

Mr Lakshmana (Kris) Lutchmenarraidoo holds a Banking Diploma from Finafrica Institute. He has worked for the State Bank of Mauritius between 1973 and 1986, during which period he occupied various managerial positions, including the position of Assistant General Manager during his last four years there. He then participated to the set up the Mauritius Leasing Company as General Manager before being later appointed as Managing Director in 1997, and promoted as President of the Financial Services arm of the British American Group in 1999.

In 2002, Mr Lutchmenarraidoo was appointed as the Executive Chairman of The Mauritius Post Ltd and he was subsequently appointed as Chief Executive Officer of the Mauritius Post and Cooperative Bank Ltd, which he set up in May 2003. He thereafter took assignments as General Manager of Mauritours Ltd in December 2005, and La Prudence (Mauricienne) Assurances

Ltée as General Manager of the General Insurance Department in August 2007. He was appointed Group Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd on 1 January 2011, and held this position till 31 December 2014. He was then appointed Group Managing Director of Phoenix East Africa Assurance Company Limited till June 2016, and Chief Executive Officer of La Prudence Leasing & Finance Co Ltd from 1 September 2016 to 14 January 2017. Prior to joining the bank, he was the Chief Executive Officer of SBM (NBFC) Holdings Limited from 15 January 2017 to 30 June 2020.

MR ANDRÉ KWET-TSONG TZE SEK SUM

INDEPENDENT DIRECTOR

Mr Tze Sek Sum is a seasoned professional with nearly 50 years' experience in the fields of Accountancy, Auditing and Financial Services. With a vast experience in finance, commerce and banking, and having played an important role in the setting up of new companies in the Export Processing Zone and substitution industries, as well as helped clients develop their links internationally through India and Africa. Mr Tze Sek Sum is also an advisor to businesses and interested parties on key aspects of business operations, management strategies and organisation.

A holder of several memberships in Professional Societies, Mr Tze Sek Sum is a Barrister at Law - Member of the Honourable Society of the Middle Temple Inns of Court, London, a Fellow of the Association of Chartered Certified Accountants, UK, a Member of the Chartered Institute of Taxation, England, a Member of Society of Trust and Estate Practitioners, and a Member of the Mauritius Institute of Professional Accountants.

Presently, Mr Tze Sek Sum is the Managing Director of Port Louis Management Services Ltd (PMSL) and the Honorary Consul General of Thailand in Mauritius.

MRS LAURA YEE MIN WONG SUN THIONG

INDEPENDENT DIRECTOR

Mrs Laura Yee Min Wong Sun Thiong is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA) and holds a BSc (Hons) Business Studies from City University, London, United Kingdom. She trained and qualified as a Chartered Accountant and spent six years with KPMG in London before coming back to Mauritius and joining Deloitte.

She has more than 35 years of audit and advisory experience which includes 25 years as partner of Deloitte Mauritius. She was the lead client partner of some of the top listed companies and multinationals in Mauritius and has experience working with clients in a wide variety of sectors. During her career, she has held a number of leadership positions within the firm, including the roles of Talent Partner, Learning Partner, Director of Independence, and Ethics Leader. She served as Audit Leader, responsible for managing and leading the audit function with 6 audit partners and more than 200 professionals until her retirement in July 2022.

Mrs Wong Sun Thiong is a seasoned executive with extensive knowledge in auditing, financial reporting and internal controls and she has extensive experience working with boards and audit committees of listed and non-listed companies. She now brings these skill sets to the benefit of the Board of ABC Banking Corporation Ltd.

MANAGEMENT

The day-to-day management and operation of the bank's business is delegated to the Senior Management Team.

The Senior Management Team comprises the Managing Director, the Executive Director and the Chief Operating Officer. The departmental heads and managers are tasked to implement the strategies and policies approved by the Board and ensure that same are communicated to all relevant staff. They are also responsible for the design and monitoring of the internal control systems, ensuring there exists an adequate segregation of duties, with prevalence of dual control in all areas, where required.

The Senior Management Team ensures the Board is regularly provided with timely, relevant and complete information on the bank's affairs, enabling it to periodically review the bank's performance and making appropriate decisions for its future course of action and development.

SENIOR MANAGEMENT	
Professor Donald Ah-Chuen	Managing Director (until 30 June 2024) Executive Director (as from 1 July 2024)
Mr David Brian Ah-Chuen	Executive Director (until 30 June 2024) Managing Director (as from 1 July 2024)
Mr Michel Bruno Lalanne	Chief Operating Officer
MANAGEMENT TEAM	
Mr Patrick Andrew Leong Son	Finance
Mr Abdool Wahab Khadaroo	Risk
Mr Deenesh Ghurburrun	Compliance
Mrs M. A. Christine K.L. Ng Cheong Hin	Internal Audit
Mr Ashees Maunick	Private Banking
Mr Abdullah Nurmahomed	Treasury
Mrs Natasha Jade Wong Chung Ki	Corporate Banking & SME
Mrs Laura Li Shen Pin	Debt & Credit Administration
Mr Mahesh Ittoo	Legal and Governance
Mrs Ounishka Seesurun Domur	International Banking
Mr Pravin Ramjada	Operations

MR BRUNO LALANNE – CHIEF OPERATING OFFICER

Mr Bruno Lalanne joined ABC Banking as Chief Operating Officer in January 2024, bringing with him more than 30 years of experience in the banking sector. He has an in-depth knowledge of Compliance (including AML/CFT) procedures, models and operations which he acquired during his extensive career at HSBC Mauritius. He held various positions including roles as Head of Corporate Banking, Chief Operating Officer, Area Compliance Officer and Head of Financial Crime Compliance & Regulatory Compliance. Mr Lalanne has also spent 2 years in the Asia Pacific region as Senior Regulatory Compliance Assurance Manager in HSBC, Hong Kong, and Head of Regulatory Compliance in HSBC, Macau from 2018 to 2019.

He is a Certified Anti-Money Laundering Specialist with proven track record of designing and implementing risk management strategies.

MR PATRICK ANDREW LEONG SON - HEAD OF FINANCE

Mr Patrick Andrew Leong Son has over 12 years' experience in the accountancy and financial sectors, both in Mauritius and in the UK. Prior to joining the bank as Head of Finance, he was the Head of the Advisory division of Perigeum Capital, a Corporate Finance House. He previously worked at KPMG, London, and at the British Business Bank Investments Ltd, a national economic bank based in London.

Mr Leong Son is a Member of the Institute of Chartered Accountants in England and Wales, and holds a BSc in Computer and Business from the University of Warwick.

MR ABDOOL WAHAB KHADAROO - HEAD OF RISK

Mr Abdool Wahab Khadaroo has over 25 years' experience in the financial services industry. Before joining the bank in October 2016 as Head of Risk, he worked for 13 years in different departments (Corporate Credit Risk, International Banking, Internal Audit) across Barclays Bank Mauritius Ltd and acquired international exposure with ABSA Bank South Africa, within the Corporate & Investment Banking space, where he was seconded for duty in 2016. He won the Gold Medal in 2016 for "Net interest income performance across Southern Africa countries". Mr Khadaroo also had 6 years exposure in external audit with Deloitte and PwC. He is qualified from the Association of Chartered Certified Accountants.

MR DEENESH GHURBURRUN – HEAD OF COMPLIANCE

Mr Deenesh Ghurburrun has over 39 years of experience in the banking sector. Before joining the bank in April 2021 as Regulatory Affairs Executive, he worked as the Head of Compliance and Money Laundering Reporting Officer at Banyan Tree Bank Limited. Mr. Ghurburrun was employed as Head of Compliance at the SBM Bank (Mauritius) Limited from May 2016 to February 2019. Between 1983 – 2016, he held various positions at the Bank of Mauritius.

Mr Ghurburrun was appointed as Head of Compliance at the bank on February 2022. He is a Fellow of the Association of Chartered Certified Accountants (FCCA).

MRS M. A. CHRISTINE K.L. NG CHEONG HIN – HEAD OF INTERNAL AUDIT

Mrs Christine Ng has over 21 years' experience acquired on the local and international market. She was appointed as Head of Internal Audit of the bank in June 2012, prior to which she worked in the risk advisory and consulting divisions of Ernst & Young Ltd (EY) for 11 years.

At EY, she worked on local audit assignments in the hospitality, manufacturing and banking sectors, and gained significant experience in conducting EU institutional assessments and financial audits all over Africa. She was seconded for duty at EY office in South Africa from 2006 to 2007. She holds a BSc. (Hons.) in Management Sciences from the University of Warwick, UK, and an MSc. in Human Resource Studies from the University of Mauritius. She is also a Certified Internal Auditor from the Institute of Internal Auditors of the USA, and a Certified Risk Based Auditor from the London School of Business and Finance in UK. She is currently a member of the Institute of Internal Auditors (IIA) in Mauritius.

MR ASHEES MAUNICK – HEAD OF PRIVATE BANKING

Mr Ashees Maunick has acquired previous experience in the financial sector, namely as Head of Private Banking at Banque Française Commerciale Ocean Indien, La Réunion, and as Deputy Head of Private Banking at Banque des Mascareignes Ltee. He also worked for Société Générale in Paris from 2011 to 2017, where he occupied the positions of Portfolio Manager and Private Wealth Manager.

Mr Maunick holds an LLB from the University of Mauritius, a Master 2 in "Gestion de Patrimoine" and "Droit Privé de L'Entreprise" from the Université d'Auvergne, Clermont 1, and a Certificate in Asset Management from Wharton School, University of Pennsylvania.

MR ABDULLAH NURMAHOMED, CFA - HEAD OF TREASURY

Mr Abdullah Nurmahomed has 20 years' experience in the financial services industry, including 13 years in treasury. Prior to joining the bank, he worked for 4 years as Money Market, Fixed Income and Interbank & Forex Dealer at State Bank of Mauritius (SBM), and as Treasurer at SBM Madagascar Branch from 2012 to 2013. He also worked for 4 years as Trader (Shift/Team Leader) at Superfund Asset Management Mauritius, and for 3 years as Credit Support Staff at HSBC Mauritius.

Mr Nurmahomed joined the bank as Head of Treasury in March 2014. He holds a BSc. First Class Honours in Finance from the University of Mauritius and is a CFA Charterholder. He has also completed the ACI Dealing Certificate from the Financial Markets Association.

MRS NATASHA JADE WONG CHUNG KI – HEAD OF CORPORATE BANKING

Mrs Natasha Wong has over 19 years' experience in the financial services sector. She joined the bank in 2015, prior to which she was an Executive Director at Mauritian Eagle Leasing (previously a member of the IBL Group) for over 10 years.

She also held office at DTOS Ltd Management Company and Deloitte. She is a Chartered Accountant and Fellow member of ACCA and holds an MBA in Finance from the University of Leicester, UK. She is also a member of MIPA and MIoD.

MRS LAURA LI SHEN PIN – HEAD OF DEBT AND CREDIT ADMINISTRATION

Mrs Laura Li Shen Pin has more than 16 years of experience in the banking sector. She previously held the post of Accountant at the MCB Group for 7 years where she acquired significant experience in the finance department.

Mrs Li Shen Pin joined the bank in July 2011 as Accountant and was appointed as Senior Recovery Manager in February 2014. She was promoted to Head of Debt & Credit Administration in June 2016. Mrs Li Shen Pin is a Fellow member of the Association of Chartered Certified Accountants (ACCA).

MR MAHESH ITTOO – HEAD OF LEGAL AND GOVERNANCE

Mr Mahesh Ittoo has more than 11 years' experience in the corporate administration and governance field and was working in the Global Business Industry prior to joining the ABC Group in 2016. He has represented ABC Professional & Corporate Secretarial Services between 2016 and 2020, prior to his appointment as Company Secretary of ABC Banking Corporation Ltd on 1 September 2020.

Mr Ittoo holds a BA (Hons) Law and Management from the University of Mauritius and a Masters in Banking and Financial Law from the University of London, UK. He is also an Associate of the Chartered Governance Institute (ex-ICSA) and a Member of the Chartered Institute for Securities and Investment.

MRS OUNISHKA SEESURUN DOMUR – HEAD OF INTERNATIONAL BANKING

Mrs Ounishka Seesurun Domur is a seasoned banking executive, counting 19 years in the sector. She started her career at HSBC Bank (Mauritius) Limited in the Global Business segment then Deutsche Bank (Mauritius) Limited and Bank One where she quickly progressed from Account Manager to Senior Relationship Manager. Throughout her career, she has managed portfolios of small to large international corporate clients in the Global Business Sector with a strong focus on sales and transactional banking.

Mrs Seesurun-Domur joined ABC Banking in April 2024 as Head of International Banking. She is an avid and bold leader who champions building client-centric cultures within her team.

She is a member of the Chartered Institute of Bankers, UK.

MR PRAVIN RAMJADA – HEAD OF OPERATIONS

Mr Pravin Ramjada joined ABC Banking Corporation Ltd in May 2024, after a career spanning over 30 years with HSBC Mauritius.

He was appointed Head of Operations at HSBC Mauritius in 2014, where he was responsible for leading the operations of both HSBC entities in Mauritius, including the branch and the local subsidiary. He managed a team of 45 individuals in Mauritius and was accountable for the delivery of a team in Global Services Centers located across India, Sri Lanka, and China, supporting HSBC Mauritius. He successfully led various transformation projects, drove digital adoption and straight-through processing initiatives. He also held key roles in retail banking and treasury operations. During his career with HSBC Mauritius, Mr Ramjada had the opportunity to do short-term assignments with HSBC offices in India, Thailand, Macau and Hong Kong.

He is a Certified Anti-Money Laundering Specialist with an impeccable track record of delivering the best solutions for the stakeholders and customers across multiple businesses at HSBC Mauritius.

BOARD STRUCTURE AND ITS CONDUCT OF AFFAIRS

Our corporate governance framework provides that a unitary Board of Directors shall be entrusted with the relevant powers to direct and supervise the management of the bank's business and affairs in an ethical and responsible manner, in line with the guidelines of the Bank of Mauritius and the National Code of Corporate Governance.

While some of the responsibilities are discharged directly by the full Board of Directors, others are delegated to Board committees to ensure appropriate attention is given at granular level. A summary of such discussions and action points are reported by the chairpersons of the respective committees at the subsequent meeting of the Board of Directors.

BOARD COMMITTEES

The Board has set up 6 committees to facilitate the effective and efficient discharge of its duties and responsibilities, namely the Board Credit Committee, the Audit Committee, the Risk Management Committee, the Conduct Review Committee, the Nominations and Remuneration Committee and the Corporate Governance Committee. The Company Secretary acts as secretary for all meetings of the Board of Directors and its Committees. The terms of reference and composition of the Board Committees are summarised below.

The organisation of the Board is depicted on page 5.

BOARD CREDIT COMMITTEE

The Board Credit Committee ("BCC") has been established by the Board of Directors of the bank and has been delegated the responsibility of considering and approving credit facilities, including placement limits with banks and financial institutions, in conformity with the provisions of the Credit Policy established by the Board.

Members of the BCC:

- Mr Max Danny Kim Shian Fon Sing (Member and Chairperson as from 26 January 2024)
- Prof. Donald Ah-Chuen
- Mr Lakshmana Lutchmenarraidoo

The Executive Director, the Chief Operating Officer and the Head of Risk are in attendance at all Committee meetings.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reports and statements, in compliance with all applicable legal requirements and accounting standards. The responsibilities of the Audit Committee are defined in its terms of reference. They include but are not limited to:

- reviewing the bank's audited financial statements and quarterly results before they are approved by the Directors;
- ensuring management implements and maintains appropriate accounting, internal control and financial disclosure procedures, and reviews, evaluates and approves such procedures;
- reviewing such transactions as could adversely affect the bank's sound financial condition;
- reviewing and approving the audit scope and frequency;
- receiving audit reports and ensuring management is taking appropriate corrective actions in a timely manner, to address and control weaknesses and identified areas of non-compliance;
- ensuring accounting principles, policies and practices are adequate to guarantee resources are safeguarded, laws followed, reliable data disclosed and internal control systems adequate.

Members of the Audit Committee:

- Mr Bhanu Pratabsingh Jaddoo (Chairperson)
- Mrs Ah Foon Chui Yew Cheong (Member as from 26 January 2024)
- Mrs Laura Yee Min Wong Sun Thiong

The Executive Director, Head of Internal Audit, Chief Operating Officer and Head of Finance are in attendance at all Committee meetings and the external auditor is requested to attend the meetings as and when required. The Head of Compliance also reports to the Committee on a quarterly basis.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee assists the Board of Directors in the discharge of its duties relating to corporate accountability and the associated risks in terms of management, assurance and reporting. The responsibilities of the Risk Management Committee are defined in its terms of reference. They include but are not limited to:

- reviewing the principal risks and formulating and making recommendations to the Board in respect of risk management issues;
- reviewing and approving discussions and risk disclosure;
- reviewing the Assets and Liabilities Committee's (ALCO) reports.

Members of the Risk Management Committee:

- Mr Lakshmana Lutchmenarraidoo (Chairperson)
- Prof. Donald Ah-Chuen
- Mr Bhanu Pratabsingh Jaddoo (Member as from 26 January 2024)

The Head of Risk is in attendance at all Committee meetings.

CONDUCT REVIEW COMMITTEE

The responsibilities of the Conduct Review Committee are as specified in the BOM Guideline on Related Party Transactions. They include but are not limited to:

- ensuring management establishes policies and procedures to comply with the requirements of the BOM Guideline on Related Party Transactions;
- reviewing the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the bank's best interests;
- reviewing and approving each credit exposure to related parties;
- ensuring market terms and conditions are applied to all related party transactions.

Members of the Conduct Review Committee:

- Mr Lakshmana Lutchmenarraidoo (Chairperson)
- Mr Max Danny Kim Shian Fon Sing (Member as from 26 January 2024)
- Mr André Kwet-Tsong Tze Sek Sum

NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee has been delegated the responsibility of overseeing the nomination and remuneration functions of the Board and making recommendations to the Board on such matters. The responsibilities of the Nominations and Remuneration Committee are defined in its terms of reference. They include but are not limited to:

- monitoring the bank's succession plan;
- establishing the procedures for identification, selection and recommendation of new Directors;
- establishing and monitoring the bank's remuneration policy and recommending appropriate remuneration for Directors.

Members of the Nominations and Remuneration Committee:

- Mr André Kwet-Tsong Tze Sek Sum (Chairperson)
- Prof. Donald Ah-Chuen
- Mrs Laura Yee Min Wong Sun Thiong (Member as from 26 January 2024)

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been established by the Board of Directors to make recommendations to the Board on all corporate governance provisions to be adopted, so that the bank remains effective and complies with prevailing corporate governance principles. The Committee is constituted to ensure the reporting requirements with regard to corporate governance, whether in the annual report or on an on-going basis, are in accordance with the guidelines set out by the Bank of Mauritius and the National Code of Corporate Governance.

Members of the Corporate Governance Committee:

- Mr André Kwet-Tsong Tze Sek Sum (Chairperson)
- Prof. Donald Ah-Chuen
- Mrs Laura Yee Min Wong Sun Thiong (Member as from 26 January 2024)

COMPANY SECRETARY

Mr Mahesh Ittoo, Head of Legal and Governance, is the Company Secretary of the bank. He is responsible for the management of corporate secretarial and governance affairs in-house.

The Company Secretary is also responsible for the organisation of Board and Committee meetings and acts as a bridge between executive management and non-executive board members. The Company Secretary oversees all governance matters at the bank, acting as the link between the bank and its shareholders.

Key activities of the Board

STRATEGIC PLANNING AND MONITORING

The Board of Directors is responsible for setting the bank's ultimate direction. Like all large organisations, at the bank the initial strategy is developed at executive level, following an assessment of the issues, opportunities and risks that drive performance in the current market, and in line with the bank's risk tolerance, capacity and appetite.

The role of the Board in the strategic planning process englobes the identification of priorities, establishment of goals and objectives, finding resources and allocating funds to support the decisions that need to be made around strategic planning. The Board is also responsible for monitoring the execution of the strategic plan. This requires the Board to oversee the implementation of the strategic plan and consider whether there is a need to revisit the allocation of funds as well as the applicability of certain projects, as the plan progresses.

At the bank, strategic management is a dynamic and continuous exercise. While the executive team is responsible for the implementation of the strategic plan, the Board has the responsibility to oversee and monitor such implementation yearly. On a quarterly basis, the Board as a whole, questions, challenges and clarifies the plan submitted by management, to ensure it is well thought out, realistic, market-appropriate and compatible with the organisation's mission, vision and values.

SUCCESSION PLANNING

Succession plan is of high importance at the bank, as it is the component of the governance framework which helps avoid any disruption in case of unplanned departure of any director or senior officer. The Nominations and Remuneration Committee has been delegated the task by the Board to regularly assess the situation at Board and Management levels, and to ensure appropriate coverage action can be taken at all times to fill any gap with regards to all key positions at the bank.

The succession plan is reviewed at least on a quarterly basis, and any update to same is tabled at the Nominations and Remuneration Committee as and when required.

APPOINTMENT OF NEW DIRECTORS AND SENIOR OFFICERS

Over and above the requirements identified by the Succession Plan, the Nominations and Remuneration Committee continuously assesses the balance of skills and experience required at Board level. Whenever the need for a new/additional member arises, the following process is rigorously followed:

- A profile of the best candidate is prepared, specifying the necessary skills and experience required for the position.
- Prospective candidates are identified by the Committee or a consultant.
- Should there be more than one candidate, the profiles of prospective candidates are transparently vetted by the Committee and each shortlisted candidate is interviewed by the members of the Committee or an appointed panel.
- Once a prospective candidate has been selected, his/her appointment will be put forward to the Board of Directors for appointment. In the case of a Director, the appointment shall be up to the next Annual Meeting of Shareholders, whereby she/he shall present for election. Appointment of any Director or senior officer at the bank is subject to approval by the Bank of Mauritius.

Once a prospective Non-Executive Director has accepted a seat on the Board, he/she is requested to sign a letter of appointment which carefully outlines the terms of appointment, the duties and responsibilities expected by him/her.

All new Directors are, upon their appointment, invited to participate in an induction session, whereby the Managing Director and Company Secretary shall introduce the bank to the new Director. The incoming Director is provided with all necessary information he/she needs to fulfil his/her role and duties as a Director of the bank.

All Directors of the bank have participated in an induction session upon appointment to acquaint them of their legal duties and facilitate their understanding of the bank's business strategy, governance, and operations.

CONTINUOUS DEVELOPMENT PROGRAMME

The development of directors is deemed essential for the maintenance of a highly engaged, well-informed and effective Board. A continuous development programme and training plan for directors has therefore been established and facilitated by both internal and external subject matter experts. A training log is maintained for each director by the Human Resource Department. During the financial year ended 30 June 2024, the Directors have participated in the below workshops, and in-house courses:

- Phishing Awareness
- The Effect of the Digital Rupee
- Creativity in the Age of AI
- Creating Plausible Risk Scenarios Training
- Integrating stress testing into a business plan and an ESG Risk example

BOARD EVALUATION AND REMUNERATION

In line with the National Code of Corporate Governance and Bank of Mauritius' Guideline on Corporate Governance, the Board has established a mechanism to evaluate the Board's performance, as well as that of its committees and members. The review and evaluation include an assessment of the Board's composition and independence, performance and effectiveness, as well as the maintenance and implementation of the Board's governance and relationship with management, with the addition of an evaluation of the sub committees.

The Nominations and Remuneration Committee was delegated the task of conducting such appraisal to identify additional competencies and resources as appropriate and enable the Board to discharge its responsibilities more efficiently and effectively. Such a process also aids the Board to identify and deal with issues that impede its effectiveness. The "fit and proper person" criteria of Board members are also reviewed periodically to ensure they are up to date.

The Nominations and Remuneration Committee was also delegated the task of conducting periodic reviews of the above process to ensure same is always in line with the applicable legislations and regulations.

APPROVAL OF REMUNERATION POLICY

In compliance with the National Code of Corporate Governance and Bank of Mauritius Guideline on Corporate Governance, the Board has established a Remuneration Policy to establish clear and guiding principles for decisions around employee and executive remuneration, to ensure fair, competitive, and appropriate pay for the market on which the bank operates. The bank's goal is to ensure that the mix and balance of remuneration is appropriate to attract, motivate, retain and reward employees fairly and is consistent with the National Code of Corporate Governance.

Attendance at Committee and Board Meetings
FYE 30 June 2024

	Board Meeting	Audit Committee	Risk Management Committee	Conduct Review Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Business Strategy Committee*	Board Credit Committee
AH-CHUEN David Brian	10	-	-	-	-	-	-	-
AH-CHUEN Donald	8	-	6	-	3	5	-	7
AH-CHUEN Patrick Andrew Dean	8	-	-	-	-	-	-	-
CHUI YEW CHEONG Ah Foon	9	-	-	2	2	3	-	-
JADDOO Bhanu Pratabsingh	9	7	1	-	-	-	-	-
LALANNE Michel Bruno	6	4	5	-	-	-	-	7
LUTCHMENARRAIDOO Lakshmana	10	-	7	9	-	-	-	12
TZE SEK SUM André Kwet-Tsong	8	-	-	9	4	4	-	-
WONG SUN THIONG Laura Yee Min	9	7	-	-	2	2	-	-
FON SING Max Danny Kim Shian	9	-	-	6	-	-	-	5
GOUNDAN Sareeta	1	-	-	-	-	-	-	-
Total Number of Meetings	**10**	**7**	**7**	**10**	**4**	**5**	**-**	**12**

**The Business Strategy Committee was disbanded in November 2023. The strategy of the bank is now taken directly at Board Level.*

DIRECTORS' REMUNERATION

Directors' remuneration is annually reviewed by the Nominations and Remuneration Committee, to ensure the remunerations are commensurate with the size of the bank, the time commitment required by the Directors to carry out their duties and the market rates for such services.

Any change in remuneration is recommended by the Nominations and Remuneration Committee to the Board for consideration. The Board shall review the proposal and table same at the next Annual Meeting of Shareholders for approval.

With respect to remuneration, the Board has determined that the Chairperson of the Board shall be eligible to an annual fee whilst the other non-executive directors shall be entitled to an annual fee and attendance fees for attendance at Board and Committee meetings. Non-Executive Directors are not subjected to any other sort of remuneration or long-term incentive plans.

Executive Directors are remunerated with monthly emoluments and are subjected to an annual discretionary bonus should the bank achieve or exceed its targets.

The bank does not have any long-term incentive plan in place.

RISK GOVERNANCE AND INTERNAL CONTROL

Risk management refers to the process by which the bank monitors and mitigates its exposure to risk. At the bank, risk management is not viewed as an exercise seeking to identify and eliminate all risks, but as involving a comprehensive approach consisting of the identification and assessment of all potential risks in the banking business, the development and execution of an action plan to deal with and manage these activities that incur potential losses, and the continuous review

and reporting of the risk management practices after implementation. All of these need to be carried out within a risk appetite framework.
The Board has established a risk appetite framework where its business objectives are articulated in contrast with the level of risk it is willing to assume to achieve its targets. The framework offers a platform for the Board of Directors to be actively engaged in the improvement of risk governance and discussion of risk from a strategic point of view. The clear definition of risk tolerance and desired risk profiles helps cascade the risk strategy approved by the Board to individual business unit levels.

While the Board is responsible for the overall risk management and internal control systems, oversight of the bank's risk management process has been delegated to the Risk Management Committee. The Risk Management Committee in turn appoints a Head of Risk who is responsible for overseeing the risk management and internal control functions on a daily basis, reporting to the Risk Management Committee on a quarterly basis on key risk matters for discussion. Material matters are then reported to the Board by the Chairperson of the Risk Management Committee.

The risk management framework, including policies and systems in place, ensures a systematic and continuous identification and evaluation of risks and actions to terminate, transfer, accept or mitigate each risk, to achieve a prudential balance between the risks and potential returns to shareholders. Identification of key risk areas and internal control systems in place are also addressed.

INFORMATION TECHNOLOGY SECURITY AND DATA PROTECTION

Bank operations now rely heavily on information technology and such reliance is expected to grow in the near future. A more digitized environment also presents many challenges to the security of the operations of the bank and of the data it holds. Such challenges are at the heart of a multi-pronged response instituted by the bank.

The Board has set up an Information Security Policy to encompass all aspects of information governance. The Internal Audit Department has also been mandated to carry out regular reviews to ensure compliance and to report on the results thereof to the Audit Committee on a regular basis. The Risk Management Committee has also instructed the Risk Department to monitor and report on the IT risks.

Management has also set up an IT Steering Committee, consisting of the Executive Director, the Chief Operating Officer, the Head of Finance and the IT Manager, to regularly assess the state of the bank's IT infrastructure, in terms of Information and Information Technology Policies, and to approve any required significant change and related expenditure.

Data protection is given utmost importance. The confidentiality and integrity are protected by physical and logical access controls put in place and the sensitization of the staff of importance of such controls.

REPORTING WITH INTEGRITY

The Board acknowledges that the banking business is built on trust and same goes in line with the highest degree of integrity. As such, the Board recognises its responsibility to ensure the accounts are prepared in a way that fairly present the bank's state of affairs.

The accounts are prepared by the Finance Department and are regularly reviewed by management. Interim financial statements are tabled and discussed at the Audit Committee and Board meetings on a quarterly basis. The bank's external auditors, KPMG Mauritius, ensure that the financial statements adhere to all International Financial Reporting Standards and that any deviation from same is disclosed, explained and quantified in the bank's audit report and financial statements.

CORPORATE SOCIAL RESPONSIBILITY

Established in 2013 and named after the founder of ABC Group of Companies, the Sir Jean Etienne Moilin Ah-Chuen Foundation (referred to as "the Foundation") oversees the Group's Corporate Social Responsibility (CSR) programme, which focuses on four key areas: Community Empowerment, Education, Health & Sports, and Environment. For the financial year 2023/24, the Foundation allocated over MUR 3.6 million in CSR funding, primarily supporting Non-Governmental Organisations (NGOs) and the community.

	%
Education	33
Health & Sports	13
Community Empowerment	42
Environment	12

Community Empowerment

The Foundation remains deeply committed to combating poverty, collaborating closely with longstanding NGO partners to assist vulnerable groups and facilitate their social integration. Consequently, the Foundation has renewed its commitment to Lovebridge to support 400 families living below the poverty line, which represents approximately 1,500 individuals. Additionally, it supported Mouvement Pour le Progrès de Roche Bois in providing social and empowerment assistance to 20 out-of-school children and their parents, and to Caritas Ile Maurice for the School Feeding Project, which targets around 50 school children from vulnerable families. Moreover, school supplies were offered to 30 underprivileged children via Caritas Roche Bois following a call for donation organised across ABC Group.

Other associations that benefited from the Foundation’s support include SAFIRE, SOS Children’s Village, Couvent Mère Teresa, First Act is To Help (FAITH) and Mo’Zar for its Mo’Zar on the Road project.
Furthermore, during a Christmas event held in December 2023, approximately 150 underprivileged children received toys and school stationery packs. This initiative was made possible through the collaborative efforts of the Group’s Staff Welfare Committees, employees, and partner NGOs, including Caritas Roche-Bois, Caritas Tranquebar, Mouvement Pour Le Progrès de Roche-Bois, and Kifer Pa Mwa.

Education

Education stands as a cornerstone for the future of our youth and our nation. In this regard, the Foundation has extended its assistance to financially challenged students, enabling them to pursue technical courses at Collège Technique St Gabriel by granting them scholarships. This institution, a longstanding partner of both the Foundation and ABC Group of Companies, also received support during the past year, namely for the construction of the upcoming Lycée Polytechnique.

Furthermore, the Foundation has granted numerous scholarships through the Sir Jean Etienne Moilin Ah-Chuen Foundation Scholarship Scheme. This initiative supports full-time students from disadvantaged backgrounds, allowing them to pursue tertiary education at public universities in Mauritius.

Additionally, the Foundation continued its collaboration with APEIM, an NGO supporting parents of children and young adults with intellectual disabilities, and maintained its partnership with Terrain for Interactive Pedagogy Through Arts (TIPA), supporting their interactive pedagogy program in ZEP schools.

Health & Sports

Sports play a pivotal role in breaking down barriers and in fostering inclusion and social integration. In line with this belief, the Foundation has supported Mauritian athletes, enabling them to showcase their talents on the global stage over the years.

In this regard, the Foundation reaffirmed its commitment to para-athlete Noemi Alphonse, who made history by becoming the 2024 World Champion in the 100m T54 category and the World Vice-Champion in the 400m T54 category, by renewing support towards Magic Club Quatre Bornes.

Environment

Preserving the environment is a collective responsibility that requires unified action from all individuals. In this vein, the Foundation has renewed its dedication to the Rodrigues Conservation Project, an initiative overseen by the Mauritian Wildlife Foundation (MWF), that aims at protecting the distinctive flora and fauna native to Rodrigues Island.

Furthermore, the Foundation has supported We-Recycle, an NGO specialized in gathering and processing PET plastic bottle waste for recycling purposes

AUDIT AND REPORTING

Internal audit

The Board recognises the importance of having a robust internal audit function at the bank, to provide assurance through continuous, independent and internally organised detailed checks and assessment, that the bank’s risk management, governance and internal control processes, are operating effectively, and also that an Internal Audit Department has been set up accordingly. The Internal Audit Department comprises auditors with a mix of banking and auditing experience, who are able to assess the current state of affairs and provide management with valuable recommendations.

The internal audit function provides assurance to the Board on the overall effectiveness of the governance, risk management and internal control framework of the bank. In line with the National Code of Corporate Governance for Mauritius (2016), the Board delegates oversight of the internal audit function and responsibility for receiving internal audit reports to the Audit Committee. Internal audit reports are considered at Audit Committee meetings, which are held on a quarterly basis, and the Head of Internal Audit has ready and regular access to the Chairperson of the Audit Committee. The Audit

Committee also approves the Audit Plan at the beginning of each new financial year, to ensure proper coverage of the bank's key risk areas/activities by internal audit. The Head of Internal Audit adopts a systematic and disciplined approach to review all areas of activity of the bank - operations, internal controls, risk management systems and governance process - and makes recommendations to management accordingly. Internal audit reports highlighting the methodology, findings, recommendations and management responses, are tabled on a quarterly basis at Audit Committee meetings. The scope of action of the internal audit function has no restriction to any aspect of the bank.

The Audit Committee is also responsible to provide ongoing feedback and guidance to internal audit, to help provide the assurance service that it needs. Reviewing internal audit reports helps the Audit Committee to assess the quality of internal audit's work during the course of the year. As part of an annual review by the Audit Committee, feedback may also be obtained from senior management, management and external auditors.

To ensure the independence of the internal audit function, the Head of Internal Audit is appointed by the Audit Committee and directly reports to the latter, while reporting only administratively to the Managing Director.

External audit

External audit provides assurance to stakeholders that the accounts have been prepared as per International Financial Reporting Standards and gives a true and fair view of the bank's financial status.

In line with the provisions of the Banking Act 2004, the bank was required to rotate its external auditors after EY Mauritius acted in this capacity for 7 years. A tender exercise was carried in late 2023 to four well-established audit firms in Mauritius. Upon review of their proposals, KPMG was selected by a committee consisting of the members of the Audit Committee and those of the management team. KPMG's final proposal was recommended to the Board by the Audit Committee. The Board subsequently appointed KPMG as external auditors following the approval of the Bank of Mauritius.

External auditors meet the Audit Committee at least twice a year to discuss the audit plan, prior to the statutory external audit exercise, and to present the audit findings and report at the end of same.

The Audit Committee evaluates external auditors annually, to make an informed recommendation to the Board for their re-appointment. The evaluation includes an assessment of auditors' qualifications and performance, the quality and fairness of their communication with the Audit Committee, and their independence, objectivity, professional scepticism and judgement.

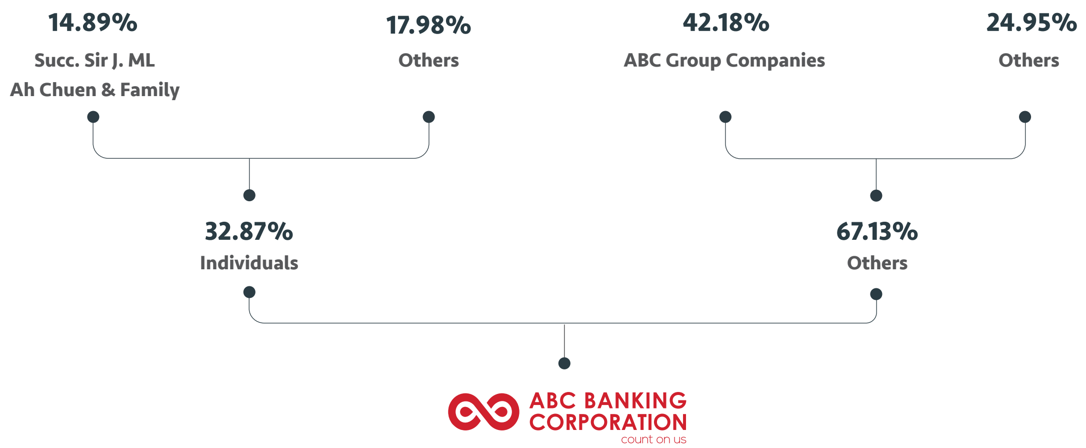
To preserve the external auditors' independence, any team member of KPMG providing non-audit services, such as tax compliance services, will not be part of the external audit team at KPMG. The bank also ensures that it does not assign non audit engagements to its external auditors that may impair its independence.. Moreover, with different teams involved, KPMG shall retain its independence and objectivity with regards to their statutory obligations.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Board is fully aware of its fiduciary duties towards the bank's shareholders, but it also acknowledges the bank is accountable to a wider range of stakeholders, namely its clients, employees, regulators and the public at large. Stakeholders are cognisant of the bank's performance and outlook through different forums including social media, website and annual reports.

Shareholders

The bank forms part of the ABC Group of Companies and, as at 30 June 2024, its shareholding structure was as follows:



As of 18 January 2016, all 57,203,904 issued ordinary shares of the bank were admitted on the Development & Enterprise Market of the Stock Exchange of Mauritius. The bank's 19,067,968 ordinary shares, issued on 10 June 2016, pursuant to the Rights Issue, were also admitted on the Development & Enterprise Market of the Stock Exchange of Mauritius on 20 June 2016.

The Board encourages communication with the bank's shareholders and the Company Secretary is always available to respond to any query or request which the shareholders may have with respect to the bank. Moreover, all shareholders are duly notified, 21 days in advance, of the bank's Annual Meeting, where Directors and management are available for discussion.

LIST OF SHAREHOLDERS HOLDING AT LEAST 5% OF SHARES IN THE BANK

ABC Car Rental Limited
ABC MOTORS COMPANY LIMITED
Chue Wing & Company Limited
Good Harvest Limited

BREAKDOWN OF SHAREHOLDING

No. of shares	No. of shareholders
1 – 999	267
1,000 – 9,999	234
10,000 – 19,999	56
20,000 – 49,999	68
50,000 – 99,999	33
100,000 – 499,999	61
500,000 – 999,999	10
1,000,000 – 4,999,999	10
Above 5,000,000	3

SHARE OPTION PLANS
The bank has no share option plan.

SHAREHOLDERS' AGREEMENT
The bank is not aware of any agreement amongst shareholders.

MANAGEMENT AGREEMENT
The bank has not entered into any management agreement with third parties.

DIVIDEND POLICY
Payment of dividends is subject to the bank's profitability, cash flow and capital expenditure requirements.

Stakeholders

REGULATORS

The bank's main regulator is the Bank of Mauritius (BOM). The bank's officers regularly take part in the BOM's forums and working groups. The Trilateral Meeting, between the bank, the BOM and the bank's external auditors, is held on a yearly basis to discuss on the bank's state of affairs, conduct and progress.

The bank is also accountable to the Stock Exchange of Mauritius (SEM) and the Financial Services Commission (FSC), by virtue of the listing of its shares on the Development and Enterprise Market and its bonds on the Official Market. The bank is required to strictly comply with the listing rules and to submit reports to the FSC on a regular basis.

The bank maintains an open channel of communication with all its regulators, to whom it always assures its cooperation.

CUSTOMERS

Without customers, there would be no business. The bank thus recognises their vital importance. Customers are central to every management decision, and management and staff must endeavour to achieve customer satisfaction.

EMPLOYEES

Human capital is one of the key drivers for the achievement of the bank's objectives, growth, development and competitiveness. The management team and members of the Board have always laid emphasis on the empowerment and engagement of employees, along with their wellbeing.

The bank aims to develop excellence by creating a supportive environment within which all employees are given the opportunity to learn, develop and grow, to achieve their full potential. The learning and development programme for the year ended 30 June 2024 represents 3,518 man-hours. These include induction courses, regular training and team building activities. Internal newsletters and electronic communication are regularly circulated to staff to keep them abreast of the bank's performance, outlook and its #CountOnUs strategy.

The bank is committed to ensure and maintain the highest standards of health & safety for its employees and other stakeholders. Identifying hazards and controlling risks is of utmost importance. Thus, to meet these commitments, the bank complies with the Occupational Safety and Health Act 2005. Employees have been trained as first aiders and fire wardens. Fire drills are being organised as stipulated under relevant regulations.

The bank is an equal opportunity employer and supports the principle of equal employment opportunity for all staff, at all levels of employment. It is committed to providing a working environment which is free from discrimination and strives for equal treatment and respect of all employees at the workplace. The bank employs 251 employees with a balanced gender distribution.

LEGAL DUTIES

All Directors of the bank are fully apprised of their fiduciary duties, as laid out in the Company Act 2001, during the induction session. They also have access to the advice and services of the Company Secretary, who provides guidance to Directors regarding their duties and responsibilities.

All Directors also have access to senior executives, to obtain information on any item to be discussed at Board or Board Committee meetings or any other relevant area they deem appropriate. The Board and committees also have the authority to obtain such outside or other independent professional advice as they consider necessary to carry out their duties.

ETHICAL CONDUCT

The bank is committed to the highest standards of business integrity, transparency and professionalism, and ensures all its activities are managed responsibly and ethically, while seeking to enhance business value for all stakeholders.

In line with this objective, the bank has put in place a Code of Conduct and Ethics which clearly reveals its core values and the standard of dealings that the public at large can uncompromisingly expect. This code is designed to help employees at all levels to understand their responsibilities and carry out their duties with due diligence, honesty and integrity, which are fundamental to the bank's reputation and success.

The bank also has in place an anti-fraud policy to encourage employees to freely communicate concerns about illegal, unethical or questionable practices, to senior management or the Head of Internal Audit, without fear of reprisal.

A whistleblowing policy is also in place, providing an effective method to address bona fide concerns that employees might have. The policy reflects the bank's commitment to ensure concerns of potential breaches of laws, rules, regulations, policies and procedures, irregularities, unacceptable/unethical practices or misconduct, raised in good faith, are addressed in an appropriate manner. Matters of concern are addressed to the Head of Compliance & MLRO, unless the Head of Compliance & MLRO are the subject of the report, in which case they are addressed to the Head of Internal Audit. The bank also has a Fraud Management Policy which is directed at cases of suspected fraud, theft and abuse.

Other bank policies are also in place to protect against improper use of the bank's property and/or information, unfair dealing with customers/clients, employees and other stakeholders.
All staff were apprised of the contents of the Code of Ethics and the consequences of its non-compliance. The document has also been published on the bank's website.

DIRECTORS' INTERESTS AND DEALINGS IN SHARES

In accordance with the Companies Act 2001 and the Banking Act 2004, an interest register is maintained by the Company Secretary to ensure the interests of every Director in the bank's affairs be recorded and referred to whenever required. This interest register is available to shareholders upon written request to the Company Secretary.

The following table shows Directors' interests in the bank's share capital as at 30 June 2024:

Directors	No. of shares acquired	No. of shares sold	Direct holding	Indirect holding
AH-CHUEN Brian	-	-	0.48%	0.04%
AH-CHUEN Donald	-	-	1.90%	3.52%
AH-CHUEN Patrick Andrew Dean	-	-	0.32%	1.04%
CHUI YEW CHEONG Ah Foon	-	-	NIL	NIL
FON SING Max Danny Kim Shian	-	-	NIL	1.96%
GOUNDAN Sareeta	-	-	NIL	NIL
JADDOO Bhanu Pratabsingh	-	-	NIL	NIL
LUTCHMENARRAIDOO Lakshmana	-	-	0.03%	NIL
TZE SEK SUM André Kwet-Tsong	-	-	NIL	NIL
WONG SUN THIONG Laura Yee Min	-	-	NIL	NIL

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.

Whenever there is any situation of conflict, the item is discussed at Board level and the member of the Board shall be asked to leave the meeting while the Board determines whether the situation amounts to a conflict of interest or whether the transaction is being done at arm's length basis.

Should the Board determine, after deliberation, that there is indeed a conflict of interest, the transaction is recorded as such in the Board minutes and in the interest register. Any decision relating to a proposed transaction in which a Director is conflicted is reached in the absence of that Director.

Related party transactions are carried by the bank in accordance with the BOM's Guideline on Related Party Transactions. The Board has established a Related Party Transaction Policy to set up the framework for the bank to deal with transactions with related parties. Such transactions are reviewed and approved by the Conduct Review Committee of the Board and ratified by the latter at quarterly Board meetings.

All situations of conflicts of interest and related party transactions during the year ended 30 June 2024 have been conducted in accordance with the above guidelines and the bank's Code of Ethics.

STATEMENT OF COMPLIANCE

STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT 2004)

Name of Public Interest Entity: ABC Banking Corporation Ltd
Reporting Period: 30 June 2024

Throughout the year ended 30 June 2024, to the best of the Board's knowledge, ABC Banking Corporation Ltd (the "bank") has complied with the National Code of Corporate Governance for Mauritius (2016) (the "Code"). The bank has applied all the principles set out in the Code and explained how these principles have been applied.

Date: 26 September 2024

Ah Foon Chui Yew Cheong
Chairperson

David Brian Ah-Chuen
Managing Director

OTHER STATUTORY DISCLOSURES

(Pursuant to section 221 of the Companies Act 2001)

Principal Activity

ABC Banking Corporation Ltd (the "bank") is the holder of a banking licence from the Bank of Mauritius and provides the full range of banking products to the public at large.

Directors & Interests

The directors of the bank as at 30 June 2024 were as follows:

Mrs Ah Foon Chui Yew Cheong
Prof. Donald Ah-Chuen
Mr David Brian Ah-Chuen
Mr Patrick Andrew Dean Ah-Chuen
Mr Max Danny Kim Shian Fon Sing
Ms Sareeta Goundan
Mr Bhanu Pratabsingh Jaddoo
Mr Lakshmana Lutchmenarraidoo
Mr André Kwet-Tsong Tze Sek Sum
Mrs Laura Yee Min Wong Sun Thiong

Directors' interests in shares of the bank are set out on page 32 of the annual report. No directors have any service contract with the bank.

Directors' Emoluments

During the financial year ended 30 June 2024, the executive directors have received emoluments amounting to MUR 24,474,942.47 (2023: MUR 18,851,000) and non-executive directors have received MUR 4,979,500.00 (2023: MUR 5,856,500.87).

In line with section 221(1)(e)(iii) of the Mauritius Companies Act 2001, the remuneration received by each director individually are as follows:

Director	Remuneration (MUR)
Mrs Ah Foon Chui Yew Cheong	1,070,000
Prof. Donald Ah-Chuen	13,718,764
Mr David Brian Ah-Chuen	10,756,178
Mr Patrick Andrew Dean Ah-Chuen	366,000
Mr Max Danny Kim Shian Fon Sing	567,500
Ms Sareeta Goundan	102,000
Mr Bhanu Pratabsingh Jaddoo	522,000
Mr Michel Bruno Lalanne	396,000
Mr Lakshmana Lutchmenarraidoo	822,000
Mr André Kwet-Tsong Tze Sek Sum	624,000
Mrs Laura Yee Min Wong Sun Thiong	510,000

Directors' Service Contract

There were no service contracts between the bank and its directors during the financial year under review.

Directors and Officers Liability Insurance

The bank has arranged for appropriate insurance cover in respect of legal actions against its directors and officers.

Donations

Donations made during the year were as follows:

	2024	2023	2022
	MUR	MUR	MUR
Donations	51,250	210,000	87,750
Political Donations	-	-	-
	51,250	210,000	87,750

Auditors

The fees payable to the auditors, Messrs. KPMG, for audit and other services during year 2024 were:

	2024	2023	2022
	MUR	MUR	MUR
Audit Services	5,000,000	5,150,000	4,700,000
Other Services*	125,000	515,000	201,000
	5,125,000	5,665,000	4,901,000

*Other services include review of tax.

Note: For years 2022 and 2023, the above fees were paid to Messrs. Ernst & Young, for the audit and other services.

Date: 26 September 2024

Ah Foon Chui Yew Cheong
Chairperson

David Brian Ah-Chuen
Managing Director

COMPANY SECRETARY'S CERTIFICATE

We certify that, to the best of our knowledge and belief, ABC Banking Corporation Ltd (the "bank") has filed with the Registrar of Companies, in respect of the financial year ended 30 June 2024, all such returns as are required of the bank under the Companies Act 2001 in terms of section 166(d).

Mahesh Ittoo, ACG MCSI
Company Secretary
26 September 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the bank and which comply with the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and International Financial Reporting Standards.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether International Financial Reporting Standards have been followed, 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
- Adhere to the provisions of the National Code of Corporate Governance

They are also responsible for safeguarding of the assets of the bank and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the annual report and financial statements. The Board of Directors acknowledges its responsibility for ensuring the preparation of the financial statements in accordance with International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements. The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

The Board of Directors considers that the bank has complied in all material aspects with the provisions of the National Code of Corporate Governance for the year ended 30 June 2024.

Approved by the Board of Directors on 26 September 2024 and signed on its behalf by

Ah Foon Chui Yew Cheong
Chairperson

Bhanu Pratabsingh Jaddoo
Chairman - Audit Committee

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OUTLOOK

GLOBAL ECONOMY

The global economic outlook presents a mixed picture, reflecting a blend of recovery, challenges, and uncertainties. Global growth in 2024 is expected to be at 3.2% as per the World Economic Outlook. Advanced economies are experiencing slower growth due to high interest rates aimed at controlling inflation. The persistent inflation issue is driven by several factors including supply chain disruptions, elevated commodity prices, and currency depreciation. Geopolitical tensions are another contributing factor of economic uncertainties.

However emerging markets, particularly in Asia, are experiencing strong economic growth. Countries such as India and China continue to expand their economies driven by robust domestic demand, industrialization, and increasing consumer spending. Another positive that is shaping up the global economy is the rapid advancement in technology such as Artificial Intelligence, Machine Learning and Blockchain. These are driving efficiency and productivity across multiple sectors. Investments in renewable energy and green technologies are accelerating the transition to a low-carbon economy. This shift is not only addressing climate change but also creating new economic opportunities and jobs in sustainable industries.

LOCAL ECONOMY

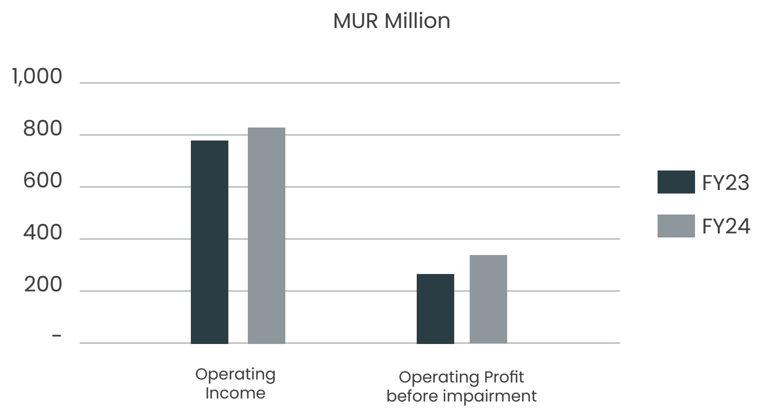
The Mauritian economy continues its growth momentum with GDP for 2024 projected at 6.5% as per Statistics Mauritius with the construction sector being the main contributor. Domestic economic activity is expected to remain strong in 2024. Construction sector is expected to grow at an increased rate of 38.7% in 2024 (2023: 37.4%) boosted by ongoing and upcoming infrastructure projects. This growth will contribute 52% of the 6.5% growth forecast in GDP. Tourist arrivals are expected to reach 1.4 million in 2024 as compared to 1.3 million recorded in 2023. This will positively impact accommodation and food service activities and will propel the sectoral growth by 7.4% in 2024.

Locally, inflation continues to show encouraging signs with headline inflation for the 12-months ended June 2024 declining to 4.5% (2023: 10.5%). Year-on-year inflation worked out to 2.2% in June 2024, compared to 7.9% in June 2023. The continued decrease in inflation rate is mainly attributable to normalisation of food and fuel prices.

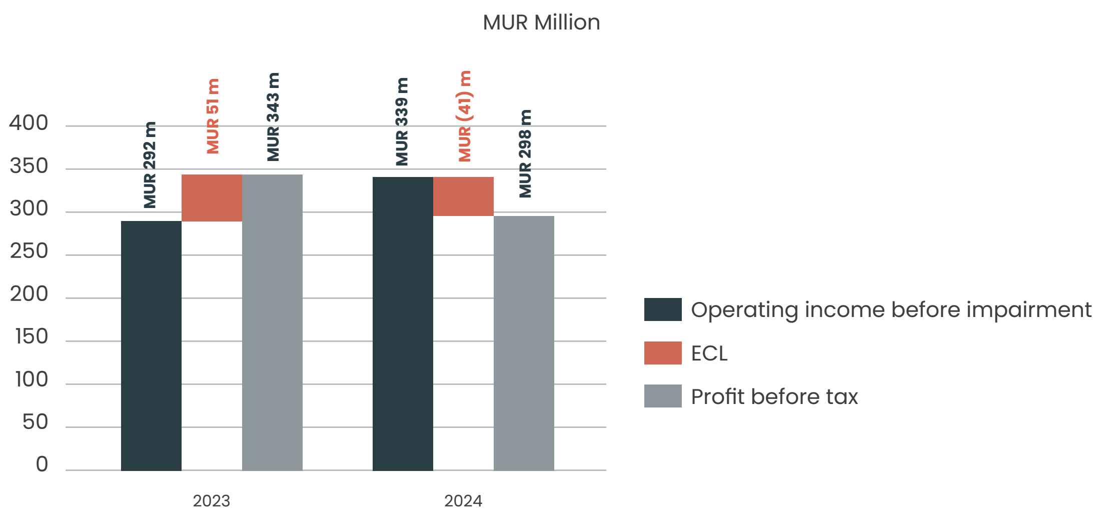
FINANCIAL REVIEW

OVERVIEW

The bank reported a year-on-year 16.0% increase in its Operating profit before impairment from MUR 292.1 million to MUR 338.8 million fueled by the continued expansion of the loan portfolio, which led to a 11.0% increase in net interest income. Profit after tax stood at MUR 257.7 million for the financial year ended 30 June 2024, down by 13.6% from previous year's figure of MUR 298.2 million. This decline is attributable to the exceptional reversal of MUR 51.2 million recorded in 2023 in relation to releases in Expected Credit Loss (ECL) provisions.



Last year, the Allowance for credit impairment on financial assets was recorded as a release, i.e. income with a positive impact on Profit before tax (as illustrated below), whereas this year's ECL Charge has reduced the Operating profit before tax. It is important to highlight that the MUR 51.2 million ECL release in 2023 was exceptional, reflecting the normalization of ECL levels following the economic recovery from the COVID-19 pandemic. For 2024, the ECL charge has reverted to pre-pandemic levels.



Despite the increase in the Allowance for credit impairment on financial assets compared to last year, the quality of the bank's loan portfolio remains robust. The Non-Performing Loan (NPL) ratio remains steady at 2.2%, consistent with the previous year, even though the loan portfolio expanded to MUR 14.3 billion from MUR 11.2 billion.

Additionally, the deposit balance grew by 9.8% to MUR 22.4 billion, further illustrating the bank's ongoing growth.

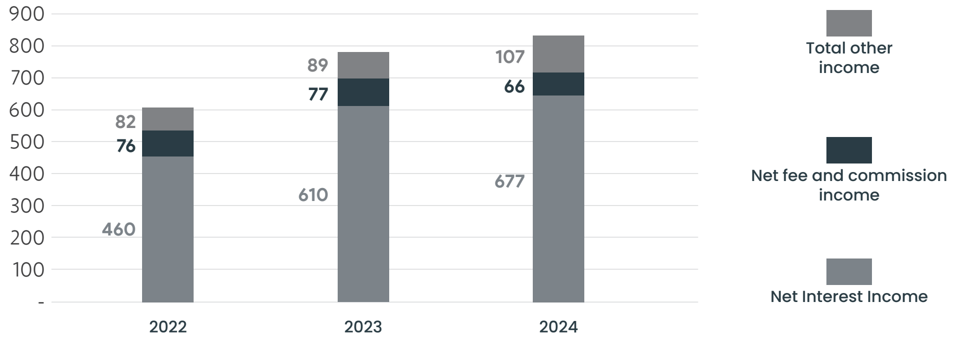
PERFORMANCE AGAINST OBJECTIVES

AREA OF PERFORMANCE	OBJECTIVES FOR FY 2023/24	ACTUAL FOR FY 2023/24	OBJECTIVES FOR FY 2024/25
Net Interest Income	Net interest income is expected to grow in line with new disbursements.	Net interest income grew by 11.0% on account of the growth of the loan and advances portfolio.	To grow Interest income by focusing on the growth of the loan portfolio and improving the Net interest margin.
Non-Interest Expenses	Non-Interest expenses are expected to grow as the bank continues to invest in the core areas of technology and human capital.	Non-Interest expenses increased by 5.4% in line with expected spending as part of the digital transformation of the bank.	To control and monitor non-interest expenses within acceptable levels in line with the growth plans of the bank.
Productivity (Non-interest expense as a % of the sum of operating income before impairment)	Due to the key investment expected to be done by the bank, cost to income ratio is expected to remain above 50%.	Cost to income ratio decreased from 62.4% to 60.1% due to improvement in operating income as well as the focus in driving operational efficiency.	To keep decreasing the cost to income ratio of the bank by focusing on operational efficiency.
Return on Equity (Net profit/Equity)	The bank aimed to achieve an ROE of 10%.	ROE stood at 10.4% as at 30 June 2024.	To achieve a minimum ROE of 10% in line with the strategy of the bank.
Return on Average Total Assets	The bank aimed to achieve an ROA of 1.2%.	An ROA of 1.0% was achieved as at 30 June 2024.	To achieve a minimum ROA of 1.2% in line with the risk appetite of the bank.
Portfolio Quality	The bank aimed to keep lowering its NPL ratio.	The NPL ratio remain steady at 2.2%.	To maintain a low NPL ratio for the bank in line with the robust approach towards credit underwriting.
Deposit from Customers	The bank aimed to increase its deposit base both locally and also by leveraging on representative offices in Hong Kong and Dubai.	Deposits increased from MUR 20.4 billion to MUR 22.4 billion.	To increase the deposit base with a focus on new products as well as International Banking customers.
Loans and other Advances portfolio	The bank projected to grow its loans and advances portfolio by 15%.	Loans and advances grew by 26.9% in the year in line with the growth strategy.	To grow the loans and advances portfolio in line with the strategy of the bank.

REVIEW OF CORE FINANCIAL PERFORMANCE

OPERATING INCOME

Operating income stood at MUR 849.6 million for the year ended 30 June 2024 representing a 9.4% increase over last year's MUR 776.6 million. Net interest income increased by 11.0% primarily due to the growth in the balance sheet. Net fees and commission income, on the other hand, decreased by 15.1% while Other income, which is primarily FX income increased by 20.0% this year.

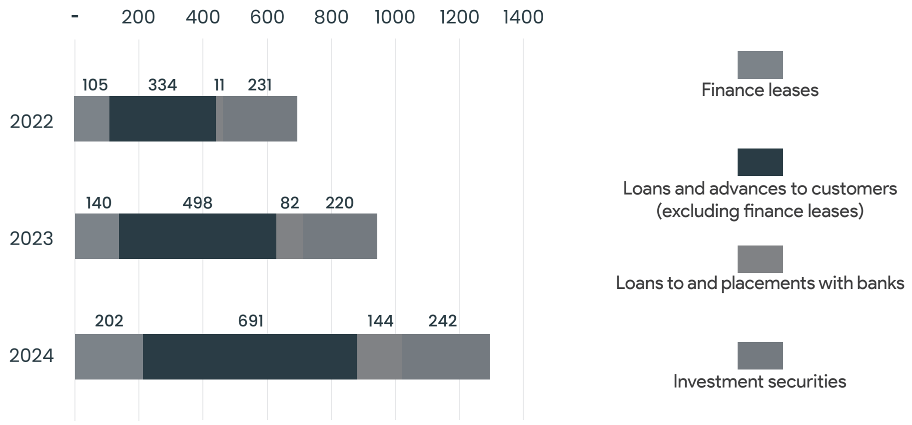


Operating Income (MUR Million)

NET INTEREST INCOME

The bank's interest income stood at MUR 1,281.3 million for the financial year 2023/24, representing a 36.3% increase (2023: MUR 940.0 million). This was due to a significant increase in its loan book. Interest expense increased by 83.2% from MUR 329.7 million to MUR 604.1 million. Net interest income increased from MUR 610.3 million to MUR 677.2 million.

The chart below shows the yearly progress of Interest Income over the last 3 years:

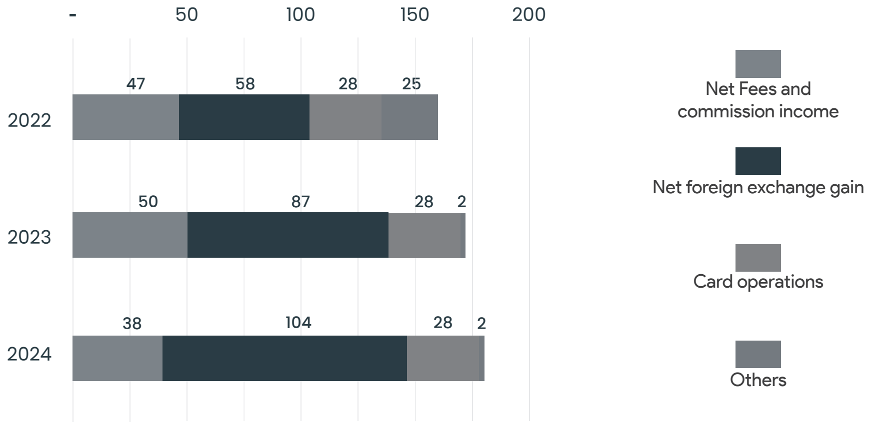


Interest Income (MUR Million)

NON-INTEREST INCOME

Non-Interest Income of the bank increased by 3.6% to MUR 172.4 million. The main contributor to non-interest income is net trading income which registered an increase of 19.8% compared to last year.

The chart below shows the yearly progress of Non-Interest Income over the last 3 years:

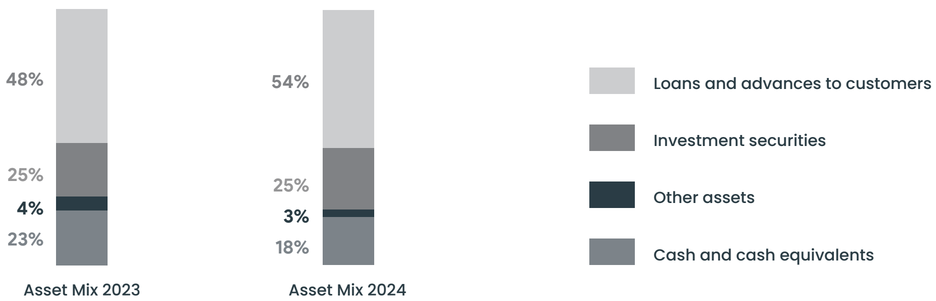


Non-Interest Income (MUR Million)

ASSET MIX

The bank's total assets grew by 11.7% from MUR 23.6 billion as at 30 June 2023 to MUR 26.4 billion as at 30 June 2024 mainly driven by an increase in loans and advances to customers of MUR 3.0 billion. The loans and advances portfolio and investment securities represent 54.1% and 25.2% respectively of the bank's asset mix for the year ended 30 June 2024.

The following chart represents the bank's asset mix for the year ended 30 June 2024 and 30 June 2023:



Asset Mix

INVESTMENT SECURITIES

The bank's investment portfolio stood at MUR 6.7 billion as at 30 June 2024, an 11.8% increase over 30 June 2023 figures (MUR 6.0 billion).

CREDIT EXPOSURE

The bank's loan portfolio increased by 26.9% to reach MUR 14.3 billion as at 30 June 2024 compared to last year's MUR 11.2 billion. As expected with the resumption of economic activities, the bank continued to follow its strategy of having a diversified portfolio to mitigate the credit concentration risk across different economic sectors.

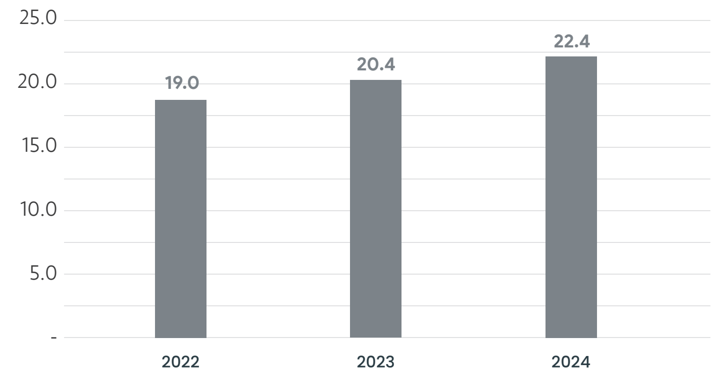
PROVISIONING AND ASSET QUALITY

Despite the growth of its portfolio of loans and advances, the bank has managed to contain the ECL stage 1 & 2 balances as at 30 June 2024 to MUR 83.6 million compared to MUR 88.3 million as at 30 June 2023, reflecting the good quality of its book.

While there was an increase in stage 3 provisioning to MUR 47.2 million, the bank's non-performing loan ratio remained stable at 2.2% this year.

DEPOSITS

The bank's deposit base witnessed an increase of 9.8% to reach MUR 22.4 billion as at 30 June 2024 (2023: MUR 20.4 billion). The increase was primarily due to the deposit campaigns carried out during the year and the efforts and contribution of the bank's representative offices in Dubai and Hong Kong.

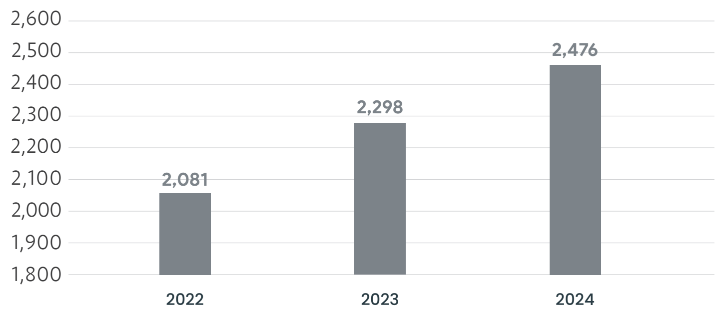


Deposits | MUR Billion

CAPITAL RESOURCES

As at 30 June 2024, the bank's Shareholders' equity stood at MUR 2,476.2 million (2023: MUR 2,297.6 million). The increase is mainly due to the profit generated for the year. On the regulatory side, with Tier 1 Capital of MUR 2,400.9 million and Total Capital base of MUR 3,272.1 million coupled with total risk weighted assets of MUR 17,387.4 million, the bank achieved a satisfactory total capital adequacy ratio of 18.8% which is comfortably above the regulatory requirement of 12.5%.

During the financial year, the bank successfully raised MUR 700 million of Tier 2 capital through a bond issue, leading to an increase in the capital adequacy ratio. The raising of capital through the Debt Capital Markets via a public placement, resulting in an oversubscription, is testimony of the bank's ability to raise capital.



Shareholders' Equity | MUR Million


Nurturing Achievement
and Excellence.

RISK REPORT

RISK MANAGEMENT FRAMEWORK

Risks exist when a decision or action has an uncertain outcome that could impact our performance. The risk framework aims to manage rather than eliminate the risk of failure in order to achieve the business objectives. It can provide reasonable but not absolute assurance against material misstatement or loss. The bank seeks to ensure that the expected returns compensate for the risks taken and appropriate measures are put in place to mitigate any identified weaknesses in the control environment. The risk management framework sets a balanced risk appetite that takes into account the operating environment and our strategy. It is essential that business plans are supported by an effective risk management framework to allow us to grow sustainably and responsibly.

THREE LINES OF DEFENCE

1ST LINE

Process and control owners in customer facing segments and banking functions which are responsible for managing end-to-end risks and controls in their businesses.

2ND LINE

Independent risk, compliance, legal and control functions which formulate risk and control policies, and review the first line's adherence to these.

3RD LINE

Internal audit function test and review controls to determine that the first and second lines execute their responsibilities effectively and consistently.

RISK RATIOS AT A GLANCE

LCR
Consolidated: 397%
MUR: 618%
USD: 247%
EUR: 175%

CAR
18.8%
Tier 1 Capital
13.8%

NPL
2.2%

RISK HIGHLIGHTS

	SN.	Risk Category	Risk Description	Residual Risk*
FINANCIAL RISK	1.	Funding and Liquidity Risk	Funding risk refers to the risk that a bank does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient. Liquidity Risk is defined as the potential loss arising from either the inability to meet its obligations when they fall due or to fund increases in assets without incurring unacceptable cost or losses.	
	2.	Interest Rate Risk	The risk of potential negative impact on the Net Interest Income and refers to the vulnerabilities due to movement in interest rates.	
	3.	Market Risk	Market Risk refers to the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other market changes.	
	4.	Country Risk	Country risk refers to the risk attributable to events in a specific country. It is the risk of loss associated with lending, pre-settlement, money market and investment transactions in any given country.	
	5.	Credit Risk	Credit risk is the risk of financial loss resulting from failure of the parties, with whom the bank has contracted, to meet their obligations (both on and off-balance sheet).	
	6.	Climate Related and Environmental Risk	Climate-related risks refer to financial risks posed by the exposure of the bank to physical or transition risks caused by or related to climate change. Environmental risks refer to financial risks posed by the exposure of the bank to activities that may potentially cause or be affected by environmental degradation and the loss of ecosystem services.	
NON-FINANCIAL RISK	7.	Cyber Risk	Cyber Risk is defined as the potential threats occurring from failures in digital technologies, electronic systems, technological networks, devices and media.	
	8.	Operational Risk	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	
	9.	Compliance Risk	Compliance risk is exposure to legal penalties, financial forfeiture and material loss the bank may face as a result of failure to comply with laws and regulations, internal policies and prescribed best practices.	
	10.	Information Risk	Information risk are risks associated with regards to data protection, system performance, service delivery and time to market new products.	
TRANSVERSAL RISK	11.	Business Strategic Risk	Strategic Risk refers to the risk to earnings and/or capital arising from adverse effects of business decisions, failure to meet the business development targets, improper implementation of business decisions/projects, failure to react to unexpected external events which can impact on the business.	
	12.	Reputational Risk	Reputational Risk refers to the risk of loss arising from the adverse perception of the image of the bank by customers, counterparties, stakeholders.	

*Residual risk is the residual risk after taking into consideration the control environment put in place by management.

Low

Medium

HIGHLIGHTS FOR FINANCIAL YEAR ENDED JUNE 2024

Asset Quality

The bank's non-performing loan has risen to MUR 311.6 million as at June 2024 as opposed to MUR 252.6 million as at June 2023 mainly due to one customer turning non-performing during the financial year. The NPL ratio has remained stable at 2.2% as at June 2024 when compared to June 2023 while the loan and advances book has grown from MUR 11.4 billion as at June 2023 to MUR 14.4 billion as at June 2024.

Specific loan provision as a percentage of total non-performing loans stood at 28.7% as at June 2024 (June 2023: 37.6%). The watchlist portfolio has decreased from MUR 2.0 billion as at June 2023 to MUR 845.7 million as at June 2024. The movement is explained mainly by counterparties operating in the hospitality sector, with the upgrade of a few counterparties based on improved financial performance, and the normal amortisation as per schedule for the remaining. A previously watchlist customer which has turned non-performing also contributed to the decrease in watchlist exposures.

Watchlist exposures are reviewed on a case-to-case basis against their latest financial performance and positive sector outlook.

The bank remains committed to uphold the overall quality of its portfolio by maintaining a disciplined approach while taking proactive measures to navigate through the volatile macroeconomic environment.

Sovereign risk

Exposure in local and foreign sovereign stood at MUR 6.4 billion as at June 2024 (June 2023: MUR 3.7 billion). The bulk of the increase is on account of new placement being made with the Bank of Mauritius. The bank continues on its strategy of maintaining a well-diversified sovereign portfolio while consolidating its liquidity buffers in terms of High-Quality Liquid Assets (HQLAs).

In a time of global geopolitical and economic uncertainty, the bank has continued to leverage on investment grade rated securities for its sovereign portfolio.

Country Risk

Domestic exposure as a percentage of total exposure rose to 84.1% as at June 2024 (June 2023: 83.3%), while overseas exposures are well diversified in line with the bank's country risk management framework.

Overall, the bank continues to be selective in its cross-border lending strategy in line with its board approved risk appetite framework taking into consideration the various challenges and uncertainty in the current international macroeconomic environment.

Banking counterparty risk

In line with the bank's FI strategy, an overall increase in exposure to banks is noted, from MUR 7.6 billion as at June 2023 to MUR 8.8 billion as at June 2024, reflecting new money market placement and loans to banks.

Sector Concentration

The top 4 sectors namely Personal, Financial & Business Services, Traders and Tourism make up 68.3% of total credit exposures. The weightage of the bank's credit exposure stood at 31.2% for Personal, 18.6% for Financial & Business Services, 9.6% for Traders and 9.0% for the Tourism sector, reflecting a well-diversified portfolio.

Funding Mix and Loan to deposit ratio

The split between MUR and foreign currency deposits stood at 56.3% and 43.7% respectively as at June 2024.
To support its expansion and diversification objectives, the bank remains determined to sustainably grow its sources of stable funds while optimising its funding mix as a means to manage the funding and maturity profile of its balance sheet.

Operational risk

No material operational loss was reported for the financial year ended June 2024, which is testimony of the robustness of the internal controls in place at the bank.

1. RISK GOVERNANCE STRUCTURE

The risk management process comprises the following steps:

Risk

Identification	Assessment	Control	Monitoring	Reporting
Identification of risk which may affect our performance and ability to meet set objectives	Use of tools, models and methodologies to undertake quantitative and qualitative assessments of the risks identitfied	Setting appropriate controls to avoid, transfer, mitigate or accept the risk	Monitoring of the risks identified and the action plans adopted to manage those risks	Reporting of information to management and on relevant committees

The process seeks to ensure that the risk exposures are adequately managed within the set limits and guidelines.

The risk framework aims to manage rather than eliminate the risk of failure in order to achieve the business objectives. It can provide reasonable but not absolute assurance against material misstatement or loss. The bank seeks to ensure that the expected returns compensate for the risks taken and appropriate measures are put in place to mitigate any identified weaknesses in the control environment.

Limit Structure

Regulatory Limits

- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Capital Adequacy Ratio (CAR)
- Credit Concentration
- Related Party Transactions
- Cash Reserve Ratio (CRR)

Internal Limits

In addition to the regulatory limits, the bank has also established internal risk limits to ensure effective risk management throughout all of its operations. Some of these limits are detailed below.

Internal Limits Credit Risk

- Sectorwise Concentration
- Country Exposure
- Group and Single Exposure Concentration
- Related Party Transactions
- Bank Exposure

Internal Limits Liquidity Risk

- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Limit Cumulative Liquidity Gap
- Top Depositor
- Top 20 Depositors
- Top Group Depositor

Internal Limits Market Risk

- RSA/ RSL
- Interest Rate Gap (MUR)
- Interest Rate Gap (FCY)
- FX Risk Exposure
- Single Currency Exposure

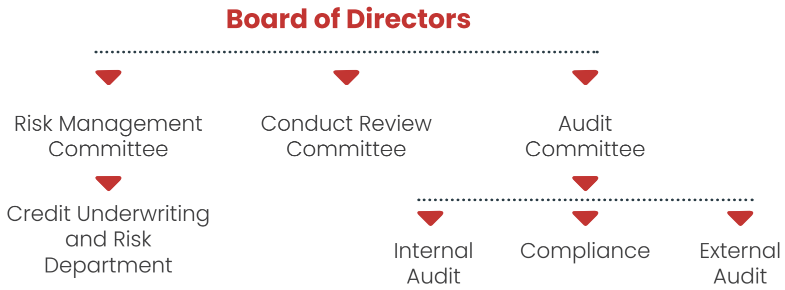
** RSA/RSL: Rate Sensitive Assets/Rate Sensitive Liabilities*

Credit Rating tool

The bank has in place internal credit rating models for different types of counterparties - corporate, retail and banks. Each model assesses the creditworthiness of a customer and uses both qualitatitve and quantitative information to generate a credit rating.

The bank recalibrates its models on a regular basis ensuring that they remain dynamic and that all relevant variables are taken into consideration.

2. RISK GOVERNANCE FRAMEWORK



2.1 Board Oversight and Management of Risks and Internal Control

The Board of the bank is responsible for determining the long-term strategy of the business, the markets in which it operates and the level of risk acceptable to the bank. The bank has both domestic and international client bases.

The Board has the responsibility of ensuring that management maintains an effective system of Risk Management and Internal Control and for reviewing its effectiveness.

The Board is principally responsible for:

- Establishing risk appetite and tolerance, and
- Approving risk management policies.

Overseeing policy compliance and effectiveness of the risk systems, controls and policies to meet regulatory requirements.

2.2 Risk Management Committee

The Risk Management Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to corporate accountability and risk in terms of management, assurance and reporting.

Responsibilities include:

- Determining risk tolerance and appetite
- Reviewing and assessing the integrity of the risk control systems
- Reviewing policies and ensuring risk policies and strategies are effectively managed
- Monitoring exposures against limits set
- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP) document and recommending same to the Board
- Ensuring the effectiveness of procedures and compliance with Bank of Mauritius Guidelines

2.3 Conduct Review Committee

The responsibilities of the Conduct Review Committee include the following:

- Ensuring that management establishes policies and procedures to comply with the requirements of the Guideline on Related Party Transactions
- Reviewing and approving credit exposures to related parties
- Ensuring that market terms and conditions are applied to all related party transactions

2.4 Assets and Liabilities Committee (ALCO)

The ALCO comprises the following members or shall be as determined by the Risk Management Committee:

- Managing Director
- Chief Operating Officer
- Executive Director
- Head of Risk
- Head of Finance
- Head of Treasury

Other employees including the Head of Internal Audit may be invited to attend depending on the agenda to be discussed.

The Committee meets every month. The Chairman of ALCO may also convene a special meeting of the Committee in the event an issue arises that cannot wait until the next regularly scheduled meeting and the issue cannot be adequately dealt with via a quorum of ALCO members or the rapid response protocol.

ALCO is responsible for advising the Risk Management Committee on all matters relating to the balance sheet of the bank, specifically the following matters:

- Capital structure and related matters,
- Funding, and
- Liquidity

ALCO will advise the Risk Management Committee and recommend actions it considers necessary or desirable to establish that the bank's balance sheet matters are suitably understood and managed.

The Risk Management Committee will report key recommendations and provide information to the Board.

ALCO is also responsible for:

Interest Rate Risk

- Setting the bank's interest rate expectations. Consider, and if it be determined, authorise any specific actions arising from this agreed interest rate view
- Set policies for the management of market value risk and earnings risk within the balance sheet in relation to the agreed interest rate view
- Monitor the impact of basis risk on the net interest margin and authorise mitigating actions.

Funding

- To review and assess the management of funding undertaken by the bank and formulate appropriate actions to be taken.
- To review the bank's funding profile and consider
  - the diversification, cost and robustness of funding sources
  - the funding needs (both actual and projected)
  - current and new funding structures e.g., deposits
  - the impact of structural investments and
  - formulate appropriate actions to be taken.
- To evaluate the results of stress scenarios relating to the bank's funding position and formulate appropriate actions.

2.4 Assets and Liabilities Committee (ALCO) (Cont'd)

Liquidity

- Monitoring internal and regulatory liquidity coverage ratio being complied with.
- To review and assess the management of the bank's liquidity position within the framework and policies established by the Risk Management and Conduct Review Committee, as the case may be, and formulate appropriate actions to be taken.
- To review the bank's liquidity profile and consider the management of rupee and foreign currency short term liquidity and formulate appropriate actions to be taken.
- To evaluate the results of stress scenarios relating to the bank's liquidity position and formulate appropriate actions to be taken.

Balance Sheet Management

- To ensure proper management within defined control parameters set by the Risk Management Committee of the bank's net interest income and its structural exposure to movements in market rates and other changes in the external environment.
- To consider interest rate forecasts and, in light of these forecasts and other information:

  - To consider the bank's structural exposures, including the evaluation of appropriate stress scenarios, and to formulate actions, where required; and

  - To review information of the bank's net interest income margin performance in order to identify potential margin compression or similar concerns and formulate appropriate actions to be taken.
- To consider the significance on Assets and Liability Management (ALM) of any changes in customer behaviour and formulate appropriate actions.

2.5 Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities by monitoring management's approach with respect to financial reporting, internal control, accounting and regulatory compliance, and by reviewing the Risk control framework and compliance. Major roles of the Audit Committee with respect to Risk Management include:

- Overseeing the effectiveness of the bank's Internal Control.
- Overseeing the policies and procedures to ensure compliance with legal and regulatory requirements.
- Reviewing the scope of internal audit, the annual audit plan and significant matters reported by Internal Audit department.
- Reviewing the scope of compliance, its work plan and significant matters reported by Compliance department.
- Reviewing the scope of external audit, its work plan and significant matters reported by External Auditors as part of their financial year-end audit.

The Audit Committee is also responsible to recommend the appointment/ reappointment of external auditors to the shareholders, through the Board of Directors.

2.6 Lines of defence

1 **Front Liners**

2 **Risk and Compliance**

3 **Internal Audit**

2.7 Risk Department

The Risk Department develops methodologies to identify, measure, mitigate and monitor the major risks of the bank. The department reports to the Risk Management Committee and ultimately to the Board in a structured manner on credit, market and operational risk matters. The department is responsible for:

- Ensuring that risk remains within the boundaries and limits established by the Board.
- Ensuring that the business lines comply with risk parameters and prudential limits established by the Board.
- Remedial measures are implemented by the departments concerned to address identified issues and problems.
- Ensuring compliance with regulatory norms.
- Stress testing.
- Risk Reporting to Risk Management Committee on matters relating to credit, market and operational risks.
- Presenting the ICAAP to the Bank of Mauritius and addressing queries.

3.0 Risk Appetite Framework

The Risk Appetite Framework helps to align the bank risk profile and strategic orientation, and is the key success factor of the risk management strategy that determines the level and type of risk, that the bank is willing to take and sustain while executing its business strategies.

The risk appetite is established by means of a complementary set of statements that are cascaded throughout the business units and updated to reflect internal customer and shareholder aspirations depending on the economic and geopolitical context.

The bank's risk appetite is defined by a risk appetite framework set by the Board. It lays emphasis on a strong risk culture and defines the threshold to manage aggregate risks through an acceptable scale and in line with Bank of Mauritius Guidelines on credit and country risk management and cross-border lending.

4. CREDIT RISK

Credit risk is the risk of financial loss resulting from failure of the parties, with whom the bank has contracted, to meet their obligations (both on and off-balance sheet).

4.1 Credit Risk Management Approach

The Credit Underwriting and Risk Function is segregated from origination and sales function. Credit granting and approval authority is in compliance with the delegation of authority as set out in the credit policies.

The Credit Risk Management process at the bank can be summarised as follows:

- Establishment and use of limits including individual obligor/group limits, concentration limits to control concentrations within countries and industry sectors to avoid any undue concentrations.
- Consistent assessment of credit worthiness of counterparties and clients.
- Active use of credit mitigation tools.
- Dual signoff and approval.
- Escalation to the next level of approval authority for non-standard lending.
- Monitoring compliance with limits, policies and guidelines.
- Continuous monitoring of advances and identification of potential risky advances.
- Systematic approach to recognise credit impairment.
- Reporting to the Risk Management Committee on risk-related matters.

4.2 Credit Policies

The credit policies set the standards on credit origination and credit risk assessment, concentration risk, credit risk mitigation, credit monitoring, collection and recovery. In addition, it incorporates the delegated powers of approval authorities, as approved by the Risk Management Committee. Approval authorities are tiered based on the lines of business and the aggregate credit facilities to the related customer group.

Credit policies are reviewed on at least an annual basis. More frequent reviews are undertaken in response to changes in the economic environment or strategies to ensure that the policies reflect the risk appetite of the bank accordingly.

Credit Approval Process

1 Front Liners

Sales Team
- In contact with customers
- Collect all revelant documents and information
- First evaluation of the deal
- Submit credit proposal to underwriting team

2 Credit Underwriting

Credit Assessment
- Ensure compliance with guidelines and bank's policy
- Independent assessment of risks
- Approve or provide recommendation to appropriate approval authority

3 Approval process

Credit Approval
- Approval by relevant party:
- Credit Underwriting or
- Management Credit Committee (MCC) or
- Executive Committee (EXCO) or
- Conduct Review Committee (CRC) or
- Board Credit Committee (BCC), depending on type of deal and amount

4.3 Concentration Risk and Credit Risk Profile

Concentration risk refers to the risk of loss arising from an excessive concentration of exposure to single borrower/groups of closely related customers, counterparties, industry, geography or collateral.

The approach adopted by the bank relies on reporting of concentration risk along key dimensions, the setting of limits for banks, sectors, group and single exposures and through stress testing. The bank also applies the HHI (Herfindahl-Hirschman Index) to analyse the concentration to credit risk sectors and clients.

4.3.1 Sovereign Risk

Sovereign Risk is a type of credit risk specific to government debt. Sovereign exposure (both local and foreign) amounted to MUR 6.4 billion (18.3%) of the total exposure of the bank. Local sovereign exposure stood at MUR 4.7 billion while foreign sovereign exposure accounted for MUR 1.7 billion as at June 2024. Exposure in total local sovereign investments stood at MUR 3.0 billion as at June 2024 (June 2023: MUR 2.5 billion).

The investment book is split between local and foreign investments at MUR 5.2 billion and MUR 1.5 billion respectively. Investment in foreign government securities amounting to MUR 1.5 billion accounts for the bulk of foreign investment carrying sovereign risk, while investment in foreign corporates stood at MUR 45.6 million.

Local investment in domestic top tier corporates amounted to MUR 2.2 billion and investment in Government of Mauritius and Bank of Mauritius securities amounted to MUR 3.0 billion reflecting an acceptable risk profile of the portfolio.

4.3.2 Country Risk

Country risk refers to the risk attributable to events in a specific country. It is the risk of loss associated with lending, pre-settlement, money market and investment transactions in any given country. The occurrence of a country risk event may result in all counterparties in a country to be unable to effect timely payments, despite their willingness to meet contractual debt obligations.

To manage and assess country risk, the bank uses Moody's, Standard & Poor's and/or Fitch ratings. Country limits are worked out based on the country risk ratings and the bank's Tier 1 capital in line with the bank's country risk management framework.

The following chart shows the distribution of exposure by region.

Country Risk Exposure

	Jun 23	Jun 24
Mauritius	83.3%	84.1%
Europe	5.6%	5.2%
Africa	4.6%	4.6%
North America	2.8%	3.5%
Middle East	2.2%	2.0%
Asia	1.4%	0.7%

Domestic exposure as a percentage of total exposure rose to 84.1% as at June 2024 (June 2023: 83.3%), while overseas exposures are well diversified in line with the bank's country risk management framework.

A reduction in exposure in Europe is noted from 5.6% to 5.2% due to some investments maturing during the year. Exposure in other continents remained stable compared to last quarter.

Country Limit

Limits to exposure for each country are set based on the following:

- The strategic intent of the bank
- The Country's Risk Rating
- Macro economic indicators
- Business opportunities available in the Country
- Exposure to the bank's Tier 1 Capital

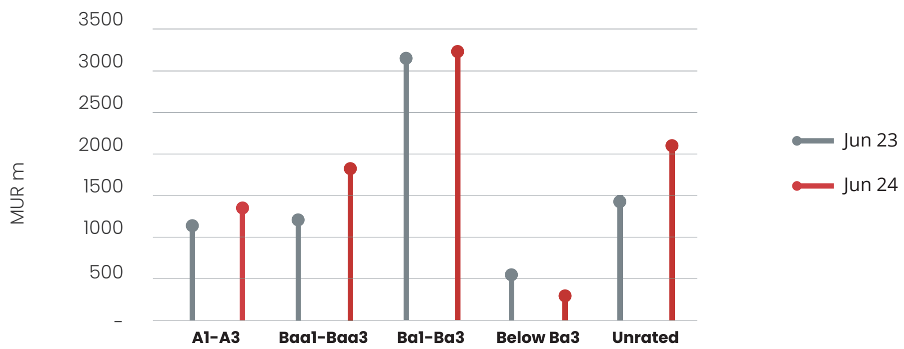
4.3.3 Bank risk

Bank risk is the risk of loss arising from default or changes in circumstances of a bank or a banking industry.

Surplus funds are invested in treasury bills/bonds or placed with other banks. Moody's, Standard & Poor's and/or Fitch ratings are used to assess the counterparty risk related to financial institutions while the internal bank scoring model is used for unrated banks. Limits on banks are worked out based on the ratings of the banks and the bank's Tier 1 capital.

Exposure to banks by rating are reflected below.

Bank Risk
Classification by Credit Rating



	A1-A3	Baa1-Baa3	Ba1-Ba3	Below Ba3	Unrated
Jun 23	1,103.5	1,278.4	3,117.5	592.8	1,495.7
Jun 24	1,412.1	1,877.4	3,219.8	235.4	2,099.3

4.3.4 Sector Concentration

SECTOR	Exposure June 23					
	Segment A		Segment B		TOTAL	
	(MUR m)	% of Total SEG A Exposure	(MUR m Equiv.)	% of Total SEG B Exposure	(MUR m Equiv.)	% of Total Exposure
Agriculture and Fishing	148.9	1.0%	-	1.0%	209.5	1.1%
Manufacturing	1,276.1	8.9%	-	8.9%	1,362.2	7.5%
Tourism	1,585.1	11.0%	269.1	11.0%	1,736.0	9.5%
Transport	385.0	2.7%	0.2	2.7%	551.8	3.0%
Construction	773.2	5.4%	-	5.4%	886.7	4.9%
Global Business Licence Holders	-	0.0%	294.2	0.0%	296.8	1.6%
Traders	1,727.1	12.0%	-	12.0%	1,673.7	9.2%
Information Communication and Technology	157.9	1.1%	-	1.1%	154.7	0.8%
Financial and Business Services	3,005.8	20.9%	-	20.9%	3,341.1	18.3%
Infrastructure	6.8	0.0%	-	0.0%	6.8	0.0%
Professional	50.9	0.4%	-	0.4%	136.2	0.7%
Health Development Certificate Holders	351.4	2.4%	-	2.4%	3.7	0.0%
Education	*7.9*	*0.1%*	-	*0.1%*	*9.8*	*0.1%*
Media, Entertainment and Recreational Activities	*12.6*	*0.1%*	-	*0.1%*	*16.0*	*0.1%*
Other	*1,178.8*	*8.2%*	*43.6*	*8.2%*	*1,858.8*	*10.2%*
Personal	3,706.6	25.8%	1,028.2	25.8%	5,979.6	32.8%
of which Housing	1,908.5	13.3%	858.0	13.3%	3,296.6	18.1%
of which Leasing	1,130.1	7.9%	5.2	7.9%	1,470.9	8.1%
of which other personal	668.0	4.6%	165.0	4.6%	1,212.1	6.7%
Total	**14,374.3**	**100.0%**	**1,635.3**	**100.0%**	**16,009.6**	**100.0%**

Table 1: Sector-wise distribution

	Exposure June 24						Prudential limits	Concentration Direction (% of total exposure)	Actual Real GDP Growth by Sectors
	Segment A		Segment B		TOTAL				
	(MUR m)	% of Total SEG A Exposure	(MUR m Equiv.)	% of Total SEG B Exposure	(MUR m Equiv.)	% of Total Exposure			
	197.2	1.2%	-	0.0%	197.2	1.1%	15.0%	↓	+13.9%
	1,375.3	8.5%	-	0.0%	1,375.3	7.6%	16.5%	↑	+2.1%
	1,386.9	8.6%	235.4	12.0%	1,622.3	9.0%	25.0%	↓	+25.1%
	496.0	3.1%	0.2	0.0%	496.2	2.7%	10.0%	↓	+8.9%
	1,048.6	6.5%	-	0.0%	1,048.6	5.8%	10.0%	↑	+37.4%
	-	0.0%	532.9	27.3%	532.9	2.9%	10.0%	↑	+3.9%
	1,735.7	10.8%	-	0.0%	1,735.7	9.6%	30.0%	↑	+3.6%
	197.4	1.2%	-	0.0%	197.4	1.1%	10.0%	↑	+6.0%
	3,347.5	20.7%	10.7	0.5%	3,358.2	18.6%	26.0%	↑	+3.5%
	6.2	0.0%	-	0.0%	6.2	0.0%	15.0%	↓	
	413.7	2.6%	-	0.0%	413.7	2.3%	5.0%	↑	+4.5%
	11.5	0.1%	-	0.0%	11.5	0.1%	5.0%	↑	-0.8%
	10.6	0.1%	-	0.0%	10.6	0.1%	10.0%	↑	+1.1%
	16.5	0.1%	-	0.0%	16.5	0.1%	5.0%	↑	+7.0%
	1,391.6	8.6%	45.5	2.3%	1,437.1	7.9%	15.0%	↓	+4.8%
	4,509.3	27.9%	1,130.8	57.8%	5,640.1	31.2%	40.0%	↓	
	2,224.1	13.8%	809.9	41.4%	3,034.0	16.8%		↓	
	1,583.7	9.8%	3.5	0.2%	1,587.2	8.8%		↑	
	701.5	4.3%	317.4	16.2%	1,018.9	5.6%		↓	
	16,144.1	100.0%	1,955.5	100.0%	18,099.6	100.0%			

68.3% of total exposures was concentrated in 4 top sectors being Personal, Financial & Business Services, Traders and Tourism.

Exposures to Segment B stood at MUR 2.0 billion as at 30 June 2024.

4.3.5 Credit Concentration Risk for large exposures

The bank is exposed to the credit risk of large single/group counterparties. In the event of default of their obligations to the bank, this will have a significant impact on impairment charge.

The bank is in compliance with the Bank of Mauritius Guideline on Credit Concentration Limits. The bank ensures that it does not grant credit to a single customer or group of connected counterparties, which exceeds the regulatory limit stipulated in the Guideline.

The table below provides a breakdown of the bank's large credit exposures (group and single).

GROUP AND SINGLE ETXPOSURE	NET EXPOSURE INCL COMMITMENTS AT 30.06.24 (MUR M)	EXPOSURE AND UNDRAWN COMMITMENTS AS A % OF TIER 1
1	589.3	24.5%
2	580.9	24.2%
3	486.4	20.3%
4	416.8	17.4%
5	380.7	15.9%
6	366.7	15.3%
7	355.7	14.8%
8	353.3	14.7%
9	346.1	14.4%
10	312.0	13.0%
11	312.0	13.0%
12	297.0	12.4%
13	292.1	12.2%
14	276.6	11.5%
15	271.9	11.3%
16	252.3	10.5%
17	249.3	10.4%
Total	**6,139.0**	255.7%

Table 2: Credit Concentration - Single/Group of Connected Counterparties

As at 30 June 2024, 10 groups of connected counterparties and 7 single customers had exposures exceeding 10% of the bank's Tier 1 Capital. The aggregate of the exposures stood at 255.7%, well within the regulatory limit of 800% of bank's Tier 1 Capital.

4.3.6 Related Party Transactions

The bank adheres to the Bank of Mauritius Guideline on Related Party Transactions. As at 30 June 2024, the bank's exposure to related parties in Category 1 and Category 2 represented 40.0% of Tier 1 Capital, well within the regulatory limits of 150% of Tier 1 Capital. The bank's exposures to non-exempt related parties aggregated to MUR 881.0 million (36.7% of Tier 1 Capital) as at June 2024. Same was within the regulatory limit of 60% set by the Bank of Mauritius.

The top 6 exposures to non-exempt related parties aggregated to MUR 769.8 million (32.1% of Tier 1 Capital) as at 30 June 2024 which is within the regulatory limit of 60%.

TOP 6 EXPOSURE TO RELATED PARTIES NON-EXEMPT	NET EXPOSURE INCL COMMITMENTS AT 30.06.24 (MUR M)	% OF TIER 1 CAPITAL
1	300.1	12.5%
2	242.1	10.1%
3	114.1	4.8%
4	62.7	2.6%
5	25.8	1.1%
6	25.0	1.0%
Total	**769.8**	**32.1%**

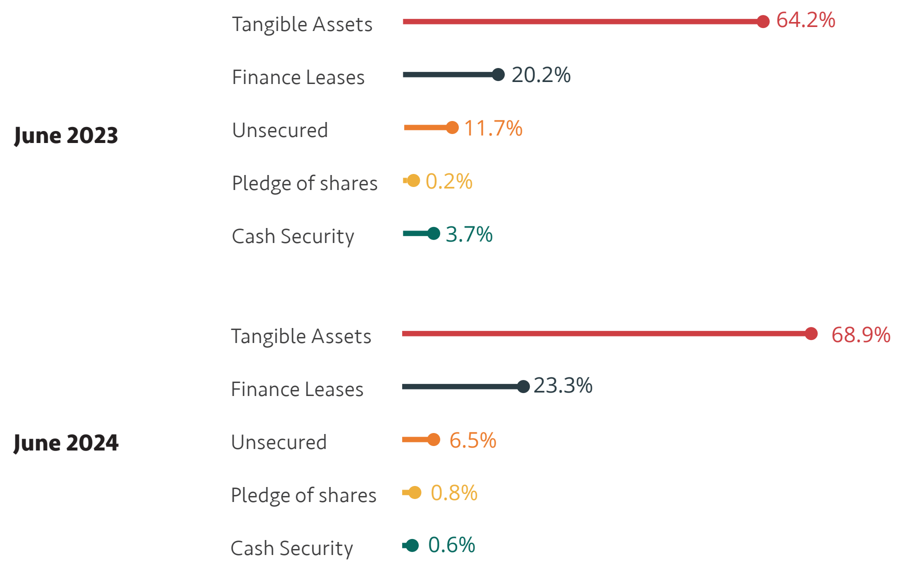
Table 3: Top 6 Exposures to non-exempt related parties

None of the facilities granted to related parties was impaired. The facilities granted to related parties are approved by the Conduct Review Committee.

4.3.7 Credit Risk Mitigation

Potential credit losses are mitigated by the use of collateral and other guarantees where feasible. The extent of risk mitigation provided by collateral depends on the amount of charges, type and quality of collateral taken. Policies and guidelines are in place regarding the types of collateral acceptable to the bank, their strengths as credit risk mitigation and the valuation frequencies. Physical collaterals are insured against all risks. Obtaining collateral does not replace a rigorous assessment of the borrower's ability to meet its obligations. For Corporate deals, legal opinions are sought and documentation is reviewed by legal advisors where required.

The breakdown of loans and advances by security types is given below.



68.9% of exposure was secured against fixed/floating charges as at June 2024. Cash security decreased to 0.6% and unsecured facilities dropped to 6.5% as at 30 June 2024.

4.4 Account Monitoring and Recovery

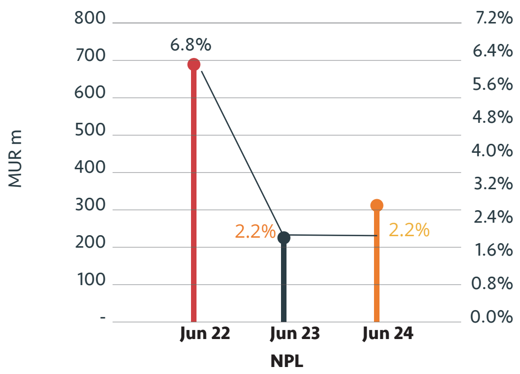
Credit granted and borrowers are monitored on an ongoing basis. Restructuring of facilities is undertaken on a case-to-case basis, taking into account the repayment capacity of the borrower.

Key Indicators of Credit Quality

RATIO	AS AT 30 JUN 2022	AS AT 30 JUN 2023	AS AT 30 JUN 2024
Non-Performing Loans (NPLs)/Gross loans and advances	6.8%	2.2%	2.2%

Table 4: Key Indicators of asset quality

The bank's non-performing loan has increased from MUR 252.6 million as at June 2023 to MUR 311.6 million as at June 2024. The NPL ratio has remained stable at 2.2% as at June 2024 when compared with June 2023 while the loan and advances book has grown from MUR 11.4 billion as at June 2023 to MUR 14.4 billion as at June 2024.



Specific provision as a percentage of total non-performing loans stood at 28.7% as at June 2024 (June 2023: 37.6%).

The performance of the Recovery team is reviewed on a monthly basis by Portfolio Committee. The focus is to ensure prompt recovery of assets.

5. MARKET RISK MANAGEMENT

Market Risk refers to the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other market changes.

The Assets and Liabilities Committee (ALCO) and the Risk Management Committee are involved in evaluating, managing and monitoring the market risks of the bank. Performance is monitored against policy limits and gap analysis undertaken to ensure that market risk is captured, reported and effectively managed.

The primary tools used by the bank to assess market risks are:

Gap analysis

Liquidity gap analysis is the difference between a bank's assets and liabilities, caused by said assets and liabilities not sharing the same properties. This gap can be positive or negative, depending on whether the bank has more assets than liabilities or vice versa. For banks, the liquidity gap can change over the course of the day as deposits and withdrawals are made. This means that the liquidity gap is more of a quick snapshot of a firm's risk, rather than a figure that can be worked over for a long period of time. To compare periods of time, the bank calculates the marginal gap, which is the difference between gaps of different periods.

Value at Risk (VaR)

VaR is a statistical risk measure used to estimate the potential loss from adverse market moves in a normal market environment. The bank has a single VaR framework used as a basis for calculating Risk Management VaR.

The framework is employed across the bank using historical simulation based on data for the previous 12 months and using a one-day holding period and a confidence interval of 99%. The framework's approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future. The use of Risk Management VaR provides a stable measure of VaR that is closely aligned to risk management decisions made by the lines of business, and provides the appropriate information needed to respond to risk events. VaR was MUR 306.6k as at 30 June 2024 as compared to MUR 259.8k as at 30 June 2023.

Earnings-at-risk (EAR)

The bank evaluates its structural interest rate risk exposure through earnings-at-risk, which measures the extent to which changes in interest rates will affect the bank's net interest income and certain interest rate-sensitive fees.

5.1 Liquidity risk

Liquidity risk is the potential loss to a bank arising from either its inability to meet its obligations when they fall due or to fund increases in assets without incurring unacceptable cost or losses. Large unexpected outflows resulting from customer withdrawals and unplanned loan drawdowns may impact on the balance sheet and entail inability to fulfil lending obligations and a failure to meet liquidity regulatory requirements.

5.1.1 Liquidity Risk Management

The bank manages liquidity risk in accordance with the Guideline on Liquidity Risk Management and within the risk appetite and tolerance of the bank for liquidity risk. The market risk policy of the bank sets out the framework within which the liquidity of the bank is managed and monitored. Funding, liquidity, and foreign exchange exposures in the banking book are managed centrally by the treasury department.

Liquidity Risk Management	Contingency Liquidity Risk Management
• Manage intra-day liquidity positions	• Monitor and manage early warning liquidity indicators
• Monitor Interbank Outstanding Balances	• Maintain contingency funding plans
• Monitor daily cash flow requirements	
• Manage short term/long term cash flows	
• Manage daily foreign currency liquidity	
• Identify and manage structural liquidity mismatches	
• Preserve a diversified funding base	
• Monitoring of the ratios against limits set	

Limits are reviewed at least annually or more frequently if required to ensure that they remain relevant in the context of prevailing market conditions and business strategy. Some of the liquidity risk management tools include monitoring the list of top depositors, funding source mixture and maturity profile of funding sources. Excesses above limits are ratified at the Risk Management Committee.

5.1.2 Funding Risk

Funding risk refers to the risk that a bank does not have sufficiently stable and diverse sources of funding, or the funding structure is inefficient.

The primary funding sources are from deposits from retail and corporate clients, comprising savings, call deposits and term deposits. Deposits (including accrued interest) stood at MUR 22.4 billion as at June 2024. Foreign currency deposits (excluding accrued interest) decreased from 47.0% as at June 2023 to 43.7% as at June 2024, whilst MUR deposits (excluding accrued interest) increased from 53.0% to 56.3% over the same period.
Net Loan-to-deposit ratio increased from 55.2% as at June 2023 to 63.8% as at June 2024.

56.6% of deposits (including accrued interest) were individual customer deposits as at June 2024. Although savings accounts and call deposits are repayable on demand, these are considered to be fairly stable sources of funding at the bank.

5.1.3 Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) represents a standard that is designed to ensure that a bank has an adequate inventory of unencumbered High-Quality Liquid 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, by which time, management and the Bank of Mauritius will be able to take appropriate corrective action to resolve the stress situation in an orderly manner. The LCR stood comfortably at 397% on a consolidated basis as at 30 June 2024 (June 2023: 559%) which is well within the regulatory limit of 100%.

5.1.4 Net Stable Funding Ratio

Net Stable Funding Ratio (NSFR)

The NSFR is an important component of the Basel III reforms which aims to decrease funding risk and promote resilience in the banking sector. It requires banks to maintain a stable funding profile in relation to both on and off balance sheet activities, in order to minimise the likelihood of any funding stress situation. As per the new Guideline on Net Stable Funding Ratio issued by the Bank of Mauritius in June 2024, banks are required to at all times maintain NSFR for all currencies at 70% for June 2024 and September 2024 and at 100% as from December 2024.

	NSFR RATIO AT 30 JUNE 2024	REGULATORY REQUIREMENT (JUNE 2024)
Conslidated	158%	70%
MUR	153%	70%
USD	227%	70%
EUR	106%	70%

5.1.5 Contingent Liquidity Risk

Committed credit facilities, whilst drawn in period of liquidity crisis, give rise to contingent liquidity risk. The liquidity gap is worked out taking into account committed exposures to assess the risk as part of the stress testing exercise.

5.2 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. Interest rate risk is the potential negative impact on the Net Interest Income and refers to the vulnerabilities of the bank's financial condition to movement in interest rates. In line with the Guideline on Measurement and Management of Market Risk, the bank conducts repricing gap analysis for individual currencies accounting for 5% or more of the bank's banking book total assets or liabilities.

The tables below provide an analysis of the interest rate risk exposure for the bank. As at 30 June 2024, currencies accounting for 5% or more of total assets or liabilities included MUR, EUR and USD. The up to 3 months column includes assets and liabilities bearing floating rates of interest that do not reprice at set dates, but reprice whenever the underlying interest rate changes.

Repricing Gap – BANK

As at June 2024	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	17,487.0	514.6	762.8	1,047.8	2,017.7	1,295.9	3,480.3	26,606.2
Liabilities	7,645.7	1,059.0	2,284.7	1,197.4	3,127.8	694.7	7,907.3	23,916.5
On Balance sheet interest rate repricing gap	9,841.3	(544.33)	(1,521.85)	(149.57)	(1,110.16)	601.17	(4,426.94)	2,689.6
Cumulative repricing gap	9,841.3	9,297.0	7,775.1	7,625.5	6,515.4	7,116.6	2,689.6	
As a % of total assets	**37.3%**	**35.2%**	**29.5%**	**28.9%**	**24.7%**	**27.0%**	**10.2%**	

Repricing Gap – BANK

As at June 2023	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	14,513.9	150.0	900.4	994.7	1,953.8	1,355.6	3,943.5	23,811.7
Liabilities	6,038.4	1,257.1	1,978.6	1,416.7	2,329.9	-	8,320.4	21,341.1
On Balance sheet interest rate repricing gap	8,475.5	(1,107.12)	(1,078.20)	(422.04)	(376.11)	1,355.57	(4,376.95)	2,470.6
Cumulative repricing gap	8,475.5	7,368.4	6,290.2	5,868.1	5,492.0	6,847.6	2,470.6	
As a % of total assets	**35.9%**	**31.2%**	**26.6%**	**24.8%**	**23.2%**	**29.0%**	**10.5%**	

Repricing Gap – MUR

As at June 2024	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	10,556.7	57.6	503.0	611.4	1,596.1	1,192.5	2,033.6	16,550.9
Liabilities	6,619.3	455.1	1,250.7	894.9	3,071.1	694.7	1,168.6	14,154.4
On Balance sheet interest rate repricing gap	3,937.4	(397.52)	(747.67)	(283.44)	(1,475.04)	497.7	865.0	2,396.5
Cumulative repricing gap	3,937.4	3,539.9	2,792.2	2,508.8	1,033.7	1,531.5	2,396.5	
As a % of total MUR assets	**23.8%**	**21.4%**	**16.9%**	**15.2%**	**6.2%**	**9.3%**	**14.5%**	

Repricing Gap – EUR

As at June 2024	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	2,884.8	150.8	-	-	-	-	427.8	3,463.4
Liabilities	182.2	83.5	416.4	277.3	7.9	-	1,816.8	2,784.1
On Balance sheet interest rate repricing gap	2,702.6	67.3	(416.40)	(277.26)	(7.93)	0.00	(1,389.00)	679.2
Cumulative repricing gap	2,702.6	2,769.8	2,353.4	2,076.2	2,068.2	2,068.2	679.2	
As a % of total assets	**78.0%**	**80.0%**	**68.0%**	**59.9%**	**59.7%**	**59.7%**	**19.6%**	

Repricing Gap – USD

As at June 2024	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	3,636.6	306.3	259.8	436.4	421.6	103.4	355.4	5,519.5
Liabilities	725.9	493.3	534.8	7.7	46.3	-	4,236.6	6,044.6
On Balance sheet interest rate repricing gap	2,910.7	(187.00)	(274.99)	428.66	375.25	103.43	(3,881.16)	(525.11)
Cumulative repricing gap	2,910.7	2,723.7	2,448.7	2,877.4	3,252.6	3,356.1	(525.11)	
As a % of total MUR assets	**52.7%**	**49.3%**	**44.4%**	**52.1%**	**58.9%**	**60.8%**	**-9.5%**	

Tables 5: Repricing gap

The Treasury department tracks and reviews the gap analysis to recommend strategies to reduce the repricing mismatches and manage the interest rate risk. ALCO meetings are held on a monthly basis.

5.2 Interest Rate Risk (Cont'd)

Interest Rate Sensitivity Analysis

The management of interest rate risk is measured from an earnings perspective. Earnings at risk is used by the bank to measure the sensitivity of net interest income over the next 12 months. The bank assesses the impact of various interest rate shocks on net interest income over a 12-month period assuming a static position.

An analysis of a 50 basis points parallel shift in the yield curve and its impact on interest earning assets and interest-bearing liabilities has been carried out for respective currencies as below.

Additionally, the table also indicates that a 100 basis points change in interest rate for MUR will have an impact of MUR 15.3 million as of 30 June 2024 (MUR 15.0 million as of 30 June 2023) on our profit or loss. The slight increase in the earnings at risk is explained by a higher interest rate sensitivity in both our MUR and FCY books over the period.

Currency MUR m	Change in Basis Points	Sensitivity of Profit or Loss and Equity MUR m	
		Previous (June 2023)	Actual (June 2024)
MUR	50	7.5	7.7
	100	15.0	15.3
EUR	50	9.6	10.3
USD	50	16.5	16.8

5.3 Foreign Exchange Risk

Foreign exchange risk refers to the risk that the bank may suffer a loss as a result of adverse exchange rate movement during which period it has an open position, either spot or forward, or both in the same foreign currency. There is also settlement risk arising out of default of the counterparty and time lag in settlement of currencies due to different time zones.

The risk element in foreign exchange risk is managed and monitored against appropriate limits – open position, stop loss, day light as well as overnight limits for each currency. To manage the foreign exchange risk, dealers operate within the prudential limits approved by the Board and the regulatory limit as prescribed by the Bank of Mauritius. The regulatory daily overall foreign exchange limit is 15% of the bank's Tier 1 capital.

5.4 Price Risk

Price risk refers to the risk arising from fluctuations in the market value of trading and non-trading positions, resulting in losses in the value of the portfolios. The bank is exposed to risks associated to both locally and internationally quoted securities. Investment in securities increased from MUR 6.0 billion as at June 2023 to MUR 6.7 billion as at June 2024.

6. OPERATIONAL RISK MANAGEMENT

Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes strategic and reputational risk. It is not possible to eliminate all operational risks. However, the likelihood of material operational risks should be reduced by introducing mitigating controls.

6.1 Key types of Operational Risk

- Processing Risk
- People Risk
- Legal Risk
- Compliance Risk including AML
- Technology Risk

6.2 Management of Operational Risk

The bank identifies and manages operational risks in the following ways:

- Reporting by Business Units of the specific operational risks inherent in their business activities on both regular and event-driven basis.
- Key Risk Indicators have been developed, where appropriate to act as early warning signals for risk of potential losses. The Key Risk Indicators are reported to the Risk Management Committee on a quarterly basis.
- Tracking of Loss incidents.
- Processes and procedures of the different departments are reviewed by the Risk Management Team.

The main responsibility for the management of Operational Risk and compliance with control requirements rests with the business and functional units where the risk arises.

To mitigate the impact of some operational risks, measures used by the bank include the following:

- Complaints tracking and prompt resolution of issues
- Capital management
- Risk transfer via Insurance
- Disaster recovery and business continuity plans
- Procedures implemented and maintained to comply with the increasingly complex laws and regulations.

No material operational loss was reported for the financial year ended June 2024, which is testimony of the robustness of the internal controls in place at the bank.

6.3 Information Technology Risk

IT risks comprise any hardware and software failure due to human error, malicious attacks, spam and viruses, as well as natural disasters such as fires, floods or cyclones, and this forms an integral part of operational risk management. An IT Steering Committee comprising members of senior management meets on a regular basis to discuss on IT matters relating to the improvement of current systems in terms of digitalization and cybersecurity, as well as resolution of any issues. The IT key risk indicators, including system downtime, incidents, virus detection are tracked, monitored and reported quarterly to the Risk Management Committee.

6.4 Strategic Risk

Strategic Risk refers to the risk to earnings and/or capital arising from adverse effects of business decisions, failure to meet the business development targets, improper implementation of business decisions/projects, failure to react to unexpected external events which can impact on the business.

The strategic planning process includes the development of a three-year strategic plan, which is reviewed annually during the budgetary process to ensure that the strategic initiatives are on track or need to be amended. To mitigate the risk, performance against strategic plans, budgets or projects are monitored.

6.5 Reputational Risk

Reputational risk refers to the risk of loss arising from the adverse perception of the image of the bank by customers, counterparties or stakeholders. This risk is interrelated to other risks such as strategic risk, fraud and regulatory risk.

Presently, the bank has minimal reputational risk profile given that its activities are predominantly vanilla in nature. The operational systems and controls put in place also help to mitigate this risk. Reputational risks are also mitigated by the use of standardized industry documentation and by seeking the appropriate legal advice. Complaints are tracked and tackled promptly. The bank is of the view that the Operational risk capital charge encompasses potential reputational issues.

6.6 Pension Obligation Risk

Pension Obligation Risk is the risk that a firm's obligations towards an employee pension scheme may increase because of a deterioration in the scheme position.

The bank launched its pension scheme, effective July 2014. The pension plan is a Defined Contribution (DC) Pension Plan. The pension scheme administrator is MUA Pension Ltd. The investment manager is Orange Eight Ltd.

Under a DC Pension Plan, the bank will pay fixed contributions or contribute based on the contribution of the employee. Pension plan benefits at retirement are determined by the contribution paid into the plan and the investment returns generated by these assets over time.

6.7 Compliance, Anti-Money Laundering and Sanctions

The Compliance function ensures that the bank continuously complies with the existing regulations impacting banking operations. The bank recognizes its responsibility to conduct business in accordance with the relevant laws and regulations. The bank is subject to supervisory governance and seeks to abide to the highest standards in terms of compliance practices.

Regular training is provided to ensure employees are kept well informed of regulatory changes and the bank's regulatory obligations. The Money Laundering Reporting Officer (MLRO) is empowered to identify and report any suspicious transactions to the Financial Intelligence Unit (FIU).

To ensure consistent management of compliance risk at the bank, the Compliance function provides advice on regulatory matters and works closely with business and operational units. The Compliance department also monitors compliance risks by ensuring that the bank complies with all the reporting requirements and all the relevant banking and anti-money laundering rules and guidelines issued by regulatory bodies. Under the aegis of the Board of Directors, the Compliance department has been entrusted with the responsibility of ensuring a sound compliance risk management framework within the bank.

As from December 2016, the bank has put in place Oracle Financial Services Analytical Applications (OFSAA), an AML software which scrutinizes all banking transactions undertaken by the bank. OFSAA is a globally recognized AML solution which provides a robust screening system allowing the bank to deal with potential violations of AML/CFT/PF guidelines in a timely manner. The alerts generated by the OFSAA software are attended to by the Compliance team as part of its daily monitoring exercise. The alerts that are generated are investigated by the Compliance department. Where deemed necessary, the nature and purpose of the transaction and origin/source of funds are further verified by the Compliance team.

On the other hand, with a view to avoid any sanctions issue relating to inward and outward remittances undertaken by the bank, the SWIFT Sanction Screening system carries necessary checks on a real time basis which is dealt with by the Compliance team. Concerning name checks, the bank uses Lexis Nexis Bridger Solution and the World Check software for AML as well as sanctions risks by cross-checking against international sanction lists and other publicly available adverse media, PEP lists and internal caution list amongst others. Moreover, Lexis Nexis carries out an ongoing monitoring of all customers of the bank on a daily basis irrespective of the level of risks.

The bank has also put in place systems and procedures to comply with the new requirements of Common Reporting Standards (CRS) which, just like FATCA, is the automatic exchange of information which involves the systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country concerning various categories of income (e.g., account balance or value, dividends, interest, royalties, salaries, pensions, etc.).

Systems and procedures are also being reviewed to meet the expectations that have been brought by the new requirements of latest Finance Acts as well as the ESAAMLG Report and the National Risk Assessment Report compiled in 2019.

Other changes following new rules and regulations, as those stated below have also been taken into consideration by the bank when drafting its Anti-Money Laundering policy.

• The 5th European Anti-Money Laundering Directive

• The Financial Intelligence and Anti-Money Laundering Act 2002

• The Financial Crimes Commission Act 2003

• The Financial Intelligence and Anti-Money Laundering Regulations 2018

• The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019

• The Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2019 and

• The Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2020

Our bank has also aligned its policies to reflect changes made by the Guideline on Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation financing.

7. INTERNAL AUDIT

The Head of Internal Audit, in line with the Code of Corporate Governance, reports to the Audit Committee for direction and accountability and administratively to the Managing Director. The scope of work of Internal Audit is provided in an annual Risk-Based Internal Audit Plan which is approved by the Audit Committee at the beginning of each financial year.

7. INTERNAL AUDIT (CONT'D)

To accomplish its duties, the Internal Audit function has unrestricted access to the bank's records and employees. For each audit, an independent risk assessment exercise is carried out to identify the key risks within the processes/ sub-processes under review and the key controls in place to mitigate these risks. Following this, internal audit tests the design and operating effectiveness of these key controls through sample testing. At the end of each assignment, internal audit findings are risk rated and are discussed with the Head/ Manager of the BU concerned during a closing meeting. The draft internal audit report is then circulated to the Head/Manager of the BU concerned for final management comments. The final internal audit report is thereafter issued to the Managing Director, Chief Operating Officer and to all Audit Committee members.

Key responsibilities of the Internal Audit function include:

- Evaluating the overall governance, risk management and internal control framework;
- Conducting both operational and IT audits as defined in our approved plans;
- Carrying out ad-hoc investigations/ reviews requested by Senior Management and approved by the Audit Committee;
- Assessing the means for safeguarding assets and verifying the existence of the bank's assets including cash counts, stock counts and external site visits; and
- Evaluating the reliability and integrity of financial information; and

For the year ended 30 June 2024, Internal Audit presented a total of 12 reports to the Audit Committee in January and April 2024. Additionally, the Risk-Based Internal Audit Plan and IT Audit Plan for the financial year ending 30 June 2025 were presented to and approved by the Audit Committee on 2 July 2024. The Internal Audit Charter was also reviewed and approved by the Audit Committee on the same date.

8. CAPITAL ADEQUACY AND MANAGEMENT

The aim of the bank is to maintain an adequate capital base to support the development of business and to meet regulatory capital requirements.

Regulatory capital adequacy is measured through the Capital Adequacy Ratio (CAR). This ratio measures the capital supply relative to capital demand as measured by Risk Weighted Assets.

Risk Weighted Assets

Risk Weighted Assets are worked out by applying risk weights from prescribed risk parameters. The bank has adopted the standardised Approach to Credit and Market risks and the Basic Indicator Approach to Operational Risks.

For regulatory purpose, the bank has adopted the Standardised Measurement Approach for market risk capital charge. The bank complies with the Guideline on Measurement and Management of Market Risk issued by the Bank of Mauritius.

For Operational risk, the Basic Indicator Approach is used by the bank. Under the Basic Indicator Approach, the capital charge of the bank is calculated by multiplying the 3-year average gross income to a beta factor of 15%.

Capital Ratios

The Tier 1 and the Eligible Capital Adequacy Ratios are provided below:

Capital Ratios (%)	As at June 2022	As at June 2023	As at June 2024
Capital Base	**MUR m**	**MUR m**	**MUR m**
Tier 1 Capital	1,974.8	2,210.7	2,400.9
Tier 2 Capital	409.9	278.1	871.3
Total Capital Base	**2,384.7**	**2,488.8**	**3,272.2**
Total Risk Weighted Assets	**15,308.4**	**16,238.7**	**17,387.4**
CET1 CAR	12.9%	13.6%	13.8%
Tier 1 CAR	12.9%	13.6%	13.8%
CAR	15.6%	15.3%	18.8%

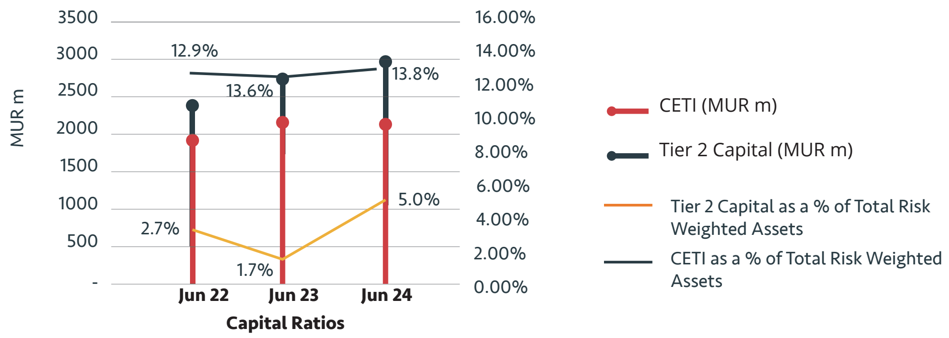
Buffers	MUR m
Tier 1 Buffer	1,009.9
Total Capital Buffer	1,533.4
Total Capital Buffer with Minimum Capital Conservation Buffer	1,098.7

Table 6: Capital Ratios

8. CAPITAL ADEQUACY AND MANAGEMENT (CONT'D)

Tier 1 CAR and CAR were within the regulatory limits as at end of June 2024.

At least 8% of risk weighted assets needs to be covered by Tier 1 as from January 2016.



Monitoring

Capital is managed and stress analyses are conducted as part of the Internal Capital Adequacy Assessment Process (ICAAP).

The ICAAP report serves the following main purposes:

- It documents and informs the Board of Directors as to how the bank conducts its risk assessment and the measures put in place to mitigate those risks;
- It sets out a forward-looking capital planning and forecasting of capital requirements; and
- It sets out a stress testing framework to determine the capital buffer above the minimum regulatory levels.

Three-year forecasts of the bank's capital position are produced annually to inform the Board on the capital strategy of the bank.

The table below shows the capital adequacy ratios and the breakdown of the capital base.

	Jun-24	Jun-23	Jun-22
	MUR M	MUR M	MUR M
Common Equity Tier 1 capital: instruments and reserves			
Ordinary shares capital	762.7	762.7	762.7
Share premium	177.8	177.8	177.8
Retained earnings	1,263.7	823.2	719.2
Accumulated other comprehensive income and other disclosed reserves	272.0	235.7	220.0
Current year's interim profits (subject to certification by the bank's external auditors)	-	298.2	201.0
Common Equity Tier 1 capital before regulatory adjustments	**2,476.2**	**2,297.6**	**2,080.8**
Common Equity Tier 1 capital: regulatory adjustments			
Other intangible assets	(69.0)	(82.6)	(98.5)
Deferred tax assets	(6.3)	(4.2)	(7.6)
Total regulatory adjustments to Common Equity Tier 1 capital	**(75.3)**	**(86.9)**	**(106.0)**
Common Equity Tier 1 capital (CET1)	**2,400.9**	**2,210.7**	**1,974.8**
Tier 1 capital (T1 = CET1 + AT1)	**2,400.9**	**2,210.7**	**1,974.8**
Instruments issued by the bank that meet the criteria for inclusion in Tier 2 capital	800.0	200.0	300.0
Provisions or loan-loss reserves	71.3	78.1	109.9
Tier 2 capital before regulatory adjustments	**871.3**	**278.1**	**409.9**
Tier 2 capital (T2)	871.3	278.1	409.9
Total Capital (capital base)	**3,272.1**	**2,488.8**	**2,384.7**
Risk Weighted Assets			
Total on-balance sheet risk-weighted credit exposures	15,654.2	14,494.0	13,802.2
Total non-market-related off-balance sheet risk-weighted credit exposures	569.9	643.6	394.4
Total market-related off-balance sheet risk-weighted credit exposures	15.9	38.7	58.2
Risk weighted assets for operational risk	1,122.3	1,054.1	1,047.3
Aggregate net open foreign exchange position	25.2	8.3	6.3
Total risk weighted assets	**17,387.4**	**16,238.7**	**15,308.4**
Capital ratios (as a percentage of risk weighted assets)			
CET1 capital ratio	13.8%	13.6%	12.9%
Tier 1 capital ratio	13.8%	13.6%	12.9%
Total capital ratio	**18.8%**	**15.3%**	**15.6%**

8. CAPITAL ADEQUACY AND MANAGEMENT (CONT'D)

Risk Weighted Assets	Jun-24			Jun-23	Jun-22
Risk weighted of On-Balance Sheet assets	Amount	Weight	Weighted amount	Weighted amount	Weighted amount
	MUR M	%	MUR M	MUR M	MUR M
Cash items	13.8	0-20	-	-	-
Claims on sovereigns	3,624.1	0-100	193.4	9.3	23.1
Claims on central banks	4,299.7	0-100	-	-	-
Claims on banks	1,600.8	20-100	700.0	2,471.8	1,493.5
Claims on corporates	5,810.4	100	5,298.4	4,710.5	6,498.6
Claims on regulatory retail	2,659.2	75	1,994.4	1,811.2	1,415.5
Claims secured by residential property and commercial estate	5,890.4	35-125	5,216.1	2,765.1	1,916.9
Past due claims	200.7	50-150	276.6	179.1	280.1
Others	1,975.3	100	1,975.3	2,547.1	2,174.4
Total On-Balance Sheet	**26,074.5**		**15,654.2**	**14,494.0**	**13,802.2**

Risk weighted of Off-Balance Sheet assets	Jun-24 Amount	Credit conversion factor	Credit equivalent amount	Weight	Weighted amount	Jun-23 Weighted amount	Jun-22 Weighted amount
	MUR M	%	MUR M	%	MUR M	MUR M	MUR M
Trade related contingencies	22.5	20%	9.0	20-100	9.0	10.7	8.7
Outstanding commitments	2,804.4	20%	560.9	100	560.9	632.9	385.7
Total Off-Balance Sheet	**2,826.9**		**569.9**		**569.9**	**643.6**	**394.4**

	Jun-24	Jun-23	Jun-22
Risk weighted Assets for Operational risk	MUR M	MUR M	MUR M
Average gross income for last 3 years	748.2	702.8	698.2
Capital Charge	112.2	105.4	104.7
Risk weighted assets for operational risk	1,122.3	1,054.1	1,047.3

9. LCR DISCLOSURE

LCR COMMON DISCLOSURE - 4TH QUARTER ENDED JUNE 2024

	TOTAL UNWEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR.M)	TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR.M)
HIGH-QUALITY LIQUID ASSETS		
Total high-quality liquid assets (HQLA)	**6,836**	**6,836**
CASH OUTFLOWS Retail deposits and deposits from small business customers, of which:		
Stable deposits	-	-
Less stable deposits	12,202	543
Unsecured wholesale funding, of which:	-	-
Operational deposits (all counterparties)	6,528	1,632
Non-operational deposits (all counterparties)	621	117
Unsecured debt	-	-
Secured wholesale funding	-	-
Additional requirements, of which:		
Outflows related to derivative exposures and other collateral requirements	308	308
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	3,011	389
Other contractual funding obligations	-	-
Other contingent funding obligations	216	11
TOTAL CASH OUTFLOWS	**22,886**	**2,999**
CASH INFLOWS		
Secured funding (e.g., reverse repos)	-	-
Inflows from fully performing exposures	1,302	1,065
Other cash inflows	311	311
TOTAL CASH INFLOWS	**1,613**	**1,376**
		TOTAL ADJUSTED VALUE (MUR.M)
TOTAL HQLA		**6,836**
TOTAL NET CASH OUTFLOWS		**1,623**
LIQUIDITY COVERAGE RATIO (%)		**421%**
QUARTERLY AVERAGE OF DAILY HQLA		**5,625**

Notes:

1. The reported values for 'quarterly average of bi-monthly observations' are based on the 15 Apr, 30 Apr, 15 May, 31 May, 15 June and 30 June 2024 figures. The number of data points used for the calculations are 6.
2. The reported values for 'quarterly average of daily HQLA' are based on end of daily figures over the 1 April 2024 to 30 June 2024's period. The number of data points used for the calculations are 91.

As at 30 June 2024, the bank's LCR stood at 397% whereas the quarterly average of bi-monthly observations for the Quarter was 421%, mainly due to the investment in eligible securities. The bank's high-quality liquid assets (HQLA) are primarily made up of sovereign and central bank securities and the weighted value as at end of June 2024 was MUR 6.9 billion and the quarterly average of bi-monthly observations for the Quarter was at MUR 6.8 billion. The bank continues to monitor its liquidity position and will adjust its investment strategy to meet the prescribed requirement.

10. NET STABLE FUNDING RATIO (NSFR) DISCLOSURE

NSFR Disclosure					
	Reporting bank name: ABC BANKING CORPORATION LTD Reporting Period: 30 June 2024	Unweighted value by residual maturity			
	(Reporting currency: MUR)	< 6 months	≥ 6 months to < 1 year	≥ 1yr	Weighted value
SN	**ASF Item**				
1	**Capital: (SN 2+SN 3)**	**-**	**-**	**3,247,446,991**	**3,247,446,991**
2	Regulatory capital	-	-	3,247,446,991	3,247,446,991
3	Other capital instruments	-	-	-	-
4	**Retail deposits and deposits from small business customers: (SN 5+ SN 6)**	**1,762,642,911**	**1,792,243,810**	**10,242,113,278**	**13,441,511,326**
5	Stable deposits	-	-	-	-
6	Less stable deposits	1,762,642,911	1,792,243,810	10,242,113,278	13,441,511,326
7	**Wholesale funding (SN 8+ SN 9)**	**2,245,263,784**	**916,127,457**	**5,155,673,791**	**6,736,369,412**
8	Operational deposits	963,431,737	377,474,761	4,466,397,522	5,136,850,771
9	Other wholesale funding	1,281,832,047	538,652,696	689,276,269	1,599,518,641
10	**Other liabilities: (SN 11+ SN 12)**	**246,853,424**	**594,920,561**	**189,432,307**	**486,892,588**
11	NSFR derivative liabilities	-	-	-	
12	All other liabilities and equity not included in the above categories	246,853,424	594,920,561	189,432,307	486,892,588
13	**Total ASF (SN 1+SN 4+ SN 7+SN 10)**				**23,912,220,316**
	RSF Item				
14	**Total NSFR High Quality Liquid Assets (HQLA)**				**222,779,195**
15	**Deposits held at financial institutions for operational purposes**	**1,308,084,343**	**-**	**-**	**654,042,172**
16	**Performing loans and securities: (SN 17+ SN 18+ SN 20+ SN 22+ SN 23)**	**2,305,632,018**	**1,161,299,401**	**12,736,337,009**	**12,162,486,444**
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	291,344,559	-	68,832,679	112,534,363.40
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:	1,617,382,688	1,071,980,409	8,357,538,813	8,437,643,033
20	*With a risk weight of less than or equal to 35% under the Guide-line on Standardised Approach to Credit Risk*	*1,050,855*	*1,728,742*	*54,732,535*	*36,965,946*
21	Performing residential mortgages, of which:	1,404,316	178,498	2,704,781,629	2,005,582,269
22	*With a risk weight of 35% under the the Guideline on Standardised Approach to Credit Risk*	*129,101*	*179,478*	*1,471,367,611*	*956,543,237*
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	395,500,455	89,140,494	1,605,183,887	1,606,726,779
24	**Other assets: (SN 25+SN 26+ SN 27+ SN 28+ SN 29)**	**913,544,761**	**52,146,886**	**994,832,438**	**1,960,524,084**
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)	-	-	-	-
27	NSFR derivative assets	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-
29	All other assets not included in the above categories	913,544,761	52,146,886	994,832,438	1,960,524,084
30	**Off-balance sheet items**	**2,673,340,875**			**133,667,044**
31	Total RSF (SN 14+ SN 15+ SN 16+ SN 24+SN 30)				15,133,498,938
32	**Net Stable Funding Ratio (%) (SN 13/ SN 31)**				**158%**

Notes:

1. The Net Stable Funding Ratio (NSFR) is a new regulatory requirement effective from 30 June 2024. The ratio refers to the amount of available stable funding relative to the amount of required stable funding.
2. The minimum standards that banks must comply with are 70% as at June and September 2024, and 100% as from December 2024.

Comments:

- As of 30 June 2024, the bank consolidated NSFR was 158%.
- “Available stable funding” is defined as the portion of capital and liabilities expected to be reliable over a longer time horizon and on an ongoing basis.
- The amount of stable funding required (“Required stable funding”) is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements for the bank's operations in Mauritius presented in this annual report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Accounting Standards / International Financial Reporting Standards as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder 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 the Audit Committee, Risk Management Committee and Conduct Review Committee, which comprise of independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and 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 programmes 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, KPMG Mauritius, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Ah Foon Chui Yew Cheong
Chairperson

David Brian Ah-Chuen
Managing Director

Bhanu Pratabsingh Jaddoo
Chairman - Audit Committee

26 September 2024

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABC BANKING CORPORATION LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ABC Banking Corporation Ltd (the Bank), which comprise the statement of financial position as at 30 June 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies, as set out on pages 82 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ABC Banking Corporation Ltd as at 30 June 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act, Financial Reporting Act, Banking Act and Guidelines and Guidance Notes as issued by the Bank of Mauritius.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses ("ECL") on loans and advances to customers

Refer to the following notes in the financial statements:

Note 5.4 - Summary of material accounting policies - Financial assets and liabilities
Note 5.7 - Summary of material accounting policies - Impairment of financial assets
Note 6.1 - Significant accounting judgements, estimates and assumptions - Impairment losses on financial assets
Note 11 - Loans and advances to customers
Note 28 - Allowance for credit impairment on financial assets
Note 41(b) - Risk management - Credit risk

Key audit matter	How the matter was addressed in our audit
The Bank has gross loans and advances to customers amounting to MUR 14,427,074,633 as at 30 June 2024 and the related ECL amounted to MUR 156,561,604 for the year then ended. Gross loans and advances are carried at amortised cost using the Effective Interest Rate methodology, less allowance for impairment. Non- performing loans and advances amounted to a total net balance of MUR 222,847,129 after taking into account a total expected credit loss allowance of MUR 89,750,499. Management exercised significant judgement, using assumptions and complex models, when determining the amounts of the expected credit losses ("ECL") for loans and advances to customers (credit impairment) in line with IFRS 9, Financial Instruments ("IFRS 9").	Our audit procedures included the following, • Obtained an understanding of management's credit risk management processes and tested the design and implementation, and operating effectiveness of controls over credit origination, credit monitoring and credit remediation, including controls over management's ECL model which supports the assumptions used in determining the PD, LGD and EAD, as well as the governance process over forward-looking information and macro-economic scenarios. • Assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9. • Assessed the adequacy and accuracy of ECL disclosures in accordance with IFRS 9, and IFRS 13, Fair Value Measurement ("IFRS 13").

Expected credit losses ("ECL") on loans and advances to customers

Refer to the following notes in the financial statements:

Note 5.4 - Summary of material accounting policies - Financial assets and liabilities
Note 5.7 - Summary of material accounting policies - Impairment of financial assets
Note 6.1 - Significant accounting judgements, estimates and assumptions - Impairment losses on financial assets
Note 11 - Loans and advances to customers
Note 28 - Allowance for credit impairment on financial assets
Note 41(b) - Risk management - Credit risk

Key audit matter	How the matter was addressed in our audit
The Bank calculates ECL using three main components; the Probability of Default ('PD'), Loss Given Default ('LGD') and the Exposure At Default ('EAD') and follows a three-stage approach and apply staging methodologies to recognise the ECL as explained below: Stage 1: 12- months ECL Stage 2: Lifetime ECL - not credit impaired or considered to have experienced a significant increase in credit risk Stage 3: Lifetime ECL - objective evidence of impairment or credit impaired / in default **Stage 1 and 2 exposures** Complex models are used for the purposes of determining the ECL for stage 1 and stage 2 exposures. These include a number of significant judgments, such as:	Our audit procedures included the following, • Involved our IT Specialist to test the related IT application control with respect to the automatic calculation of days past due to ensure correct staging. **Stage 1 and 2 exposures** Our procedures included the following: • Assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9. • Assessed the adequacy and accuracy of ECL disclosures in accordance with IFRS 9, and IFRS 13, Fair Value Measurement ("IFRS 13").

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter (Continued)

Expected credit losses ("ECL") on loans and advances to customers

Refer to the following notes in the financial statements:

Note 5.4 - Summary of material accounting policies - Financial assets and liabilities
Note 5.7 - Summary of material accounting policies - Impairment of financial assets
Note 6.1 - Significant accounting judgements, estimates and assumptions - Impairment losses on financial assets
Note 11 - Loans and advances to customers
Note 28 - Allowance for credit impairment on financial assets
Note 41(b) - Risk management - Credit risk

Key audit matter	How the matter was addressed in our audit
• Establishing the forward- looking macro economic scenario(s) by considering macro- economic factors. **Stage 3 exposures** For loans and advances which are credit impaired (stage 3 exposures), ECL are based on lifetime expected credit losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes indicators such as long-term forbearance, insolvency, breach of financial covenant(s), disappearance of an active market for financial asset, financial difficulties and bankruptcy of obligors as well as any assets that are more than 90 days past due. Significant judgements, estimates and assumptions are applied to: • Determine if the loan or advance is credit impaired; and • Evaluate the adequacy and recoverability of collateral; this is performed by determining the expected cash flows to be collected from the collaterals based on the values assessed by managements independent appraisers and discounted at the original effective interest rate; based on the estimated realisation period calculated using historic data and a collateral haircut.	Our audit procedures included the following, • Re- performed management ECL model calculations to evaluate the risk parameter inputs used by management. • Challenged the parameters and significant assumptions applied in the ECL models by benchmarking these against external data. • Performed an independent ECL estimate based on independently derived PDs, LGDs and EADs and compared the ECL output to the Bank's ECL. Incorporated independently estimated forward-looking information in our independent ECL calculation, to assess the reasonability of management's forward-looking information. Performed independent credit reviews over a sample of loans and advances to customers to evaluate whether there has been any significant increase in credit risk for these exposures and whether they are adequately covered by collateral and to critically assess whether they are classified under the correct stage.

Expected credit losses ("ECL") on loans and advances to customers

Refer to the following notes in the financial statements:

Note 5.4 - Summary of material accounting policies - Financial assets and liabilities
Note 5.7 - Summary of material accounting policies - Impairment of financial assets
Note 6.1 - Significant accounting judgements, estimates and assumptions - Impairment losses on financial assets
Note 11 - Loans and advances to customers
Note 28 - Allowance for credit impairment on financial assets
Note 41(b) - Risk management - Credit risk

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter (Continued)

Key audit matter	How the matter was addressed in our audit
• Evaluate the adequacy and recoverability of collateral; this is performed by determining the expected cash flows to be collected from the collaterals based on the values assessed by managements independent appraisers and discounted at the original effective interest rate; based on the estimated realisation period calculated using historic data and a collateral haircut. Due to the significance of loans and advances to customers and the significant estimates and judgement applied, the determination of expected credit losses for loans and advances to customers was considered to be highly complex and therefore, reported as a key audit matter.	**Stage 3 exposures:** For stage 3 exposures, our procedures included the following: • Challenged the valuation of credit losses on a sample of stage 3 loans and advances to customers by independently developing an ECL value based on our assessment of the expected future cash flows and recoverability of collateral held and compared it to management's calculation. • Where stage 3 credit losses have been raised, we considered the impairment indicators, uncertainties and assumptions applied by management. In addition, we considered management's assessment of the recoverability of the exposure and supporting collateral with reference to current economic performance, assumptions most commonly used in the industry and comparison with external evidence and historical trends. • For collateral that was applied in the determination of the ECL, we inspected, on a sample basis, the valuation reports of the collateral held and assessed whether the valuation amounts are reasonable in comparison to most recent external market data.

Expected credit losses ("ECL") on loans and advances to customers

Refer to the following notes in the financial statements:

Note 5.4 - Summary of material accounting policies - Financial assets and liabilities
Note 5.7 - Summary of material accounting policies - Impairment of financial assets
Note 6.1 - Significant accounting judgements, estimates and assumptions - Impairment losses on financial assets
Note 11 - Loans and advances to customers
Note 28 - Allowance for credit impairment on financial assets
Note 41(b) - Risk management - Credit risk

Key audit matter	How the matter was addressed in our audit
	• Evaluated the independence, competence and capabilities of management experts with reference to their qualifications and industry experience. • Assessed the collateral valuation techniques applied by the independent appraisers against the Bank's policy, industry standards and IFRS 13.

Other Matter Relating to Comparative Information

The financial statements of the Bank as at and for the years ended 30 June 2023 and 30 June 2022 (from which the statement of financial position as at 1 July 2021 has been derived), excluding the adjustments described in note 42 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 September 2023.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter (Continued)

As part of our audit of the financial statements as at and for the year then ended 30 June 2024, we audited the adjustments described in note 42 that were applied to restate the comparative information presented as at and for the year then ended30 June 2023 and 30 June 2022 and the statement of financial position as at 1 July 2021.

We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 30 June 2023 or 30 June 2022 (not presented herein) or to the statement of financial position as at 1 July 2021, other than with respect to the adjustments described in note 42 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 42 are appropriate and have been properly applied.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate information, Corporate profile, Vision and mission, Financial Highlights, Chairperson's Report, Managing Director's Report, Corporate Governance, Statement of Compliance, Other Statutory Disclosures, Company Secretary's Certificate, Statement of Directors' Responsibilities, Management Discussion and Analysis, Risk Report and Statement of Management's Responsibility for Financial Reporting but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act, Banking Act and Financial Reporting Act and Guidelines and Guidance Notes as issued by the Bank of Mauritius, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 Bank's or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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.

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Bank's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Bank's shareholders as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Bank's shareholders as a body, those matters that we are required to state to them in an auditors' 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 Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Bank other than in our capacity as auditors and tax advisors.

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

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

Banking Act

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act 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

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

Initial
KPMG

Signed by:
Mervyn Lam Hung

KPMG
Ebène, Mauritius

Mervyn Lam Hung
Licensed by FRC

26 September 2024

Delivering a seamless, personalized
experience throughout your journey

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024	* Restated 2023	* Restated 2022
		MUR	MUR	MUR
ASSETS				
Cash and cash equivalents	8	**4,596,690,444**	5,570,184,787	*3,894,599,441
Due from banks	9	**-**	-	966,675,490
Derivative financial assets	10	**9,989,650**	26,136,555	50,004,747
Loans and advances to customers	11	**14,270,513,029**	*11,246,615,276	*10,004,183,925
Investment securities	12	**6,653,592,914**	5,952,304,559	6,407,507,165
Property, equipment and right-of-use assets	14	**534,051,564**	555,659,704	587,085,644
Intangible assets	15	**68,968,713**	82,645,706	98,455,590
Deferred tax assets	16	**6,328,716**	4,245,128	7,574,450
Other assets	13	**252,583,289**	*200,911,609	*139,355,508
Total assets		**26,392,718,319**	23,638,703,324	22,155,441,960
LIABILITIES				
Deposits from customers	17	**22,352,726,759**	20,354,310,098	19,016,751,814
Derivative financial liabilities	10	**4,981,376**	25,518,459	9,404,846
Subordinated debts	19	**1,210,599,154**	505,379,452	504,821,233
Current tax liabilities		**29,563,378**	39,972,753	10,250,861
Other liabilities	21	**318,678,382**	415,935,254	533,387,720
Total liabilities		**23,916,549,049**	21,341,116,016	20,074,616,474
Shareholders' Equity				
Issued capital	22	**940,495,472**	940,495,472	940,495,472
Retained earnings		**1,263,720,032**	1,121,404,334	920,289,820
Other reserves	23	**271,953,766**	235,687,502	220,040,194
Capital and reserves		**2,476,169,270**	2,297,587,308	2,080,825,486
Total liabilities and equity		**26,392,718,319**	23,638,703,324	22,155,441,960

*The prior year comparatives have been restated. Refer to note 42 for more details.
These financial statements have been approved and authorised for issue by the Board of Directors on 26 September 2024.

Ah Foon Chui Yew Cheong
Chairperson

David Brian Ah-Chuen
Managing Director

Bhanu Pratabsingh Jaddoo
Chairman Audit Committee

The notes set out on pages 100 to 198 form part of these financial statements.
Auditor's report on pages 91 to 97.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	*Restated 2023	*Restated 2022
		MUR	MUR	MUR
Interest income		**1,281,335,946**	*939,993,114	*681,009,483
Interest expense		**(604,113,506)**	(329,727,500)	(221,027,736)
Net interest income	24	**677,222,440**	*610,265,614	*459,981,747
Fee and commission income		**119,485,955**	*118,919,486	*111,190,523
Fee and commission expense		**(53,739,902)**	(41,495,813)	(35,434,019)
Net fee and commission income	25	**65,746,053**	*77,423,673	*75,756,504
Net trading income	26	**104,349,278**	87,115,107	57,700,029
Net loss on derecognition of financial assets measured at fair value through other comprehensive income	27	**-**	-	(224,965)
Net gain on derecognition of financial assets measured at amortised cost	27	**-**	-	23,480,210
Other operating income	27	**2,271,615**	1,768,244	1,709,706
Total other income		**106,620,893**	88,883,351	82,664,980
Operating income		**849,589,386**	776,572,638	618,403,231
Personnel expenses	29	**(299,613,040)**	(263,301,267)	(224,562,919)
Depreciation and amortisation	14, 15	**(49,934,985)**	(54,570,916)	(45,703,298)
Other operating expenses	30	**(161,280,546)**	(166,557,945)	(117,697,488)
Non-interest expenses		**(510,828,571)**	(484,430,128)	(387,963,705)
Operating profit before impairment		**338,760,815**	292,142,510	230,439,526
(Allowance for)/Reversal of credit impairment on financial assets	28	**(40,619,484)**	51,275,100	(3,342,995)
Operating profit before tax		**298,141,331**	343,417,610	227,096,531
Income tax expense	20	**(40,468,556)**	(45,258,555)	(26,053,939)
Profit for the year		**257,672,775**	298,159,055	201,042,592
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax:				
Net (loss)/gain on investments in equity instruments designated at fair value through other comprehensive income	23	**(19,593,708)**	(19,605,087)	7,883,548
Gain on disposal on equity instruments at fair value through other comprehensive income	12(b)	**-**	-	932,408
Remeasurement of retirement benefit obligation	36	**(8,061,476)**	(5,794,845)	(2,190,877)
Total of items that will not be reclassified subsequently to profit or loss, net of tax		**(27,655,184)**	(25,399,932)	6,625,079
Items that may be reclassified subsequently to profit or loss, net of tax:				
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	23	**(479,692)**	(1,900,610)	(2,376,443)
Net gain/(loss) on investments in debt instruments designated at fair value through other comprehensive income	23	**17,688,748**	(7,570,853)	(11,822,983)
Total of items that may be reclassified subsequently to profit or loss, net of tax		**17,209,056**	(9,471,463)	(14,199,426)
Other comprehensive loss for the year		**(10,446,128)**	(34,871,395)	(7,574,347)
Total comprehensive income for the year		**247,226,647**	263,287,660	193,468,245
Earnings per share				
Basic and diluted	31	**3.38**	3.91	2.64

*The prior year comparatives have been restated. Refer to note 42 for more details.

The notes set out on pages 100 to 198 form part of these financial statements.
Auditor's report on pages 91 to 97.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Issued capital	Retained earnings	Statutory reserve	Fair Value reserve	Total
		MUR	MUR	MUR	MUR	MUR
At 1 July 2021		940,495,472	791,848,897	182,578,414	13,621,269	1,928,544,052
Profit for the year		-	201,042,592	-	-	201,042,592
Other comprehensive loss		-	(1,258,469)	-	(6,315,878)	(7,574,347)
Total comprehensive income for the year		-	199,784,123	-	(6,315,878)	193,468,245
Transfer to statutory reserve		-	(30,156,389)	30,156,389	-	-
Equity dividends	**32**	-	(41,186,811)	-	-	(41,186,811)
At 30 June 2022		940,495,472	920,289,820	212,734,803	7,305,391	2,080,825,486
At 1 July 2022		940,495,472	920,289,820	212,734,803	7,305,391	2,080,825,486
Profit for the year		-	298,159,055	-	-	298,159,055
Other comprehensive loss		-	(5,794,845)	-	(29,076,550)	(34,871,395)
Total comprehensive income for the year		-	292,364,210	-	(29,076,550)	263,287,660
Transfer to statutory reserve		-	(44,723,858)	44,723,858	-	-
Equity dividends	**32**	-	(46,525,838)	-	-	(46,525,838)
At 30 June 2023		940,495,472	1,121,404,334	257,458,661	(21,771,159)	2,297,587,308
At 1 July 2023		**940,495,472**	**1,121,404,334**	**257,458,661**	**(21,771,159)**	**2,297,587,308**
Profit for the year		**-**	**257,672,775**	**-**	**-**	**257,672,775**
Other comprehensive loss		**-**	**(8,061,476)**	**-**	**(2,384,652)**	**(10,446,128)**
Total comprehensive income for the year		**-**	**249,611,299**	**-**	**(2,384,652)**	**247,226,647**
Transfer to statutory reserve		**-**	**(38,650,916)**	**38,650,916**	**-**	**-**
Equity dividends	**32**	**-**	**(68,644,685)**	**-**	**-**	**(68,644,685)**
At 30 June 2024		**940,495,472**	**1,263,720,032**	**296,109,577**	**(24,155,811)**	**2,476,169,270**

The notes set out on pages 100 to 198 form part of these financial statements.
Auditor's report on pages 91 to 97.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	*Restated 2023	*Restated 2022
		MUR	MUR	MUR
Cash flows from operating activities				
Profit before taxation		**298,141,331**	343,417,610	227,096,531
Adjustments for:				
Depreciation and amortisation	14, 15	**49,934,985**	**54,570,916	**45,703,298
Allowance for/(reversal) of credit impairment on financial assets	28	**40,619,484**	(51,275,100)	3,342,995
Employee benefit costs	36	**(5,246,097)**	14,904,821	3,011,005
Exchange difference		**(209,200,144)**	(78,872,226)	12,582,947
Dividend income from equity instruments at FVOCI	27	**(1,542,627)**	**(1,504,714)	**(1,503,955)
Net interest income	24	**(677,222,440)**	**(610,265,614)	**(459,981,747)
(Profit)/Loss on disposal of property and equipment	27, 30	**(441,304)**	-	108,200
Net loss on derecognition of financial assets measured at fair value through other comprehensive income	27	**-**	-	**224,965
Net gain on derecognition of financial assets measured at amortised cost	27	**-**	-	**(23,480,210)
Cash flows before the net changes in operating assets and liabilities		**(504,956,812)**	**(329,024,307)	**(192,895,971)
Net changes in operating assets and liabilities				
(Increase)/Decrease in loans and advances to customers		**(3,019,813,586)**	**(1,189,449,464)	**149,373,607
(Increase)/ Decrease in other assets		**(51,671,681)**	**(71,319,135)	**832,627,814
(Increase)/ Decrease in derivative financial instruments		**(4,390,178)**	39,981,805	(39,308,086)
Decrease/(Increase) in due from banks		**6,152**	969,679,916	(968,395,388)
Increase/(Decrease) in deposits from customers		**2,051,870,045**	**1,391,011,668	**(776,017,827)
(Decrease)/Increase in other liabilities		**(102,600,546)**	(135,721,089)	(188,212,686)
		(1,631,556,606)	**675,159,394	**(1,182,828,537)
Income tax paid		**(52,401,094)**	(11,804,489)	(20,847,043)
Interest received		**1,291,233,245**	**942,581,978	**686,219,585
Interest paid		**(657,566,890)**	**(383,180,884)	**(274,481,120)
Net cash (used in)/ generated from operating activities		**(1,050,291,345)**	**1,222,755,999	**(791,937,115)
Cash flows from investing activities				
Purchase of investment securities		**(2,399,854,004)**	(1,012,430,630)	(2,634,366,812)
Proceeds from sale and redemption of investment securities		**1,644,137,604**	1,440,537,774	2,751,064,639
Purchase of property and equipment	14	**(13,290,894)**	(7,244,012)	(35,941,150)
Dividend received	27	**1,542,627**	**1,504,714	**1,503,955
Purchase of intangible assets	15	**(2,308,959)**	(91,080)	(67,383,587)
Proceeds from sale of property and equipment		**1,391,304**	-	219,130
Net cash (used in)/ generated from investing activities		**(768,382,322)**	**422,276,766	**15,096,175
Cash flows from financing activities				
Redemption of preference shares	18	**-**	-	(138,180,000)
Issue of subordinated debts	19	**694,734,846**	-	-
Increase/(Decrease) in interest on preference shares and subordinated debts		**10,484,856**	**558,219	**(4,570,126)
Repayment of principal portion of lease liabilities		**(595,837)**	(2,352,026)	(3,815,113)
Dividend paid	32	**(68,644,685)**	(46,525,838)	(41,186,811)
Net cash generated from/ (used in) financing activities	39	**635,979,180**	**(48,319,645)	**(187,752,050)
Net (decrease)/ increase in cash and cash equivalents		**(1,182,694,487)**	**1,596,713,120	**(964,592,990)
Net foreign exchange difference		**209,200,144**	78,872,226	(12,582,947)
Net cash and cash equivalents at beginning of year		**5,570,184,787**	*3,894,599,441	4,871,775,378
Net cash and cash equivalents at end of year	8	**4,596,690,444**	5,570,184,787	*3,894,599,441

*The prior year comparatives have been restated. Refer to note 42 for more details.
**The prior year comparatives have been reclassified to conform with current year presentation.

The changes in liabilities arising from financing activities are disclosed in note 39.
The notes set out on pages 100 to 198 form part of these financial statements.
Auditor's report on pages 91 to 97.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. CORPORATE INFORMATION

ABC Finance & Leasing Ltd was incorporated on 21 November 1997 as a private company and was converted to a public company in 1998.

The Company has changed its name to ABC BANKING CORPORATION LTD (referred to as the "Bank") on 21 April 2010 and was granted a banking licence on 1 June 2010.

The main pillars of the Bank are: domestic banking, international banking, treasury and private banking.

The financial statements for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 26 September 2024.

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for equity and debt instruments measured at fair value through other comprehensive income (FVOCI), derivative financial instruments, financial assets held for trading and financial assets designated at fair value through profit or loss (FVPL), all of which have been measured at fair value. The financial statements are presented in Mauritian Rupee (MUR) which is the Bank's functional and presentation currency and all values are rounded to the nearest rupee, except otherwise stated.

3. STATEMENT OF COMPLIANCE

The financial statements of the Bank have been prepared in accordance with IFRS(®) Accounting Standards as issued by International Accounting Standards Board ("IFRS Accounting Standards"), and in the manner required by the Companies Act 2001 in Mauritius, the Financial Reporting Act 2004, the Banking Act 2004, and Guidelines and Guidance notes as issued by the Bank of Mauritius.

4. PRESENTATION OF FINANCIAL STATEMENTS

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 41(e).

Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or Bankruptcy of the Bank and/or its counterparties.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

5.1. Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences are taken to the statement of profit or loss.
Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.2. Finance leases

5.2.1. Initial recognition

Assets held under a finance lease are recognised in the statement of financial position and are presented as an asset at an amount equal to the net investment in the lease.

5.2. Finance Leases (Cont'd)

5.2.1. Initial recognition (Cont'd)

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Bank, and thus the lease payment receivable is treated by the Bank as repayment of principal and finance income.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable.

5.2.2. Subsequent measurement

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

The Bank aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Bank's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Estimated unguaranteed residual values used in computing the Bank's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognised immediately.

5.3. Financial instruments - initial recognition

5.3.1. Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and deposits from customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' account. The Bank recognises deposits from customer balances when funds reach the Bank.

5.3.2. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in notes 5.4.1.1 and 5.4.1.2. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the day 1 profit or loss, as described below.

5.3.3. Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique with the variables including only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a day 1 profit or loss) in net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

5.3.4. Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in note 5.4.1;
- Fair value through other comprehensive income (FVOCI), as explained in notes 5.4.2 and 5.4.3; and
- Fair value through profit and loss (FVPL)

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.3. Financial instruments - initial recognition(Cont'd)

5.3.4 Measurement categories of financial assets and liabilities (Cont'd)

The Bank classifies and measures its derivative and trading portfolio at FVPL as explained in notes 5.4.4 and 5.4.5. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 5.4.6.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in note 5.4.6.

5.4. Financial assets and liabilities

5.4.1. Due from Banks and loans and advances to customers

After initial measurement, amounts due from Banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate (EIR) methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked as a positive or negative adjustment to the carrying amount in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the statement of profit or loss.

The Bank only measures due from Banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The ECL calculation for due from Banks and loans and advances to customers is explained in note 5.7.

5.4.1.1. Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.4. Financial assets and liabilities (Cont'd)

5.4.1.2. Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

5.4.2. Debt instruments at FVOCI

The Bank applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in statement of other comprehensive income. Interest income and foreign exchange gains and losses are recognised in statement of profit or loss in the same manner as for financial assets measured at amortised cost as explained in note 5.14. The Expected Credit Loss ("ECL") calculation for debt instruments at FVOCI is explained in note 5.7.3. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in statement of other comprehensive income are reclassified from statement of other comprehensive income to statement of profit or loss.

5.4.3. Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in statement of profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in statement of other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment.

5.4.4. Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (also known as the 'underlying').

b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

c) It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include forward foreign exchange contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.4. Financial assets and liabilities (Cont'd)

5.4.5. Financial assets or financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income where as interest income earned on the financial asset is included in interest income line.

Included in this classification are debt securities that have been acquired principally for the purpose of selling or repurchasing in the near term.

5.4.6. Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

  or

- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

  or

- The financial instrument contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in statement of profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the own credit reserve through statement of other comprehensive income and do not get recycled to the statement of profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate as explained in note 5.14. Dividend income from equity instruments measured at FVPL is recorded in statement of profit or loss as other operating income when the right to the payment has been established.

5.4.7. Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within 'other liability') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, or an ECL provision as set out in note 34.
The premium received is recognised in the statement of profit or loss in net fee and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in note 34.

5.4.8. Subordinated debts

Loans and borrowings are recognised initially at fair value, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gain and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.5. Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities during the reporting period.

5.6. Derecognition of financial assets and financial liabilities

5.6.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Bank has transferred the asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the asset

  or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates.
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

In relation to the above, the Bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirely to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in it. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.6. Derecognition of financial assets and financial liabilities (Cont'd)

5.6.1. Financial assets (Cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the Bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

The Bank also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the statement of profit or loss.

5.6.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.7. Impairment of financial assets

5.7.1. Overview of ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL") as outlined in note 5.7.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in note 41(b).

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

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in note 41(b).

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in note 41(b).

Based on the above process, the Bank groups its loans into stage 1, stage 2, stage 3 , as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. 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 LTECLs. 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 42(b)).The Bank records an allowance for the LTECLs.

The bank determines the movement in staging based on:

1. Days Past Due (DPD) monitoring per account on a monthly basis as part of IFRS 9 workings to ensure DPD have improved in the following buckets:

Stage 1 - up to 30 days

Stage 2 - from 31 to 89 days

Stage 3 - 90 days and above.

2. Interim review of credit files at regular intervals to determine if there have been deterioration or improvement in credit profile of customers.

5.7. Impairment of financial assets (Cont'd)

5.7.1. Overview of ECL principles (Cont'd)

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

5.7.2. The calculation of ECLs

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the original EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in note 41(b).
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in note 41(b).
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in note 41(b).

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). Each of these scenarios is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in note 35. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities is explained in note 5.7.5.

The mechanics of the ECL method are summarised below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For loans considered credit-impaired (as defined in note 41(b)), the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%. The assessment takes into consideration the net realisable value of the underlying collateral.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.7. Impairment of financial assets (Cont'd)

5.7.2. The calculation of ECLs

	For revolving facilities that include both a disbursed portion and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within provisions.
Financial guarantee contracts	The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

5.7.3. Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these 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 assets were measured at amortised cost is recognised in statement of other comprehensive income as an accumulated impairment amount, with a corresponding charge to statement of profit or loss. The accumulated loss recognised in statement of other comprehensive income is recycled to the statement of profit and loss upon derecognition of the assets.

5.7.4. Overdraft and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and other revolving facilities. Of occurrence of certain events, the Bank has the right to cancel and/or reduce the facilities with a 30 day's notice.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products.

The interest rate used to discount the ECLs for overdraft and other revolving facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

5.7.5. Forward-looking information

In its ECL models, the Bank considers a broad range of forward-looking information as economic inputs, such as GDP index/growth rate, inflation rates, unemployment rates, among others.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in note 41(b).

PDs have been revised following the update of the model parameters due to the change in the local and global macro-economic environment.

5.8. Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as housing price indices and other independent sources.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.9. Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value or fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the collateral under legal repossession processes are not recorded on the statement of financial position.

For the ECL calculation, the expectation of cash flows takes into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. This affects the LGD which in turn affects the ECL.

5.10. Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Bank may write off financial assets partially that are still subject to enforcement actions and efforts to recover the debts and have not yet been concluded where bank's recovery action is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation for full recovery.

The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented as bad debts recovered in 'allowance for/reversal of impairment on financial asset ' in the statements of profit or loss.

An amount of **MUR 891,223** has been written off during the financial year (June 2023: MUR 665,716; June 2022: MUR 499,358).

5.11. Forborne loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided due to the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, significant arrears for 90 days or more in a three-month period, or concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to ensure that future payments continue to be likely to occur. Derecognition decisions and classification between stages 1, 2 and stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, as set out in note 41(b). The Bank also considers whether the assets should be classified as stage 3. Once an asset has been classified as forborne and in stage 3, the asset can only be moved to stage 1 post the completion of a satisfactory cure period of 6 months and after the customer has repaid the entire outstanding overdue amount including principal, interest and any penalty interest.

5.12. Determination of fair value

The Bank measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.12. Determination of fair value (Cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

5.13. The effective interest rate method

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change in is recorded as 'interest and similar income' for financial assets and 'interest and similar expense' for financial liabilities. The accounting policies for the EIR method vary by instruments and are further explained in the respective accounting policies.

5.14. Interest income and expense

For all financial instruments measured at amortised cost and interest-bearing financial instruments classified as interest income or expense is recorded at the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises their estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense. Interest income also includes processing fees on financial instruments (loans and advances to customers)

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for measuring the impairment loss. The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as stage 3', the Bank calculates interest income by applying the effective interest rate to the outstanding amount of the financial asset. The EIR is applied to the net amount of the outstanding balance adjusted for credit impairment. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Fee income forming an integral part of the corresponding financial instrument

Processing fees that the Bank considers to be an integral part of the corresponding financial instruments include: loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees. The recognition of these processing fees (together with any incremental costs) form an essential part of the effective interest rates of the corresponding financial instruments under IFRS 9, with the exception that when it is unlikely that a loan will be drawn down, the loan commitment fees are recognised as revenue on expiry.

5.15. Fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. These principally include international banking and interbank transaction fees, card and related fees.

Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The performance obligations and the timing of their satisfaction are identified and determined at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations. When the Bank provides a service to its customers, consideration is charged and generally due immediately upon satisfaction of a service provided at a point in time.

Fee income from banking services provided to customers

The Bank recognises fee income on international banking and interbank transactions, card and related fee income, and fee income from other banking services (for example, account maintenance service fee, confirmation statements, cheque issuing fees, etc.) at the point in time the service is provided, under IFRS 15. Payment of fees is generally received at the same time the service is provided.

5.16. Dividend income

Dividend income is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

5.17. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, current accounts with Banks and amounts due from Banks on demand or with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risks of changes in value.

5.18. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All other repairs and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. No depreciation is charged on freehold land. The estimated useful lives are as follows:

• Buildings	50 years
• Improvement to buildings	20 years
• Fixtures and fittings	10 years
• Computer equipment	4 years
• Motor vehicles	5 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "other operating income" or "other operating expense" in the statement of profit or loss in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value recognition exemption to leases that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.18. Property and equipment (Cont'd)

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 and are subject to impairment in line with the Bank's policy as described below. It ranges from a period of 2 to 5 years. Types of right-of-use assets are offices and motor vehicles.

- Offices (Right-of-use assets) 2 years
- Motor vehicles (Right-of-use assets) 3 to 5 years

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

5.19. Intangible assets

Intangible assets relate to the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. The Bank does not have any intangible asset with indefinite useful life.

Amortisation is calculated using the straight-line method to write down the cost of computer software to its residual value over a period of three to ten years.

5.20. Impairment of non-financial assets

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Banks of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to statement of other comprehensive income. For such properties, the impairment is recognised in statement of other comprehensive income up to the amount of any previous revaluation.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.20. Impairment of non-financial assets (Cont'd)

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

5.21. Post-employment benefits

Retirement gratuities

Post-employment benefits relate to retirement gratuities payable under the Workers' Rights Act 2019. The obligations arising under this item are determined by actuarial valuation carried out every year.

Defined contribution plan

The Bank operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under personnel expenses.

5.22. Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.23. Taxes

5.23.1. Current tax

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

Special levy

Under section 53J of the Value Added Tax, the Bank is liable to pay a special levy on its leviable income at the rate of 5.5 per cent. Leviable income is defined as the aggregate of the net interest income and other income before any expenses on transactions with residents other than companies with a Global Business Licence.

The levy for the Bank in operation as from 30 June 2018 shall be either as above or 1.5 times of the levy payable for the year of assessment 2017-2018 (financial year ended 31 December 2017) whichever is lower. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

In January 2021, the Bank of Mauritius advised all Banks that the special levy should be treated as a tax expense. The Bank accounts for the special levy under IAS 12 Income Taxes (IAS 12). The special levy is charged to income tax expense in the statement of profit and loss and accounted under current tax liabilities in the statement of financial position.

Management are of the view that this accounting policy provides a better appreciation of how the operating expenses attributable to the Bank's operations are evolving in relation to the Bank's income and also the adoption of IAS 12 will achieve comparability of the cost-to-income ratio in the banking industry.

5.23.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current and deferred taxes are recognised as income tax benefits or expenses in the statement of profit or loss except for tax related to the fair value remeasurement of available-for-sale assets, financial instruments at FVOCI, foreign exchange differences and which are charged or credited to statement of other comprehensive income.

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

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.23.3. Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added taxes except:

- Where the value added taxes incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

5.24. Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

5.25. Segmental reporting

The financial statements have been prepared in line with the requirements of the Bank of Mauritius Guideline on Public Disclosure of Information and Guideline on segmental reporting under a Single Banking Licence Regime which require the Bank to disclose information on two reportable segments, namely Segment A and Segment B.

Segment B activity relates to the provision of international financial services that give rise to "foreign source income". Such services may be fund based and/or non-fund based. Segment A activity relates to all banking business other than Segment B activity. Segmental reporting is reviewed by senior management.

5.26. Operating lease

Rentals payable under operating leases are charged to the statement of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

5.27. New and amended standards and interpretations

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

Definition of Accounting Estimates - Amendments to IAS 8

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments did not have a material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

5.27. New and amended standards and interpretations (Cont'd)

The amendments did not have a material impact on the Bank.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments did not have a material impact on the Bank.

5.28 New and revised standards in issue but not yet effective

At the date of issuance of the Bank's financial statements, the following new and revised standards were in issue but not yet effective. Where relevant and applicable to the Bank and its operations, these standards are described and the Bank intends to adopt these standards when they become effective.

New pronouncements	Effective for annual periods beginning on or after:
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-Jan-24
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01-Jan-24
- General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1	01-Jan-24
- Climate-related Disclosures - IFRS S2	01-Jan-24
- Lack of Exchangeability - Amendments to IAS 21 The *Effects of Changes in Foreign Exchange Rates*	01-Jan-25
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9	01-Jan-26
- Financial Instruments and IFRS 7 Financial Instruments: Disclosures	
- Annual Improvements to IFRS Accounting Standards - Amendments to:	01-Jan-26
- IFRS 1 First-time Adoption of International Financial Reporting Standards;	
- IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7;	
- IFRS 9 Financial Instruments;	
- IFRS 10 Consolidated Financial Statements; and	
- IAS 7 Statement of Cash flows	
- IFRS 18 Presentation and Disclosure in Financial Statements	*01-Jan-27*

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/ estimates involved.

6.1 Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP, inflation rate and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

Impairment losses on financial assets are further explained on note 41(b). For impairment losses on non-financial asset, refer to note 5.20.

6.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see note 5.12.

6.3 Effective interest rate (EIR) method

The Bank's EIR methodology, as explained in note 5.13, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the country's base rate and other fee income/expense that are integral parts of the instrument. This is relevant for note 24 and note 40(i).

6.4 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Tax losses can be utilised on a rolling period of five years, and judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

6.5 Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. 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.

6.6. Retirement benefit obligation

i) Defined contribution plan

The Bank operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the Bank pays fixed contributions in separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payment to a defined contribution plan are recognised as an expense when employees have rendered service that entitle them to the contributions.

ii) Retirement and other benefit obligations

The present value of retirement gratuities under The Workers' Rights Act 2019 is recognised in the statement of financial position as a liability. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as 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 on the net defined benefit liability or asset
- remeasurement of the net defined benefit liability or asset

The Bank present the first two components of defined benefit costs in profit or loss in the line item personnel expenses. Curtailment/settlement gains and losses are accounted for as past service costs.

Further details about the retirement benefit obligation are provided in note 36.

6.7. Climate risk

"The Bank and its clients may be exposed to physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks:

1. Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL.

2. Fair value measurement: The Bank may assume that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement.

ABC Banking Corporation Ltd has successfully implemented its Climate-related and Environmental Risk Framework and is compliant with the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk (C&E Risk). The Bank incorporates C&E risk in the entire credit life cycle and its internal rating models have been adjusted to account for C&E risk.

In order to bolster its operational resilience in the face of the increased incidence of extreme climate events, the Bank has carried out a Business Impact Assessment to identify critical processes and develop corresponding mitigants. The institution has put in place a robust Business Continuity Management Policy that seeks to minimise disruption arising from extreme weather events.

7. CAPITAL MANAGEMENT

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Mauritius in supervising the Bank.

During the past year, the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank comply with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The capital structure of the Bank consists of issued capital, reserves and retained earnings. Details on stated capital are disclosed in Note 22. The Bank has to comply with the Banking Act 2004 in respect of both its stated capital and reserves which is detailed in the notes. For the year ended 30 June 2024 and at that date, the Bank has complied with the regulatory requirement for both share capital and reserves. The Bank manages its capital with the aim of maximising the return to the shareholders and other stakeholders.

The Bank capital adequacy ratio is analysed as follows:

	2024	2023	2022
	%	%	%
CET1 capital ratio	13.8	13.6	12.9
Tier 1 capital ratio	13.8	13.6	12.9
Total capital ratio	18.8	15.3	15.6

Minimum capital adequacy ratios under the Guideline on Scope of Application of Basel III and Eligible Capital:

	2024	2023	2022
	%	%	%
CET1 capital ratio	6.5	6.5	6.5
CET1 capital ratio plus Capital Conservation Buffer	9.0	9.0	9.0
Tier 1 capital ratio	8.0	8.0	8.0
Total capital ratio	10.0	10.0	10.0
Total capital ratio plus Capital Conservation Buffer	12.5	12.5	12.5

8. CASH AND CASH EQUIVALENTS

	2024	2023	*Restated 2022
	MUR	MUR	MUR
Cash in hand	13,752,482	9,587,864	13,187,157
Balances with Central Bank	1,567,648,080	1,231,302,402	*1,280,316,418
Balances with Banks	512,440,074	1,524,877,950	1,364,847,985
Loans to and placements with Banks	2,502,849,808	2,804,416,571	1,236,247,881
	4,596,690,444	5,570,184,787	*3,894,599,441

Cash and cash equivalents comprise of cash at Banks and on hand and loans to and placements with Banks with an original maturity of less than 3 months.

Balances with Central Bank includes minimum cash reserve requirement which represents 9% of the average deposit liability base held over the preceding 28 days period.

*The prior year comparatives have been restated. Refer to note 42 for more details.

9. DUE FROM BANKS

	2024	2023	2022
	MUR	MUR	MUR
Placement with Banks	-	-	968,352,343
Less: Expected credit losses	-	-	(1,676,853)
	-	-	**966,675,490**

9.1 Impairment allowance for due from Banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained and policies about whether ECL allowances are calculated on an individual or collective basis are set out in note 41(b):

	2024	2023	2022
Internal rating grade	MUR	MUR	MUR
Performing			
Investment grade	-	-	455,269,494
Standard Monitoring	-	-	45,554,535
Unrated	-	-	467,528,314
Non - performing			
Default	-	-	-
Gross carrying amount	-	-	968,352,343
Expected Credit Losses	-	-	(1,676,853)
	-	-	966,675,490

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

	2024	2023	2022
	MUR	MUR	MUR
Gross carrying amount as at 1 July	-	968,352,343	-
New assets originated or purchased	-	-	968,352,343
Assets derecognised or repaid (excluding write offs)	-	(968,352,343)	-
At 30 June	-	-	968,352,343

ECL allowance	2024	2023	2022
Internal rating grade	MUR	MUR	MUR
Performing			
Investment grade	-	-	721,926
Standard Monitoring	-	-	213,563
Unrated	-	-	741,364
Non-performing			
Default	-	-	-
Total	-	-	**1,676,853**

An analysis of changes in the ECL amount is as follows:

	2024	2023	2022
	MUR	MUR	MUR
ECL allowance as at 1 July	-	1,676,853	-
Increase in expected credit losses	-	-	1,676,853
Assets derecognised or repaid (excluding write offs)	-	(1,676,853)	-
At 30 June	-	-	1,676,853

There has been no change in staging classification during the financial year. All dues from Banks were classified in stage 1 in 2024, 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank enters into derivatives for the optimal deployment of its liability base in foreign currencies and for liquidity risk management. The Bank may also take positions with the expectation of benefiting from favourable movements in rates.

Derivative products valued using a valuation methodology with market observable inputs include forward foreign exchange contracts, interest rate swaps and option contracts across several asset classes, including but not limited to foreign currencies, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using discounted cash flow methodology based on market conventions. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves, market volatilities and other feeds from appointed valuation/calculation agents.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument and indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

	MUR	MUR	MUR
30 June 2024	**Notional amount**	**Assets**	**Liabilities**
Foreign exchange contracts	**590,761,487**	**9,989,650**	**4,981,376**
30 June 2023	Notional amount	Assets	Liabilities
Foreign exchange contracts	1,254,810,303	26,136,555	25,518,459
30 June 2022	Notional amount	Assets	Liabilities
Foreign exchange contracts	820,287,136	50,004,747	9,404,846

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the underlying asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

As at 30 June, the Bank has exposures in the following types of derivatives.

Foreign exchange forward contract

A forward exchange forward contract is a derivative instrument used to manage foreign exchange risks. It is an agreement between two counterparties to convert one currency into another at a later date, but at a rate agreed earlier on the deal date.

Foreign exchange swap

A foreign exchange swap is the simultaneous buying and selling of an identical amount of one currency for another but with two different value dates. One value date is a spot and the other one is a forward date.

The following table shows an analysis of derivative financial instruments by level of the fair value hierarchy:

Valuation is performed on a daily basis, therefore providing an up-to-date mark-to-market of our exposures. Fair values of derivatives are obtained from quoted market prices, dealer price quotations, discounted cash flow and pricing models, and are performed on a daily basis, therefore providing an up-to-date mark-to-market of our exposures.

	2024	**2023**	**2022**
	MUR	MUR	MUR
Assets			
Level 2	**9,989,650**	26,136,555	50,004,747
	9,989,650	26,136,555	50,004,747
Liabilities			
Level 2	**4,981,376**	25,518,459	9,404,846
	4,981,376	25,518,459	9,404,846

11. LOANS AND ADVANCES TO CUSTOMERS

	2024 MUR	*Restated 2023 MUR	*Restated 2022 MUR
Loans and overdrafts			
Retail	**3,472,852,425**	*2,466,164,337	*1,798,938,936
Corporate	**7,832,175,770**	6,650,068,162	6,466,936,245
	11,305,028,195	9,116,232,499	8,265,875,181
Less: Allowance for impairment losses (Note 11(c))	**(122,744,758)**	(151,391,914)	(204,495,458)
	11,182,283,437	*8,964,840,585	*8,061,379,723
Investment in finance leases			
Retail	**1,532,415,800**	*1,098,281,819	*947,916,619
Corporate	**1,589,630,638**	1,201,185,328	1,019,311,486
	3,122,046,438	2,299,467,147	1,967,228,105
Less: Allowance for impairment losses (Note 11(c))	**(33,816,846)**	(17,692,456)	(24,423,903)
	3,088,229,592	*2,281,774,691	*1,942,804,202
Net loans and advances to customers	**14,270,513,029**	*11,246,615,276	*10,004,183,925
Total Corporate	**9,421,806,408**	7,851,253,490	7,486,247,731
Less: Allowance for impairment losses (Note 11(c))	**(131,852,987)**	(149,426,569)	(204,180,157)
Net corporate lending	**9,289,953,421**	7,701,826,921	7,282,067,574
Total Retail	**5,005,268,225**	*3,564,446,156	*2,746,855,555
Less: Allowance for impairment losses (Note 11(c))	**(24,708,617)**	(19,657,801)	(24,739,204)
Net retail lending	**4,980,559,608**	*3,544,788,355	*2,722,116,351
	14,270,513,029	*11,246,615,276	*10,004,183,925

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(a) Investment in finance leases

Future minimum lease payments can be analysed as follows:	2024 MUR	*Restated 2023 MUR	*Restated 2022 MUR
Gross investment in finance leases:			
Up to 1 year	**933,527,199**	730,673,150	640,304,882
Over 1 year and up to 2 years	**791,176,350**	600,163,846	532,250,169
Over 2 years and up to 3 years	**687,901,371**	489,763,344	407,429,616
Over 3 years and up to 4 years	**568,334,255**	377,488,409	292,929,550
Over 4 years and up to 5 years	**363,965,574**	271,631,145	179,577,336
Over 5 years	**327,452,597**	218,619,453	137,854,029
	3,672,357,346	2,688,339,347	2,190,345,582
Allocation of unearned finance income	**(550,310,908)**	*(388,872,000)	*(223,117,477)
Present value of minimum lease payments	**3,122,046,438**	*2,299,467,347	*1,967,228,105

There are no significant changes in the carrying amount of the net investment in finance leases.

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Bank's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases. Net investment in finance leases are measured at amortised cost

Finance lease contracts give the lessees the option to purchase the assets for a residual value at the termination of the lease arrangements. The term of lease contracts generally ranges from five to seven years. Finance leases are secured mainly by lien on vehicle.

*The prior year comparatives have been restated. Refer to note 42 for more details.

(b) Credit concentration of risk by industry sectors

	2024 MUR	*Restated 2023 MUR	*Restated 2022 MUR
Sectorial concentration of loans and advances (gross of impairment)			
Manufacturing	**1,104,297,055**	846,097,528	906,316,461
Construction	**955,270,007**	715,505,771	699,045,212
Professional	**399,917,218**	43,314,819	46,740,233
Traders	**1,245,910,698**	1,343,988,684	1,077,675,614
Tourism	**1,307,692,256**	1,468,490,344	1,714,188,399
Transport	**433,495,940**	363,362,859	348,760,241
Financial and business services	**1,910,415,943**	1,435,998,042	1,351,151,322
Personal	**4,977,826,065**	*3,534,876,413	*2,734,277,602
Agriculture	**177,738,583**	142,503,517	70,065,090
Global Business Licence holders	**382,513,443**	180,789,930	562,180,598
Information and communication technology	**67,110,831**	61,200,271	440,232,075
Others	**1,464,886,594**	1,279,571,468	282,470,439
	14,427,074,633	*11,415,699,646	*10,233,103,286

Others consist of the following industry sectors: Education, Infrastructure, Health Development Certificate Holders and Media, Entertainment and Recreational Activities.

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(b) Credit concentration of risk by industry sectors (Cont'd)

Analysed as follows:	2024 MUR	*Restated 2023 MUR	*Restated 2022 MUR
Loans and overdrafts	**11,305,028,195**	*9,116,232,499	*8,265,875,181
Investment in finance leases	**3,122,046,438**	*2,299,467,147	*1,967,228,105
	14,427,074,633	*11,415,699,646	*10,233,103,286

Total credit facilities including guarantees, acceptances and other similar commitments extended by the Bank to any one customer or group of closely related customers for amounts aggregating more than 15% of its capital base classified by industry sectors:

	2024 MUR	2023 MUR	2022 MUR
Manufacturing	**457,383,621**	47,248,384	811,334,264
Construction	**9,558**	14,868	10,023,010
Traders	**644,935,899**	448,918,340	395,780,419
Tourism	**1,193,718,816**	1,385,078,041	1,933,530,635
Transport	**124,621,829**	112,983,242	152,065,131
Financial and business services	**389,061,665**	663,668,350	959,277,440
Agriculture	**-**	133,129,276	-
Global Business Licence holders	**-**	-	354,881,537
Information and communication technology	**-**	20,991,346	230,144,147
Others	**1,221,637,147**	1,683,119,858	1,093,603,619
	4,031,368,535	4,495,151,705	5,940,640,202

(c) Impairment allowance for loans and advances

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 41(b).

Corporate Lending

	2024			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	**2,861,681,419**	**-**	**-**	**2,861,681,419**
Standard Monitoring	**5,465,771,930**	**57,640,594**	**-**	**5,523,412,524**
Watchlist	**-**	**723,077,546**	**-**	**723,077,546**
Unrated	**34,197,161**	**2,339,964**	**-**	**36,537,125**
Non - performing				
Default	**-**	**-**	**277,097,795**	**277,097,795**
Total	**8,361,650,510**	**783,058,103**	**277,097,795**	**9,421,806,408**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(c) Impairment allowance for loans and advances (Cont'd)

CORPORATE LENDING (CONT'D)

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

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	6 ,167,803,779	1,449,019,044	234,430,667	7,851,253,490
New assets originated or purchased	4,145,041,121	61,473,657	6,486	4,206,521,264
Assets derecognised or repaid (excluding write offs)	(2,483,334,247)	(205,538,446)	(28,277,782)	(2,717,150,475)
Transfers to Stage 1	1,654,944,827	(1,642,388,479)	(12,556,348)	-
Transfers to Stage 2	(1,187,599,379)	1,226,040,199	(38,440,820)	-
Transfers to Stage 3	-	(119,779,133)	119,779,133	-
Amounts written off	-	-	(1,684)	(1,684)
Foreign exchange adjustments	64,794,409	14,231,261	2,158,143	81,183,813
At 30 June 2024	8,361,650,510	783,058,103	277,097,795	9,421,806,408

	2024			
ECL allowance **Internal rating grade**	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Performing				
Investment grade	6,290,839	-	-	6,290,839
Standard Monitoring	26,102,429	1,759,768	-	27,862,197
Watchlist	-	8,566,646	-	8,566,646
Unrated	249,068	44,762	-	293,830
Non - performing				
Default	-	-	88,839,475	88,839,475
Total	32,642,336	10,371,176	88,839,475	131,852,987

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	29,666,143	31,281,904	88,478,522	149,426,569
Additional provisions during the year	33,112,418	46,791,209	1,520,876	81,424,503
Assets derecognised or repaid (excluding write offs)	(39,208,541)	(47,643,661)	(3,131,077)	(89,983,279)
Transfers to Stage 1	26,110,766	(26,110,766)	-	-
Transfers to Stage 2	(8,023,761)	8,023,761	-	-
Transfers to Stage 3	-	(1,972,838)	1,972,838	-
Changes to models	(9,323,082)	(215,904)	-	(9,538,986)
Amounts written off	-	-	(1,684)	(1,684)
Foreign exchange adjustments	308,393	217,471	-	525,864
At 30 June 2024	32,642,336	10,371,176	88,839,475	131,852,987

The gross carrying amount of the corporate portfolio increased during the year while the ECL allowance decreased during the same period. This is mainly due to the recalibration of the Bank's IFRS 9 models which include more recent favourable internal and macroeconomic data.

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(c) Impairment allowance for loans and advances (Cont'd)

CORPORATE LENDING (CONT'D)

	2023			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	2,574,256,708	-	-	2,574,256,708
Standard Monitoring	3,542,339,297	49,010,600	-	3,591,349,897
Watchlist	-	1,397,350,708	-	1,397,350,708
Unrated	51,207,774	2,657,736	-	53,865,510
Non - performing				
Default	-	-	234,430,667	234,430,667
Total	6,167,803,779	1,449,019,044	234,430,667	7,851,253,490

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	4,973,508,508	1,832,593,930	680,145,293	7,486,247,731
New assets originated or purchased	5,056,244,467	302,678,346	52,264,501	5,411,187,314
Assets derecognised or repaid (excluding write offs)	(4,462,046,058)	(493,600,890)	(119,192,969)	(5,074,839,917)
Transfers to Stage 1	1,846,167,800	(1,840,949,006)	(5,218,794)	-
Transfers to Stage 2	(1,271,522,175)	1,674,686,599	(403,164,424)	-
Transfers to Stage 3	-	(39,473,312)	39,473,312	-
Amounts written off	-	(2,800,959)	(14,608,511)	(17,409,470)
Foreign exchange adjustments	25,451,237	15,884,336	4,732,259	46,067,832
At 30 June 2023	6,167,803,779	1,449,019,044	234,430,667	7,851,253,490

	2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Internal rating grade				
Performing				
Investment grade	13,054,659	-	-	13,054,659
Standard Monitoring	16,333,802	982,586	-	17,316,388
Watchlist	-	30,276,213	-	30,276,213
Unrated	277,682	23,105	-	300,787
Non - performing				
Default	-	-	88,478,522	88,478,522
Total	29,666,143	31,281,904	88,478,522	149,426,569

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	46,558,555	43,219,827	114,401,775	204,180,157
Additional provisions during the year	48,329,536	42,644,591	32,871,620	123,845,747
Assets derecognised or repaid (excluding write offs)	(64,559,813)	(23,386,060)	(48,111,193)	(136,057,066)
Transfers to Stage 1	32,346,654	(32,342,597)	(4,057)	-
Transfers to Stage 2	(11,368,339)	11,394,118	(25,779)	-
Transfers to Stage 3	-	(1,210,194)	1,210,194	-
Changes to model parameters	(21,692,660)	(9,056,968)	-	(30,749,628)
Amounts written off	-	(120,231)	(11,864,038)	(11,984,269)
Foreign exchange adjustments	52,210	139,418	-	191,628
At 30 June 2023	29,666,143	31,281,904	88,478,522	149,426,569

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)
(c) Impairment allowance for loans and advances (Cont'd)

CORPORATE LENDING (CONT'D)

2022

Gross carrying amount Internal rating grade	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Performing				
Investment grade	1,091,056,515	-	-	1,091,056,515
Standard Monitoring	3,746,833,528	30,968,780	-	3,777,802,308
Watchlist	-	1,800,035,451	-	1,800,035,451
Unrated	135,618,465	1,589,699	-	137,208,164
Non - performing				
Default	-	-	680,145,293	680,145,293
Total	4,973,508,508	1,832,593,930	680,145,293	7,486,247,731

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

2022

	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	5,164,353,242	2,718,519,318	340,942,844	8,223,815,404
New assets originated or purchased	3,456,911,465	738,522,671	8,949,991	4,204,384,127
Assets derecognised or repaid (excluding write offs)	(3,134,957,480)	(1,725,604,410)	(92,750,119)	(4,953,312,009)
Transfers to Stage 1	421,356,400	(391,272,403)	(30,083,997)	-
Transfers to Stage 2	(954,011,940)	1,034,173,085	(80,161,145)	-
Transfers to Stage 3	-	(550,791,486)	550,791,486	-
Amounts written off	-	-	(247,579)	(247,579)
Foreign exchange adjustments	19,856,821	9,047,155	(17,296,188)	11,607,788
At 30 June 2022	4,973,508,508	1,832,593,930	680,145,293	7,486,247,731

2022

ECL allowance	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Internal rating grade				
Performing				
Investment grade	10,242,356	-	-	10,242,356
Standard Monitoring	35,058,305	1,551,021	-	36,609,326
Watchlist	-	41,644,636	-	41,644,636
Unrated	1,257,894	24,170	-	1,282,064
Non - performing				
Default	-	-	114,401,775	114,401,775
Total	46,558,555	43,219,827	114,401,775	204,180,157

An analysis of changes in the ECL amount is as follows:

2022

	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	52,292,356	51,304,115	101,243,928	204,840,399
Additional provisions during the year	61,213,315	59,827,183	24,286,885	145,327,383
Assets derecognised or repaid (excluding write offs)	(71,863,684)	(56,732,367)	(32,900,050)	(161,496,101)
Transfers to Stage 1	6,890,438	(6,886,512)	(3,926)	-
Transfers to Stage 2	(8,876,578)	9,464,164	(587,586)	-
Transfers to Stage 3	-	(22,362,524)	22,362,524	-
Changes to model parameters	7,034,461	8,117,551	-	15,152,012
Foreign exchange adjustments	(131,753)	488,217	-	356,464
At 30 June 2022	46,558,555	43,219,827	114,401,775	204,180,157

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)
(c) Impairment allowance for loans and advances (Cont'd)

RETAIL LENDING

	2024			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	2,487,525,284	-	-	2,487,525,284
Standard Monitoring	2,022,682,502	67,230,761	-	2,089,913,263
Watchlist	-	25,873,685	-	25,873,685
Unrated	341,858,225	24,597,935	-	366,456,160
Non - performing				
Default	-	-	35,499,833	35,499,833
Total	4,852,066,011	117,702,381	35,499,833	5,005,268,225

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

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	3,373,788,768	172,452,597	18,204,792	3,564,446,157
New assets originated or purchased	2,287,228,126	4,655,252	1,261,524	2,293,144,902
Assets derecognised or repaid (excluding write offs)	(786,120,146)	(79,766,602)	(3,625,061)	(869,511,809)
Transfers to Stage 1	623,995,493	(598,741,384)	(25,254,109)	-
Transfers to Stage 2	(663,974,000)	680,493,980	(16,519,980)	-
Transfers to Stage 3	(195,105)	(61,530,138)	61,725,243	-
Amounts written off	-	-	(292,576)	(292,576)
Foreign exchange adjustments	17,342,875	138,676	-	17,481,551
At 30 June 2024	4,852,066,011	117,702,381	35,499,833	5,005,268,225

	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Internal rating grade				
Performing				
Investment grade	9,738,162	-	-	9,738,162
Standard Monitoring	8,287,812	956,332	-	9,244,144
Watchlist	-	498,926	-	498,926
Unrated	2,749,076	1,567,285	-	4,316,361
Non - performing				
Default	-	-	911,024	911,024
Total	20,775,050	3,022,543	911,024	24,708,617

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	10,923,731	2,277,537	6,456,533	19,657,801
Additional provisions during the year	10,038,795	4,940,266	351,767	15,330,828
Assets derecognised or repaid (excluding write offs)	(10,881,775)	(452,729)	(1,041,246)	(12,375,750)
Transfers to Stage 1	6,435,657	(6,271,291)	(164,366)	-
Transfers to Stage 2	(1,813,575)	1,813,575	-	-
Transfers to Stage 3	(999)	(765,150)	766,149	-
Changes to model parameters	6,021,520	1,480,270	(5,426,468)	2,075,322
Amounts written off	-	-	(31,345)	(31,345)
Foreign exchange adjustments	51,696	65	-	51,761
At 30 June 2024	20,775,050	3,022,543	911,024	24,708,617

During the year, certain gross exposures were transferred from Stage 3 to Stage 1 and to Stage 2, which did not carry an associated ECL allowance. The ECL allowance for the retail portfolio decreased during the year due to the ECL models' recalibration which include newly derived internal variables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(c) Impairment allowance for loans and advances (Cont'd)

RETAIL LENDING (CONT'D)

	*Restated 2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	1,583,781,348	12,036,243	-	1,595,817,591
Standard Monitoring	1,451,513,849	47,433,081	-	1,498,946,930
Watchlist	-	102,936,993	-	102,936,993
Unrated	*338,493,571	10,046,280	-	*348,539,851
Non - performing				
Default	-	-	18,204,792	18,204,792
Total	*3,373,788,768	172,452,597	18,204,792	*3,564,446,157

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

	*Restated 2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	2,665,506,839	64,122,925	17,225,791	2,746,855,555
New assets originated or purchased	1,563,411,443	16,802,059	187,150	1,580,400,652
Assets derecognised or repaid (excluding write offs)	*(742,749,883)	(35,963,589)	(1,072,252)	*(779,785,724)
Transfers to Stage 1	366,599,526	(363,120,590)	(3,478,936)	-
Transfers to Stage 2	(493,470,216)	499,265,234	(5,795,018)	-
Transfers to Stage 3	-	(11,138,057)	11,138,057	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	14,491,059	2,484,615	-	16,975,674
At 30 June 2023	*3,373,788,768	172,452,597	18,204,792	*3,564,446,157

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	5,283,436	326,816	-	5,610,252
Standard Monitoring	4,392,457	582,160	-	4,974,617
Watchlist	-	1,284,670	-	1,284,670
Unrated	1,247,838	83,891	-	1,331,729
Non - performing				
Default	-	-	6,456,533	6,456,533
Total	10,923,731	2,277,537	6,456,533	19,657,801

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(c) Impairment allowance for loans and advances (Cont'd)

RETAIL LENDING (CONT'D)

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	11,439,547	1,632,714	11,666,942	24,739,203
Additional provisions during the year	17,675,434	6,948,992	3,400,635	28,025,061
Assets derecognised or repaid (excluding write offs)	(18,736,142)	(1,804,739)	(8,780,981)	(29,321,862)
Transfers to Stage 1	6,170,931	(6,170,931)	-	-
Transfers to Stage 2	(2,642,511)	2,642,511	-	-
Transfers to Stage 3	-	(169,937)	169,937	-
Changes to model parameters	(3,030,491)	(820,983)		(3,851,474)
Amounts written off	-	-	-	-
Foreign exchange adjustments	46,963	19,910	-	66,873
At 30 June 2023	10,923,731	2,277,537	6,456,533	19,657,801

	*Restated 2022			
Gross carrying amount	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Internal rating grade				
Performing				
Investment grade	1,246,355,552	2,039,999	-	1,248,395,551
Standard Monitoring	1,066,955,943	18,248,502	-	1,085,204,445
Watchlist	3,027,722	37,350,656	-	40,378,378
Unrated	*349,167,622	6,483,768	-	*355,651,390
Non - performing				
Default	-	-	17,225,791	17,225,791
Total	*2,665,506,839	64,122,925	17,225,791	*2,746,855,555

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

	*Restated 2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	2,012,758,004	77,628,813	92,890,508	2,183,277,325
New assets originated or purchased	1,249,496,168	11,437,142	869,862	1,261,803,172
Assets derecognised or repaid (excluding write offs)	*(601,044,853)	(12,665,408)	(72,280,792)	*(660,660,237)
Transfers to Stage 1	226,310,301	(215,162,640)	(11,147,661)	-
Transfers to Stage 2	(209,778,892)	214,739,014	(4,960,122)	-
Transfers to Stage 3	-	(11,853,996)	11,853,996	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(12,233,889)	-	-	(12,233,889)
At 30 June 2022	*2,665,506,839	64,122,925	17,225,791	*2,746,855,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(c) Impairment allowance for loans and advances (Cont'd)

RETAIL LENDING (CONT'D)

	2022			
ECL allowance	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Internal rating grade				
Performing				
Investment grade	4,953,632	13,918	-	4,967,550
Standard Monitoring	4,307,583	522,819	-	4,830,402
Watchlist	5,013	1,033,602	-	1,038,615
Unrated	2,173,319	62,376	-	2,235,695
Non - performing				
Default	-	-	11,666,942	11,666,942
Total	11,439,547	1,632,715	11,666,942	24,739,204

An analysis of changes in the ECL amount is as follows:

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	14,846,290	2,824,713	4,968,764	22,639,767
New assets originated or purchased	26,300,523	7,507,102	9,388,218	43,195,843
Assets derecognised or repaid (excluding write offs)	(33,644,353)	(4,635,034)	(2,779,837)	(41,059,224)
Transfers to Stage 1	5,442,932	(5,380,088)	(62,844)	-
Transfers to Stage 2	(1,468,663)	1,486,532	(17,869)	-
Transfers to Stage 3	-	(170,510)	170,510	-
Changes to model parameters	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(37,182)	-	-	(37,182)
At 30 June 2022	11,439,547	1,632,715	11,666,942	24,739,204

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(d) Allowance for credit impairment by industry sectors

2024

	Gross amount of loans MUR	Non performing loans MUR	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total Expected Credit Losses MUR
Manufacturing	**1,104,297,055**	**4,496,096**	**3,713,577**	**3**	**-**	**3,713,580**
Construction	**955,270,007**	**80,678,551**	**2,276,427**	**630,601**	**75,675,968**	**78,582,996**
Professional	**399,917,218**	**-**	**555,454**	**-**	**-**	**555,454**
Traders	**1,245,910,698**	**14,094,544**	**4,787,675**	**108,892**	**11,695,299**	**16,591,866**
Tourism	**1,307,692,256**	**-**	**1,102,650**	**5,592,033**	**-**	**6,694,683**
Transport	**433,495,940**	**4,719,258**	**8,058,446**	**3,406,461**	**1,468,208**	**12,933,115**
Financial and business services	**1,910,415,940**	**22,389,393**	**3,505,931**	**19,924**	**-**	**3,525,855**
Personal	**4,977,826,065**	**35,040,798**	**20,674,261**	**2,318,465**	**911,024**	**23,903,750**
Agriculture	**177,738,583**	**-**	**463,171**	**38,799**	**-**	**501,970**
Global Business Licence holders	**382,513,443**	**148,363,523**	**1,078,261**	**-**	**-**	**1,078,261**
Information and communication technology	**67,110,831**	**-**	**349,115**	**42,115**	**-**	**391,230**
Others**	**1,464,886,597**	**1,815,860**	**6,852,418**	**1,236,426**	**-**	**8,088,844**
Total	**14,427,074,633**	**311,598,023**	**53,417,386**	**13,393,719**	**89,750,499**	**156,561,604**

*Restated 2023

	Gross amount of loans MUR	Non performing loans MUR	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total Expected Credit Losses MUR
Manufacturing	846,097,528	3,951	2,599,821	336,196	-	2,936,017
Construction	715,505,771	76,684,152	4,233,774	166,830	76,684,152	81,084,756
Professional	43,314,819	-	128,641	-	-	128,641
Traders	1,343,988,684	22,177,717	2,849,535	186,760	11,792,970	14,829,265
Tourism	1,468,490,344	35,378,485	6,128,496	25,216,560	-	31,345,056
Transport	363,362,859	5,268,452	2,912,629	2,647,241	1,400	5,561,270
Financial and business services	1,435,998,042	14,741,891	4,844,830	340,000	-	5,184,830
Personal	*3,534,876,413	18,204,794	10,864,988	2,277,537	6,456,533	19,599,058
Agriculture	142,503,517	1,411,751	388,554	47,921	-	436,475
Global Business Licence holders	180,789,930	78,288,452	78,115	2,058,485	-	2,136,600
Information and communication technology	61,200,271	-	307,619	16,162	-	323,781
Others**	1,279,571,468	473,905	5,252,872	265,749	-	5,518,621
Total	11,415,699,646	252,633,550	40,589,874	33,559,441	94,935,055	169,084,370

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(d) Allowance for credit impairment by industry sectors (Cont'd)

	*Restated 2022					
	Gross amount of loans MUR	Non performing loans MUR	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total Expected Credit Losses MUR
Manufacturing	906,316,461	11,470,727	5,567,860	114,053	11,470,727	17,152,640
Construction	699,045,212	97,297,313	8,219,453	292,111	89,297,313	97,808,877
Professional	46,740,233	-	83,665	-	-	83,665
Traders	1,077,675,614	23,688,721	6,293,948	497,827	11,325,995	18,117,770
Tourism	1,714,188,399	439,035,904	75,891	32,649,027	2,264,355	34,989,273
Transport	348,760,241	12,994,625	1,468,966	2,529,721	-	3,998,687
Financial and business services	1,351,151,322	15,262,924	9,967,090	731,517	-	10,698,607
Personal	*2,734,277,602	17,225,792	11,412,031	1,632,714	11,666,942	24,711,687
Agriculture	70,065,090	1,551,035	435,061	51,175	43,385	529,621
Global Business Licence holders	562,180,598	76,698,236	4,427,451	4,449,064	-	8,876,515
Information and communication technology	440,232,075	-	5,880,036	78,047	-	5,958,083
Others**	282,470,439	2,145,810	4,166,650	1,827,286	-	5,993,936
Total	10,233,103,286	697,371,087	57,998,102	44,852,542	126,068,717	228,919,361

*The prior year comparatives have been restated. Refer to note 42 for more details.

**Industry sectors under 'Others' include: Education, Infrastructure, Health Development Certificate Holders and Media, Entertainment and Recreational Activities.

12. INVESTMENT SECURITIES

		2024 MUR	2023 MUR	2022 MUR
Debt instruments at FVOCI	12(a)	**1,066,447,798**	1,313,378,943	1,801,390,754
Equity instruments at FVOCI	12(b)	**42,901,226**	51,782,458	71,099,086
Debt instruments at amortised cost	12(c)	**5,544,243,890**	4,587,143,158	4,535,017,325
		6,653,592,914	5,952,304,559	6,407,507,165

(a) Debt instruments at FVOCI

	Up to 3 months MUR	3-12 months MUR	1 to 3 years MUR	Over 3 years MUR	No Specific Maturity MUR	2024 MUR
Bank of Mauritius treasury bills	**142,895,894**	**-**	**-**	**-**	**-**	**142,895,894**
Bank of Mauritius bonds and notes	**-**	**-**	**101,115,333**	**-**	**-**	**101,115,333**
Government of Mauritius treasury bills	**-**	**-**	**-**	**-**	**-**	**-**
Government of Mauritius bonds and notes	**-**	**-**	**25,419,806**	**-**	**-**	**25,419,806**
Foreign sovereign bonds	**-**	**93,391,991**	**45,567,052**	**-**	**-**	**138,959,043**
Corporate bonds	**125,554,785**	**302,057,850**	**13,913,534**	**216,362,868**	**168,685**	**658,057,722**
	268,450,679	**395,449,841**	**186,015,725**	**216,362,868**	**168,685**	**1,066,447,798**

12. INVESTMENT SECURITIES (CONT'D)

(a) Debt instruments at FVOCI (cont'd)

	Up to 3 months MUR	3-12 months MUR	1 to 3 years MUR	Over 3 years MUR	No Specific Maturity MUR	2023 MUR
Bank of Mauritius treasury bills	-	-	-	-	-	-
Bank of Mauritius bonds and notes	150,884,119	-	-	-	-	150,884,119
Government of Mauritius treasury bills	-	-	-	-	-	-
Government of Mauritius bonds and notes	-	-	-	-	-	-
Foreign sovereign bonds	135,761,592	91,620,340	132,290,812	-	-	359,672,744
Corporate bonds	49,263,980	235,698,379	372,729,539	145,130,182	-	802,822,080
	335,909,691	327,318,719	505,020,351	145,130,182	-	1,313,378,943

	Up to 3 months MUR	3-12 months MUR	1 to 3 years MUR	Over 3 years MUR	No Specific Maturity MUR	2022 MUR
Bank of Mauritius bonds and notes	-	-	151,858,525	-	-	151,858,525
Government of Mauritius treasury bills	49,993,000	-	-	-	-	49,993,000
Government of Mauritius bonds and notes	-	-	-	-	-	-
Foreign sovereign bonds	-	205,761,949	314,815,760	44,864,061	-	565,441,770
Corporate bonds	119,995,560	182,994,330	594,457,833	136,649,736	-	1,034,097,459
	169,988,560	388,756,279	1,061,132,118	181,513,797	-	1,801,390,754

	2024			
Gross carrying amount	**Stage 1 MUR**	**Stage 2 MUR**	**Stage 3 MUR**	**Total MUR**
Internal rating grade				
Performing				
Investment grade	**662,547,104**	**-**	**-**	**662,547,104**
Standard Monitoring	**-**	**-**	**-**	**-**
Watchlist	**-**	**-**	**-**	**-**
Unrated	**303,614,439**	**100,286,255**	**-**	**403,900,694**
Non - performing				
Default	**-**	**-**	**-**	**-**
Total	**966,161,543**	**100,286,255**	**-**	**1,066,447,798**

Total gross carrying amount of MUR 1,066m includes the fair value gain of MUR 17.7m (note 23). The fair value gain of MUR 17.7m is included in the line gross carrying amount in the following reconciliation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. INVESTMENT SECURITIES (CONT'D)

(a) Debt instruments at FVOCI (cont'd)

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

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	**1,063,948,755**	**249,430,188**	**-**	**1,313,378,943**
New assets originated or purchased	**359,201,935**	**-**	**-**	**359,201,935**
Assets derecognised or repaid (excluding write offs)	**(615,148,430)**	**(133,172)**	**-**	**(615,281,602)**
Transfers to Stage 1	**149,010,761**	**(149,010,761)**	**-**	**-**
Transfers to Stage 2	**-**	**-**	**-**	**-**
Transfers to Stage 3	**-**	**-**	**-**	**-**
Amounts written off	**-**	**-**	**-**	**-**
Foreign exchange adjustments	**9,148,522**	**-**	**-**	**9,148,522**
At 30 June 2024	**966,161,543**	**100,286,255**	**-**	**1,066,447,798**

	2024			
ECL allowance	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Internal rating grade				
Performing				
Investment grade	632,979	-	-	632,979
Standard Monitoring	-	-	-	-
Watchlist	-	-	-	-
Unrated	886,435	123,760	-	1,010,195
Non - performing	-	-	-	-
Default	-	-	-	-
Total	1,519,414	123,760	-	1,643,174

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	**1,052,889**	**1,069,976**	**-**	**2,122,865**
Increase in expected credit losses	**495,817**	**-**	**-**	**495,817**
Assets derecognised or repaid (excluding write offs)	**(691,010)**	**(301,912)**	**-**	**(992,922)**
Transfers to Stage 1	**644,304**	**(644,304)**	**-**	**-**
Transfers to Stage 2	**-**	**-**	**-**	**-**
Transfers to Stage 3	**-**	**-**	**-**	**-**
Amounts written off	**-**	**-**	**-**	**-**
Foreign exchange adjustments	**17,414**	**-**	**-**	**17,414**
At 30 June 2024	**1,519,414**	**123,760**	**-**	**1,643,174**

12. INVESTMENT SECURITIES (CONT'D)

(a) Debt instruments at FVOCI (cont'd)

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	841,068,145	-	-	841,068,145
Standard Monitoring	222,880,610	-	-	222,880,610
Watchlist	-	249,266,771	-	249,266,771
Unrated	-	163,417	-	163,417
Non - performing				
Default	-	-	-	-
Total	1,063,948,755	249,430,188	-	1,313,378,943

Total gross carrying amount of MUR 1,313 m includes the fair value loss of MUR 7.6m (note 23). The fair value loss of MUR 7.6 m is included in the line gross carrying amount in the following reconciliation.

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

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	1,301,528,197	389,709,519	110,153,038	1,801,390,754
New assets originated or purchased	162,843,701	16,316,541	-	179,160,242
Assets derecognised or repaid (excluding write offs)	(422,751,403)	(147,144,303)	(110,153,038)	(680,048,744)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(152,320)	152,320	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	22,480,580	(9,603,889)	-	12,876,691
At 30 June 2023	1,063,948,755	249,430,188	-	1,313,378,943

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	688,347	-	-	688,347
Standard Monitoring	364,542	-	-	364,542
Watchlist	-	1,069,681	-	1,069,681
Unrated	-	295	-	295
Non - performing				
Default	-	-	-	-
Total	1,052,889	1,069,976	-	2,122,865

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	1,150,597	2,615,664	257,214	4,023,475
Increase in expected credit losses	455,505	-	-	455,505
Assets derecognised or repaid (excluding write offs)	(555,755)	(1,504,385)	(257,214)	(2,317,354)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(677)	677	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	3,219	(41,980)	-	(38,761)
At 30 June 2023	1,052,889	1,069,976	-	2,122,865

12. INVESTMENT SECURITIES (CONT'D)

(a) Debt instruments at FVOCI (cont'd)

	2022			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	1,271,396,895	-	-	1,271,396,895
Standard Monitoring	-	-	-	-
Watchlist	-	389,709,519	-	389,709,519
Unrated	30,131,302	-	-	30,131,302
Non - performing				
Default	-	-	110,153,038	110,153,038
Total	1,301,528,197	389,709,519	110,153,038	1,801,390,754

Total gross carrying amount of MUR 1,801m includes the fair value loss of MUR 11.8m (note 23). The fair value loss of MUR 11.8m is included in the line gross carrying amount in the following reconciliation.

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

	2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	2,937,630,120	381,170,261	-	3,318,800,381
New assets originated or purchased	276,077,809	20,177,911	-	296,255,720
Assets derecognised or repaid (excluding write offs)	(1,819,614,156)	(1,062,868)	(10,032,888)	(1,830,709,912)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(130,615,437)	130,615,437	-	-
Transfer to Stage 3	-	(114,356,990)	114,356,990	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	38,049,861	(26,834,232)	5,828,936	17,044,565
At 30 June 2022	1,301,528,197	389,709,519	110,153,038	1,801,390,754

	2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Internal rating grade				
Performing				
Investment grade	1,023,452	-	-	1,023,452
Standard Monitoring	-	-	-	-
Watchlist	-	2,615,664		2,615,664
Unrated	127,145	-	-	127,145
Non - performing				
Default	-	-	257,214	257,214
Total	1,150,597	2,615,664	257,214	4,023,475

12. INVESTMENT SECURITIES (CONT'D)

(a) Debt instruments at FVOCI (cont'd)

An analysis of changes in the ECL amount is as follows:

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	2,631,825	3,768,093	-	6,399,918
Increase in expected credit losses	525,180	597,914	-	1,123,094
Assets derecognised or repaid (excluding write offs)	(1,179,909)	(1,739,452)	(499,001)	(3,418,362)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(809,710)	809,710	-	-
Transfers to Stage 3	-	(710,204)	710,204	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(16,789)	(110,397)	46,011	(81,175)
At 30 June 2022	1,150,597	2,615,664	257,214	4,023,475

(b) Equity instruments at FVOCI

Investments that are expected to be held long-term for strategic purposes are designated at fair value through other comprehensive income. These principally include shares in Mauritian corporate entities. Refer to note 27 for dividend income on equity instruments at FVOCI.

As at 30 June 2024, the Bank had corporate shares of **MUR 42,901,226** (2023: MUR 51,782,458; 2022:MUR 71,099,086) classified as equity instruments at FVOCI.

The Bank did not have any disposal in equity instruments at FVOCI during the financial year 2024.There was no disposal in equity instruments at FVOCI during the financial year 2023 and in June 2022, the Bank disposed an equity instrument at FVOCI for MUR 3,811,256 due to favorable market conditions to realise a gain amounting to MUR 932,408.

(c) Debt instruments at amortised cost

	Up to 3 months MUR	3-12 months MUR	1 to 3 years MUR	Over 3 years MUR	2024 MUR
Bank of Mauritius treasury bills	319,803,273	309,309,301	-	-	629,112,574
Bank of Mauritius bonds and notes	-	-	151,743,676	-	151,743,676
Government of Mauritius bonds and notes	405,786,077	71,449,250	653,379,204	827,290,617	1,957,905,148
Foreign sovereign bonds	373,420,161	507,392,401	376,205,416	51,414,438	1,308,432,416
Corporate bonds	-	39,688,775	384,407,753	1,129,834,499	1,553,931,027
Gross carrying amount	1,099,009,511	927,839,727	1,565,736,049	2,008,539,554	5,601,124,841
Expected credit losses	(651,762)	(549,573)	(1,040,614)	(54,639,002)	(56,880,951)
	1,098,357,749	927,290,154	1,564,695,435	1,953,900,552	5,544,243,890

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. INVESTMENT SECURITIES (CONT'D)

(c) Debt instruments at amortised cost (Cont'd)

	Up to 3 months MUR	3-12 months MUR	1 to 3 years MUR	Over 3 years MUR	2023 MUR
Bank of Mauritius treasury bills	299,778,844	-	-	-	299,778,844
Government of Mauritius bonds and notes	254,437,233	-	476,916,896	1,280,254,217	2,011,608,346
Foreign sovereign bonds	113,721,645	318,511,343	408,083,463	94,375,743	934,692,194
Corporate bonds	-	163,785,444	281,909,688	899,300,904	1,344,996,036
Gross carrying amount	667,937,722	482,296,787	1,166,910,047	2,273,930,864	4,591,075,420
Expected credit losses	(448,285)	(416,573)	(797,176)	(2,270,228)	(3,932,262)
	667,489,437	481,880,214	1,166,112,871	2,271,660,636	4,587,143,158

	Up to 3 months MUR	3-12 months MUR	1 to 3 years MUR	Over 3 years MUR	2022 MUR
Government of Mauritius bonds and notes	254,980,063	25,201,716	730,789,206	1,204,728,495	2,215,699,480
Foreign sovereign bonds	136,118,426	361,547,772	227,704,500	413,690,227	1,139,060,925
Corporate bonds	-	47,599,849	208,240,530	928,429,283	1,184,269,662
Gross carrying amount	391,098,489	434,349,337	1,166,734,236	2,546,848,005	4,539,030,067
Expected credit losses	(123,596)	(276,483)	(1,558,305)	(2,054,358)	(4,012,742)
	390,974,893	434,072,854	1,165,175,931	2,544,793,647	4,535,017,325

	2024			
Gross carrying amount	**Stage 1 MUR**	**Stage 2 MUR**	**Stage 3 MUR**	**Total MUR**
Internal rating grade				
Performing				
Investment grade	**5,233,401,386**	**-**	**-**	**5,233,401,386**
Standard Monitoring	**29,893,415**	**-**	**-**	**29,893,415**
Watchlist	**-**	**-**	**-**	**-**
Unrated	**215,666,134**	**-**	**-**	**215,666,134**
Non - performing				
Default	**-**	**-**	**122,163,906**	**122,163,906**
Total	**5,478,960,935**	**-**	**122,163,906**	**5,601,124,841**

12. INVESTMENT SECURITIES (CONT'D)
(c) Debt instruments at amortised cost (Cont'd)

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

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July				
New assets originated or purchased	4,427,289,976	163,785,444	-	4,591,075,420
Assets derecognised or repaid (excluding write offs)	1,991,673,982	-	4,917,852	1,996,591,834
Transfers to Stage 1	(988,830,801)	(50,354,576)	-	(1,039,185,377)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	(113,430,868)	113,430,868	-
Foreign exchange adjustments	-	-	-	-
At 30 June 2024	48,827,778	-	3,815,186	52,642,964
	5,478,960,935	-	122,163,906	5,601,124,841

	2024			
ECL allowance	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Internal rating grade				
Performing				
Investment grade	3,626,783	-	-	3,626,783
Standard Monitoring	100,753	-	-	100,753
Watchlist	-	-	-	-
Unrated	727,418	-	-	727,418
Non - performing				
Default	-	-	52,425,997	52,425,997
Total	4,454,954	-	52,425,997	56,880,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. INVESTMENT SECURITIES (CONT'D)

(c) Debt instruments at amortised cost (Cont'd)

	2023			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	1,790,486,534	-	-	1,790,486,534
Standard Monitoring	2,496,926,409	-	-	2,496,926,409
Watchlist	-	-	-	-
Unrated	139,877,033	163,785,444	-	303,662,477
Non - performing				
Default	-	-	-	-
Total	4,427,289,976	163,785,444	-	4,591,075,420

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	4,328,199,691	163,230,527	47,599,849	4,539,030,067
New assets originated or purchased	919,197,435	181,790	-	919,379,225
Assets derecognised or repaid (excluding write offs)	(825,419,875)	-	(47,599,849)	(873,019,724)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	5,312,725	373,127	-	5,685,852
At 30 June 2023	4,427,289,976	163,785,444	-	4,591,075,420

	2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Internal rating grade				
Performing				
Investment grade	703,759	-	-	703,759
Standard Monitoring	2,412,930	-	-	2,412,930
Watchlist	-		-	-
Unrated	469,660	345,913	-	815,573
Non - performing				
Default	-	-	-	-
Total	3,586,349	345,913	-	3,932,262

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	2,783,141	1,043,374	186,227	4,012,742
Increase in expected credit losses	1,536,744	-	-	1,536,744
Assets derecognised or repaid (excluding write offs)	(741,684)	-	(186,227)	(927,911)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes in model	-	(698,414)	-	(698,414)
Amounts written off	-	-	-	-
Foreign exchange adjustments	8,148	953	-	9,101
At 30 June 2023	3,586,349	345,913	-	3,932,262

	2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Internal rating grade				
Performing				
Investment grade	3,368,669,515	-	-	3,368,669,515
Standard Monitoring	-	-	-	-
Watchlist	-	163,230,527	-	163,230,527
Unrated	959,530,176	-	-	959,530,176
Non - performing				
Default	-	-	47,599,849	47,599,849
Total	4,328,199,691	163,230,527	47,599,849	4,539,030,067

12. INVESTMENT SECURITIES (CONT'D)

(c) Debt instruments at amortised cost (Cont'd)

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

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	2,898,621,911	226,945,032	-	3,125,566,943
New assets originated or purchased	2,968,945,603	13,983	-	2,968,959,586
Assets derecognised or repaid (excluding write offs)	(1,468,275,787)	(177,917,383)	(2,316,403)	(1,648,509,573)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(151,010,841)	151,010,841	-	-
Transfers to Stage 3	-	(47,271,661)	47,271,661	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	79,918,805	10,449,715	2,644,591	93,013,111
At 30 June 2022	4,328,199,691	163,230,527	47,599,849	4,539,030,067

	2022			
ECL allowance	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Internal rating grade				
Performing				
Investment grade	2,058,390	-	-	2,058,390
Standard Monitoring	-	-	-	-
Watchlist	-	1,043,374	-	1,043,374
Unrated	724,751	-	-	724,751
Non - performing				
Default	-	-	186,227	186,227
Total	2,783,141	1,043,374	186,227	4,012,742

An analysis of changes in the ECL amount is as follows:

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	2,052,731	1,668,775	-	3,721,506
Increase in expected credit losses	1,999,560	57,056	-	2,056,616
Assets derecognised or repaid (excluding write offs)	(681,626)	(933,707)	(258,122)	(1,873,455)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(621,612)	621,612	-	-
Transfers to Stage 3	-	(407,122)	407,122	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	34,088	36,760	37,227	108,075
At 30 June 2022	2,783,141	1,043,374	186,227	4,012,742

13. OTHER ASSETS

	2024 MUR	*Restated 2023 MUR	*Restated 2022 MUR
Deposits	**119,226,449**	114,562,578	94,436,921
Less: Expected credit losses	**(11,664)**	(17,817)	(1,345,390)
Non-banking assets acquired in satisfaction of debts	**7,314,682**	3,101,307	5,069,770
Other receivables	**126,053,822**	*83,265,541	*41,194,207
	252,583,289	*200,911,609	*139,355,508

Deposits relate to security deposits made by the Bank with certain counterparties in the normal operations of the Banks.

Expected credit losses are calculated on deposits. There has been no change in staging classification during the financial year. All ECL allowances were classified as stage 1 in 2024, 2023 and 2022.

Non-Banking assets acquired in satisfaction of debts relate to repossessed assets and the Bank intends to dispose of such assets as soon as the market permits. These relate primarily to motor vehicles being repossessed in relation to finance leases granted by the Bank. The Bank's policy is to sell these repossessed assets through various car auctions.

Other receivables comprise mainly prepaid expenses and prepaid employee benefit.

*The prior year comparatives have been restated. Refer to note 42 for more details.

14. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

	Freehold land	Buildings	Improvement to buildings	Computer equipment
	MUR	MUR	MUR	MUR
COST				
At 1 July 2021	123,435,858	338,885,438	106,964,611	66,853,775
Additions	-	-	-	34,543,805
Disposals	-	-	-	(96,533)
Termination	-	-	-	-
At 30 June 2022	123,435,858	338,885,438	106,964,611	101,301,047
At 1 July 2022	123,435,858	338,885,438	106,964,611	101,301,047
Additions	-	-	-	5,906,492
Termination	-	-	-	-
At 30 June 2023	123,435,858	338,885,438	106,964,611	107,207,539
At 1 July 2023	**123,435,858**	**338,885,438**	**106,964,611**	**107,207,539**
Additions	**-**	**-**	**-**	**3,785,762**
Disposals	**-**	**-**	**-**	**-**
Termination	**-**	**-**	**-**	**-**
At 30 June 2024	**123,435,858**	**338,885,438**	**106,964,611**	**110,993,301**
DEPRECIATION				
At 1 July 2021	-	22,378,151	35,809,617	45,670,493
Charge for the year	-	6,777,709	5,285,071	10,940,060
Disposals	-	-	-	(20,891)
Termination	-	-	-	-
At 30 June 2022	-	29,155,860	41,094,688	56,589,662
At 1 July 2022	-	29,155,860	41,094,688	56,589,662
Charge for the year	-	6,777,709	5,348,231	16,672,739
Disposals	-	-	-	-
Termination	-	-	-	-
At 30 June 2023	-	35,933,569	46,442,919	73,262,401
At 1 July 2023	-	**35,933,569**	**46,442,919**	**73,262,401**
Charge for the year	-	**6,777,709**	**5,348,231**	**14,461,247**
Disposals	-	**-**	**-**	**-**
Termination	-	**-**	**-**	**-**
At 30 June 2024	**-**	**42,711,278**	**51,791,150**	**87,723,648**
NET BOOK VALUE				
At 30 June 2024	**123,435,858**	**296,174,160**	**55,173,461**	**23,269,653**
At 30 June 2023	123,435,858	302,951,869	60,521,692	33,945,138
At 30 June 2022	123,435,858	309,729,578	65,869,923	44,711,385

Management has reviewed the carrying value of its property and equipment and is of the opinion that as at 30 June 2024, the carrying value has not suffered any impairment except those disclosed elsewhere.

Motor vehicles	Fixtures & fittings	Right-of -use assets		Total
		Motor vehicles	Offices	
MUR	MUR	MUR	MUR	MUR
17,011,757	80,894,253	4,649,820	6,802,418	745,497,930
-	1,397,345	-	-	35,941,150
(1,006,756)	-	-	-	(1,103,289)
-	-	(1,088,310)	(1,205,531)	(2,293,841)
16,005,001	82,291,598	3,561,510	5,596,887	778,041,950
16,005,001	82,291,598	3,561,510	5,596,887	778,041,950
-	1,337,520	-	-	7,244,012
-	-	-	(4,276,004)	(4,276,004)
16,005,001	83,629,118	3,561,510	1,320,883	781,009,958
16,005,001	**83,629,118**	**3,561,510**	**1,320,883**	**781,009,958**
6,800,000	**2,705,132**	**-**	**-**	**13,290,894**
(3,800,000)	**-**	**-**	**-**	**(3,800,000)**
-	**-**	**(3,561,510)**	**-**	**(3,561,510)**
19,005,001	**86,334,250**	**-**	**1,320,883**	**786,939,342**
9,871,929	39,801,746	2,274,212	2,930,779	158,736,927
2,861,059	5,887,991	918,001	2,312,328	34,982,219
(755,067)	-	-	-	(775,958)
-	-	(781,351)	(1,205,531)	(1,986,882)
11,977,921	45,689,737	2,410,862	4,037,576	190,956,306
11,977,921	45,689,737	2,410,862	4,037,576	190,956,306
2,205,000	5,573,806	806,379	1,286,088	38,669,952
-	-	-	-	-
-	-	-	(4,276,004)	(4,276,004)
14,182,921	51,263,543	3,217,241	1,047,660	225,350,254
14,182,921	**51,263,543**	**3,217,241**	**1,047,660**	**225,350,254**
751,667	**6,014,339**	**344,268**	**251,572**	**33,949,033**
(2,850,000)	**-**	**-**	**-**	**(2,850,000)**
-	**-**	**(3,561,509)**	**-**	**(3,561,509)**
12,084,588	**57,277,882**	**-**	**1,299,232**	**252,887,778**
6,920,413	**29,056,368**	**-**	**21,651**	**534,051,564**
1,822,080	32,365,575	344,269	273,223	555,659,704
4,027,080	36,601,861	1,150,648	1,559,311	587,085,644

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

14. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONT'D)

There is no restriction on title or asset pledged as security for liabilities at the reporting date (2023 & 2022: nil).

The carrying amounts of lease liabilities (included under 'Other liabilities') and the movements during the year are analysed below.

	2024 MUR	2023 MUR	2022 MUR
As at 1 July	**700,087**	3,052,113	6,867,226
Additions	**-**	-	-
Accretion of interest	**11,331**	74,818	237,519
Payments	**(607,168)**	(2,426,844)	(4,052,632)
At 30 June (Note 21)	**104,250**	700,087	3,052,113

The following are the amounts recognised in profit or loss:	2024 MUR	2023 MUR	2022 MUR
Depreciation on right-of-use-assets	**595,840**	**2,092,467**	3,230,329
Interest expense on lease liability (Note 24)	**11,331**	**74,818**	237,519
Low value leases being expensed	**143,520**	**251,040**	263,040
Short term leases being expensed	**2,468,266**	**2,011,537**	1,867,821
Total amounts recognised in profit or loss	**3,218,957**	4,429,862	5,598,709

Lease liability	Up to 1 year MUR	1 to 3 years MUR	After 3 years MUR	Total MUR
As at 30 June 2024				
Undiscounted cash flows	**25,959**	**-**	-	**25,959**
As at 30 June 2023				
Undiscounted cash flows	685,460	25,959	-	711,419
As at 30 June 2022				
Undiscounted cash flows	2,411,498	711,419	-	3,122,917

Lease activities consist of rental of motor vehicles, Hong Kong representative office and a Disaster Recovery site.

The Bank applies the short term lease recognition exemption on rental of Dubai representative office which has a lease term of 12 months.

The Bank had total cash outflows of **MUR 3,223,444** (2023: MUR 4,674,075 and 2022: MUR 5,790,863) in respect of rental payments.

15. INTANGIBLE ASSETS

Computer software

	2024 MUR	2023 MUR	2022 MUR
COST			
At 1 July	**136,004,091**	135,913,011	68,529,424
Additions	**2,308,959**	91,080	67,383,587
At 30 June	**138,313,050**	136,004,091	135,913,011
AMORTISATION			
At 1 July	**53,358,385**	37,457,421	26,736,342
Charge for the year	**15,985,952**	15,900,964	10,721,079
At 30 June	**69,344,337**	53,358,385	37,457,421
NET BOOK VALUE			
At 30 June	**68,968,713**	82,645,706	98,455,590

None of the intangible assets is internally generated.
All intangibles are tested for impairment on an annual basis and the intangible assets have not been impaired during the years under review.

16. DEFERRED TAX ASSETS

The deferred tax included in the statements of financial position and changes recorded in the income tax expense are as follows:

	2024	2023	2022
	MUR	MUR	MUR
As at 1 July	**4,245,128**	7,574,450	11,598,877
Accelerated tax depreciation	**73,935**	(333,488)	(4,105,160)
Impairment allowance	**1,953,789**	(4,319,825)	(247,742)
Retirement benefit obligations	**55,864**	1,323,991	328,475
As at 30 June	**6,328,716**	4,245,128	7,574,450

Analysed as:

	Statement of financial position			Statement of profit or loss and other comprehensive income		
	2024	2023	2022	**2024**	2023	2022
	MUR	MUR	MUR	**MUR**	MUR	MUR
Accelerated tax depreciation	**(11,138,028)**	(11,211,963)	(10,878,475)	**73,935**	(333,488)	(4,105,160)
Impairment allowance	**14,491,139**	12,537,350	16,857,175	**1,953,789**	(4,319,825)	(247,742)
Retirement benefit obligations	**2,975,605**	2,919,741	1,595,750	**55,864**	1,323,991	328,475
	6,328,716	4,245,128	7,574,450	**2,083,588**	(3,329,322)	(4,024,427)

Movement of deferred tax to profit or loss and other comprehensive income analysed as follows:

	2024	2023	2022
	MUR	MUR	MUR
Profit or loss (Note 20)	**1,523,165**	(3,732,172)	(4,176,734)
Other comprehensive income	**560,423**	402,850	152,307
	2,083,588	(3,329,322)	(4,024,427)

17. DEPOSITS FROM CUSTOMERS

	2024	2023	2022
	MUR	MUR	MUR
Retail customers			
Savings accounts	**4,320,276,557**	3,888,132,183	4,123,253,665
Current accounts	**945,660,098**	866,839,628	1,183,230,568
Term deposits with remaining term to maturity:			
Up to 3 months	**817,684,310**	551,255,762	247,341,835
Over 3 months and up to 6 months	**493,950,737**	526,397,621	361,974,890
Over 6 months and up to 12 months	**1,278,205,312**	955,480,501	547,747,373
Over 1 year and up to 5 years	**4,602,214,964**	3,290,790,744	2,351,965,341
Corporate customers			
Savings accounts	**175,934,356**	189,290,993	158,153,294
Current accounts	**6,600,971,414**	6,967,586,829	7,825,516,051
Term deposits with remaining term to maturity:			
Up to 3 months	**861,636,644**	792,309,098	201,110,423
Over 3 months and up to 6 months	**630,218,168**	730,741,744	844,644,803
Over 6 months and up to 12 months	**843,330,770**	1,075,372,897	695,219,013
Over 1 year and up to 5 years	**782,643,429**	520,112,098	476,594,558
	22,352,726,759	20,354,310,098	19,016,751,814

The Bank receives cash collaterals as security on various loan arrangements. As at 30 June 2024, an amount of **MUR 169.3m** (2023: MUR 170.9m , 2022: MUR 97.9m) held as cash collaterals were included in deposit from customers.

18. PREFERENCE SHARES

	2024	2023	2022
	MUR	MUR	MUR
At 1 July	-	-	142,809,030
Interest accrued	-	-	-
Dividend paid	-	-	(4,629,030)
Redemption of principal amount	-	-	(138,180,000)
At 30 June	-	-	-

On 25 June 2015, the Bank issued cumulative redeemable preference shares at floating rate (Repo+1.5%) with a maturity of six years for a total consideration of MUR 138,180,000. The shareholders did not have the option to redeem the preference shares before maturity date.

The preference shares have been fully redeemed on 25 June 2021 and repaid on 5 July 2021.

19. SUBORDINATED DEBTS

	2024	2023	2022
	MUR	MUR	MUR
Subordinated Notes			
Issue of notes	500,000,000	500,000,000	500,000,000
Interest accrued	5,436,986	5,379,452	4,821,233
Bond			
Issue of bonds	700,000,000	-	-
Interest accrued	10,427,322	-	-
Less issue cost	(5,265,154)	-	-
At 30 June	1,210,599,154	505,379,452	504,821,233

On 25 April 2019, the Bank issued subordinated notes amounting to MUR 375,000,000 at fixed rate (5.60%) and MUR 125,000,000 at floating rate (Repo + 1.8%) with a tenure of six years.

On 29 March 2024, there was a bond issuance by the Bank amounting to MUR 700,000,000 at fixed rate (5.80%) and maturing on 29 March 2034.

20. INCOME TAX EXPENSE

Income tax is calculated at the rate of 5% (2023: 5% & 2022: 5%) on the profit for the year.

The components of income tax expense for the years ended 30 June are:

	2024	2023	2022
	MUR	MUR	MUR
Current income tax	41,849,269	40,436,676	21,877,205
Under provision in previous years	142,452	1,089,707	-
Deferred tax (credit)/charge	(1,523,165)	3,732,172	4,176,734
Income tax expense	40,468,556	45,258,555	26,053,939

Reconciliation of the total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the domestic statutory tax rate for the years ended 30 June is as follows:

	2024	2023	2022
	MUR	MUR	MUR
Accounting profit before tax	298,141,331	343,417,610	227,096,531
At statutory income tax rate of 5% (2023: 5% and 2022: 5%)	14,907,067	17,170,881	11,354,827
Non-deductible expenses*	5,050,527	4,826,071	2,244,243
Exempt income**	(2,783,793)	(6,208,840)	(6,671,154)
Corporate social responsibility	4,596,636	4,569,732	1,405,277
Special levy	20,078,832	20,078,832	20,078,832
Income tax under provision for the previous year	142,452	1,089,707	-
Deferred tax (credit)/charge	(1,523,165)	3,732,172	4,176,734
Tax loss utilised	-	-	(6,534,820)
Tax expense	40,468,556	45,258,555	26,053,939

*Non-deductible expenses consist mainly of provision for impairment and depreciation.
**Exempt income consist mainly of dividend and profit on disposal.

20. INCOME TAX EXPENSE (CONT'D)

Corporate Social Responsibility (CSR) Tax

Corporate Social Responsibility (CSR) was legislated by the Government of Mauritius in July 2009. The Bank is required to allocate 2% of its Segment A chargeable income of the preceding financial year to Government-approved CSR Non-Governmental Organisations.

Special Levy

The Bank is liable to pay a special levy as per Value Added Tax Act of Mauritius. It is calculated as a percentage of the Bank's leviable income from residents excluding Global Business Licence holders.

21. OTHER LIABILITIES

	2024	2023	2022
	MUR	MUR	MUR
Unallocated receipts	**54,376,477**	140,969,013	303,970,662
Employee benefit liability (note 36)	**45,778,530**	44,919,080	24,549,986
Bankers' drafts	**50,053,453**	62,143,541	55,072,575
Deferred income	**58,776,335**	43,513,193	32,675,739
Other payables	**99,036,911**	115,623,316	105,923,942
ECL on contingent liabilities (note 28 and 34)	**10,630,717**	8,067,024	8,142,703
Lease liability (note 14)	**25,959**	700,087	3,052,113
	318,678,382	415,935,254	533,387,720

Employee benefit liability is composed of retirement gratuities payable under the Employment Rights Act 2008.

Unallocated receipts relates to funds received before the Bank's cut off time on the reporting date but not yet allocated to customer accounts.

Deferred income relates to fee income generated on credit facilities disbursed by the Bank and amortised over the term of the facilities.

Other payables include accruals for expenses, accrued staff related costs and VAT payable.

22. ISSUED CAPITAL

	2024	2023	2022
	MUR	MUR	MUR
Ordinary shares of MUR 10 each			
Issued, authorised and fully paid capital	**762,718,720**	762,718,720	762,718,720
Share premium	**177,776,752**	177,776,752	177,776,752
At 30 June	**940,495,472**	940,495,472	940,495,472

	2024	2023	2022
	MUR	MUR	MUR
Issued, authorised and fully paid			
At 1 July	**940,495,472**	940,495,472	940,495,472
At 30 June	**940,495,472**	940,495,472	940,495,472
Number of shares			
At 1 July	**76,271,872**	**76,271,872**	**76,271,872**
At 30 June	**76,271,872**	**76,271,872**	**76,271,872**

Rights conferred to an ordinary share are the following: right to one vote on a poll at a meeting of the Bank on any resolution, right to an equal share in dividends authorised by the Board and right to an equal share in the distribution of the surplus assets of the Bank.

23. OTHER RESERVES

	2024 MUR	2023 MUR	2022 MUR
Net unrealised investment fair value reserve	**(24,155,811)**	(21,771,159)	7,305,391
Statutory reserve	**296,109,577**	257,458,661	212,734,803
	271,953,766	235,687,502	220,040,194

Net unrealised investment fair value reserve

	2024 MUR	2023 MUR	2022 MUR
At 1 July	**(21,771,159)**	7,305,391	13,621,269
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	**(479,692)**	(1,900,610)	(2,376,443)
Net (loss)/ gain on investments in equity instruments designated at fair value through other comprehensive income	**(19,593,708)**	(19,605,087)	7,883,548
Net gain/(loss) on investments in debt instruments designated at fair value through other comprehensive income	**17,688,748**	(7,570,853)	(11,822,983)
At 30 June	**(24,155,811)**	(21,771,159)	7,305,391

This reserve records fair value changes on financial instruments at fair value through other comprehensive income.

Statutory reserve

The statutory reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the net profit is transferred each year until the balance is equal to the amount paid as stated capital.

	MUR
At 1 July 2021	182,578,414
Transfer to statutory reserve	30,156,389
At 30 June 2022	212,734,803
At 1 July 2022	212,734,803
Transfer to statutory reserve	44,723,858
At 30 June 2023	257,458,661
At 1 July 2023	257,458,661
Transfer to statutory reserve	38,650,916
At 30 June 2024	**296,109,577**

24. NET INTEREST INCOME

	2024 MUR	*Restated 2023 MUR	*Restated 2022 MUR
Interest income using the effective interest method			
Finance leases**	**202,325,398**	*139,623,366	*104,609,174
Loans and advances to customers (excluding finance leases)**	**690,936,311**	498,398,123	333,768,699
Loans to and placements with Banks	**143,948,395**	81,891,861	11,331,499
Investment securities:			
At FVOCI	**50,160,126**	47,879,402	78,290,966
At amortised cost	**191,399,040**	172,200,363	153,009,145
Others	**2,566,676**	-	-
	1,281,335,946	*939,993,115	*681,009,483

*The prior year comparatives have been restated. Refer to note 42 for more details.
**Interest income on finance leases and loans and advances to customers include processing fees which are fees generated on credit facilities disbursed by the Bank and are recognised over the life of the facilities.

24. NET INTEREST INCOME (CONT'D)

	2024	*Restated 2023	*Restated 2022
	MUR	MUR	MUR
Interest expense			
Deposits from customers	**564,144,535**	301,508,342	193,860,564
Subordinated debts	**39,658,545**	27,930,651	25,645,034
Borrowed funds*	**299,095**	213,689	1,284,619
Lease liabilities (note 14)	**11,331**	74,818	237,519
	604,113,506	329,727,500	221,027,736
	677,222,440	*610,265,614	*459,981,747

* Interest expense was incurred on borrowed funds (interbank borrowings).

25. NET FEE AND COMMISSION INCOME

	2024	*Restated 2023	*Restated 2022
	MUR	MUR	MUR
Fee and commission income			
Card and related fee income	**40,572,668**	35,960,152	34,905,778
International Banking	**51,574,111**	53,257,905	55,814,534
Interbank transaction fees	**9,464,635**	6,827,091	4,690,760
Others	**17,874,541**	22,874,338	15,779,451
	119,485,955	*118,919,486	*111,190,523
Fee and commission expense			
Card and related fee expense	**32,944,975**	23,801,413	21,919,701
Interbank transaction fees	**20,794,927**	17,694,400	13,514,318
	53,739,902	41,495,813	35,434,019
Net fee and commission income	**65,746,053**	*77,423,673	*75,756,504

Fee and commission income

Card and related fee income relates to fee income generated at a point in time as the Bank provides card transactions payment services.

International Banking and interbank transactions fees include principally remittance fees recognised at a point in time when the Bank executes remittances on behalf of Banking customers.

Others include account maintenance fees, confirmation statement fees, cheque book fees and other service charges recognised at a point in time when the Bank provides the services to Banking customers.

*The prior year comparatives have been restated. Refer to note 42 for more details.

26. NET TRADING INCOME

	2024	2023	2022
	MUR	MUR	MUR
Net foreign exchange gain	**104,349,278**	87,115,107	57,700,029

Net foreign exchange gain includes foreign exchange gains and losses arising on revaluation of the Bank's assets and liabilities denominated in foreign currency, on foreign currency trading and on foreign currency spot and forward contracts.

27. OPERATING INCOME

	2024	2023	2022
	MUR	MUR	MUR
Net (loss) on derecognition of investment securities measured at fair value through other comprehensive income	-	-	(224,965)
Net gain on derecognition of investment securities measured at amortised cost	-	-	23,480,210
	-	-	23,255,245
Other operating Income			
Dividend income from equity instruments at FVOCI	1,542,627	1,504,714	1,503,955
Profit on disposal of property and equipment	441,304	-	-
Others	287,684	263,530	205,751
	2,271,615	1,768,244	1,709,706

28. ALLOWANCE FOR /(REVERSAL) OF CREDIT IMPAIRMENT ON FINANCIAL ASSETS

	2024	2023	2022
	MUR	MUR	MUR
Due from Banks and balances with Central Bank	(6,152)	(3,004,426)	1,719,898
Loans and advances to customers*	(14,407,058)	(45,807,717)	2,518,859
Investment in securities	52,469,001	(1,981,090)	(2,085,188)
Provision on guarantee (Note 34)	2,563,693	(481,867)	1,189,426
	40,619,484	(51,275,100)	3,342,995

*An ECL charge of MUR 1.9m on repossessed assets has been included in the allowance for credit impairment on loans and advances to customers (2023: ECL release of MUR 1.6m, 2022: ECL charge of MUR 182k).

Loans and advances to customers	2024	2023	2022
	MUR	MUR	MUR
Provision for credit impairment	88,179,865	119,396,980	204,176,832
Provision released	(102,359,029)	(165,378,928)	(201,719,949)
Bad debts recovered	(1,119,117)	(491,485)	(437,382)
Bad debts written off for which no provision was made	891,223	665,716	499,358
	(14,407,058)	(45,807,717)	2,518,859

	2024	2023	2022
	MUR	MUR	MUR
Expected Credit Losses - Debt instruments at FVOCI	(479,692)	(1,900,610)	(2,376,443)
Expected Credit Losses - Debt instruments at amortised cost	52,948,693	(80,480)	291,255
	52,469,001	(1,981,090)	(2,085,188)

28. ALLOWANCE FOR CREDIT IMPAIRMENT ON FINANCIAL ASSETS (CONT'D)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

2024	**Stage 1 Collective MUR**	**Stage 2 Collective MUR**	**Stage 3 Individual MUR**	**Total MUR**
Financial assets				
Due from banks and restricted balances with Central bank	**(6,152)**	**-**	**-**	**(6,152)**
Loans and advances to customers	**12,827,512**	**(20,165,722)**	**(7,068,848)**	**(14,407,058)**
Investment securities				
Debt instruments at amortised cost	**868,605**	**(345,914)**	**52,426,001**	**52,948,692**
Debt instruments at fair value through OCI	**466,525**	**(946,216)**	**-**	**(479,691)**
	1,335,130	**(1,292,130)**	**52,426,001**	**52,469,001**
	14,156,490	**(21,457,852)**	**45,357,153**	**38,055,791**
Contingent liabilities	**2,563,693**	**-**	**-**	**2,563,693**
	16,720,183	**(21,457,852)**	**45,357,153**	**40,619,484**

2023	Stage 1 Collective MUR	Stage 2 Collective MUR	Stage 3 Individual MUR	Total MUR
Financial assets				
Due from banks and restricted balances with Central bank	(3,004,426)	-	-	(3,004,426)
Loans and advances to customers	(17,408,228)	(11,172,869)	(17,226,620)	(45,807,717)
Investment securities				
Debt instruments at amortised cost	803,208	(697,461)	(186,227)	(80,480)
Debt instruments at fair value through OCI	(97,708)	(1,545,688)	(257,214)	(1,900,610)
	705,500	(2,243,149)	(443,441)	(1,981,090)
	(19,707,154)	(13,416,018)	(17,670,061)	(50,793,233)
Contingent liabilities	(481,867)	-	-	(481,867)
	(20,189,021)	(13,416,018)	(17,670,061)	(51,275,100)

2022	Stage 1 Collective MUR	Stage 2 Collective MUR	Stage 3 Individual MUR	Total MUR
Financial assets				
Due from banks and restricted balances with Central bank	1,719,898	-	-	1,719,898
Loans and advances to customers	(8,305,168)	(9,276,286)	20,100,313	2,518,859
Investment securities				
Debt instruments at amortised cost	730,429	(625,401)	186,227	291,255
Debt instruments at fair value through OCI	(1,481,228)	(1,152,429)	257,214	(2,376,443)
	(750,799)	(1,777,830)	443,441	(2,085,188)
	(7,336,069)	(11,054,116)	20,543,754	2,153,569
Contingent liabilities	1,189,426	-	-	1,189,426
	(6,146,643)	(11,054,116)	20,543,754	3,342,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

27. PERSONNEL EXPENSES

	2024	2023	2022
	MUR	MUR	MUR
Wages and salaries	**243,004,150**	197,673,683	179,782,011
Retirement benefit costs (Note 36)	**(5,246,097)**	14,904,821	3,011,005
Others	**61,854,987**	50,722,763	41,769,903
	299,613,040	263,301,267	224,562,919

Others include mainly travelling allowances, directorship fees, medical benefits, training costs and other allowances.

30. OTHER OPERATING EXPENSES

	2024	2023	2022
	MUR	MUR	MUR
Motor vehicle expenses and insurance	**7,539,380**	7,068,097	6,869,030
Rates	**391,545**	768,805	711,573
Advertising and marketing	**13,181,133**	5,590,995	2,292,331
Information technology costs	**51,836,881**	68,584,964	44,549,238
Licences	**3,453,414**	3,933,728	4,432,158
Loss on disposal of property and equipment	**-**	-	108,200
Communication costs	**12,467,443**	11,075,403	11,341,070
Legal and professional fees	**22,273,135**	21,693,644	11,958,310
Maintenance costs	**73,387**	6,435,923	6,193,886
Others	**50,064,228**	41,406,386	29,241,692
	161,280,546	166,557,945	117,697,488

Others consist of postage and stationary, utilities, security, overseas travelling, subscription, lease of low-value assets being expensed and other operating costs.

31. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to the ordinary equity holders of the Bank by the weighted average number of ordinary shares during the year.

	2024	2023	2022
	MUR	MUR	MUR
Profit after tax	**257,672,775**	298,159,055	201,042,592
Weighted average number of ordinary shares	**76,271,872**	76,271,872	76,271,872
Earnings per share			
Basic and diluted earnings per share	**3.38**	3.91	2.64

32. DIVIDENDS

	2024	2023	2022
	MUR	MUR	MUR
Dividends on ordinary shares:			
Declared and paid dividend: MUR 0.90 per share (2023: MUR 0.61 per share, 2022: MUR 0.54)	**68,644,685**	46,525,838	41,186,811

Dividends for distribution to shareholders were approved by the Board of Directors in December 2023, and were paid in February 2024. Dividend paid in financial year 2023 was declared during the year.

33. RELATED PARTY DISCLOSURES

(a) The following table provides the total amount of transactions and balances, which have been entered into with related parties for the relevant financial years.

		LOANS AND ADVANCES			DEPOSITS FROM CUSTOMERS		OTHERS	Total amount	Total amount
		Loans and advances granted	Outstanding amount at year end	Interest receivable for the year	Deposits at year end	Interest payable for the year	*Other expenditure	Owed by related party	Owed to related party
		MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Directors and key management personnel	**2024**	**38,120,248**	**57,965,663**	**1,746,013**	**171,376,349**	**5,873,675**	**1,109,088**	**57,965,663**	**171,376,349**
	2023	20,992,250	23,720,508	248,201	191,582,308	4,789,320	304,828	23,720,508	191,582,308
	2022	-	6,005,019	132,675	194,811,197	2,909,040	1,745,016	6,005,019	194,811,197
Corporate shareholders with significant influence	**2024**	**121,966,602**	**341,261,025**	**21,296,905**	**6,011,304**	**-**	**1,796,537**	**341,261,025**	**6,011,304**
	2023	88,535,833	298,437,626	14,486,749	21,710,716	-	1,704,030	298,437,626	21,710,716
	2022	-	252,558,429	9,924,933	82,288,317	-	1,238,194	252,558,429	82,288,317
Enterprises that have a number of directors in common	**2024**	**55,419,684**	**124,716,839**	**9,694,260**	**51,327,286**	**507,684**	**15,593,831**	**124,716,839**	**51,327,286**
	2023	59,156,900	145,114,123	8,572,753	33,909,240	17,160	8,296,986	145,114,123	33,909,240
	2022	-	90,826,731	4,914,337	15,945,089	131	9,854,292	90,826,731	15,945,089
Enterprises under common control	**2024**	-	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
Total	**2024**	**215,506,534**	**523,943,527**	**32,737,178**	**228,714,939**	**6,381,359**	**18,499,456**	**523,943,527**	**228,714,939**
	2023	168,684,983	467,272,257	23,307,703	247,202,264	4,806,480	10,305,844	467,272,257	247,202,264
	2022	-	349,390,179	14,971,945	293,044,603	2,909,171	12,837,502	349,390,179	293,044,603

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. Credit facilities are secured except for short term money market lines. An amount of **MUR 16,500,000** has been provided as guarantee to the related party for the year ended 30 June 2024.(2023: MUR 16,500,000 and 2022: Nil). For the year ended 30 June 2024, the Bank has not recorded any impairment of receivables relating to amounts owed by the related parties (2023 and 2022: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

*Othes includes principally insurance, training, marketing and communication costs.

(b) Compensation of key management personnel

	2024	2023	2022
	MUR	MUR	MUR
Short term employee benefits	**49,332,000**	40,906,260	39,111,780
Long term employee benefits	**2,319,000**	1,799,964	1,695,372

(c) The Bank's top six exposures to related parties amount to **MUR 398,395,137** (2023: 346,662,378 and 2022: MUR 308,967,434). These represent 17% of Tier 1 Capital. None of these facilities were non-performing (2023 & 2022: Nil). Allowance for impairment losses amount to **MUR 1,985,132** (2023: MUR 1,659,007 and 2022: MUR 2,832,005).

34. CONTINGENT LIABILITIES

	2024 MUR	2023 MUR	2022 MUR
(a) Instruments			
(i) Financial guarantees	**39,744,640**	27,087,930	35,671,805
Less: Allowance for impairment losses	**(216,010)**	(65,435)	(197,075)
Net financial guarantees	**39,528,630**	27,022,495	35,474,730
(ii) Letters of credit and other obligations on account of customers	**673,270,000**	-	-
Less: Allowance for impairment losses	**(1,619,730)**	-	-
Net letters of credit and other obligations on account of customers	**671,650,270**	-	-
(b) Commitments			
(i) Undrawn credit facilities	**2,113,916,804**	3,162,936,570	1,916,325,200
Less: Allowance for impairment losses	**(8,794,976)**	(8,001,590)	(7,945,628)
Net undrawn credit facilities	**2,105,121,828**	3,154,934,980	1,908,379,572
Net contingent liabilities	**2,816,300,728**	3,181,957,475	1,943,854,302

(a) (i) Financial guarantees

2024	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	7,847,000	-	-	7,847,000
Standard Monitoring	31,897,640	-	-	31,897,640
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	39,744,640	-	-	39,744,640

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

2024	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	27,087,930	-	-	27,087,930
New exposures originated or purchased	39,744,640		-	39,744,640
Exposures derecognised or repaid (excluding write offs)	(27,087,930)	-	-	(27,087,930)
At 30 June 2024	39,744,640	-	-	39,744,640

2024	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	40,011	-	-	40,011
Standard Monitoring	175,999	-	-	175,999
Watchlist	-		-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	216,010	-	-	216,010

34. CONTINGENT LIABILITIES (CONT'D)

(a) Instruments (cont'd)

(a) (i) Financial guarantees (Cont'd)

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1 MUR	**Stage 2 MUR**	**Stage 3 MUR**	**Total MUR**
ECL allowance as at 1 July	**65,435**	**-**	**-**	**65,435**
New exposures originated or purchased	**216,010**	**-**	**-**	**216,010**
Exposures derecognised or repaid (excluding write offs)	**(65,435)**	**-**	**-**	**(65,435)**
At 30 June 2024	**216,010**	**-**	**-**	**216,010**

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	19,710,000	-	-	19,710,000
Standard Monitoring	7,377,930	-	-	7,377,930
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	27,087,930	-	-	27,087,930

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

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	38,251,314	1,521,746	13,136,395	52,909,455
New exposures originated or purchased	27,087,930	-	-	27,087,930
Exposures derecognised or repaid (excluding write offs)	(38,251,314)	(1,521,746)	(13,136,395)	(52,909,455)
At 30 June 2023	27,087,930	-	-	27,087,930

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	32,297	-	-	32,297
Standard Monitoring	33,138	-	-	33,138
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	65,435	-	-	65,435

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	130,937	66,138	-	197,075
New exposures originated or purchased	65,435	-	-	65,435
Exposures derecognised or repaid (excluding write offs)	(130,937)	(66,138)	-	(197,075)
At 30 June 2023	65,435	-	-	65,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

34. CONTINGENT LIABILITIES (CONT'D)

(a) Instruments (cont'd)

(a) (i) Financial guarantees (Cont'd)

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	15,150,000	-	-	15,150,000
Standard Monitoring	8,758,195	-	-	8,758,195
Watchlist	-	11,763,610	-	11,763,610
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	23,908,195	11,763,610	-	35,671,805

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

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	38,251,314	1,521,746	13,136,395	52,909,455
New exposures originated or purchased	23,908,195	11,763,610	-	35,671,805
Exposures derecognised or repaid (excluding write offs)	(38,251,314)	(1,521,746)	(13,136,395)	(52,909,455)
At 30 June 2022	23,908,195	11,763,610	-	35,671,805

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	82,673	-	-	82,673
Standard Monitoring	48,264	-	-	48,264
Watchlist	-	66,138	-	66,138
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	130,937	66,138	-	197,075

An analysis of changes in the ECL amount is as follows:

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	232,200	17,812	8,722,022	8,972,034
New exposures originated or purchased	130,937	66,138	-	197,075
Exposures derecognised or repaid (excluding write offs)	(232,200)	(17,812)	(8,722,022)	(8,972,034)
At 30 June 2022	130,937	66,138	-	197,075

34. CONTINGENT LIABILITIES (CONT'D)

(a) Instruments (cont'd)

(a) (ii) Letter of credit and other obligations on account of customers(Cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	461,455,000	-	-	461,455,000
Standard Monitoring	211,815,000	-	-	211,815,000
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	673,270,000	-	-	673,270,000

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	-	-	-	-
New exposures originated or purchased	673,270,000	-	-	673,270,000
Exposures derecognised or repaid (excluding write offs)	-	-	-	-
At 30 June 2024	673,270,000	-	-	673,270,000

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	1,122,553	-	-	1,122,553
Standard Monitoring	497,177	-	-	497,177
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	1,619,730	-	-	1,619,730

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	-	-	-	-
New exposures originated or purchased	1,619,730	-	-	1,619,730
Exposures derecognised or repaid (excluding write offs)	-	-	-	-
At 30 June 2024	1,619,730	-	-	1,619,730

There was no Letter of credit and other obligations on account of customer for the year ended 30 June 2023 and 30 June 2022 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

34. CONTINGENT LIABILITIES (CONT'D)

(b) Commitments

(b) (i) Undrawn credit facilities

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	1,202,836,026	-	-	1,202,836,026
Standard Monitoring	873,375,936	-	-	873,375,936
Watchlist	-	23,535,000	-	23,535,000
Unrated	14,169,842	-	-	14,169,842
Non-performing				
Default	-	-	-	-
Total	2,090,381,804	23,535,000	-	2,113,916,804

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

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	3,114,940,674	47,995,896	-	3,162,936,570
New exposures originated or purchased	2,090,381,804	23,535,000	-	2,113,916,804
Exposures derecognised or repaid (excluding write offs)	(3,114,940,674)	(47,995,896)	-	(3,162,936,570)
At 30 June 2024	2,090,381,804	23,535,000	-	2,113,916,804

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	4,863,013	-	-	4,863,013
Standard Monitoring	3,754,436	-	-	3,754,436
Watchlist	-	120,156	-	120,156
Unrated	57,371	-	-	57,371
Non-performing				
Default	-	-	-	-
Total	8,674,820	120,156	-	8,794,976

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	7,651,634	349,956	-	8,001,590
New exposures originated or purchased	8,674,820	120,156	-	8,794,976
Exposures derecognised or repaid (excluding write offs)	(7,651,634)	(349,956)	-	(8,001,590)
At 30 June 2024	8,674,820	120,156	-	8,794,976

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	2,011,889,380	-	-	2,011,889,380
Standard Monitoring	1,088,747,281	4,105,000	-	1,092,852,281
Watchlist	-	43,890,896	-	43,890,896
Unrated	14,304,013	-	-	14,304,013
Non-performing				
Default	-	-	-	-
Total	3,114,940,674	47,995,896	-	3,162,936,570

34. CONTINGENT LIABILITIES (CONT'D)

(b) Commitments (Cont'd)

(b) (i) Undrawn credit facilities (Cont'd)

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

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	1,821,603,161	94,722,039	-	1,916,325,200
New exposures originated or purchased	3,114,940,674	47,995,896	-	3,162,936,570
Exposures derecognised or repaid (excluding write offs)	(1,821,603,161)	(94,722,039)	-	(1,916,325,200)
At 30 June 2023	3,114,940,674	47,995,896	-	3,162,936,570

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	4,106,563	-	-	4,106,563
Standard Monitoring	3,506,265	32,480	-	3,538,745
Watchlist	-	317,476	-	317,476
Unrated	38,806	-	-	38,806
Non-performing				
Default	-	-	-	-
Total	7,651,634	349,956	-	8,001,590

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	7,410,260	535,368	-	7,945,628
New exposures originated or purchased	7,651,634	349,956	-	8,001,590
Exposures derecognised or repaid (excluding write offs)	(7,410,260)	(535,368)	-	(7,945,628)
At 30 June 2023	7,651,634	349,956	-	8,001,590

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount				
Internal rating grade				
Performing				
Investment grade	853,293,298	-	-	853,293,298
Standard Monitoring	947,073,471	-	-	947,073,471
Watchlist	10,128,615	94,722,039	-	104,850,654
Unrated	11,107,777	-	-	11,107,777
Non-performing				
Default	-	-	-	-
Total	1,821,603,161	94,722,039	-	1,916,325,200

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

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Gross carrying amount as at 1 July	1,475,742,977	162,724,921	-	1,638,467,898
New exposures originated or purchased	1,821,603,161	94,722,039	-	1,916,325,200
Exposures derecognised or repaid (excluding write offs)	(1,475,742,977)	(162,724,921)	-	(1,638,467,898)
At 30 June 2022	1,821,603,161	94,722,039	-	1,916,325,200

34. CONTINGENT LIABILITIES (CONT'D)

(b) Commitments (Cont'd)

(b) (i) Undrawn credit facilities (Cont'd)

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance				
Internal rating grade				
Performing				
Investment grade	2,927,287	-	-	2,927,287
Standard Monitoring	4,408,905	-	-	4,408,905
Watchlist	41,552	535,368	-	576,920
Unrated	32,516	-	-	32,516
Non-performing				
Default	-	-	-	-
Total	7,410,260	535,368	-	7,945,628

An analysis of changes in the ECL amount is as follows:

	2022			
	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
ECL allowance as at 1 July	6,086,047	767,220	-	6,853,267
New exposures originated or purchased	7,410,260	535,368	-	7,945,628
Exposures derecognised or repaid (excluding write offs)	(6,086,047)	(767,220)	-	(6,853,267)
At 30 June 2022	7,410,260	535,368	-	7,945,628

35. PLEDGED ASSETS

The assets that have been pledged to secure the credit facilities with other commercial banks are as follows:

	2024	2023	2022
	MUR	MUR	MUR
Government of Mauritius bonds, notes and bills	-	125,000,000	353,000,000

The significant terms for pledging GOM bonds, notes and bills pledged as collateral are as follows:
(1) securities cannot be traded
(2) if securities are maturing, they are to be replaced
(3) there will usually be a haircut on the credit line as compared to the pledged asset

36. RETIREMENT BENEFIT OBLIGATION

(a) Defined contribution plan

The Bank operates a defined contribution plan for all its employees. The assets of the plan are held separately from the Bank under the control of ABC Group Pension Fund. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Bank are reduced by the amount of forfeited contributions.

The total expenses recognised in statement of profit or loss of MUR 13,888,864 (2023: MUR 12,027,332, 2022: MUR 10,720,280) represents contributions payable to the plan by the Bank.

(b) Gratuity on retirement

The Bank is required to pay gratuities on retirement of the Bank's employees in accordance with Section 99 of the Workers' Rights Act 2019. The Bank has engaged MUA Life Ltd to calculate the obligations arising out of the gratuities payable. For members of the Bank's defined contribution plan, the obligation relates to the residual retirement gratuity and as a result 5 times the annual pension, relating to the Bank's share of contributions, is offset from the retirement gratuity and this residual liability is recognised in the Bank's financial statements.

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the unfunded status and amounts recognised in the statement of financial position.

36. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(b) Gratuity on retirement (Cont'd)

The amount included in the statement of financial position arising from the Bank's obligation in respect of its retirement gratuities is as follows:

	2024	2023	2022
	MUR	MUR	MUR
Present value of retirement benefit obligation	**46,147,406**	45,110,914	24,588,442
Fair value plan assets	**(368,876)**	(191,834)	(38,456)
	45,778,530	44,919,080	24,549,986

Amounts recognised in the statement of profit or loss in respect of the retirement gratuities obligation are as follows:

	2024	2023	2022
	MUR	MUR	MUR
Current service cost	**4,426,581**	4,635,414	2,154,616
Net interest cost	**2,198,486**	1,091,553	856,389
Past service costs*	**(11,871,164)**	9,731,979	-
Curtailment/Settlement gain/loss	**-**	(554,125)	-
Net cost for the year recognised in profit and loss	**(5,246,097)**	14,904,821	3,011,005
Remeasurement recognised in other comprehensive income	**8,621,902**	6,197,695	2,343,184
Net cost for the year	**3,375,805**	21,102,516	5,354,189

*Following a change in legislation in August 2022 as per the Workers' Rights Act 2019 and the Finance (Miscellaneous Provisions) Act 2022, the Bank must pay a lump sum equivalent to 15/26 times the average monthly remuneration in the last 12 months for each year of service with the Bank at retirement to those employees working 6-day weeks, or 15/22 times the average monthly remuneration in the last 12 months for each year of service with the Bank at retirement to those employees working 5-day weeks.

Certain employees at the Bank work 5-day weeks and the change in the retirement gratuity formula was applied in respect of all service retrospectively for those employees retiring, passing away or leaving on or after 1 July 2022. The past service costs of MUR 11.9m represent the increase in liability due to the change in the retirement gratuity formula as at 30 June 2024.(2023: MUR 9.7m and 2022: Nil).

	2024	2023	2022
	MUR	MUR	MUR
Changes in the present value of the obligation			
Present value of obligation at start of period	**45,110,914**	24,588,442	19,496,527
Interest cost	**2,198,486**	1,091,553	856,389
Current service cost	**4,426,581**	4,635,414	2,154,616
Past service costs	**(11,871,164)**	9,731,979	-
Benefits paid	**(2,339,313)**	(580,044)	(262,274)
Settlement gain/loss	**-**	(554,125)	-
Expected obligation at end of period	**37,525,504**	38,913,219	22,245,258
Present value of obligation at end of period	**46,147,406**	45,110,914	24,588,442
Remeasurement recognised in other comprehensive income at end of period - gain/ (losses)	**(8,621,902)**	(6,197,695)	(2,343,184)
Deferred tax	**560,426**	402,850	152,307
Retirement pension net of deferred tax	**(8,061,476)**	(5,794,845)	(2,190,877)
Changes in the fair value of the plan assets			
Fair value of plan assets at start of period	**191,834**	38,456	-
Contributions to plan assets *	**200,442**	733,422	44,583
Benefits paid out of plan assets	**(23,400)**	(580,044)	(6,127)
Expected fair value at end of period	**368,876**	191,834	38,456
Fair value of plan assets at end of period	**368,876**	191,834	38,456

*The plan asset relates to contributions made to the Portable Retirement Gratuity Fund ("PRGF") introduced in January 2022 under the Workers' Rights Act 2019.

36. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(b) Gratuity on retirement (Cont'd)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023	2022
Normal retirement age	**65**	65	65
Discount rate	**5.39%**	5.47%	4.48%
Future salary increases	**5.00%**	3.00%	3.00%
Annual proportion of employees leaving service	**5% up to age 40, decreasing to 0% at 45 & nil thereafter**	5% up to age 40, decreasing to 0% at 45 & nil thereafter	5% up to age 40, decreasing to 0% at 45 & nil thereafter
Actuarial table for employee mortality	**PMA92_PFA92**	PMA92_PFA92	PMA92_PFA92

Movements in the present value of the retirement gratuities in the current year is as follows:

	2024	2023	2022
	MUR	MUR	MUR
Opening retirement gratuities obligation	**45,110,914**	24,588,442	19,496,527
Current service cost	**4,426,581**	4,635,414	2,154,616
Past service cost	**(11,871,164)**	9,731,979	-
Interest cost	**2,198,486**	1,091,553	856,389
Benefits paid	**(2,339,313)**	(580,044)	(262,274)
Curtailment/Settlement gain/loss	**-**	(554,125)	-
Net actuarial gain recognised in other comprehensive income	**8,621,902**	6,197,695	2,343,184
Present value of obligation at end of year	**46,147,406**	45,110,914	24,588,442

Significant actuarial assumptions for the determination of the defined contribution plan are discount rate, expected salary increase and longevity rates. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2024	2023	2022
	MUR	MUR	MUR
Sensitivity			
Effect on present value of obligations:			
1% increase in discount rate	**(37,246,182)**	(36,811,058)	(20,045,443)
1% decrease in discount rate	**57,489,310**	55,679,398	30,475,011
1% increase in salary increase assumption	**55,779,994**	54,257,292	29,455,363
1% decrease in salary increase assumption	**(38,577,247)**	(37,956,154)	(20,846,480)
Effect of changing longevity - one year up	**45,605,747**	44,616,852	22,432,788
Effect of changing longevity - one year down	**(46,656,586)**	(45,575,200)	(23,162,836)

The sensitivity analysis presented above may not be representative of the actual change in the defined contribution obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

37. CAPITAL COMMITMENT

	2024	2023	2022
	MUR	MUR	MUR
Amount contracted for but not yet incurred	**6,926,584**	9,807,750	6,500,000

The above expenditure relates to IT projects.

38. EVENT AFTER REPORTING DATE

(a) Climate Corporate Responsibility

Climate Corporate Responsibility ("CCR") levy, introduced in the Finance Act 2024, will be applicable to the Bank as its turnover exceed MUR 50 million. It is effective as from the year of assessment commencing 01 July 2024, i.e. post the financial year ended 30 June 2024. The CCR Levy was subsequently gazetted in the Finance (Miscellaneous Provisions) Act 2024 on 27 July 2024 and as such was not accounted for as at 30 June 2024.

39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Subordinated debts	Preference shares	Lease liabilities	Ordinary Dividend	Total
	MUR	MUR	MUR	MUR	MUR
At 1 July 2021	500,000,000	138,180,000	6,867,225	-	645,047,225
Dividend declared	-	-	-	41,186,811	41,186,811
New leases	-	-	-	-	-
Cash flows	(4,570,126)	(138,180,000)	(3,815,113)	(41,186,811)	(187,752,050)
At 30 June 2022	495,429,874	-	3,052,112	-	498,481,986
At 1 July 2022	495,429,874	-	3,052,112	-	498,481,986
Dividend declared	-	-	-	46,525,838	46,525,838
New leases	-	-	-	-	-
Cash flows	558,219	-	(2,352,026)	(46,525,838)	(48,319,645)
At 30 June 2023	495,988,093	-	700,086	-	496,688,179
At 1 July 2023	**495,988,093**	**-**	**700,086**	**-**	**496,688,179**
Dividend declared	**-**	**-**	**-**	**68,644,685**	**68,644,685**
Cash flows	**705,219,702**	**-**	**(595,837)**	**(68,644,685)**	**635,979,180**
At 30 June 2024	**1,201,207,795**	**-**	**104,249**	**-**	**1,201,312,044**

40. SEGMENTAL REPORTING

For management purposes, the Bank is organised into one main operating segment, which is the conduct of its Banking activities. All significant operating decisions about resource allocation and performance assessment are based upon analysis of the Bank's operations as one segment and one single business. The financial results from this segment are equivalent to the financial statements of the Bank as a whole.

However, even though this is reporting as such for the purpose of the Bank of Mauritius guideline, Senior Management, being responsible for the operating performance of the Bank manages the Bank in relation to making decisions about resource allocation and performance assessment as one single business.

In line with the Guideline on Segmental Reporting under a Single Banking Licence Regime and Guideline on Public Disclosure of Information as issued by the Bank of Mauritius, the Bank classifies its assets and liabilities into two segments: Segment A and Segment B. Segment B activity is essentially directed to the provision of international financial services that give rise to "foreign source income".

Segment B assets will generally consist of placements with and advances to foreign financial institutions.

Segment B liabilities will normally arise from deposits, borrowings and funds deposited by non-residents and global business companies.

Segment A activity relates to all Banking business other than Segment B activity.

Expenditure incurred by the Bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

40. SEGMENTAL REPORTING (CONT'D)

STATEMENT OF FINANCIAL POSITION

	Notes	2024			*Restated 2023			*Restated 2022		
		Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR
ASSETS										
Cash and cash equivalents	40(a)	**4,596,690,444**	**4,038,562,873**	**558,127,571**	5,570,184,787	3,575,047,018	1,995,137,769	*3,894,599,441	*2,488,280,899	1,406,318,542
Due from banks	40(b)	**-**	**-**	**-**	-	-	-	966,675,490	455,055,930	511,619,560
Derivative financial assets		**9,989,650**	**1,444,396**	**8,545,254**	26,136,555	656,150	25,480,405	50,004,747	364,025	49,640,722
Loans and advances to customers	40(c)	**14,270,513,029**	**12,384,379,080**	**1,886,133,949**	*11,246,615,276	*9,681,291,243	1,565,324,033	*10,004,183,925	8,455,925,201	1,548,258,724
Investment securities	40(d)	**6,653,592,914**	**5,080,439,000**	**1,573,153,914**	5,952,304,559	4,544,861,041	1,407,443,518	6,407,507,165	4,502,072,424	1,905,434,741
Property and equipment		**534,051,564**	**400,538,673**	**133,512,891**	555,659,704	416,744,778	138,914,926	587,085,644	440,314,233	146,771,411
Intangible assets		**68,968,713**	**68,968,713**	**-**	82,645,706	82,645,706	-	98,455,590	98,455,590	-
Other assets	40(e)	**252,583,289**	**85,872,994**	**166,710,295**	*200,911,609	*75,932,189	124,979,420	*139,355,508	*33,598,695	105,756,813
Deferred tax assets		**6,328,716**	**6,328,716**	**-**	4,245,128	4,245,128	-	7,574,450	7,574,450	-
Total assets		**26,392,718,319**	**22,066,534,445**	**4,326,183,874**	23,638,703,324	18,381,423,252	5,257,280,071	22,155,441,960	16,481,641,447	5,673,800,513
LIABILITIES										
Deposits from customers	40(f)	**22,352,726,759**	**14,896,194,507**	**7,456,532,252**	20,354,310,098	12,914,758,448	7,439,551,650	19,016,751,814	11,119,201,632	7,897,550,182
Derivative financial liabilities		**4,981,376**	**350,497**	**4,630,879**	25,518,459	-	25,518,459	9,404,846	2,445	9,402,401
Subordinated debts	40(g)	**1,210,599,154**	**1,210,599,154**	**-**	505,379,452	505,379,452	-	504,821,233	504,821,233	-
Current tax liabilities		**29,563,378**	**29,563,378**	**-**	39,972,753	39,972,753	-	10,250,861	10,250,861	-
Other liabilities	40(h)	**318,678,382**	**261,671,081**	**57,007,301**	415,935,254	274,962,543	140,972,711	533,387,720	335,228,470	198,159,250
Total liabilities		**23,916,549,049**	**16,398,378,617**	**7,518,170,432**	21,341,116,016	13,735,073,196	7,606,042,820	20,074,616,474	11,969,504,641	8,105,111,833
Shareholders' Equity										
Issued capital		**940,495,472**			940,495,472			940,495,472		
Retained earnings		**1,263,720,032**			1,121,404,334			920,289,820		
Other reserves		**271,953,766**			235,687,502			220,040,194		
Capital and reserves		**2,476,169,270**			2,297,587,308			2,080,825,486		
Total liabilities and equity		**26,392,718,319**			23,638,703,324			22,155,441,960		

*The prior year comparatives have been restated. Refer to note 42 for more details.

The restricted balances with the Central Bank reclassified from other assets to cash and cash equivalents amounted to MUR 769,714,298 as at 1 July 2021.

40. SEGMENTAL REPORTING (CONT'D)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024			*Restated 2023			*Restated 2022		
		Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR
Interest income		1,281,335,946	1,054,142,489	227,193,457	*939,993,114	*779,128,357	*160,864,757	*681,009,483	*560,318,120	*120,691,363
Interest expense		(604,113,506)	(549,513,603)	(54,599,903)	(329,727,500)	(309,680,162)	(20,047,338)	(221,027,736)	(211,758,593)	(9,269,143)
Net interest income	40(i)	677,222,440	504,628,886	172,593,554	*610,265,614	*469,448,195	*140,817,419	*459,981,747	*348,559,527	*111,422,220
Fee and commission income		119,485,955	27,354,392	92,131,563	*118,919,486	*27,904,576	*91,014,910	*111,190,523	*21,634,259	*89,556,264
Fee and commission expense		(53,739,902)	(2,436,152)	(51,303,750)	(41,495,813)	(1,710,371)	(39,785,442)	(35,434,019)	(2,696,310)	(32,737,709)
Net fee and commission income	40(j)	65,746,053	24,918,240	40,827,813	*77,423,673	*26,194,205	*51,229,468	*75,756,504	*18,937,949	*56,818,555
Net trading income	40(k)	104,349,278	76,717,429	27,631,849	87,115,107	66,696,934	20,418,173	57,700,029	41,138,909	16,561,120
Net gain on sale of investment securities	40(l)	-	-	-	-	-	-	23,255,245	23,255,406	(161)
Other operating income	40(m)	2,271,615	2,271,615	-	1,768,244	1,768,244	-	1,709,706	1,709,706	-
Total other income		106,620,893	78,989,044	27,631,849	88,883,351	68,465,178	20,418,173	82,664,980	66,104,021	16,560,959
Operating income		849,589,386	608,536,170	241,053,216	776,572,638	564,107,578	212,465,060	618,403,231	433,601,497	184,801,734
Personnel expenses	40(o)	(299,613,040)	(224,709,779)	(74,903,261)	(263,301,267)	(197,475,950)	(65,825,317)	(224,562,919)	(168,422,189)	(56,140,730)
Depreciation and amortisation		(49,934,985)	(37,451,239)	(12,483,746)	(54,570,916)	(40,928,187)	(13,642,729)	(45,703,298)	(34,277,473)	(11,425,825)
Other operating expenses	40(p)	(161,280,546)	(113,950,711)	(47,329,835)	(166,557,945)	(120,047,263)	(46,510,682)	(117,697,488)	(86,626,950)	(31,070,538)
Non interest expenses		(510,828,571)	(376,111,729)	(134,716,842)	(484,430,128)	(358,451,400)	(125,978,728)	(387,963,705)	(289,326,612)	(98,637,093)
Operating profit before impairment		338,760,815	232,424,441	106,336,374	292,142,510	205,656,178	86,486,332	230,439,526	144,274,885	86,164,641
(Allowance for)/Reversal of credit impairment on financial assets	40(n)	(40,619,484)	(46,812,457)	6,192,973	51,275,100	45,751,616	5,523,484	(3,342,995)	(10,524,410)	7,181,415
Operating profit before tax		298,141,331	185,611,984	112,529,347	343,417,610	251,407,794	92,009,816	227,096,531	133,750,475	93,346,056
Income tax expense		(40,468,556)	(32,799,259)	(7,669,297)	(45,258,555)	(39,314,511)	(5,944,044)	(26,053,939)	(31,971,949)	5,918,010
Profit for the year		257,672,775	152,812,725	104,860,050	298,159,055	212,093,283	86,065,772	201,042,592	101,778,526	99,264,066
Other comprehensive income										
Items that will not be reclassified subsequently to profit or loss, net of tax:										
Net (loss)/gain on investments in equity instruments designated at fair value through other comprehensive income		(19,593,708)	(19,593,708)	-	(19,605,087)	(19,605,087)	-	7,883,548	11,355,888	(3,472,340)
Gain on disposal on equity instruments at fair value through other comprehensive income		-	-	-	-	-	-	932,408	932,408	-
Remeasurement of retirement pension net of deferred tax		(8,061,476)	(8,061,476)	-	(5,794,845)	(5,794,845)	-	(2,190,877)	(2,190,877)	-
		(27,655,184)	(27,655,184)	-	(25,399,932)	(25,399,932)	-	6,625,079	10,097,419	(3,472,340)
Items that may be reclassified subsequently to profit or loss, net of tax:										
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income		(479,692)	(426,233)	(53,459)	(1,900,610)	(1,774,445)	(126,165)	(2,376,443)	(3,059,190)	682,747
Net (loss)/gain on investments in debt instruments designated at fair value through other comprehensive income		17,688,748	8,302,391	9,386,357	(7,570,853)	(17,909,991)	10,339,138	(11,822,983)	(7,000,079)	(4,822,904)
Total of items that may be reclassified subsequently to profit or loss, net of tax		17,209,056	7,876,158	9,332,898	(9,471,463)	(19,684,436)	10,212,973	(14,199,426)	(10,059,269)	(4,140,157)
Other comprehensive (loss)/ income for the year		(10,446,128)	(19,779,026)	9,332,898	(34,871,395)	(45,084,368)	10,212,973	(7,574,347)	38,150	(7,612,497)
Total comprehensive income		247,226,647	133,033,699	114,192,948	263,287,660	167,008,915	96,278,745	193,468,245	101,816,676	91,651,569

*The prior year comparatives have been restated. Refer to note 42 for more details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

40. SEGMENTAL REPORTING (CONT'D)

	2024			*Restated 2023			*Restated 2022		
	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR
(a) *Cash and cash equivalents*									
Cash in hand	13,752,482	10,757,394	2,995,088	9,587,864	7,569,108	2,018,756	13,187,157	8,259,623	4,927,534
Balances with Central Bank	1,567,648,080	1,567,648,080	-	1,231,302,402	1,231,302,402	-	*1,280,316,418	*1,280,316,418	-
Balances with banks	512,440,074	9,535,888	502,904,186	1,524,877,950	65,184,819	1,459,693,131	1,364,847,985	350,208,597	1,014,639,388
Due from banks	2,502,849,808	2,450,621,511	52,228,297	2,804,416,571	2,270,990,689	533,425,882	1,236,247,881	849,496,261	386,751,620
	4,596,690,444	4,038,562,873	558,127,571	5,570,184,787	3,575,047,018	1,995,137,769	*3,894,599,441	*2,488,280,899	1,406,318,542
(b) *Due from banks*									
Placement with banks	-	-	-	-	-	-	968,352,343	455,269,494	513,082,849
Deposits with the Central Bank	-	-	-	-	-	-	-	-	-
Less: Expected credit losses	-	-	-	-	-	-	(1,676,853)	(213,564)	(1,463,289)
	-	-	-	-	-	-	966,675,490	455,055,930	511,619,560
(c) *Loans and advances to customers*									
Loans and overdrafts									
Retail	3,472,852,425	2,609,113,105	863,739,320	*2,466,164,337	*1,912,954,153	553,210,184	*1,798,938,936	*1,466,804,967	332,133,969
Corporate	7,832,175,770	6,808,096,189	1,024,079,581	6,650,068,162	5,629,128,223	1,020,939,939	6,466,936,245	5,245,187,021	1,221,749,224
	11,305,028,195	9,417,209,294	1,887,818,901	9,116,232,499	7,542,082,376	1,574,150,123	8,265,875,181	6,711,991,988	1,553,883,193
Less: Allowance for impairment losses	(122,744,758)	(111,911,780)	(10,832,978)	(151,391,914)	(131,652,369)	(19,739,545)	(204,495,458)	(179,909,146)	(24,586,312)
	11,182,283,437	9,305,297,514	1,876,985,923	8,964,840,585	7,410,430,007	1,554,410,578	8,061,379,723	6,532,082,842	1,529,296,881
Investment in finance leases									
Retail	1,532,415,800	1,528,322,440	4,093,360	*1,098,281,819	*1,093,057,409	5,224,410	*947,916,619	*931,860,614	16,056,005
Corporate	1,589,630,638	1,584,410,396	5,220,242	1,201,185,328	1,195,383,998	5,801,330	1,019,311,486	1,016,299,029	3,012,457
	3,122,046,438	3,112,732,836	9,313,602	2,299,467,147	2,288,441,407	11,025,740	1,967,228,105	1,948,159,643	19,068,462
Less: Allowance for impairment losses	(33,816,846)	(33,651,270)	(165,576)	(17,692,456)	(17,580,171)	(112,285)	(24,423,903)	(24,317,284)	(106,619)
	3,088,229,592	3,079,081,566	9,148,026	2,281,774,691	2,270,861,236	10,913,455	1,942,804,202	1,923,842,359	18,961,843
	14,270,513,029	12,384,379,080	1,886,133,949	11,246,615,276	*5,139,568,771	1,565,324,033	*10,004,183,925	*8,455,925,201	1,548,258,724

*The prior year comparatives have been restated. Refer to note 42 for more details.

40. SEGMENTAL REPORTING (CONT'D)

	2024			*Restated 2023			*Restated 2022		
	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR
(d) *Investment Securities*									
Debt instruments at FVOCI	1,066,447,798	927,320,070	139,127,728	1,313,378,943	953,542,782	359,836,161	1,801,390,754	1,189,962,503	611,428,251
Equity instruments at FVOCI	42,901,226	32,188,674	10,712,552	51,782,458	51,782,382	76	71,099,086	71,099,010	76
Debt instruments at amortised cost	5,544,243,890	4,120,930,256	1,423,313,634	4,587,143,158	3,539,535,877	1,047,607,281	4,535,017,325	3,241,010,911	1,294,006,414
	6,653,592,914	5,080,439,000	1,573,153,914	5,952,304,559	4,544,861,041	1,407,443,518	6,407,507,165	4,502,072,424	1,905,434,741
(e) *Other Assets*									
Deposits	119,226,449	451,300	118,775,149	114,562,578	6,894,172	107,668,406	94,436,921	454,550	93,982,371
Less: Expected credit losses	(11,664)	-	(11,664)	(17,817)	-	(17,817)	(1,345,390)	(1,268,552)	(76,838)
Non-banking assets acquired in satisfaction of debts	7,314,682	7,314,682	-	3,101,307	3,101,307	-	5,069,770	5,069,770	-
Other receivables	126,053,822	78,107,012	47,946,810	*83,265,541	*65,936,710	17,328,831	*41,194,207	*29,342,927	11,851,280
	252,583,289	85,872,994	166,710,295	200,911,609	75,932,189	124,979,420	139,355,508	33,598,695	105,756,813
(f) Deposits from customers									
Retail customers									
Savings accounts	4,320,276,557	4,047,465,470	272,811,087	3,888,132,183	3,689,669,812	198,462,371	4,123,253,665	3,987,866,121	135,387,544
Current accounts	945,660,098	385,401,346	560,258,752	866,839,628	260,733,583	606,106,045	1,183,230,568	378,683,600	804,546,968
Term deposits with remaining term to maturity:									
Up to 3 months	817,684,310	684,476,577	133,207,733	551,255,762	459,791,544	91,464,218	247,341,835	233,790,135	13,551,700
Over 3 months and up to 6 months	493,950,737	441,875,860	52,074,877	526,397,621	509,359,299	17,038,322	361,974,890	331,798,830	30,176,060
Over 6 months and up to 12 months	1,278,205,312	1,228,697,674	49,507,638	955,480,501	923,620,345	31,860,156	547,747,373	545,704,640	2,042,733
Over 1 year and up to 5 years	4,602,214,964	4,515,511,460	86,703,504	3,290,790,744	3,234,194,515	56,596,229	2,351,965,341	2,333,097,034	18,868,307
Corporate customers									
Savings accounts	175,934,356	175,934,356	-	189,290,993	189,290,993	-	158,153,294	158,153,294	-
Current accounts	6,600,971,414	1,455,390,149	5,145,581,265	6,967,586,829	1,120,119,109	5,847,467,720	7,825,516,051	1,350,215,349	6,475,300,702
Term deposits with remaining term to maturity:									
Up to 3 months	861,636,644	299,940,101	561,696,543	792,309,098	628,294,623	164,014,475	201,110,423	96,418,895	104,691,528
Over 3 months and up to 6 months	630,218,168	225,754,621	404,463,547	730,741,744	514,929,698	215,812,046	844,644,803	732,995,239	111,649,564
Over 6 months and up to 12 months	843,330,770	653,103,464	190,227,306	1,075,372,897	887,984,190	187,388,707	695,219,013	539,681,948	155,537,065
Over 1 year and up to 5 years	782,643,429	782,643,429	-	520,112,098	496,770,737	23,341,361	476,594,558	430,796,547	45,798,011
	22,352,726,759	14,896,194,507	7,456,532,252	20,354,310,098	12,914,758,448	7,439,551,650	19,016,751,814	11,119,201,632	7,897,550,182
(g) *Subordinated Debts*									
Subordinate Notes									
Issue of shares	500,000,000	500,000,000	-	500,000,000	500,000,000	-	500,000,000	500,000,000	-
Interest accrued	5,436,986	5,436,986	-	5,379,452	5,379,452	-	4,821,233	4,821,233	-
Bond									
Issue of shares	700,000,000	700,000,000	-	-	-	-	-	-	-
Interest accrued	10,427,322	10,427,322	-	-	-	-	-	-	-
Less issue cost	(5,265,154)	(5,265,154)	-	-	-	-	-	-	-
	1,210,599,154	1,210,599,154	-	505,379,452	505,379,452	-	504,821,233	504,821,233	-

*The prior year comparatives have been restated. Refer to note 42 for more details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

40. SEGMENTAL REPORTING (CONT'D)

	2024			*Restated 2023			*Restated 2022		
	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR
(h) *Other Liabilities*									
Unallocated receipts	54,376,477	11,397,285	42,979,192	140,969,013	18,844,764	122,124,249	303,970,662	114,899,580	189,071,081
Employee benefit liability	45,778,530	45,778,530	-	44,919,080	44,919,080	-	24,549,986	24,549,986	-
Bankers' drafts	50,053,453	50,053,453	-	62,143,541	62,143,541	-	55,072,575	55,072,575	-
Deferred income	58,776,335	58,776,335	-	43,513,193	43,513,193	-	32,675,739	32,675,739	-
Other payables	99,036,911	87,939,405	11,097,506	115,623,316	97,104,589	18,518,727	105,923,942	97,251,545	8,672,397
ECL on contingent liabilities	10,630,717	7,700,114	2,930,603	8,067,024	7,737,289	329,735	8,142,703	7,834,838	307,866
Lease liability	25,959	25,959	-	700,087	700,087	-	3,052,113	2,944,207	107,906
	318,678,382	261,671,081	57,007,301	415,935,254	274,962,543	140,972,711	533,387,720	335,228,470	198,159,250
(i) *Net interest income*									
Interest income using the effective interest method									
Finance leases	202,325,398	201,682,339	643,059	139,623,366	138,660,361	963,005	104,609,174	104,111,501	497,673
Loans and advances to customers (excluding finance leases)	690,936,311	555,337,006	135,599,305	498,398,123	407,309,271	91,088,852	333,768,699	252,433,086	81,335,613
Loans to and placements with banks	143,948,395	91,294,085	52,654,310	81,891,861	42,299,392	39,592,469	11,331,499	6,020,140	5,311,359
Investment securities									
At FVOCI	50,160,126	48,422,002	1,738,124	47,879,402	44,429,496	3,449,906	78,290,965	53,543,346	24,747,619
At amortised cost	191,399,040	156,981,659	34,417,381	172,200,362	147,944,623	24,255,739	153,009,146	145,024,117	7,985,029
Others	2,566,676	425,398	2,141,278	-	-	-	-	-	-
	1,281,335,946	1,054,142,489	227,193,457	*939,993,114	*780,643,143	*159,349,971	*681,009,483	*561,132,190	*119,877,293
Interest expense									
Deposits from customers	564,144,535	509,556,309	54,588,226	301,508,342	281,534,572	19,973,770	193,860,564	185,290,967	8,569,597
Subordinated debts	39,658,545	39,658,545	-	27,930,651	27,930,651	-	25,645,034	25,645,034	-
Borrowed funds	299,095	287,418	11,677	213,689	152,846	60,843	1,284,619	694,894	589,725
Lease liabilities	11,331	11,331	-	74,818	62,093	12,725	237,519	127,698	109,821
	604,113,506	549,513,603	54,599,903	329,727,500	309,680,162	20,047,338	221,027,736	211,758,593	9,269,143
Net interest income	677,222,440	504,628,886	172,593,554	*610,265,614	*470,962,981	*139,302,633	*459,981,747	*349,373,597	*110,608,150
(j) *Net fee and commission income*									
Fee and commission income									
Card and related fee income	40,572,668	10,695,424	29,877,244	35,960,152	7,780,643	28,179,509	34,905,778	6,182,128	28,723,650
International banking	51,574,111	-	51,574,111	53,257,905	-	53,257,905	55,814,534	-	55,814,534
Interbank transaction fees	9,464,635	3,555,255	5,909,380	6,827,091	2,573,228	4,253,863	4,690,760	4,690,760	-
Others	17,874,541	13,103,713	4,770,828	22,874,338	17,550,705	5,323,633	15,779,451	10,761,371	5,018,080
	119,485,955	27,354,392	92,131,563	*118,919,486	*27,904,576	*91,014,910	*111,190,523	*21,634,259	*89,556,264
Fee and commission expense									
Card and related fees	32,944,975	1,143,453	31,801,522	23,801,413	466,742	23,334,671	21,919,701	724,185	21,195,516
Interbank transaction fees	20,794,927	1,292,699	19,502,228	17,694,400	1,243,629	16,450,771	13,514,318	1,972,125	11,542,193
	53,739,902	2,436,152	51,303,750	41,495,813	1,710,371	39,785,442	35,434,019	2,696,310	32,737,709
Net fee and commission income	65,746,053	24,918,240	40,827,813	*77,423,673	*26,194,205	*51,229,468	*75,756,504	*18,937,949	*56,818,555

*The prior year comparatives have been restated. Refer to note 42 for more details.

40. SEGMENTAL REPORTING (CONT'D)

		2024			*Restated 2023			*Restated 2022		
		Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR	Total MUR	Segment A MUR	Segment B MUR
(k)	***Net trading income***									
	Net foreign exchange gain	**104,349,278**	**76,717,429**	**27,631,849**	87,115,107	66,696,934	20,418,173	57,700,029	41,138,909	16,561,120
(l)	***Net gain on sale of investment securities***									
	Net gain on sale of investment securities	**-**	**-**	**-**	-	-	-	23,255,245	23,255,406	(161)
(m)	***Other operating income***									
	Dividend income from equity instruments under FVOCI	**1,542,627**	**1,542,627**	**-**	1,504,714	1,504,714	-	1,503,955	1,503,955	-
	Profit on disposal of property and equipment	**441,304**	**441,304**	**-**	-	-	-	-	-	-
	Others	**287,684**	**287,684**	**-**	263,530	263,530	-	205,751	205,751	-
		2,271,615	**2,271,615**	**-**	1,768,244	1,768,244	-	1,709,706	1,709,706	-
(n)	***(Allowance for) / Reversal of credit impairment on financial assets***									
	Due to banks	**(6,152)**	**644,763**	**(650,915)**	(3,004,426)	(2,353,511)	(650,915)	1,719,898	1,132,969	586,929
	Loans and advances to customers	**(14,407,058)**	**(9,565,956)**	**(4,841,102)**	(45,807,717)	(40,966,615)	(4,841,102)	2,518,859	9,837,439	(7,318,580)
	Provision on guarantee	**2,563,693**	**1,925,663**	**638,030**	(481,867)	(1,119,897)	638,030	1,189,426	1,205,511	(16,085)
	Investment in securities	**52,469,001**	**53,138,498**	**(669,497)**	(1,981,090)	(1,311,593)	(669,497)	(2,085,188)	(1,651,509)	(433,679)
		40,619,484	**46,142,968**	**(5,523,484)**	(51,275,100)	(45,751,616)	(5,523,484)	3,342,995	10,524,410	(7,181,415)
(o)	***Personnel expenses***									
	Wages and salaries	**243,004,150**	**182,253,112**	**60,751,038**	197,673,683	148,255,262	49,418,421	179,782,011	134,836,508	44,945,503
	Employees benefit costs	**(5,246,097)**	**(3,934,573)**	**(1,311,524)**	14,904,821	11,178,616	3,726,205	3,011,005	2,258,254	752,751
	Others	**61,854,987**	**46,391,240**	**15,463,747**	50,722,763	38,042,072	12,680,691	41,769,903	31,327,427	10,442,476
		299,613,040	**224,709,779**	**74,903,261**	263,301,267	197,475,950	65,825,317	224,562,919	168,422,189	56,140,730
(p)	***Other expenses***									
	Motor vehicle expenses and insurance	**7,539,380**	**5,654,535**	**1,884,845**	7,068,097	5,301,073	1,767,024	6,869,030	5,151,772	1,717,258
	Rental of office	**391,545**	**293,659**	**97,886**	768,805	576,604	192,201	711,573	533,680	177,893
	Advertising and marketing	**13,181,133**	**9,885,850**	**3,295,283**	5,590,995	4,193,246	1,397,749	2,292,331	1,719,248	573,083
	Information technology costs	**51,836,881**	**38,877,661**	**12,959,220**	68,584,964	51,438,723	17,146,241	44,549,238	33,411,928	11,137,310
	Licences	**3,453,414**	**2,590,060**	**863,354**	3,933,728	2,950,296	983,432	4,432,158	3,324,118	1,108,040
	Loss on disposal of property and equipment	**-**	**-**	**-**	-	-	-	108,200	81,150	27,050
	Communication costs	**12,467,443**	**9,350,582**	**3,116,861**	11,075,403	8,306,552	2,768,851	11,341,070	8,505,802	2,835,268
	Legal and professional fees	**22,273,135**	**16,704,851**	**5,568,284**	21,693,644	16,270,233	5,423,411	11,958,310	8,968,732	2,989,578
	Maintenance costs	**73,387**	**55,040**	**18,347**	6,435,923	4,826,942	1,608,981	6,193,886	4,645,414	1,548,472
	Others	**50,064,228**	**30,538,473**	**19,525,755**	41,406,386	26,183,594	15,222,792	29,241,692	20,285,106	8,956,586
		161,280,546	**113,950,711**	**47,329,835**	166,557,945	120,047,263	46,510,682	117,697,488	86,626,950	31,070,538

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

41. RISK MANAGEMENT

Introduction

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and the Bank as an entity is accountable for its risk exposures. The Bank is exposed to credit risk, interest rate risk, liquidity risk and market risk. It is also subject to operating risk.

The Bank manages its risk exposure through its Risk department which develops methodologies to identify, measure, mitigate and monitor the major risks. The Risk department reports to the Risk Management Committee and ultimately to the Board in a structured manner on credit, market and operational risk matters.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Bank's strategic planning process.

Risk management structure

The Board of Directors recognises that the Bank encounters risk in every aspect of its business and ensures that the necessary structures, processes and methods for identifying, measuring and monitoring such risks are in place as advocated by Basel norms and relevant laws and regulations. The Risk Management Committee plays an active role in ensuring that risk-taking activities remain within the boundaries of the appetite approved by the Board. The committee receives regular reports and recommendations following work done by the Risk function, the Executive Committee and the Asset and Liability Committee. Through its Chairperson, the committee reports to the Board in a timely manner on all risk issues that could have an impact on the operations and/or reputation of the Bank.

Board of Directors

The Board of Directors as well as the Bank's senior management are responsible for understanding both the nature and level of risks taken by the institution and how the risk relates to adequate capital levels. The Board is also responsible for the overall risk management approach and for approving the risk strategies and principles.

(a) Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	2024		*Restated 2023		*Restated 2022	
	Carrying Value MUR	Fair Value MUR	Carrying Value MUR	Fair Value MUR	Carrying Value MUR	Fair Value MUR
Financial assets						
Cash and cash equivalents at amortised cost	**4,596,690,444**	**4,596,690,444**	5,570,184,787	5,570,184,787	*3,894,599,441	*3,894,599,441
Due from Banks at amortised cost	**-**	**-**	-	-	966,675,490	966,675,490
Derivative financial assets at FVPL	**9,989,650**	**9,989,650**	26,136,555	26,136,555	50,004,747	50,004,747
Loans and advances to customers at amortised cost	**14,270,513,029**	**13,716,876,369**	*11,246,615,276	*10,693,648,659	*10,004,183,925	*10,151,451,132
Investment in securities:	**6,653,592,914**	**6,684,089,127**	5,952,304,559	5,463,641,020	6,407,507,165	6,293,196,886
Debt instruments at FVOCI	**1,066,447,798**	**1,066,447,798**	1,313,378,943	1,313,378,943	1,801,390,754	1,801,390,754
Debt instruments at amortised cost	**5,544,243,890**	**5,574,740,103**	4,587,143,158	4,098,479,619	4,535,017,325	4,420,707,046
Equity instruments at FVOCI	**42,901,226**	**42,901,226**	51,782,458	51,782,458	71,099,086	71,099,086
Other assets at amortised cost**	**218,903,918**	**218,903,918**	*174,275,996	*174,275,996	*128,381,894	*128,381,894
	25,749,689,955	**25,226,549,508**	*22,969,517,173	*21,927,887,017	*21,451,352,662	*21,484,309,590
Financial liabilities						
Derivative financial liabilities at FVPL	**4,981,376**	**4,981,376**	25,518,459	25,518,459	9,404,846	9,404,846
Deposits from customers at amortised cost	**22,352,726,759**	**19,839,430,353**	20,354,310,098	20,104,089,596	19,016,751,814	18,926,417,281
Subordinated debts at amortised cost	**1,210,599,154**	**1,200,000,000**	505,379,452	505,379,452	504,821,233	504,821,233
Other liabilities at amortised cost**	**213,929,227**	**213,929,227**	327,292,515	327,292,515	481,460,845	481,460,845
	23,782,236,516	**21,258,340,956**	21,212,500,524	20,962,280,022	20,012,438,738	19,922,104,205

*The prior year comparatives have been restated. Refer to note 42 for more details.

**The carrying amount of other assets excludes prepaid expenses as they do not meet the definition of a financial instrument. The carrying amount of other liabilities excludes retirement benefit obligation, VAT, TDS deferred and special levy as they do not meet the definition of a financial instrument.

(a) Fair values (Cont'd)

For loans and advances to non-Bank customers, all the fixed loans and advances maturing after one year have been fair valued based on the current prevailing lending rate.

For investment securities, all the government bonds and BOM bonds have been fair valued based on the latest weighted yield rate.

For deposits from non-Bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate.

The carrying amounts of cash and cash equivalents, other assets (which includes sundry debtors - deposits, non-Banking assets acquired in satisfaction of debts and other receivables) & other liabilities are not materially different from their fair value.

Except for the levels in which the financial assets and financial liabilities are shown in the table of fair value measurement hierarchy, the fair values of the other financial assets and financial liabilities are categorised in Level 3.

Fair value measurement hierarchy

(i) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no changes in the above valuation techniques during the year.

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	**Level 2**	**Level 3**	**Total**
	MUR	**MUR**	**MUR**	**MUR**
2024				
Financial assets				
Investment securities (debt and equity instruments)				
- Debt securities	**538,890,966**	**344,492,676**	**183,064,156**	**1,066,447,798**
- Equity securities	**30,456,027**	**-**	**12,445,199**	**42,901,226**
Derivatives - Foreign exchange contracts	**-**	**9,989,650**	**-**	**9,989,650**
	569,346,993	**354,482,326**	**195,509,355**	**1,119,338,674**
Financial liabilities				
Derivatives - Foreign exchange contracts	**-**	**4,981,376**	**-**	**4,981,376**

	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
2023				
Financial assets				
Investment securities (debt and equity instruments)				
- Debt securities	829,832,204	150,884,119	332,662,620	1,313,378,943
- Equity securities	50,049,735	-	1,732,723	51,782,458
Derivatives - Foreign exchange contracts	-	26,136,555	-	26,136,555
	879,881,939	177,020,674	334,395,343	1,391,297,956
Financial liabilities				
Derivatives - Foreign exchange contracts	-	25,518,459	-	25,518,459

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

41. RISK MANAGEMENT (CONT'D)

(a) Fair values (Cont'd)

Fair value measurement hierarchy (Cont'd)

(i) Valuation principles (Cont'd)

	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
2022				
Financial assets				
Investment securities (debt and equity instruments)				
- Debt securities	1,106,050,939	201,851,525	493,488,290	1,801,390,754
- Equity securities	69,654,823	-	1,444,263	71,099,086
Derivatives - Foreign exchange contracts	-	50,004,747	-	50,004,747
	1,175,705,762	251,856,272	494,932,553	1,922,494,587
Financial liabilities				
Derivatives	-	9,404,846	-	9,404,846

There have been no financial assets or financial liabilities measured at fair value that were transferred between Level 1 and Level 2, or between Level 2 and 3 during the year.

In prior years, debt securities previously included those debt instruments accounted at amortised cost.

Reconciliation of fair value measurement of level 3 investments

	Total
	MUR
As at July 2023	**334,395,343**
Remeasurement recognised in OCI	**(445,604)**
Additions	**10,712,860**
Accrued interest	**(1,631,028)**
Disposal	**(147,522,217)**
As at June 2024	**195,509,354**

	Total
	MUR
As at July 2022	494,932,553
Remeasurement recognised in OCI	(10,104,296)
Additions	289,636
Accrued interest	(14,244)
Disposal	(150,708,306)
As at June 2023	334,395,343

	Total
	MUR
As at July 2021	543,280,706
Remeasurement recognised in OCI	6,918,739
Additions	195,792,004
Accrued interest	667,004
Disposal	(251,725,900)
As at June 2022	494,932,553

41. RISK MANAGEMENT (CONT'D)
(a) Fair values (Cont'd)
Fair value measurement hierarchy (Cont'd)
(i) Valuation principles (Cont'd)

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets & liabilities measured at fair value:

	At July 2023	**Additions**	**Accrued interest**	**Disposal**	**Other comprehensive income**	**At June 2024**
	MUR	**MUR**	**MUR**	**MUR**	**MUR**	**MUR**
Financial Assets						
Investment securities (debt and equity instruments)						
- Debt securities at FVOCI	**332,662,620**	**385**	**(1,631,028)**	**(147,522,217)**	**(445,604)**	**183,064,156**
- Equity securities	**1,732,723**	**10,712,475**	**-**	**-**	**-**	**12,445,198**
	334,395,343	**10,712,860**	**(1,631,028)**	**(147,522,217)**	**(445,604)**	**195,509,354**

	At July 2022	Additions	Accrued interest	Disposal	Other comprehensive income	At June 2023
	MUR	MUR	MUR	MUR	MUR	MUR
Financial Assets						
Investment securities (debt and equity instruments)						
- Debt securities at FVOCI	493,488,290	1,176	(14,244)	(150,708,306)	(10,104,296)	332,662,620
- Equity securities	1,444,263	288,460	-	-	-	1,732,723
	494,932,553	289,636	(14,244)	(150,708,306)	(10,104,296)	334,395,343

	At July 2021	Additions	Accrued interest	Disposal	Other comprehensive income	At June 2023
	MUR	MUR	MUR	MUR	MUR	MUR
Financial Assets						
Investment securities (debt and equity instruments)						
- Debt securities at FVOCI	541,818,292	195,791,995	667,004	(251,725,900)	6,936,899	493,488,290
- Equity securities	1,462,414	9	-	-	(18,160)	1,444,263
	543,280,706	195,792,004	667,004	(251,725,900)	6,918,739	494,932,553

41. RISK MANAGEMENT (CONT'D)

(a) Fair values (Cont'd)

Fair value measurement hierarchy (Cont'd)

(ii) Valuation techniques

(a) Debt securities

Debt instruments that are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1.

Government of Mauritius bonds, Bank of Mauritius bonds and unquoted securities are valued based on the market yield of similar instruments as made publicly available by the local regulator and are classified as Level 2.

If one or more significant inputs are not based on observable data, the instrument is included in Level 3. Significant unobservable inputs include yield curves and credit spreads.

(b) Equity securities

Corporate shares that are traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1.

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured to the extent information is available, and valued on a case-by-case basis, and are classified as Level 3.

(iii) Valuation techniques Level 2 & Level 3

Valuation of Level 2 instruments is based on a mix of observable inputs, such as benchmark interest rates, and data from comparable assets. The discounted cash flow model is used to estimate the present value based on those parameters.

Valuation of Level 3 instruments, where needed, is based on internal models and assumptions. Estimates of risk-adjusted parameters are used in the discounted cash flow models for securities with predefined cash flows.

Derivatives
Derivatives include foreign exchange contracts and foreign exchange swaps. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points. The Bank classifies foreign exchange forward contracts and swaps as Level 2.

(iv) Valuation methodologies

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 recorded at fair value in the financial statements:

Debt securities carried at fair value through other comprehensive income
The Bank uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value including CDS data of the issuer to estimate the relevant credit spreads. Bonds issued by financial institutions that are traded on secondary markets are generally Level 2 and corporate bonds are generally Level 3 instruments where usually there is not sufficient third party trading data to justify Level 1 classification. Level 3 instruments are those where significant inputs cannot be referenced to observable data and, therefore, inputs are adjusted for relative tenor and issuer quality.

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Loans and advances to customers
The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, foreign exchange risk, probability of default and loss given default estimates. As a result, loans and advances fall under Level 3 of the fair value hierarchy.

Fixed rate financial instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost is estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. As a result, these fixed rate financial instruments fall under Level 2 of the fair value hierarchy.

(v) Sensitivity of fair value measurements to changes in unobservable market data

The significant inputs used in the fair value measurement of debt securities within Level 3 of the fair value hierarchy include discount rates ranging from 3.73% to 7.04% (2023: 5.04% to 6.78%) and credit spreads ranging from 0.37% to 2.38% (2023: 0.37% to 2.04%) depending on the relevant sector.

Changes in the significant unobservable inputs to reasonable possible alternatives would lead to different resulting fair values. Sensitivity data is calculated by adjusting model inputs to reasonable changes within the fair value methodology.

An increase of 0.5% in discount rates across the Level 3 investment securities would result in a lower fair value by MUR 0.01m (2023: MUR 0.02m), while a decrease of 0.5% in discount rates would result in a higher fair value by MUR 0.01m.(2023: MUR 0.02m).

An increase of 10% in credit spreads across the Level 3 investment securities would result in a lower fair value by MUR 0.266m (2023: MUR 3.81m), while a decrease of 10% in credit spreads would result in a higher fair value by MUR 0.274m (2023: MUR 3.83m).

The financial instruments within level 3 of the fair value hierarchy are measured at FVOCI. Thus, any changes in the significant unobservable inputs would not have any impact on the statement of profit or loss.

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	Maximum exposure to credit risk		
	2024	*Restated 2023	*Restated 2022
	MUR	MUR	MUR
Fund based exposures:			
Cash and cash equivalents	**4,582,937,962**	5,560,596,923	*3,881,412,284
Due from banks	**-**	-	966,675,490
Derivative financial assets	**9,989,650**	26,136,555	50,004,747
Loans and advances to customers	**14,270,513,029**	*11,246,615,276	*10,004,183,925
Investment securities	**6,610,691,688**	5,900,522,101	6,336,408,079
Other assets	**218,903,918**	*174,275,996	*128,381,894
Total credit risk exposure	**25,693,036,247**	*22,908,146,851	*21,367,066,419
Non-fund based exposures:			
Financial guarantees	**39,744,640**	27,087,930	35,671,805
Letter of credit and other obligations on account of customers	**673,270,000**	-	-
Undrawn credit facilities	**2,113,916,804**	3,162,936,570	1,916,325,200
Total credit risk exposure	**2,826,931,444**	3,190,024,500	1,951,997,005

*The prior year comparatives have been restated on account of correction of errors. Refer to note 42 for more details.

An analysis of the Bank's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements have been disclosed in notes 9, 11, 12 and 34.

Fund based exposures do not include cash in hand and investment in equity.

The table below shows the sectorial split by industry sector of the Bank's financial assets:

	2024	*Restated 2023	*Restated 2022
	MUR	MUR	MUR
Manufacturing	**1,102,163,459**	843,603,069	889,604,935
Construction	**939,994,982**	676,267,797	647,592,991
Professional	**400,887,902**	43,227,322	46,668,247
Traders	**1,435,718,755**	1,392,872,505	1,061,718,603
Tourism	**1,506,567,181**	1,775,408,185	2,125,828,996
Transport	**422,546,620**	360,157,771	391,542,051
Financial and Business services	**6,022,112,764**	6,983,541,067	6,332,793,993
Personal	**5,005,979,347**	*3,545,759,441	*2,724,292,124
Agriculture	**177,378,016**	142,158,727	146,768,007
Global Business Licence Holders	**458,838,694**	291,852,336	665,531,804
Government	**6,020,826,958**	4,942,367,151	5,400,043,574
Information and communication technology	**200,823,612**	165,342,865	557,681,673
Others	**1,999,197,957**	1,745,588,615	376,999,421
	25,693,036,247	*22,908,146,851	*21,367,066,419

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

The table below shows the sectorial split by industry sector of financial guarantees and other commitments:

	2024	2023	2022
	MUR	MUR	MUR
Manufacturing	**239,309,974**	406,460,325	445,985,401
Construction	**42,305,542**	12,052,485	11,159,670
Professional	**14,070,208**	14,761,860	-
Traders	**273,434,744**	304,339,770	333,178,111
Tourism	**94,537,961**	39,326,909	68,013,960
Transport	**56,865,811**	30,072,187	37,084,611
Financial and Business services	**157,128,314**	351,724,194	326,894,121
Personal	**631,537,914**	1,345,955,996	571,130,688
Agriculture	**19,493,665**	1,325,746	59,447,355
Global Business Licence Holders	**28,218,465**	-	-
Others	**1,270,028,846**	684,005,028	99,103,088
	2,826,931,444	**3,190,024,500**	**1,951,997,005**

An analysis of credit exposures, including non-fund based facilities, for advances to non-Bank customers using the Bank's credit grading system is given below:

2024

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR	**MUR**	**MUR**	**MUR**
Grades:				
Performing				
1 to 3 - Investment Grade	**6,754,156,648**	**-**	**-**	**6,754,156,648**
4 to 7 - Standard Monitoring	**8,876,094,592**	**124,871,355**	**-**	**9,000,965,947**
8 - Watchlist	**-**	**772,486,231**	**-**	**772,486,231**
Unrated	**386,861,723**	**26,937,899**	**-**	**413,799,622**
Non-performing				
9 - Default	**-**	**-**	**312,597,628**	**312,597,628**
	16,017,112,964	**924,295,485**	**312,597,628**	**17,254,006,077**

2023

	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Grades:				
Performing				
1 to 3 - Investment Grade	6,189,637,435	12,036,243	-	6,201,673,678
4 to 7 - Standard Monitoring	6,084,478,357	106,048,681	-	6,190,527,038
8 - Watchlist	-	1,544,178,596	-	1,544,178,596
Unrated	404,005,358	12,704,017	-	441,978,766
Non-performing				
9 - Default	-	-	252,635,459	252,635,459
	12,678,121,150	1,674,967,537	252,635,459	14,630,993,537

2022

	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Grades:				
Performing				
1 to 3 - Investment Grade	3,205,855,365	2,039,999	-	3,207,895,364
4 to 7 - Standard Monitoring	5,769,621,137	49,217,281	-	5,818,838,418
8 - Watchlist	8,824,847	1,948,203,246	-	1,957,028,093
Unrated	495,893,864	8,073,467	-	513,730,366
Non-performing				
9 - Default	-	-	697,371,084	697,371,084
	9,480,195,213	2,007,533,993	697,371,084	12,194,863,325

41. RISK MANAGEMENT (CONT'D)
(b) Credit risk (Cont'd)

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 9 are customers which have been defaulted on a prudent basis. The Bank does not extend credit to clients categorised as grade 8 or 9.

There were no loans and advances whose terms have been renegotiated during the financial year 2024 .(There was MUR 394,538,139 loans & advances renegotiated in 2023, however,there was no loan and advances whose terms have been renegotiated during the year 2022.)

All cash and cash equivalents, loans and placements with Banks and loans and receivables – investment securities are held with financial institutions having grades 1 to 6.
The above table includes loans and advances and off balance sheet items only. For an analysis of credit exposures on investment securities using the Bank's credit grading system, refer to note 12(a).

Internal credit risk ratings

In order to minimise credit risk, the Bank has tasked its Risk Management Committee to develop and maintain the Bank's credit risk grading to categorise exposures according to their degree of risk of default. The Bank's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The Bank assesses each credit facility request on its own merits by analysing the credit history of the potential client, the latter's cash flow history, future projections of the business or income capacity of the individual, the availability and type of collateral that will secure the facility, the repayment capacity of the business or individual and the character of the individual. The Bank will also consider individual factors that would represent strengths in favour of or weaknesses against the approval of credit facilities.

The Bank collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

External Credit Assessment institutions (ECA) Institutions Ratings	Internal credit risk grades	Internal Risk Descriptions
Aaa/AAA	1	Investment Grade
Aa1/AA+ to Aa3/AA-	2	Investment Grade
A1/A+ to A3/A-	3	Investment Grade
Baa1/BBB+ to Baa3/BBB-	4	Investment Grade
Ba1/BB+ to Ba3/BB-	5	Standard Monitoring
B1/B+ to B3/B-	6	Standard Monitoring
Caa1/CCC+ to Caa3/CCC-	7	Standard Monitoring
Ca/ CC/ C	8	Watchlist
D	9	Default
NR	Unrated	Unrated

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrate otherwise.

The Bank has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes more than 30 days past due. The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit-risk that led to default were accurately reflected in the rating in a timely manner.

Impairment assessment

It is the Bank's policy to regularly monitor its loan portfolio.

The main considerations for the impairment assessment of the Bank's loans and advances portfolio include whether any payments of principal or interest are overdue by at least 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Furthermore the Bank assesses at each reporting date, whether there is any objective evidence that a financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter Bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Bank's impairment methodology for assets carried at amortised cost comprises individual impairment losses and collective impairment.

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Individually assessed allowances (Stage 3)

The Bank determines the allowances appropriate for each individually significant loan and advances on an individual basis. Items considered when determining allowance amounts include an assessment of the counterparty's repayment plan, the availability of other financial support and the realisable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowance (Stage 1 and Stage 2)

1. Inputs, assumptions and techniques used in estimating impairment

Refer to note 5.7 Impairment of financial assets.

2. Significant increase in credit risk

The Bank monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month expected credit loss. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocated its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk.

The qualitative factors that indicate a significant increase in credit risk are reflected in probability default models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated as unemployment, Bankruptcy or death.

As a back-stop when an asset becomes 30 days past due (rebuttable presumption), the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e., the loss allowance is measured as the lifetime expected credit loss.

3. Modified financial asset

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified as a result of commercial restructuring activity rather than due to credit risk and impairment considerations, the Bank performs an assessment to determine whether the modifications result in the derecognition of that financial asset. For financial assets, this assessment is based on qualitative factors. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers factors including change in currency of the loan, introduction of an equity feature, change in counterparty, and whether the modification is such that the instrument would no longer meet the SPPI criterion, among other factors. If the modification does not result in cash flows that are substantially different, as set out below, then it does not result in derecognition.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime probability default at the reporting date based on the modified terms; with

- the remaining lifetime probability default estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, renegotiation is performed on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original terms and the debtor is expected to be able to meet the revised terms.

Generally, modification of financial assets is a qualitative indicator of a significant increase in credit risk and may constitute evidence that the exposure is credit impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time, as prescribed by BOM guidelines on Credit Impaired Measurement (see below) before the exposure is no longer considered to be credit-impaired/ in default.

Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

Where the restructuring occurs prior to the classification of a loan as impaired, the restructured loan is classified as impaired when, in the aggregate, the period of time the loan is in arrears before and after restructuring is 90 days or more.

Where the restructuring occurs after a loan has been classified as impaired, the restructured loan is continued to be classified as impaired until repayments have been received by the Bank, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan.

Where the loan has been restructured more than once, the restructured loan shall continue to be classified as impaired until repayments have been received by the financial institutions in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

4. Incorporation of forward-looking information

The Bank incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit loss.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The local GDP Growth Rate, Inflation Rate, Unemployment Rate and Government Expenditure as a Percentage of local GDP have been identified as macroeconomic drivers that the Bank's default rate.

The Bank considers three macro economic scenarios in its probability default model namely baseline, upside and downside which is detailed as per below table :

			Actual			Forecasted		
Key drivers	**Expected Credit Loss Scenario**	**Assigned Weightage**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
GDP Growth Rate	Upside	30%	8.9%	6.9%	10.1%	9.0%	8.7%	8.6%
	Base case	40%	8.9%	6.9%	4.9%	3.7%	3.5%	3.3%
	Downside	30%	8.9%	6.9%	-0.4%	-1.6%	-1.8%	-2.0%
Inflation Rate	Upside	30%	10.8%	7.0%	2.2%	0.9%	1.1%	0.8%
	Base case	40%	10.8%	7.0%	4.9%	3.6%	3.8%	3.5%
	Downside	30%	10.8%	7.0%	7.6%	6.3%	6.4%	6.2%
Unemployment Rate	Upside	30%	6.8%	6.3%	5.4%	5.4%	5.4%	5.4%
	Base case	40%	6.8%	6.3%	6.3%	6.3%	6.3%	6.3%
	Downside	30%	6.8%	6.3%	7.1%	7.1%	7.1%	7.1%
Government Expenditure as a % of GDP	Upside	30%	27.4%	27.5%	23.9%	22.9%	23.1%	22.9%
	Base case	40%	27.4%	27.5%	27.0%	26.1%	26.2%	26.0%
	Downside	30%	27.4%	27.5%	30.2%	29.2%	29.3%	29.2%

Analysis of inputs to the expected credit loss model under multiple economic scenarios

The following tables outline the impact of multiple scenarios on the allowance.

This table shows both the contribution to total expected credit loss of each probability weighted scenario in addition to the total incremental effect on expected credit loss of applying multiple economic scenarios compared to the expected credit loss that would have resulted from applying a 100% weighting to the base case scenario:

30 June 2024	Corporate lending	Retail lending	Financial guarantees	Undrawn credit facilities	Investment securities at FVOCI	Investment securities at amortised cost	Other assets	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Upside (30%)	30,876,933	4,051,372	27,194	1,383,116	492,952	17,064,285	3,499	53,899,351
Base case (40%)	49,055,688	9,974,186	68,836	3,425,273	657,269	22,752,380	4,665	85,938,297
Downside (30%)	51,920,366	10,683,059	119,980	5,606,317	492,953	17,064,286	3,500	85,890,461
Total	131,852,987	24,708,617	216,010	10,414,706	1,643,174	56,880,951	11,664	225,728,109
Effect of multiple economic scenarios	9,213,766	-226,849	43,919	1,851,525	-	-	-	10,882,361

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

The following table outline the impact on expected credit loss from applying a 100% weighting to each scenario:

30 June 2024	Corporate lending	Retail lending	Financial guarantees	Undrawn credit facilities	Investment securities at FVOCI	Investment securities at amortised cost	Other assets	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Gross exposure	**9,421,806,408**	**5,005,268,225**	**39,744,640**	**2,787,186,804**	**1,066,447,798**	**5,601,124,841**	**51,841,909**	**23,973,420,625**
Expected credit loss								
Upside	102,923,111	13,504,575	90,643	4,610,387	1,643,174	56,880,951	11,664	179,664,505
Base case	122,639,221	24,935,466	172,091	8,563,181	1,643,174	56,880,951	11,664	214,845,748
Downside	173,067,875	35,610,192	399,934	18,687,723	1,643,174	56,880,951	11,664	286,301,513

Measurement of expected credit loss : The key inputs into the measurement of expected credit loss are the following:

(i) probability of default (PD);
(ii) loss given default (LGD);
(iii) exposure at default (EAD).

These parameters are derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

5. Measurement of expected credit loss

Probability default estimates are estimated at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the probability default for large corporate counterparties.

Probability default estimates are calculated on a collective basis by incorporating borrower-specific information and forward-looking macroeconomic information in the models. The Bank groups its exposures into segments on the basis of shared credit risk characteristics with the different segments reflecting differences in probability defaults. In addition, the Bank performs procedures to ensure that the groups of exposures continue to share credit characteristics, and to re-segment the portfolio when necessary, in light of changes in credit characteristics over time.

A first level of probability default segmentation performed by the Bank is in terms of customer type: corporate, retail, investment in sovereign securities and investment in financial institutions.
The corporate probability default segment is further segmented by the economic sector in which an obligor operates while the retail probability default segment takes into consideration the number of years that an obligor has been a client of the Bank as a variable for segmentation.

Loss given default is the magnitude of the likely loss if there is a default. The Bank estimates loss given default parameters based on BASEL prescribed loss given default estimates as per following table.

	Minimum LGD
Eligible financial collateral (such as cash collateral)	0%
Receivables	35%
Commercial Real Estate/Residential Real Estate	35%
Other collateral	40%
Unsecured	45%

Exposure at default represents the expected exposure in the event of a default. The Bank derives the exposure at default from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The exposure at default of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the Bank includes the amount drawn based on BASEL prescribed Credit Conversion Factor.

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

BASEL prescribed Credit Conversion Factor	Credit Conversion Factor
Direct credit substitutes	100%
Sales and repurchase agreements and assets sales with recourse	100%
Lending of Banks' securities or the posting of securities as collateral	100%
Forward asset purchases	100%
Placements of forward deposits	100%
Partly-paid shares and securities	100%
Transaction-related contingent items	50%
note-issuance facilities (NIFs) and revolving underwriting facilities (RUFs)	50%
Trade-related contingent items	
(a) Maturity ≤ 3 months	20%
(b) 3 months < Maturity ≤ 9 months	50%
(c) 9 months < Maturity ≤ 12 months	75%
(d) Maturity > 12 months	100%
Other commitments	
(i) Commitments with an original maturity up to one year	20%
(ii) Commitments with an original maturity over one year	50%
(iii) Commitments that can be unconditionally cancelled at any time by the Bank without prior notice, or that effectively provide for automatic cancellation due to the deterioration	0%

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main kinds of collateral and credit enhancements for each class of asset subject to credit risk are set below:

(i) Loans and advances to customers

a. Corporate loans

Various forms of collateral may be sought for these loans from a fixed charge over the borrower's property to a floating charge over the current assets of a corporate borrower. Loan covenants may be put in place to safeguard the financial position of the borrower.

b. Residential mortgage loans
Residential mortgage loans are secured by a first rank fixed charge over the borrower's property.

c. Investment in finance leases

The assets under lease are registered under ABC BANKING CORPORATION LTD up until the lessee pays in full the contractual amount due, whereby title is then transferred. Should the lessee default in payment, the Bank has the right to undertake legal procedures to recover the asset under lease, which in substance acts as a collateral against defaults.

(ii) Trading assets and financial assets held at FVPL
No collateral or enhancement are obtained

(iii) Derivatives financial instruments
Collaterals for derivatives are similar to those taken for wholesale and corporate loans. In addition, International Swaps and Derivatives Association (ISDA) agreement is sought from customers to comfort the Bank's position

(iv) Balances and loans to Banks
Due to the nature of the counterparties, no collateral is sought on these balances. In general, the Bank does not seek collateral or other enhancements for these loans given their high credit quality. The exposures relate to reputable and financially sound Banks.

For loans, management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Bank's policy is to dispose of any repossessed asset at its market value within a reasonable timeframe. In its normal course of business, the Bank does not physically repossess properties or other assets, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

	2024	*Restated 2023	*Restated 2022	Principal type of collateral held
	MUR	MUR	MUR	
Fund based exposures:				
Cash and cash equivalents	**4,582,937,962**	5,560,596,923	*3,881,412,284	Unsecured
Due from Banks	**-**	-	966,675,490	Unsecured
Derivative financial assets	**9,989,650**	26,136,555	50,004,747	Unsecured
Loans and advances to customers	**14,270,513,029**	*11,246,615,276	*10,004,183,925	Real estate
Investment securities	**6,610,691,688**	5,900,522,101	6,336,408,079	Unsecured
Other assets	**218,903,918**	*174,275,996	*128,381,894	Unsecured
Non-fund based exposures:				
Financial guarantees	**39,744,640**	27,087,930	35,671,805	Unsecured
Letter of credit and other obligations on account of customers	**673,270,000**	-	-	Unsecured
Undrawn credit facilities	**2,113,916,804**	3,162,936,570	1,916,325,200	Unsecured

*The prior year comparatives have been restated. Refer to note 42 for more details.

In addition to the types of collaterals included in the table above, the Bank holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

Fund based exposures do not include cash in hand and investment in equity.

The exposures do not include impact on collateral.

Credit quality by class of financial assets

	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
2024				
Cash and cash equivalents	**4,582,937,962**	**-**	**-**	**4,582,937,962**
Due from banks	**-**	**-**	**-**	**-**
Derivative financial assets	**9,989,650**	**-**	**-**	**9,989,650**
Loans and advances to customers	**13,160,299,135**	**887,366,765**	**222,847,129**	**14,270,513,029**
Investment securities	**6,440,667,518**	**100,286,250**	**69,737,920**	**6,610,691,688**
Other assets	**218,903,918**	**-**	**-**	**218,903,918**
	24,412,798,183	**987,653,015**	**292,585,049**	**25,693,036,247**
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
*Restated 2023				
Cash and cash equivalents	5,560,596,923	-	-	5,560,596,923
Derivative financial assets	26,136,555	-	-	26,136,555
Loans and advances to customers	*9,501,002,672	1,587,912,200	157,700,404	*11,246,615,276
Investment securities	5,487,652,382	412,869,719	-	5,900,522,101
Other assets	*174,275,996	-	-	*174,275,996
	20,749,664,528	2,000,781,919	157,700,404	*22,908,146,851
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
*Restated 2022				
Cash and cash equivalents	*3,881,412,284	-	-	*3,881,412,284
Due from banks	966,675,490	-	-	966,675,490
Derivative financial assets	50,004,747	-	-	50,004,747
Loans and advances to customers	7,581,017,246	1,851,864,312	571,302,367	10,004,183,925
Investment securities	5,626,944,747	551,896,672	157,566,660	6,336,408,079
Other assets	*128,381,894	-	-	*128,381,894
	18,234,436,408	2,403,760,984	728,869,027	*21,367,066,419

*The prior year comparatives have been restated. Refer to note 42 for more details.

Expected credit loss on cash and cash equivalents has been assessed to be immaterial due to cash deposited in entities with high credit risk ratings.

Ageing analysis of past due but not impaired loans by class of financial assets

41. RISK MANAGEMENT (CONT'D)
(b) Credit risk (Cont'd)
Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

Ageing analysis of past due but not impaired loans by class of financial assets

	Amount in arrears			
	Less than 30 days	**31 to 89 days**	**More than or equal to 90 days**	**Total**
	MUR	**MUR**	**MUR**	**MUR**
2024				
Loans and advances to customers				
Loans and overdrafts				
Retail	**28,351,511**	**1,904,732**	**10,046,296**	**40,302,539**
Corporate	**42,865,444**	**141,527**	**198,851,120**	**241,858,091**
	71,216,955	**2,046,259**	**208,897,416**	**282,160,630**
Investment in finance leases				
Retail	**3,159,953**	**1,829,335**	**576,602**	**5,565,890**
Corporate	**5,614,240**	**2,730,896**	**4,357,562**	**12,702,698**
	8,774,193	**4,560,231**	**4,934,164**	**18,268,588**
	79,991,148	**6,606,490**	**213,831,580**	**300,429,218**

	Amount in arrears			
	Less than 30 days	31 to 89 days	More than or equal to 90 days	Total
	MUR	MUR	MUR	MUR
2023				
Loans and advances to customers				
Loans and overdrafts				
Retail	609,064	275,599	-	884,663
Corporate	17,752,219	676,785	-	18,429,004
	18,361,283	952,384	-	19,313,667
Investment in finance leases				
Retail	1,058,315	849,793	-	1,908,108
Corporate	2,921,417	1,601,091	-	4,522,508
	3,979,732	2,450,884	-	6,430,616
	22,341,015	3,403,268	-	25,744,283

	Amount in arrears			
	Less than 30 days	31 to 89 days	More than or equal to 90 days	Total
	MUR	MUR	MUR	MUR
2022				
Loans and advances to customers				
Loans and overdrafts				
Retail	64,786,630	159,000	-	64,945,630
Corporate	162,109,895	2,153,847	-	164,263,742
	226,896,525	2,312,847	-	229,209,372
Investment in finance leases				
Retail	18,618,821	1,969,615	-	20,588,436
Corporate	55,708,755	4,796,825	-	60,505,580
	74,327,576	6,766,440	-	81,094,016
	301,224,101	9,079,287	-	310,303,388

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

41. RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

Under the Bank's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes more than 30 days past due. The table below provides an analysis of the gross carrying amount of receivables by past due status:

	2024	
	Gross Carrying MUR	Loss Allowance MUR
0 - 30 days (Stage 1)	**13,257,350,865**	**58,943,789**
0 - 30 days (Stage 2)	**752,041,310**	**9,223,042**
31 - 89 days (Stage 2)	**148,719,174**	**4,176,505**
	14,158,111,349	**72,343,336**

	2023	
	Gross Carrying MUR	Loss Allowance MUR
0 - 30 days (Stage 1)	9,566,861,937	40,589,874
0 - 30 days (Stage 2)	1,460,439,685	31,333,861
31 - 89 days (Stage 2)	161,028,877	2,225,572
	11,188,330,499	74,149,307

	2022	
	Gross Carrying MUR	Loss Allowance MUR
0 - 30 days (Stage 1)	7,648,778,382	57,998,103
0 - 30 days (Stage 2)	1,793,306,939	41,588,797
31 - 89 days (Stage 2)	103,409,916	3,263,744
	9,545,495,237	102,850,644

Impaired financial assets

Loans and advances are assessed for impairment when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter Bankruptcy or financial re-organisation, indicate that the account may be impaired.

The carrying amount of impaired financial assets and stage 3 expected credit losses or specific allowance held are shown below:

	2024	2023	2022
	MUR	MUR	MUR
Loans and advances (Note 11(c))	**312,597,628**	252,635,459	697,371,084
Expected Credit Losses on loans and advances under Stage 3 (Note 11(c))	**89,750,499**	94,935,055	126,068,717
	89,750,499	94,935,055	126,068,717

(c) Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The types of liquidity risk that the Bank faces can be categorized into two main types:

- Funding liquidity risk appears when the Bank cannot fulfil its payment obligations because of an inability to obtain new funding.
- Market liquidity risk appears when the Bank is unable to sell or transform its liquidity buffer into cash without significant losses.

Liquidity risk management encompasses the processes and strategies the Bank uses to:

- Assess its ability to meet its cash flow needs (under both normal and stressed conditions) both on a short term and long term horizon.
- Mitigate that risk by developing strategies and taking appropriate actions designed to ensure that necessary funds are available when needed.

As a measure to limit the liquidity risk that the Bank faces, the Bank maintains a liquidity contingency plan which is tested regularly to ensure its viability. The liquidity contingency plan consists of mainly of a stock of high quality liquid assets that can be easily liquidated in the event of liquidity stress conditions. The Bank also runs liquidity stress tests to determine the level of liquidity that should be kept to meet financial obligations under stress conditions.

(c) Liquidity risk (Cont'd)

The liquidity coverage ratio providing an overview of how the Bank would behave under stress conditions has been implemented as from the year 2018 and since then, the Bank remains highly liquid reflecting a quarterly average of 421% for financial year 2024 (2023: 553%, 2022: 368%).

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities at end of period based on undiscounted contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expect that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Maturity analysis of financial liabilities

	Current			Non Current		
	No specific maturity MUR	Less than 3 months MUR	3 to 12 months MUR	1 to 3 years MUR	Over 3 years MUR	Total MUR
2024						
Derivative financial liabilities	-	4,981,376	-	-	-	4,981,376
Deposits from customers	-	2,687,439,398	4,374,620,449	3,756,391,291	12,798,835,073	23,617,286,211
Subordinated debts	-	20,632,787	549,593,852	82,531,148	988,859,016	1,641,616,803
Other liabilities*	63,946,240	71,924,775	66,573,883	-	-	202,444,898
Total financial liabilities	63,946,240	2,784,978,336	4,990,788,184	3,838,922,439	13,787,694,089	25,466,329,288
Contingent liabilities and commitments	-	2,524,124,352	22,636,417	25,237,700	254,932,975	2,826,931,444

	Current			Non Current		
	No specific maturity MUR	Less than 3 months MUR	3 to 12 months MUR	1 to 3 years MUR	Over 3 years MUR	Total MUR
2023						
Derivative financial liabilities	-	24,383,063	1,135,396	-	-	25,518,459
Deposits from customers	-	2,223,170,822	4,411,328,246	3,021,522,544	11,340,728,315	20,996,749,927
Subordinated debts	-	-	28,982,877	528,982,877	-	557,965,754
Other liabilities*	75,862,960	170,121,382	72,846,176	700,087	-	319,530,605
Total financial liabilities	75,862,960	2,417,675,267	4,514,292,695	3,551,205,508	11,340,728,315	21,899,764,745
Contingent liabilities and commitments	-	2,178,385,086	622,739,932	2,745,872	386,153,610	3,190,024,500

	Current			Non Current		
	No specific maturity MUR	Less than 3 months MUR	3 to 12 months MUR	1 to 3 years MUR	Over 3 years MUR	Total MUR
2022						
Derivative financial liabilities	-	5,128,104	4,276,742	-	-	9,404,846
Deposits from customers	-	1,465,814,484	3,629,031,116	3,304,629,899	10,854,639,351	19,254,114,850
Subordinated debts	-	-	26,063,356	552,126,712	-	578,190,068
Other liabilities*	66,266,481	314,289,599	86,190,470	700,087	-	467,446,637
Total financial liabilities	66,266,481	1,785,232,187	3,745,561,684	3,857,456,698	10,854,639,351	20,309,156,401
Contingent liabilities and commitments	-	1,541,018,320	81,201,712	-	329,776,974	1,951,997,006

*Other liabilities amounting to **MUR 116,233,482** for the current financial year (June 2023:MUR 96,404,649; June 2022:MUR 65,941,083) exclude VAT, TDS, deferred income and ECL on contingent liabilities since these are not regarded as financial liabilities.

41. RISK MANAGEMENT (CONT'D)

(d) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's statement of profit or loss and other comprehensive income. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and liabilities held as at 30 June.

2024

Currency	Increase/(decrease) in basis points	Effect on profit before tax MUR m	Effect on Equity MUR m
EUR	**50**	**9.6**	**10.3**
USD	**50**	**15.6**	**16.8**
MUR	**50**	**4**	**7.7**

2023

Currency	Increase/(decrease) in basis points	Effect on profit before tax MUR m	Effect on Equity MUR m
EUR	50	8.5	9.6
USD	50	14.3	16.5
MUR	50	4.0	7.5

2022

Currency	Increase/(decrease) in basis points	Effect on profit before tax MUR m	Effect on Equity MUR m
EUR	50	6.8	8.7
USD	50	16.9	20.1
MUR	50	2.4	6.6

Interest rate benchmark reform

The IBOR reform exposes the Bank to various risk, which include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing necessary to effect IBOR reform;
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available.

During the financial year, the Bank successfully completed the transition of its IBOR exposure to alternative benchmark interest rates.

At 30 June 2023, the Bank had exposure of MUR 2,687million that has been transition as part of the IBOR reform.

(ii) Price risk

Price risk is the risk that the fair values of securities change as the result of changes in the levels of indices and the value of individual securities. The non-trading security price risk exposure arises from the Bank's investment portfolio.

The effect on changes in net assets as a result of a change in the fair value of investment instruments held as fair value through other comprehensive income , due to a reasonably possible change in indices, with all other variables held constant, is as follows:

	Change in price	2024	2023	2022
	%	MUR	MUR	MUR
Statement of other comprehensive income	+10	**34,449,493**	44,625,446	60,706,743
Statement of other comprehensive income	-10	**(34,449,493)**	(44,625,446)	(60,706,743)

41. RISK MANAGEMENT (CONT'D)
(d) Market risk (Cont'd)

(iii) Foreign exchange risk

Foreign exchange risk is the risk that the Bank's foreign currency positions will be negatively affected by movements in exchange rates between one currency and another. The Bank uses foreign exchange forward contracts to manage foreign exchange risk and exercises control over its foreign currency exposures through the allocation of trading limits. The Treasury department monitors open positions to measure foreign exchange risk and liquidity gaps. Exposures are reported on an ongoing basis to the Assets and Liabilities Committee.

Value at Risk ('VaR') is a statistical risk measure used to estimate the potential loss from adverse market moves in a normal market environment. The Bank has a single VaR framework used as a basis for calculating Risk Management VaR.

The framework is employed across the Bank using historical simulation based on data for the previous 12 months. The framework's approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future. The Bank believes the use of Risk Management VaR provides a stable measure of VaR that is closely aligned to risk management decisions made by the lines of business, and provides the appropriate information needed to respond to risk events.

The VaR that the Bank measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of a 99% confidence level means that, within a one-day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days.

VaR as at 30 June 2024 amounted to **MUR 306,571** (2023 : MUR 259,794, 2022 : MUR 104,870).

The Bank kept a very low open FX position amid market volatility to minimize FX risks. Despite the economy recovering further from 2022, sale of FX remained subdued leading to a depreciating pressure on the MUR. The Bank of Mauritius FX interventions helped smoothen excess volatility, but the Bank nevertheless opted for cautiousness.

The following table demonstrate the sensitivity to a reasonable possible change in exchange rate of the major currencies of the Bank, with all other variables held constant, and the impact on the Bank's profit and equity.

Change in currency by:		Impact on profit after tax and equity		
		EUR	GBP	USD
30 June 2024	**5%**	**16,714,802**	**(2,130,840)**	**(11,464,184)**
	-5%	**(16,714,802)**	**2,130,840**	**11,464,184**

Change in currency by:		Impact on profit after tax and equity		
		EUR	GBP	USD
30 June 2023	5%	51,510,794	(8,929,064)	(19,994,803)
	-5%	(51,510,794)	8,929,064	19,994,803

Change in currency by:		Impact on profit after tax and equity		
		EUR	GBP	USD
30 June 2022	5%	31,423,834	(3,713,799)	(12,266,353)
	-5%	(31,423,834)	3,713,799	12,266,353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

41. RISK MANAGEMENT (CONT'D)

(d) Market risk (Cont'd)

(iii) Foreign exchange risk (Cont'd)

The Bank's monetary assets and liabilities as at 30 June is as follows:

2024

	EUR MUR	GBP MUR	USD MUR	Others MUR	Total MUR
Cash and cash equivalents	770,065,140	468,002,463	1,550,223,510	379,992,338	3,168,283,451
Due from Banks	-	-	-	-	-
Derivative financial assets	8,997,384	-	17,062	892,459	9,906,905
Loans and advances to customers	2,441,186,898	-	2,008,605,495	-	4,449,792,393
Investment securities	191,352,271	-	1,846,710,340	-	2,038,062,611
Other assets	60,290,204	3,334,464	106,224,023	5,815,076	175,663,767
	3,471,891,897	471,336,927	5,511,780,430	386,699,873	9,841,709,127
Derivative financial liabilities	4,536,336	-	209,890	-	4,746,226
Deposits from customers	2,752,217,134	542,756,980	6,031,094,605	374,706,805	9,700,775,524
Other liabilities	31,758,228	460,805	9,306,911	14,820,428	56,346,372
	2,788,511,698	543,217,785	6,040,611,406	389,527,233	9,761,868,122
Net position	683,380,199	(71,880,858)	(528,830,976)	(2,827,360)	79,841,005

2023

	EUR MUR	GBP MUR	USD MUR	Others MUR	Total MUR
Cash and cash equivalents	1,721,622,799	427,700,085	2,193,404,675	247,245,270	4,589,972,829
Due from Banks	-	-	-	-	-
Derivative financial assets	25,160,560	4,697	377,085	594,213	26,136,555
Loans and advances to customers	1,381,619,505	-	1,605,996,868	-	2,987,616,373
Investment securities	273,364,622	-	1,664,465,460	-	1,937,830,082
Other assets	77,547,189	1,787,714	48,221,144	4,306,153	131,862,200
	3,479,314,675	429,492,496	5,512,465,232	252,145,636	9,673,418,039
Derivative financial liabilities	25,180,331	1,356	336,772	-	25,518,459
Deposits from customers	2,186,876,836	627,974,547	6,448,579,790	248,027,785	9,511,458,958
Other liabilities	30,762,839	765,433	106,789,898	6,354,005	144,672,175
	2,242,820,006	628,741,336	6,555,706,460	254,381,790	9,681,649,592
Net position	1,236,494,669	(199,248,840)	(1,043,241,228)	(2,236,154)	(8,231,553)

2022

	EUR MUR	GBP MUR	USD MUR	Others MUR	Total MUR
Cash and cash equivalents	1,153,524,466	640,786,627	755,025,409	257,989,277	2,807,325,779
Due from Banks	238,586,564	-	729,765,779	-	968,352,343
Derivative financial assets	49,592,703	-	37,528	368,521	49,998,752
Loans and advances to customers	1,467,705,232	-	1,446,050,943	-	2,913,756,175
Investment securities	426,715,046	-	2,118,623,377	-	2,545,338,423
Other assets	76,677,982	23,201,081	192,487,063	4,570,886	296,937,012
	3,412,801,993	663,987,708	5,241,990,099	262,928,684	9,581,708,484
Derivative financial liabilities	8,791,983	-	597,574	15,289	9,404,846
Deposits from customers	2,307,706,402	756,900,285	5,990,734,348	253,359,337	9,308,700,372
Other liabilities	53,027,222	22,778,291	121,516,734	3,516,004	200,838,251
	2,369,525,607	779,678,576	6,112,848,656	256,890,630	9,518,943,469
Net position	1,043,276,386	(115,690,868)	(870,858,557)	6,038,054	62,765,015

41. RISK MANAGEMENT (CONT'D)

(e) Maturities of assets and liabilities

The table below summarises the maturity profile of the Bank's financial assets and financial liabilities at the reporting date. Financial assets are presented at discounted amounts including impairment charges which are consistent with the carrying amount as presented in the statement of financial position at the reporting date, which takes into consideration the impact of impairment and discounting, representing the Bank's liquidity expectations. Financial liabilities are based on undiscounted contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

		2024							
	Notes	No specific maturity MUR	Less than 3 months MUR	3 to 12 months MUR	Sub total less than 12 months MUR	1 to 3 years MUR	Over 3 years MUR	Sub total more than 12 months MUR	Total MUR
Assets									
Cash and cash equivalents	8	-	4,596,690,444	-	4,596,690,444	-	-	-	4,596,690,444
Derivative financial assets	10	-	9,906,906	82,744	9,989,650	-	-	-	9,989,650
Loans and advances to customers	11	348,984,718	1,971,493,737	2,562,140,774	4,533,634,511	2,985,806,460	6,558,648,947	9,544,455,407	14,427,074,636
Investment securities	12	43,069,911	1,367,460,190	1,323,289,568	2,690,749,758	1,751,751,774	2,224,902,422	3,976,654,196	6,710,473,865
Other assets	13	218,903,918	-	-	-	-	-	-	218,903,918
Total		610,958,547	7,945,551,277	3,885,513,086	11,831,064,363	4,737,558,234	8,783,551,369	13,521,109,603	25,963,132,513
Less allowance for credit impairment									(213,442,557)
									25,749,689,956
Liabilities									
Derivative financial liabilities	10	-	4,981,376	-	4,981,376	-	-	-	4,981,376
Deposits from customers	17	-	13,722,163,378	3,245,704,986	16,967,868,364	2,205,942,324	3,178,916,071	5,384,858,395	22,352,726,759
Subordinated debts	19	-	15,864,309	500,000,000	515,864,309	-	694,734,845	694,734,845	1,210,599,154
Other liabilities**	21	63,946,240	71,924,775	66,573,883	138,498,658	-	-	-	202,444,898
Total		63,946,240	13,814,933,838	3,812,278,869	17,627,212,707	2,205,942,324	3,873,650,916	6,079,593,240	23,770,752,187
Net liquidity gap		547,012,307	(5,869,382,561)	73,234,217	(5,796,148,344)	2,531,615,910	4,909,900,453	7,441,516,363	2,192,380,326
Less allowance for credit impairment									(213,442,557)
									1,978,937,769
Contingent liabilities and commitments	34								
Contingent liabilities									
Financial guarantees		-	14,121,000	385,940	14,506,940	8,041,453	-	8,041,453	22,548,393
Letter of credit and other obligations on account of customers		-	673,270,000	-	673,270,000	-	-	-	673,270,000
Commitments									
Undrawn credit facilities		-	1,836,733,352	22,250,477	1,858,983,829	17,196,247	254,932,975	272,129,222	2,131,113,051
		-	2,524,124,352	22,636,417	2,546,760,769	25,237,700	254,932,975	280,170,675	2,826,931,444

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

41. RISK MANAGEMENT (CONT'D)

(e) Maturities of assets and liabilities (Cont'd)

		*Restated 2023							
	Notes	No specific maturity MUR	Less than 3 months MUR	3 to 12 months MUR	Sub total less than 12 months MUR	1 to 3 years MUR	Over 3 years MUR	Sub total more than 12 months MUR	Total MUR
Assets									
Cash and cash equivalents	8	-	5,570,184,787	-	5,570,184,787	-	-	-	5,570,184,787
Derivative financial assets	10	-	23,424,218	2,712,337	26,136,555	-	-	-	26,136,555
Loans and advances to customers	11	281,722,051	2,032,261,116	1,721,843,796	3,754,104,912	2,569,682,512	4,810,190,178	7,379,872,690	*11,415,699,653
Investment securities	12	51,782,458	1,003,847,413	809,615,506	1,813,462,919	1,671,930,398	2,419,061,046	4,090,991,444	5,956,236,821
Other assets	13	*174,275,996	-	-	-	-	-	-	*174,275,996
Total		507,780,505	8,629,717,534	2,534,171,639	11,163,889,173	4,241,612,910	7,229,251,224	11,470,864,134	23,142,533,812
Less allowance for credit impairment									(173,016,634)
									22,969,517,178
Liabilities									
Derivative financial liabilities	10	-	24,383,063	1,135,396	25,518,459	-	-	-	25,518,459
Deposits from customers	17	-	13,255,414,493	3,287,992,763	16,543,407,256	1,584,459,564	2,226,443,278	3,810,902,842	20,354,310,098
Subordinated debts	19	-	5,379,452	-	5,379,452	500,000,000	-	500,000,000	505,379,452
Other liabilities**	21	75,862,960	170,121,382	72,846,176	242,967,558	700,087	-	700,087	319,530,605
Total		75,862,960	13,455,298,390	3,361,974,335	16,817,272,725	2,085,159,651	2,226,443,278	4,311,602,929	21,204,738,614
Net liquidity gap		431,917,545	(4,825,580,856)	(827,802,696)	(5,653,383,552)	2,156,453,259	5,002,807,946	7,159,261,205	1,937,795,198
Less allowance for credit impairment									(173,016,634)
									1,764,778,564
Contingent liabilities and commitments	34								
Contingent liabilities									
Financial guarantees		-	16,110,229	6,586,268	22,696,497	2,745,872	-	2,745,872	25,442,369
Letter of credit and other obligations on account of customers		-	-	-	-	-	-	-	-
Commitments									
Undrawn credit facilities		-	2,162,274,857	616,153,664	2,778,428,521	-	386,153,610	386,153,610	3,164,582,131
		-	2,178,385,086	622,739,932	2,801,125,018	2,745,872	386,153,610	388,899,482	3,190,024,500

41. RISK MANAGEMENT (CONT'D)

(e) Maturities of assets and liabilities (Cont'd)

*Restated 2022

	Notes	No specific maturity MUR	Less than 3 months MUR	3 to 12 months MUR	Sub total less than 12 months MUR	1 to 3 years MUR	Over 3 years MUR	Sub total more than 12 months MUR	Total MUR
Assets									
Cash and cash equivalents	8	-	*3,894,599,441	-	*3,894,599,441	-	-	-	*3,894,599,441
Due from banks	9	-	-	966,675,490	966,675,490	-	-	-	966,675,490
Derivative financial assets	10	-	24,053,141	25,951,606	50,004,747	-	-	-	50,004,747
Loans and advances to customers	11	716,931,450	1,922,232,736	1,781,513,445	3,703,746,181	2,384,140,400	3,428,285,257	5,812,425,657	*10,233,103,288
Investment securities	12	71,099,086	561,087,049	823,105,616	1,384,192,665	2,227,866,354	2,728,361,802	4,956,228,156	6,411,519,907
Other assets	13	*128,381,894	-	-	-	-	-	-	*128,381,894
Total		916,412,430	6,401,972,367	3,597,246,157	9,999,218,524	4,612,006,754	6,156,647,059	10,768,653,813	21,684,284,767
Less allowance for credit impairment									(232,932,105)
									21,451,352,662
Liabilities									
Derivative financial liabilities	10	-	5,128,104	4,276,742	9,404,846	-	-	-	9,404,846
Deposits from customers	17	-	13,738,605,837	2,449,586,078	16,188,191,915	1,801,228,933	1,027,330,966	2,828,559,899	19,016,751,814
Subordinated debts	19	-	4,821,233	-	4,821,233	-	500,000,000	500,000,000	504,821,233
Other liabilities**	21	66,266,481	314,289,599	86,190,470	400,480,069	700,087	-	700,087	467,446,637
Total		66,266,481	14,062,844,773	2,540,053,290	16,602,898,063	1,801,929,020	1,527,330,966	3,329,259,986	19,998,424,530
Net liquidity gap		850,145,949	(7,660,872,406)	1,057,192,867	(6,603,679,539)	2,810,077,734	4,629,316,093	7,439,393,827	1,685,860,237
Less allowance for credit impairment									(232,932,105)
									1,452,928,132
Contingent liabilities and commitments	34								
Contingent liabilities									
Financial guarantees		-	15,433,195	7,989,389	23,422,584	-	257,945	257,945	23,680,529
Commitments									
Undrawn credit facilities		-	1,525,585,125	73,212,323	1,598,797,448	-	329,519,029	329,519,029	1,928,316,477
		-	1,541,018,320	81,201,712	1,622,220,032	-	329,776,974	329,776,974	1,951,997,006

*The prior year comparatives have been restated. Refer to note 42 for more details.

**Other liabilities amounting to MUR 113,058,125 for the current financial year (June 2023:MUR 96,404,649; June 2022:MUR 65,941,083) exclude VAT, TDS, deferred income and ECL on contingent liabilities since these are not regarded as financial liabilities.

(f) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the bank is able to manage those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

42. PRIOR YEAR RESTATEMENT

(a) Cash reserve ratio

The IFRS Accounting Standards Interpretation Committee published an agenda decision on 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of cash flows) – Agenda Paper 3' in April 2022. Based on the afore-mentioned agenda decision, the statement of financial position and statement of cash flows of the Bank has been reviewed and it was concluded that the cash reserve balance held with the Bank of Mauritius should be included as 'Cash and cash equivalents' in the statement of financial position and statement of cash flows.

In terms of the latest Bank of Mauritius guidelines, the Bank is required to maintain a minimum cash balance with the Central Bank.

If the Bank encounters liquidity issues, then the mandatory restricted cash balance can become available to the Bank on demand hence can be treated as cash and cash equivalents as follows:
-the terms and conditions of the restricted deposit does not prevent the Bank from accessing the funds.

-the Bank has a contractual obligation to hold restricted balance which is being held for a specified purpose and should the Bank be using the funds for any other purpose; this would be a breach of the contractual obligation resulting in a penalty to the Bank.

-the funds would be accessible to the Bank within 3 months of request. If the Bank does not meet the minimum liquidity ratio set by the Bank of Mauritius, this will be in breach of the statutory conditions and the Bank would incur a penalty fee and need to take the required steps to remediate the issue.

There are no other restrictions on this minimum cash balance.

As required by IAS 8, the afore-mentioned change has been applied retrospectively to all prior periods affected.

The change was effected in 30 June 2023 financial statements, however, it was not retrospectively accounted.

The following tables summarise the impacts of the restatement.

Statement of financial position

	Previously Reported	Adjustment	Restated
30-Jun-22	MUR	MUR	MUR
Cash and cash equivalents	3,094,610,118	799,989,323	**3,894,599,441**
Other assets	929,581,796	(799,989,323)	***129,592,473**
Total assets	22,155,441,960	-	**22,155,441,960**

*The restated balance does not agree to the amount reflected in the statement of financial position due to adjustment made as described in note 42©.

Statement of cash flows

	Previously Reported	Adjustment	Restated
30-Jun-22	MUR	MUR	MUR
(Increase)/ Decrease in other assets	22,875,456	799,989,323	**822,864,779**
Net cash (used in)/generated from operating activities	(1,594,992,609)	799,989,323	***(795,003,286)**
Net (decrease)/ increase in cash and cash equivalents	(1,764,582,313)	799,989,323	**(964,592,990)**
Net cash and cash equivalents at end of year	3,094,610,118	799,989,323	**3,894,599,441**

The restricted balances with the Central Bank reclassified from other assets to cash and cash equivalents amounted to MUR 769,714,298 as at 1 July 2021.

The adjustment did not have any other impact which requires further disclosure.

* The 2022 restated amount excludes other items in the statement of cash flow which have been reclassified during prior year to conform with current year presentation.

(b) Processing fees

The Bank earns processing fees on financial instruments (loans and advances to customers). These are fees generated on credit facilities disbursed by the Bank and are recognised over the term of the facilities. The Bank has assessed and concluded that the processing fees meet the requirements set by IFRS 9 and the recognition of these fees (together with any incremental costs) form an essential part of the effective interest rates of the corresponding financial instruments under IFRS 9.

These fees were being correctly calculated but were previously being reported under fee and commission income. In order to comply with the requirements of IFRS 9, these are being reclassifed to interest income.

42. PRIOR YEAR RESTATEMENT

(b) Processing fees

The following tables summarise the impacts of the restatement.

Statement of profit or loss

30-Jun-23	Previously Reported MUR	Adjustment MUR	Restated MUR
Interest income using the effective interest method	926,075,953	13,917,161	**939,993,114**
Net interest income	596,348,453	13,917,161	**610,265,614**
Fee and commission income	132,836,647	(13,917,161)	**118,919,486**
Net fee and commission income	91,340,834	(13,917,161)	**77,423,673**

30-Jun-22	Previously Reported MUR	Adjustment MUR	Restated MUR
Interest income using the effective interest method	669,713,560	11,295,923	**681,009,483**
Net interest income	448,685,824	11,295,923	**459,981,747**
Fee and commission income	122,486,446	(11,295,923)	**111,190,523**
Net fee and commission income	87,052,427	(11,295,923)	**75,756,504**

The adjustment did not have any other impact which requires further disclosure.

Processing fees that the Bank considers to be an integral part of the corresponding financial instruments include: loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees. The recognition of these processing fees (together with any incremental costs) form an essential part of the effective interest rates of the corresponding financial instruments under IFRS 9, with the exception that when it is unlikely that a loan will be drawn down, the loan commitment fees are recognised as revenue on expiry.

(c) Staff Loans and advances

The Bank provides loans and advances to its employees at interest rates which are below the prevailing market interest rates. In accordance with the requirements of IFRS 9, these loans and advances are required to be measured at fair value at inception, with the difference between the disbursed amount and fair value being recognized as a prepaid employee benefit which was not being correctly accounted for by the Bank.

The impact of the prior period error on the statement of profit or loss is not material and therefore has been corrected prospectively in the current year.

The fair value of staff loans and advances at below market interest rates reclassified from loans and advances to customers to other assets as employee prepaid benefit is not assessed as material as at 1 July 2021 for further disclosure.

The following tables summarise the impacts of the restatement.

Statement of financial position

	Previously Reported MUR	Adjustment MUR	Restated MUR
30-Jun-23			
Loans and advances to customers	11,271,884,668	(25,269,392)	**11,246,615,276**
Other assets	175,642,217	25,269,392	**200,911,609**
Total assets	23,638,703,324	-	**23,638,703,324**
30-Jun-22			
Loans and advances to customers	10,013,946,960	(9,763,035)	**10,004,183,925**
Other assets	929,581,796	9,763,035	***939,344,831**
Total assets	22,155,441,960	-	**22,155,441,960**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

42. PRIOR YEAR RESTATEMENT

(c) Staff Loans and advances (Cont'd)

*The restated balance does not agree to the amount reflected in the statement of financial position due to adjustment made as described in note 42(a).

Statement of cash flows

	Previously Reported	Adjustment	Restated
30-Jun-23	MUR	MUR	MUR
(Increase)/Decrease in loans and advances to customers	(1,212,129,991)	25,269,391	***(1,237,399,382)**
(Increase)/Decrease in other Assets	753,939,579	(25,269,391)	***728,670,188**
Net cash (used in)/generated from operating activities	2,024,808,255	-	***2,024,808,255**
30-Jun-22			
(Increase)/Decrease in loans and advances to customers	164,346,744	9,763,035	***174,109,779**
(Increase)/Decrease in other Assets	22,875,456	(9,763,035)	***13,112,421**
Net cash (used in)/generated from operating activities	(1,594,992,609)	-	***(1,594,992,609)**

* The 2022 restated amount excludes other items in the statement of cash flow which have been reclassified during prior year to conform with current year presentation.

The adjustment did not have any other impact which requires further disclosure.

CAUTIONARY NOTE

This report contains several forward-looking statements with respect to the financial position and business strategy of ABC Banking Corporation Ltd. By their very nature, forward-looking statements are based on a number of assumptions and management's current views and are thus subject to inherent risks and uncertainties. Hence, there is a significant risk that the statements contained herein may not prove to be accurate.

Readers of this report are thus cautioned not to place undue reliance on the forward-looking statements as numerous factors could cause future results and actions to differ materially from the declarations of future expectations expressed herein. A number of factors ranging from the evolution of the economic and political landscape to technological headway, regulatory developments, interest rate and currency value fluctuations, management actions, level of competition in the local and global industry, are bound to influence the future outcomes that relate to forward-looking statements.

ABC Banking Corporation 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.

NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of Shareholders of ABC Banking Corporation Ltd (the "Company") will be held at the Company's premises on 4th Floor, Plantation House, Duke of Edinburgh Avenue, Place d'Armes, Port Louis, on Friday 29 November 2024 at 14.00 to transact the following business:

1. To consider the Annual Report for the financial year ended 30 June 2024.
2. To receive the report of KPMG (Mauritius), External Auditors of the Company.
3. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2024.
4. To re-elect (by way of separate resolutions) as directors of the Company to hold office until the conclusion of the next Annual Meeting of Shareholders, in accordance with Section 138 (6) of the Companies Act 2001 the following persons[2] who have been nominated by the Board on the recommendation of the Nominations and Remuneration Committee:
   - (i) Professor Donald AH-CHUEN, G.O.S.K
   - (ii) Mr. Lakshmana LUTCHMENARRAIDOO
   - (iii) Mr. André Kwet-Tsong TZE SEK SUM
5. To re-elect (by way of separate resolutions) as directors of the Company to hold office until the conclusion of the next Annual Meeting of Shareholders, the following persons[2] who have been nominated by the Board on the recommendation of the Nominations and Remuneration Committee:
   - (v) Mr. David Brian AH-CHUEN
   - (vi) Mr. Patrick Andrew Dean AH-CHUEN
   - (vii) Mr. Max Danny Kim Shian FON SING
   - (viii) Ms. Sareeta GOUNDAN
   - (ix) Mrs. Laura Yee Min WONG SUN THIONG
6. To fix the remuneration of the Directors.
7. To re-appoint KPMG (Mauritius) as External Auditors of the Company for the financial year ending 30 June 2025 pursuant to recommendation of the Audit Committee through the Board of Directors and to authorize the Board of Directors to fix their remuneration.

By order of the Board.

Mahesh Ittoo, ACG, MCSI
Company Secretary

05 November 2024

Note 1 A member of the Company entitled to attend and vote at this meeting but who is unable to attend may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. The appointment should be made in writing and the instrument (copy annexed) must be deposited with the Secretary, Mr. Mahesh Ittoo, c/o ABC Banking Corporation Ltd, WEAL HOUSE, Duke of Edinburgh Avenue, Place d'Armes, 11328 Port Louis not less than 24 hours before the meeting.

Note 2 The profiles and categories of the directors proposed for re-election are set out in the Annual Report 2024.

Note 3 For the purpose of this meeting and in compliance with Section 120 of the Companies Act 2001, the shareholders who are entitled to receive notice and attend the meeting shall be those shareholders whose names are registered in the Company's register as at 02 November 2024.

Note 4 The minutes of proceedings of the Annual Meeting of Shareholders held on 01 December 2023 are available for inspection at the Registered Office of the Company during normal office hours.

Note 5 The minutes of proceedings of the Annual Meeting of Shareholders to be held on 29 November 2024 shall be available for inspection at the Registered Office of the Company as from 10 January 2025 during normal office hours.

PROXY FORM

I / We .... of .... being a member / members of ABC Banking Corporation Ltd, hereby appoint .... of .... or failing him / her .... of .... as my / our proxy to vote for me / us on my / our behalf at the Annual Meeting of the Company to be held on Friday 29 November 2024 or at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Ordinary Resolutions as follows:

		For	Against	Abstain
1	To consider the Annual Report for the financial year ended 30 June 2024			
2	To receive the report of KMPG (Mauritius), External Auditors of the Company			
3	To consider and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2024.			
4	To re-elect (by way of separate resolutions) as directors of the Company to hold office until the conclusion of the next Annual Meeting of Shareholders, in accordance with Section 138 (6) of the Companies Act 2001 the following persons who have been nominated by the Board on the recommendation of the Nominations and Remuneration Committee: (i) Professor Donald AH-CHUEN, G.O.S.K (ii) Mr. Lakshmana LUTCHMENARRAIDOO (iii) Mr. André Kwet-Tsong TZE SEK SUM			
5	To re-appoint (by way of separate resolutions) as directors of the Company to hold office until the conclusion of the next Annual Meeting of Shareholders, the following persons who have been nominated by the Board on the recommendation of the Nominations and Remuneration Committee: (i) Mr. David Brian AH-CHUEN (ii) Mr. Patrick Andrew Dean AH-CHUEN (iii) Mr. Max Danny Kim Shian FON SING (iv) Ms. Sareeta GOUNDAN (v) Mrs. Laura Yee Min WONG SUN THIONG			
6	To fix the remuneration of the Directors			
7	To re-appoint KMPG (Mauritius) as External Auditors of the Company for the financial year ending 30 June 2025 pursuant to recommendation of the Audit Committee through the Board of Directors and to authorize the Board of Directors to fix their remuneration			

Signature: ....

Signed this .... day of 2024

NOTES

ABC BANKING CORPORATION
count on us

WEAL HOUSE, Duke of Edinburgh Avenue,
Place d'Armes, 11328 Port Louis.
Republic of Mauritius

T: (230) 206 8000
F: (230) 208 0088
E: info@abcbanking.mu
abcbanking.mu