

ROOTED IN EXPERTISE, REACHING FOR TOMORROW



Independent auditor’s report

to the shareholders of Bank One Limited

Report on the audit of the financial statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BANK ONE LIMITED (the “Bank”) as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of BANK ONE LIMITED set out on pages 116 to 214 comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the “IESBA Code”). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor’s report

to the shareholders of Bank One Limited

Report on the audit of the financial statements (Continued)

Key audit matters

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.

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses under IFRS 9 (refer to notes 1.2(g) and 2(b) of the financial statements)</p> <p>This is an area of focus because the determination of expected credit losses (“ECL”) requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The key areas of significant management judgement within the ECL calculations include:</p> <ul style="list-style-type: none">• Evaluation of significant increases in credit risk (“SICR”);• Input assumptions applied to estimate the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”);• Assessment of ECL recognised for stage 3 exposures;• Incorporation of forward-looking information into the SICR assessment and ECL measurement; and• Likelihood of economic scenarios.	<p>We performed the following procedures on the ECL, with the assistance of our actuarial experts.</p> <p>We obtained an understanding and tested the operating effectiveness of the relevant controls relating to the approval of credit facilities, subsequent monitoring of credit facilities, review of data inputs on the ECL model, reconciliations performed and collateral management.</p> <p>We assessed the appropriateness of the input assumptions applied within the PD, LGD and EAD models (including forward looking information), in compliance with the requirements of IFRS 9, ‘Financial Instruments’ (IFRS 9).</p> <p>In addition, our procedures include assessing the appropriateness of the ECL model through reperformance.</p> <p>We assessed whether the stage classification of stage 1 and stage 2 exposures was appropriate in terms of the Bank’s accounting policy on SICR at the end of the reporting period. This procedure included the review of the Bank’s Watchlist.</p> <p>For Stage 3 exposures, we considered the classification under IFRS 9 and assessed the appropriateness of the inputs used for a sample of clients. We independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level for a sample of clients. Where exposures are collateralised, we tested the Bank’s legal rights of the collateral by inspecting legal agreements and we obtained the valuation reports from certified valuers and support the value assigned to these collaterals.</p> <p>We also assessed the adequacy of the disclosures in the annual report in accordance with IFRS 9.</p>

Independent auditor’s report

to the shareholders of Bank One Limited

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor’s 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 identified above 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 on the other information, 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 the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines 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 or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.
- 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 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 auditor’s 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 auditor’s report. However, future events or conditions may cause the Bank 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.

Independent auditor’s report

to the shareholders of Bank One Limited

Report on the Audit of the Financial Statements (Continued)

Auditor’s Responsibilities for the Audit of the Financial Statements (Continued)

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 auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) we have no relationship with or interests in the Bank other than in our capacity as auditor, tax advisor and business advisor;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Bank as far as appears from our examination of those records.

Mauritian Banking Act 2004

The Mauritian Banking Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) 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 Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius; and
- (b) the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Mauritian Financial Reporting Act 2004

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

Other Matter

This report, including the opinion, has been prepared for and only for the Bank’s shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

PricewaterhouseCoopers

04 March 2025

S. Maghun

Shakil Maghun, Licensed by FRC

Statement of Financial Position

as at 31 December 2024

	Notes	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
ASSETS				
Cash and cash equivalents	12	17,090,743	10,169,278	8,191,392
Derivative assets held for risk management	13	33,666	4,580	3,116
Non-current asset held-for-sale	18	-	-	45,000
Loans and advances to banks	14	5,795,705	8,873,984	5,147,185
Loans and advances to customers	15	17,847,394	19,129,086	20,180,265
Investment in financial instruments measured at fair value through other comprehensive income (FVTOCI)	16(a)	4,180,399	2,427,459	1,402,874
Investment in financial instruments measured at amortised cost	16(b)	9,513,287	10,617,591	10,922,555
Right-of-use assets	17	70,554	69,774	76,965
Property and equipment	18	402,355	420,993	403,005
Intangible assets	19	140,153	124,338	133,583
Deferred tax assets	20	60,701	31,539	44,515
Other assets	21	256,743	301,796	278,742
Total assets		55,391,700	52,170,418	46,829,197
LIABILITIES				
Deposits from customers	22	47,861,820	44,847,282	38,242,254
Derivative liabilities held for risk management	13	18,981	39,434	26,439
Other borrowed funds	23	1,406,635	1,299,929	2,932,664
Subordinated liabilities	24	982,138	1,112,897	1,289,279
Employee benefit obligations	27	172,384	121,264	84,453
Current tax liabilities	25	38,112	36,942	22,657
Other liabilities	26	449,244	482,325	512,143
Lease liabilities	17	80,749	79,065	84,617
Total liabilities		51,010,063	48,019,138	43,194,506
EQUITY				
Stated capital	29	1,456,456	1,456,456	1,456,456
Retained earnings		1,870,717	2,021,147	1,646,082
Other reserves		1,054,464	673,677	532,153
Total equity		4,381,637	4,151,280	3,634,691
Total equity and liabilities		55,391,700	52,170,418	46,829,197

These financial statements were approved and authorised for issue by the Board of Directors on 04 March 2025.

Roselyne Renel

Chairperson of the Board of Directors

Moonesar Ramgobin

Chief Executive Officer

Tchang Fa Wong Sun Thiong

Chairman of the Board Audit Committee

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Notes	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Interest income		2,647,641	2,352,766	1,393,221
Interest expense		(1,307,618)	(1,083,860)	(399,407)
Net interest income	3	1,340,023	1,268,906	993,814
Fee and commission income		393,543	400,946	457,051
Fee and commission expense		(184,557)	(138,951)	(127,650)
Net fee and commission income	4	208,986	261,995	329,401
Net gain on dealing in foreign currencies and derivatives	5	349,292	255,594	178,747
Net gain from derecognition of financial assets measured at FVTOCI	6	359	733	3,111
Other operating income/(loss)	6	571	(55)	1,746
		350,222	256,272	183,604
Operating income		1,899,231	1,787,173	1,506,819
Personnel expenses	8	(633,411)	(674,637)	(617,351)
Depreciation and amortisation	17,18 and 19	(94,878)	(110,637)	(96,901)
Other expenses	9	(415,833)	(323,319)	(290,473)
		(1,144,122)	(1,108,593)	(1,004,725)
Profit before impairment		755,109	678,580	502,094
Net impairment (loss)/reversal on financial assets	7	(156,244)	132,150	33,476
Total impairment (loss)/reversal		(156,244)	132,150	33,476
Profit before income tax		598,865	810,730	535,570
Income tax expense	10	(31,451)	(54,920)	(41,745)
Profit for the year		567,414	755,810	493,825
Earnings per share - Basic and diluted (Rs)	11	38.96	51.89	33.91
Profit for the year		567,414	755,810	493,825
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement of post-employment benefit obligations, net of tax		(31,125)	(33,759)	(14,643)
Revaluation on building, net of tax		(996)	-	36,505
Movement in fair value reserve for equity instruments at FVTOCI		9,033	(4,076)	6,080
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement in fair value reserve for debt instruments at FVTOCI investment securities, net of tax:				
Reclassification of gains on disposal of FVTOCI debt instruments during the year		(359)	(733)	(3,111)
Loss/(credit) allowance relating to debt instruments held at FVTOCI		3,016	(1,152)	(146)
Gains/(losses) on FVTOCI instruments during the year		37,374	66,999	(107,316)
Other comprehensive income for the year		16,943	27,279	(82,631)
Total comprehensive income for the year		584,357	783,089	411,194

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

	Stated capital	Revaluation surplus	Statutory reserve	General banking reserve	Fair value reserve	Retirement Benefit Plan reserve	Retained earnings	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	1,456,456	97,313	463,551	57,868	(19,256)	(69,804)	1,725,369	3,711,497
Profit for the year	-	-	-	-	-	-	493,825	493,825
Other comprehensive income for the year	-	36,505	-	-	(104,493)	(14,643)	-	(82,631)
Transfer to general banking reserve	-	-	-	11,038	-	-	(11,038)	-
Transfer to statutory reserve	-	-	74,074	-	-	-	(74,074)	-
Total comprehensive income	-	36,505	74,074	11,038	(104,493)	(14,643)	408,713	411,194
Transactions with owners								
Dividend	-	-	-	-	-	-	(488,000)	(488,000)
Total transactions with owners	-	-	-	-	-	-	(488,000)	(488,000)
Balance as at 31 December 2022	1,456,456	133,818	537,625	68,906	(123,749)	(84,447)	1,646,082	3,634,691
Balance as at 1 January 2023	1,456,456	133,818	537,625	68,906	(123,749)	(84,447)	1,646,082	3,634,691
Profit for the year	-	-	-	-	-	-	755,810	755,810
Other comprehensive income for the year	-	-	-	-	61,038	(33,759)	-	27,279
Transfer to general banking reserve	-	-	-	874	-	-	(874)	-
Transfer to statutory reserve	-	-	113,371	-	-	-	(113,371)	-
Total comprehensive income	-	-	113,371	874	61,038	(33,759)	641,565	783,089
Transactions with owners								
Dividend	-	-	-	-	-	-	(266,500)	(266,500)
Total transactions with owners	-	-	-	-	-	-	(266,500)	(266,500)
Balance as at 31 December 2023	1,456,456	133,818	650,996	69,780	(62,711)	(118,206)	2,021,147	4,151,280
Balance as at 1 January 2024	1,456,456	133,818	650,996	69,780	(62,711)	(118,206)	2,021,147	4,151,280
Profit for the year	-	-	-	-	-	-	567,414	567,414
Other comprehensive income for the year	-	(996)	-	-	49,064	(31,125)	-	16,943
Transfer to general banking reserve	-	-	-	278,732	-	-	(278,732)	-
Transfer to statutory reserve	-	-	85,112	-	-	-	(85,112)	-
Total comprehensive income	-	(996)	85,112	278,732	49,064	(31,125)	203,570	584,357
Transactions with owners								
Dividend	-	-	-	-	-	-	(354,000)	(354,000)
Total transactions with owners	-	-	-	-	-	-	(354,000)	(354,000)
Balance as at 31 December 2024	1,456,456	132,822	736,108	348,512	(13,647)	(149,331)	1,870,717	4,381,637

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

Revaluation surplus

Revaluation surplus comprises of changes in the carrying amount arising on revaluation of property and equipment.

Statutory reserve

Statutory reserve comprises of accumulated annual transfer of 15% of the net profit for the year in line with Section 21(1) of the Mauritian Banking Act 2004.

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of financial assets measured at FVTOCI that has been recognised in other comprehensive income until the investments are derecognised or impaired.

General Banking Reserve

This relates to a general provision for both performing and non-performing exposures in line with the Guideline on classification, provisioning and write-off of credit exposures revised August 2024. In addition to the general provisions for performing exposures, macro-prudential provisions are also recognised on certain sectors for performing exposures.

General provision

Additional Macro prudential

Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
282,259	-	-
66,253	69,780	68,906
348,512	69,780	68,906

Dividend

Pursuant to the Board meeting held on 18 April 2024, a final dividend of Rs.354 million (Rs24.3056 per share) (2023: Rs266.5 million) was approved for distribution as dividend to shareholders and was paid in June 2024, out of retained earnings, after all regulatory approvals were obtained.

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Cash flows from operating activities			
Profit before income tax	598,865	810,730	535,570
Net change on provision for credit impairment (note 7)	156,244	(132,150)	(33,476)
Depreciation (notes 17 and 18)	62,521	60,024	59,146
Amortisation (note 19)	32,357	50,613	37,755
(Gain)/loss on disposal of property and equipment (note 6)	(571)	55	82
Change in pensions obligations	13,644	765	7,995
Net gain from derecognition of financial assets measured at FVTOCI	(359)	(733)	(3,111)
Net interest income	(1,340,023)	(1,268,906)	(993,814)
	(477,322)	(479,602)	(389,853)
Changes in operating assets and liabilities			
Movement in derivatives	(49,539)	11,531	63,037
Decrease/(increase) in loans and advances			
– to banks	3,011,627	(3,685,429)	(1,891,009)
– to customers	1,146,473	1,128,569	(2,582,403)
Decrease in other assets	49,847	86,377	1,217,548
Increase in deposits from customers	2,913,774	6,480,500	373,084
Decrease in other liabilities	(28,297)	(14,604)	(20,162)
Interest received	2,636,305	2,358,306	1,384,163
Interest paid	(1,217,709)	(952,875)	(439,325)
Income tax paid	(55,922)	(29,946)	(38,462)
Net cash generated from/(used in) operating activities	7,929,237	4,902,827	(2,323,382)
Cash flows from investing activities			
Purchase of investment securities	(14,421,811)	(18,403,797)	(11,690,734)
Proceeds from sale of investment securities	14,511,487	17,751,731	11,563,302
Purchase of property and equipment (note 18)	(26,471)	(18,057)	(21,570)
Proceeds from sale of property and equipment	645	21	-
Purchase of intangible assets (note 19)	(48,172)	(41,483)	(42,254)
Net cash generated from/(used in) investing activities	15,678	(711,585)	(191,256)
Cash flows from financing activities			
Repayment of subordinated liabilities	(129,053)	(177,088)	(104,806)
Repayment of other borrowed funds	(695,092)	(2,008,514)	(1,064,730)
Proceeds from other borrowed funds	443,867	663,396	1,408,885
Dividend paid	(354,000)	(266,500)	(488,000)
Principal repayment of the lease liabilities	(16,582)	(19,849)	(19,898)
Net cash used in financing activities	(750,860)	(1,808,555)	(268,549)
Cash and cash equivalents at the beginning of the year (note 12)	10,048,780	7,666,093	10,449,280
Net cash generated from/(used in) operating activities	7,929,237	4,902,827	(2,323,382)
Net cash generated from/(used in) from investing activities	15,678	(711,585)	(191,256)
Net cash used in financing activities	(750,860)	(1,808,555)	(268,549)
Net increase/(decrease) in cash and cash equivalents	7,194,055	2,382,687	(2,783,187)
Cash and cash equivalents at end of year (note 12)	17,242,835	10,048,780	7,666,093

The notes on pages 121 to 214 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

1 General Information

Bank One Limited (the “Bank”) is a privately owned entity incorporated on 26 March 2002 in the Republic of Mauritius and licensed with the Bank of Mauritius to carry out Banking business. The Bank is owned jointly by Ciel Finance Ltd and I&M Group Plc, with 50% shareholding each. The Bank is domiciled in the Republic of Mauritius with registered address as follows:

BANK ONE LIMITED
16, Sir William Newton Street
Port Louis
Mauritius

1.1 Application of New and Revised IFRS Accounting Standards

New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants –Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New IFRS Accounting Standards and IFRIC® Interpretations not yet adopted.

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Bank. These have been listed below:

- Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- Annual improvements to IFRS – Volume 11 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The directors anticipate that these standards and interpretation will be applied in the Bank’s financial statements at the above effective dates in future periods and have not yet assessed the potential impact of the application of these amendments.

1.2 Material Accounting Policy Information

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Bank One Limited comply with the Mauritius Companies Act 2001, the regulations and guidelines issued by the Bank of Mauritius, the Mauritian Financial Reporting Act 2004 and the Mauritian Banking Act 2004 and have been prepared in accordance with IFRS Accounting Standards, Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Bank are concerned. Where necessary, comparative figures in the notes to the financial statements have been amended to confirm with changes in current year’s presentation.

The financial statements have been prepared under the historical cost convention, except for the following assets and liabilities that are measured at fair value:

- Financial assets measured at fair value through other comprehensive income;
- Certain classes of property and equipment – measured at revalued amount;
- Defined pensions benefits plan assets measured at fair value; and
- Derivative assets and liabilities held for risk management purposes (FVTPL).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(a) Basis of preparation (Cont'd)

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 preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1.3.

(b) Foreign currency translation

(i) Functional and presentation currency

These financial statements are prepared in Mauritian Rupees (Rs), which is the Bank's functional and presentation currency. Except as indicated, the financial statements and related notes presented in Mauritian rupees have been rounded to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Transactions denominated in foreign currencies are accounted for at the closing rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the closing rate of exchange ruling at the reporting date. Differences arising from reporting monetary items are dealt with in the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non monetary items, such as investments in equities classified as fair value through other comprehensive income, are included in the fair value reserve in other comprehensive income.

(c) Interest income and expense

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate 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. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When a receivable is impaired, the Bank reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECL"). The interest is suspended and recognised only upon receipt. If, in subsequent reporting periods the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(d) Fees, commissions and dividend income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are rendered. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities are recognised on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

Dividend income is recognised when the Bank's right to receive the dividend is established.

(e) Net gain/(loss) on dealing in foreign currencies and derivatives

Net gain/(loss) on dealing in foreign currencies and derivatives comprise of net gains on foreign exchange transactions, fair value gain/(loss) on derivatives and translation differences.

(f) Financial Instruments

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

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

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

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

Debt instruments at amortised cost or at FVTOCI

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Financial Assets (Cont'd)

Debt instruments at amortised cost or at FVTOCI (Cont'd)

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

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

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

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

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. There have been no such changes in the current and prior years.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

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

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

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Equity instruments designated at FVTOCI

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

A financial asset is held for trading if:

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

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

Financial instruments – initial recognition and subsequent measurement

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on "Modification and derecognition of financial assets".

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, debt instruments measured at FVTOCI and derivatives, exchange differences are recognised in profit or loss in the 'Net gain on dealing in foreign currencies and derivatives' line item.

Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. For the purposes of presentation in the statements of cash flows, cash and cash equivalents comprise cash-in-hand, cash at bank, highly liquid investments and bank overdrafts. Bank overdrafts are shown under current liabilities on the statement of financial position.

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

Investment securities

The investment securities include:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVTOCI; and
- equity investment securities designated as at FVTOCI.

For debt securities measured at FVTOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Financial instruments – initial recognition and subsequent measurement (Cont'd)

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Bank elects to present changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. For all financial liabilities the amount presented on the statement of financial position represent all amounts payable including interest accruals.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Acceptances, letters of credit and Financial guarantee contracts

Acceptances and letters of credit

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances and letters of credit are accounted for as off-balance sheet items and are disclosed as contingent liabilities and commitments.

Financial guarantee contracts

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

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee would be the premium agreed on initial recognition, which is at arm's length. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation calculated to recognise in profit or loss the fee income earned on a straight-line basis over the life of the guarantee and the best estimate of the expenditure required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. Any increase in the liability relating to guarantees is taken to profit or loss.

Impairment of financial assets

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Impairment of financial assets (Cont'd)

i) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The ECL is recognised in the provision account.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

In the case of the new asset category for debt instruments measured at FVTOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the statement of financial position.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments

- (i) The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments.

The classification is disclosed in the table below:

Impairment of financial assets

Category	Class	Subclasses
Financial Assets	Loans and advances at amortised cost	Loans and advances to Banks
		Term Loans
		Loans to individuals
		Credit cards
	Loans and advances to customers	Mortgages
		Other Retail Loans
		Loans to corporate entities
		Corporate Customers
	Securities purchased under agreement to resell	Loans to entities outside Mauritius
		Offshore Retail and Corporate Loans
	Investments at amortised cost	Loans to corporate entities
		Corporate Customers
	Investments at FVTOCI	Investment securities Debt instruments
		Unlisted
		Investment securities Equity instruments
		Unlisted
	Derivative financial assets (FVTPL)	Derivatives held for risk management
		Unlisted
	Other financial assets at amortised cost	Cash and cash equivalents
		Unlisted

Category	Class	Subclasses
Financial Liabilities	Financial liabilities at amortised cost	Deposits from customers
		Retail Corporate International
	Derivatives financial liabilities (FVTPL)	Derivatives held for risk management
		Unlisted
	Financial liabilities at amortised cost	Other borrowed funds
		Local and foreign Banks
Off balance sheet financial Instruments		Subordinated liabilities
	Loans commitments	Loans commitments
		Retail Corporate International Private
	Guarantees, acceptances and other financial facilities	Acceptances Guarantees Letter of credit
		Retail Corporate International Private

(ii) Credit risk measurement

Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposures vary with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to "Measuring ECL- Explanation of inputs, assumptions and estimation techniques".

Expected credit loss measurement (ECL)

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Bank.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

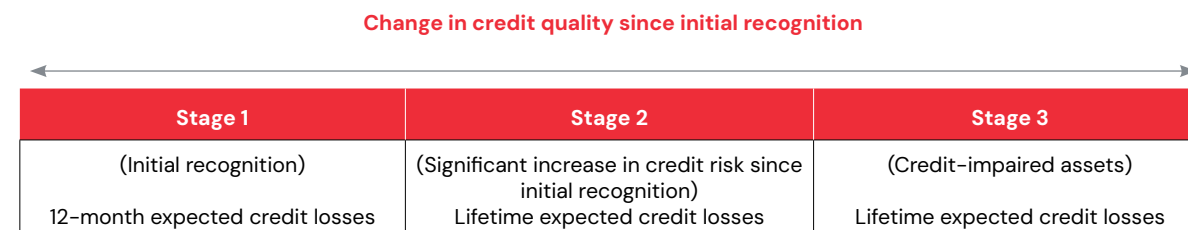
(ii) Credit risk measurement (Cont'd)

Expected credit loss measurement (ECL) (Cont'd)

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events within the next 12 months. Instruments in stages 2/3 have their ECL measured on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3). Currently the Bank does not have any purchased or originated credit-impaired financial assets on its books.

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):



The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met.

(iii) Qualitative criteria

For retail portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last (12) months

For Corporate and Investment portfolios, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early sign of cashflow/liquidity problems such as delay in servicing of trade creditors/ loans

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

Expected credit loss measurement (ECL) (Cont'd)

(iii) Qualitative criteria (Cont'd)

The assessment of SICR incorporates forward-looking information (refer to note SICR for further information) and is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank. In addition to corporate and investment financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level on a quarterly basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

(iv) Backstop

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

Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

The borrower meets unlikeliness to pay criteria which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable than the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Bank expected loss calculations.

The 90 days past due default definition has been aligned with the definition used for regulatory capital purposes.

A non-performing exposure should be upgraded to a standard exposure when:

- All arrears of interest and principal are paid by the counterparty in full and the customer meets the terms and conditions of the existing loan for a continuous 'observation' period
- The counterparty has resolved its financial difficulty such that full repayment is expected according to original or modified terms
- The reduction in credit risk is considered sustainable

(v) Measuring ECL- Explanation of inputs, assumptions and estimation techniques

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

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

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

Definition of default and credit-impaired assets (Cont'd)

(v) Measuring ECL- Explanation of inputs, assumptions and estimation techniques (cont'd)

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M PD), or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

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

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

- For amortising products and bullet repayment loans, this is based on the contractual repayments owned by the borrower over a 12M or lifetime basis. This will be adjusted for any expected overpayments made by a borrower. Early repayment/ refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a 'credit conversion factor' (CCF) which allows for the expected drawdown of the remaining limit by adding the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to limited differentiation in recoveries achieved across different borrowers.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD.

The assumptions under the ECL calculation- such as how the maturity profile of the PDs and how collateral value change, etc.- are monitored and reviewed on a quarterly basis.

(vi) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed a historical analysis and identified the key economic variables impacting credit risk and the expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

(vi) Forward-looking information incorporated in the ECL models (Cont'd)

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have historically on default rates and on the components of LGD and EAD.

Sensitivity Analysis

The most significant assumptions affecting the ECL allowances are as follows:

- (i) Unemployment rate, given its impact on secured and unsecured borrower's ability to meet their contractual repayments;
- (ii) GDP, given the significant impact on individual and companies' performance and collateral valuations; and
- (iii) Inflation rate, given its impact on likelihood of default.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the Bank are homogeneous.

In performing this grouping, there must be sufficient information for the Bank to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking against internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail- Groupings for collective measurement:

- Product type (e.g. residential loan, overdraft, etc.)
- Repayment type (e.g. interest only)

Corporate- Groupings for collective measurement

- Industry
- Collateral type

The stage 3 exposures are assessed individually. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

(h) Write-off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable recovery include (i) ceasing enforcement activity; and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write off financial assets that are still subject to enforcement activity. The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(i) Modification and derecognition of financial assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities may include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original assets. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2. This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(i) Modification and derecognition of financial assets (Cont'd)

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

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises the retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

(j) Modification and derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different. If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Bank recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Bank. Modification gains are presented in 'other income' and modification losses are presented in 'other expenses' in profit or loss.

(k) Fair value measurements

The Bank measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in **Note 2 (h)**.

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. 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.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(l) Derivative financial instruments

Derivative financial instruments include foreign exchange contracts and currency swaps. These are initially recognised in the statement of financial position at cost and subsequently remeasured at their fair value.

Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies. Fair values of forwards involving Mauritian Rupees are based on treasury bills rate or SOFR. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss.

The Bank's derivative transactions, while providing effective economic hedges under the Bank's risk management policies, do not qualify for hedge accounting under the specific rules of IFRS 9 and are therefore treated as derivatives held for trading with fair value gains and losses reported through profit and loss.

(m) Property and equipment

Property and equipment (except land and buildings) are carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings are stated at revalued amounts. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Land and work-in-progress are not depreciated. Depreciation is calculated to write down the cost or amount of the valuation of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Laptops	3 years
Mobile phones	3 years
Computer and other equipment	5 years
Furniture and fittings	10 years
Motor vehicles	5 years

The assets' residual values and useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are recognised as income or expense in profit or loss. On disposal of revalued assets, the corresponding amounts included in the revaluation surplus are transferred to retained earnings.

Work-in-Progress ("WIP") is not subject to depreciation. Once the WIP is ready to be used, it will be capitalised and will be depreciated over its useful life.

Revaluation of property

Properties are subject to revaluation every 3 years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive Income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

(n) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(n) Intangible assets (Cont'd)

Computer software (Cont'd)

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

(o) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flow (cash generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(p) Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(q) Dividend policy

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting results of the Bank are the basis for profit distribution and other appropriations.

(r) Deposits from customers, other borrowed funds and subordinated liabilities

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

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

(s) Provisions for liabilities

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

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(t) Employee Benefit Obligations

(i) Short-term employee benefits

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

(ii) Defined contribution pension plan

The Bank operates a defined contribution pension plan. The contribution payable to the 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'. Unpaid contributions are recorded as a liability.

(iii) Retirement and other benefit obligations

The present value of retirement gratuity as provided under the Mauritian Workers Rights Act 2019 is recognised in the statement of financial position as a liability.

Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement 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
- Remeasurement

The Bank presents the first two components of defined benefit costs in profit or loss in the line item "Personnel expenses" as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

State plan

Contributions to the Contribution Sociale Généralisée (CSG) are expensed to profit or loss in the period in which they fall due.

Defined benefit plans

The Bank also operates a defined benefit pension plan.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they occur.

The Bank determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate to the net defined benefit liability/(asset) and the fair value of the plan asset.

Net interest expense/(income) is recognised in of profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(t) Employee Benefit Obligations (Cont'd)

(iii) Retirement and other benefit obligations (Cont'd)

Service costs comprising current service cost and past service cost are recognised immediately in the statement of profit or loss. Current service cost reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit charges curtailments and settlements.

(iv) Preferential rate loans to employees

The Bank grants loans to its employees at preferential rates. The prepaid employee benefits on these loans is accounted for under 'other assets' and is recognised in profit or loss over the shorter of the life of the loan and the expected service life of the employee. The interest rate on the loan reverts to market rate from the day the employee is no longer employed by the Bank. There may be cases where, following special arrangements, the Bank agrees to keep the loan of the leavers at preferential rates. The prepaid employee benefits are the difference between the present value of future cash flows discounted at commercial rate (which are rates that would be given to similar customers in arm's length transactions), and the carrying amount of the loan. Interest on such loans is then recognised at market rate over the life of the loan.

(v) Termination Benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or when the employee accepts voluntary redundancy in exchange of these benefits. The Bank recognises termination benefits at the earlier of the following dates:

- When the Bank can no longer withdraw the offer of those benefits;
- When the Bank recognises costs for a restructuring that is within the scope of IAS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

As at 31 December 2024, no provision has been made for termination benefits (2023 and 2022: Nil).

(u) Income Tax

Tax expense for the period includes current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is recognised in other comprehensive income or directly in equity, respectively.

Following the introduction of the Corporate Climate Responsibility (CCR) Levy of 2% on the Bank's profits, a tax rate of 7% has been applied.

(i) Current tax

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

(ii) Special Levy

Special levy on Banks having leviable income not exceeding Rs 1.2 billion are calculated at the rate of 5.5% of net interest income and other income before deduction of expenses. Special levy is not applicable on income derived from transactions with Global Business Licence holders and Mauritian companies to the extent of their Banking transactions carried out through a foreign permanent establishment.

The levy for a Bank in operation as at 30 September 2018 is capped at 1.5 times of the levy payable for the year of assessment 2017-2018. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(u) Income Tax (Cont'd)

(iii) Corporate Social Responsibility

The Bank also makes a statutory provision for CSR activities at the rate of 2% of chargeable income (Resident only) as per Mauritian Income Tax Act 1995 Section 50L.

The required CSR fund for the year is recognised in tax expense in profit or loss. The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statement of financial position.

(iv) Deferred income tax

Deferred tax is provided for, using the liability method, on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation of property and equipment, provisions for impairment losses on loans and advances and provisions for employee benefits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authorities.

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

As per the Mauritian Finance (Miscellaneous Provisions) Act 2018, the tax rate was amended to 5% (2016-17- 15% less the foreign tax credit of 80%) effective as from 1 July 2020. With the CCR levy, the deferred income tax rate is 9% (resident) and 7% (non-resident) as from 2024. The directors have agreed to amend the deferred income tax asset rate to 7% (resident) and 5% (non-resident) as from 2018.

(v) Leases

The Bank as a lessee

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

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

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Bank and the lease does not benefit from a guarantee from the Bank.

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(v) Leases (Cont'd)

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments in the current and prior years.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use assets.

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

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

The Bank applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of non-financial assets" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Bank as a lessor

The Bank is engaged in the provision of finance leases to both individuals and corporates. The Bank's portfolio is made up of principally motor vehicles and equipment. The credit quality of the lease book is monitored by a dedicated Credit Risk Team, with the Bank having established strong credit quality assessment criteria, with monitoring of credit limits and collateralisation.

Leases for which the Bank is a lessor are classified as finance leases.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(v) Leases (Cont'd)

(i) Recognition and initial measurement for finance lease receivables

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 interest income to reimburse and reward the lessor for its investment and services. The difference between the gross receivable and the present value of the receivable is recognised as unearned 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; there is no need to add them separately.

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Bank aims to allocate interest 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 finance lease receivable.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Bank's net investment in finance lease receivables. Subsequent to initial recognition, the Bank regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease receivables 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 is revised and any reduction in respect of amounts accrued is recognised immediately.

(w) Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercises significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. Related parties may be individuals or other entities.

(x) Segment reporting

The Bank has prepared its separate financial statements in line with the requirements of the Bank of Mauritius Guideline on 'Segmental Reporting under a Single Banking Licence Regime' and Bank of Mauritius Guideline on 'Public Disclosure of Information' which require that segment information should be provided by Resident and Non-Resident banking businesses.

Non-Resident is essentially directed to the provision of international financial services that gives rise to foreign source income. Such services may be fund based or non-fund based.

Resident relates to Banking business other than Non-Resident business.

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.

Neither these guidelines nor IFRS Accounting Standards mandate the application of IFRS 8 Operating Segments to the financial statements of the Bank. The financial statements do not purport to comply with the requirements of IFRS 8.

Notes to the Financial Statements

for the year ended 31 December 2024

1.3 Critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 1.2 (g). The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Calculation of ECL allowance

Significant increase of credit risk: As explained in note 1.2(g), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 1.2(g) for details of the characteristics considered in this judgement. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.

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

- When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical information, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 1.2(g) for more details.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realisable value of collaterals. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Notes to the Financial Statements

For the year ended 31 December 2024

1.3 Critical accounting estimates and judgements (Cont'd)

(c) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives. Further details on the fair valuation of financial instruments are included in Note 2(i) to the financial statements.

(d) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The actuarial report determines the appropriate discount rate at the end of each year and which is validated by the Bank. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for employee benefit obligations are based in part on current market conditions.

Further information on the carrying amounts of the Bank's retirement benefit obligations and the sensitivity of those amounts to changes in discount rate are provided in note 27.

(e) Leases

The application of IFRS 16 requires significant judgements and certain key estimations. Critical judgements include determination of whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of the lease terms, determination of the appropriate rate to discount the lease payments and assessment of whether a right-of-use asset is impaired.

(f) Provisions and other contingent liabilities

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

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

2 FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

The Bank's business involves taking risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk Management is carried out by the Risk Department under policies approved by the Board of Directors. The Risk Department identifies, evaluates and monitors financial risk in close collaboration with the operating units including Treasury.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit Risk arises mainly from commercial and consumer advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities, including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties.

Credit risk is the single largest risk for the Bank's business. The directors carefully manage the exposure of the Bank to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Chief Risk Officer who in turn reports to the Chief Executive Officer.

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(i) The maximum exposure to credit risk before collateral and other credit risk enhancements are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Balances with Banks in Mauritius, Banks abroad and inter Bank placements	17,090,743	10,169,278	8,191,392
Derivative assets held for risk management	33,666	4,580	3,116
Government of Mauritius/Bank of Mauritius securities	5,463,509	4,496,054	3,680,651
Other Investments	8,230,177	8,548,996	8,644,778
Loans and advances to customers and Banks	23,643,099	28,003,070	25,327,450
Others	16,955	17,546	21,315
Credit risk exposures relating to off balance sheet assets are as follows:			
Financial guarantees	2,895,950	2,967,346	2,387,488
Loans commitments and other credit related liabilities	1,910,453	2,795,582	1,976,757
Total	59,284,552	57,002,452	50,232,947

(ii) Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank undertakes independent valuation of the collateral obtained as part of the loan origination process. Longer-term finance and lending to corporate entities are generally secured while revolving individual credit facilities are generally unsecured.

The principal collateral types for loans and advances are:

- Fixed and Floating charges on properties and other assets
- Privilege d'Inscription
- Lien on vehicle/equipment/machinery
- Pledge of shares/rent/proceeds of crops
- Lien on deposits
- Assignment of Life Policy/general insurance policy
- Assignment of rights of leases for leasehold properties
- Bank Guarantee/personal guarantee/Government Guarantee
- Nantissement de Parts Sociales dans le capital d'une Société
- Ownership of Machinery/Equipment/ Vehicles financed by the Bank under Finance Leasing
- Pledge of deposits from other Financial Institution/Licensed Deposit Taker
- Mortgages over residential properties
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt instruments and equity securities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt instruments or other investments are generally unsecured. The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iii) Credit impaired assets

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held to mitigate potential losses are shown below:

	Dec-24		Dec-23		Dec-22	
	Gross Exposure	Fair Value of collateral held	Gross Exposure	Fair Value of collateral held	Gross Exposure	Fair Value of collateral held
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Credit-impaired assets						
Loans to individuals:						
Personal Loan	61,826	25,824	48,968	1,700	54,102	36,069
Housing Loan*	99,606	224,323	44,702	148,363	57,136	174,954
Car Loan	6,111	5,045	985	22,011	1,164	4,291
Property Loan	-	-	10,460	104,345	17,058	116,622
Other	71	-	15,483	59,655	8,394	51,337
Loans to corporate entities:						
State and Local government	462,576	-	563,215	528,905	-	-
Large corporate customers	826,011	254,140	497,722	534,233	429,862	655,532
Small and Medium sized enterprises (SMEs)*	21,329	46,815	23,764	115,581	12,498	47,100
Total credit-impaired assets	1,477,530	556,147	1,205,299	1,514,793	580,214	1,085,905

* The fair value of collaterals held for housing loan and SMEs are higher than the gross exposure amount.

Concentration of risk of financial assets with credit risk exposure by Geography:

	Dec-24	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	17,090,743	9,305,678	276,271	2,697,388	4,811,406
Derivative assets held for risk management	33,666	38	28,326	5,302	-
Loans and advances to Banks	5,795,705	-	5,795,705	-	-
Loans and advances to customers	17,847,394	17,782,631	2,613	37,247	24,903
Government of Mauritius/Bank of Mauritius securities	5,463,509	5,463,509	-	-	-
Other Investments	8,230,177	3,276	35,026	1,679,234	6,512,641
Other assets	16,955	16,955	-	-	-
Total assets	54,478,149	32,572,087	6,137,941	4,419,171	11,348,950
On balance sheet country region percentage	100%	60%	11%	8%	21%
Other regions where the bank has exposures consist of Asian countries					
Credit risk exposure relating to off balance sheet items as follows:					
Financial guarantees and other credit related liabilities	2,895,951	2,558,985	330,060	-	6,906
Off balance sheet country region percentage	100%	88%	11%	0%	0%

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

	Dec-23	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	10,169,278	4,265,004	964,188	1,683,268	3,256,818
Derivative assets held for risk management	4,580	1,970	2,319	291	-
Loans and advances to Banks	8,873,984	-	8,873,984	-	-
Loans and advances to customers	19,129,086	16,760,920	2,060,193	136,971	171,002
Government of Mauritius/Bank of Mauritius securities	4,496,054	4,496,054	-	-	-
Other Investments	8,548,996	1,000,352	29,363	2,484,660	5,034,621
Other assets	17,546	17,546	-	-	-
Total assets	51,239,524	26,541,846	11,930,047	4,305,190	8,462,441
On balance sheet country region percentage	100%	52%	23%	8%	17%

Other regions where the bank has exposures consist of Asian countries

Credit risk exposure relating to off balance sheet items as follows:

Financial guarantees and other credit related liabilities	2,967,347	1,954,801	958,292	-	54,254
Off balance sheet country region percentage	100%	66%	32%	0%	2%

	Dec-22	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	8,191,392	1,550,965	1,100,132	2,506,363	3,033,932
Derivative assets held for risk management	3,116	3,044	30	42	-
Loans and advances to Banks	5,147,185	-	5,147,185	-	-
Loans and advances to customers	20,180,265	17,479,759	2,311,938	151,913	236,655
Government of Mauritius/Bank of Mauritius securities	3,680,651	3,680,651	-	-	-
Other Investments	8,644,778	-	2,119,689	3,225,939	3,299,150
Other assets	21,315	21,315	-	-	-
Total assets	45,868,702	22,735,734	10,678,974	5,884,257	6,569,737
On balance sheet country region percentage	100%	50%	23%	13%	14%

Other regions where the bank has exposures consist of Asian countries

Credit risk exposure relating to off balance sheet items as follows:

Financial guarantees and other credit related liabilities	2,387,488	1,878,773	508,665	-	50
Off balance sheet country region percentage	100%	79%	21%	0%	0%

(iv) Loans and advances to banks

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Banks outside Mauritius	5,839,020	8,917,253	5,150,285
Banks in Mauritius	-	-	-
Less ECL	(43,315)	(43,269)	(3,100)
Loans and advances to banks	5,795,705	8,873,984	5,147,185

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Remaining term to maturity

Up to 3 months
Over 3 months and up to 6 months
Over 6 months up to 1 year
Within 1 year to 5 years

Loans and advances to banks

Dec-24	Dec-23	Dec-22
Rs 000	Rs 000	Rs 000
1,543,922	2,799,502	2,030,554
1,019,717	3,297,472	887,888
1,835,741	2,375,231	1,565,927
1,439,640	445,048	665,916
5,839,020	8,917,253	5,150,285

For the years ended 31 December 2024, 2023, and 2022, all exposures and ECL are classified as Stage 1.

Analysis of changes in ECL on Loans and advances to banks

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2024	43,269	-	-	43,269
Movement due to change in parameters	11,096	-	-	11,096
New loans originated or purchased	21,488	-	-	21,488
Loans repaid	(32,538)	-	-	(32,538)
Closing Balance 2024	43,315	-	-	43,315

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2023	3,100	-	-	3,100
Movement due to change in parameters	4,343	-	-	4,343
New loans originated or purchased	37,886	-	-	37,886
Loans repaid	(2,060)	-	-	(2,060)
Closing Balance 2023	43,269	-	-	43,269

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2022	2,793	-	-	2,793
Movement due to change in parameters	791	-	-	791
New loans originated or purchased	1,290	-	-	1,290
Loans repaid	(1,774)	-	-	(1,774)
Closing Balance 2022	3,100	-	-	3,100

Reconciliation of gross carrying amount

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2024	8,917,253	-	-	8,917,253
Change in existing exposure	152,441	-	-	152,441
New loans originated or purchased	4,598,175	-	-	4,598,175
Loans repaid	(7,828,849)	-	-	(7,828,849)
Closing Balance 2024	5,839,020	-	-	5,839,020

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iv) Loans and advances to banks

Reconciliation of gross carrying amount (Cont'd)

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2023	5,150,285	-	-	5,150,285
Change in existing exposure	(1,073,584)	-	-	(1,073,584)
New loans originated or purchased	8,117,835	-	-	8,117,835
Loans repaid	(3,277,283)	-	-	(3,277,283)
Closing Balance 2023	8,917,253	-	-	8,917,253

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2022	3,339,038	-	-	3,339,038
Change in existing exposure	546,754	-	-	546,754
New loans originated or purchased	3,312,780	-	-	3,312,780
Loans repaid	(2,048,287)	-	-	(2,048,287)
Closing Balance 2022	5,150,285	-	-	5,150,285

(v) Loans and advances to customers

Loans to individuals:

Housing Loan
Car Loan
Other

Loans to corporate entities:

State and Local government
Corporate customers
Small and Medium sized enterprises (SMEs)

Gross Exposure

Less ECL

Net Exposure

Dec-24	Dec-23	Dec-22
Rs'000	Rs'000	Rs'000
7,640,282	7,801,195	6,874,873
371,799	366,266	336,546
1,944,360	1,869,565	841,572
1,329,689	1,319,422	1,329,860
6,917,673	7,732,838	10,902,734
619,783	661,209	635,800
18,823,586	19,750,495	20,921,385
(801,813)	(621,409)	(741,120)
18,021,773	19,129,086	20,180,265

Loans to individuals:

Housing Loan
Car Loan
Other

Loans to corporate entities:

State and Local government
Corporate customers
Small and Medium sized enterprises (SMEs)

ECL

Dec-24	Dec-23	Dec-22
Rs'000	Rs'000	Rs'000
39,932	25,638	51,704
7,137	3,652	4,171
74,391	72,130	92,789
89,895	70,909	53,543
586,545	443,396	526,686
3,913	5,684	12,227
801,813	621,409	741,120

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Remaining term to maturity

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Up to 3 months	2,167,062	2,559,556	2,675,544
Over 3 months and up to 6 months	390,470	229,073	634,106
Over 6 months up to 1 year	1,022,075	1,051,987	830,826
Within 1 year to 5 years	4,660,962	4,306,216	6,095,471
Above 5 years	10,583,017	11,603,663	10,685,438
Loans and advances to customers	18,823,586	19,750,495	20,921,385

Analysis of changes in ECL on Loans and advances to customers

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2024	49,673	6,393	565,343	621,409
Transfer to stage 1	4,319	(1,058)	(3,261)	-
Transfer to stage 2	(1,088)	1,097	(9)	-
Transfer to stage 3	(53)	(475)	528	-
Movement due to change in model parameters	(12,717)	1,710	66,275	55,268
New loans originated or purchased	9,292	688	179,677	189,657
Loans repaid	(9,981)	(2,073)	(47,241)	(59,295)
Write offs	-	-	(5,226)	(5,226)
Balance as at 31 December 2024	39,445	6,282	756,086	801,813

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2023	160,788	61,389	518,943	741,120
Transfer to stage 1	7,940	(1,214)	(6,726)	-
Transfer to stage 2	(497)	498	(1)	-
Transfer to stage 3	(50)	(53,238)	53,288	-
Movement due to change in model parameters	(99,686)	(1,012)	51,123	(49,575)
New loans originated or purchased	10,475	93	7,832	18,400
Loans repaid	(29,296)	(124)	(32,272)	(61,692)
Write offs	-	-	(26,844)	(26,844)
Balance as at 31 December 2023	49,674	6,392	565,343	621,409

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

Analysis of changes in ECL on Loans and advances to customers (cont'd)

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	255,994	21,178	583,243	860,415
Transfer to stage 1	6,059	(3,347)	(2,712)	-
Transfer to stage 2	(1,505)	1,505	-	-
Transfer to stage 3	(282)	(1,031)	1,313	-
Movement due to change in model parameters	(48,314)	3,706	85,333	40,725
New loans originated or purchased	62,624	43,901	2,594	109,119
Loans repaid	(113,789)	(4,523)	(2,264)	(120,576)
Write offs	-	-	(148,563)	(148,563)
Balance as at 31 December 2022	160,787	61,389	518,944	741,120

Reconciliation of gross carrying amount

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2024	18,369,218	175,978	1,205,299	19,750,495
Transfer to stage 1	97,068	(88,021)	(9,047)	-
Transfer to stage 2	(299,536)	301,290	(1,754)	-
Transfer to stage 3	(28,956)	(46,888)	75,844	-
Change in existing exposure	(860,377)	(94,435)	(89,590)	(1,044,402)
New loans originated or purchased	3,516,924	21,318	362,200	3,900,442
Derecognition and repayments (excluding write-offs)	(3,874,739)	157,214	(60,197)	(3,777,722)
Write-offs	-	-	(5,227)	(5,227)
Balance as at 31 December 2024	16,919,602	426,456	1,477,528	18,823,586

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

- (b) Credit risk (Cont'd)
- (v) Loans and advances to customers (Cont'd)
- Reconciliation of gross carrying amount (Cont'd)

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2023	19,350,317	990,854	580,214	20,921,385
Transfer to stage 1	79,546	(59,968)	(19,578)	-
Transfer to stage 2	(133,476)	134,376	(900)	-
Transfer to stage 3	(15,097)	(666,221)	681,318	-
Change in existing exposure	1,110	(222,228)	17,542	(203,576)
New loans originated or purchased	4,211,057	8,743	8,747	4,228,547
Derecognition and repayments (excluding write-offs)	(5,124,238)	(9,576)	(35,200)	(5,169,014)
Write-offs	-	-	(26,847)	(26,847)
Balance as at 31 December 2023	18,369,219	175,980	1,205,296	19,750,495
	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	17,214,972	419,461	700,531	18,334,964
Transfer to stage 1	32,869	(25,154)	(7,715)	-
Transfer to stage 2	(198,251)	198,251	-	-
Transfer to stage 3	(39,221)	(22,949)	62,170	-
Change in existing exposure	(936,281)	(23,057)	4,202	(955,136)
New loans originated or purchased	8,218,298	530,870	2,579	8,751,747
Derecognition and repayments (excluding write-offs)	(4,942,069)	(86,568)	(32,990)	(5,061,627)
Write-offs	-	-	(148,563)	(148,563)
Balance as at 31 December 2022	19,350,317	990,854	580,214	20,921,385

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

- (b) Credit risk (Cont'd)
- (v) Loans and advances to customers (Cont'd)
- Allowance for impairment by industry sectors

December 2024	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	375,114	-	375,114	220	-	-	220
Construction	1,345,839	128,710	1,474,549	4,619	1,040	38,547	44,206
Education	19,032	-	19,032	31	-	-	31
Financial and Business Services	1,143,906	363,219	1,507,125	6,917	229	180,696	187,842
Global Business license holders	226,358	-	226,358	964	-	-	964
Information Communication and Technology	5,838	-	5,838	10	-	-	10
Manufacturing	39,869	-	39,869	62	-	-	62
Media, Entertainment and Recreational Activities	27,205	-	27,205	32	-	-	32
Other	187,078	72	187,150	287	84	-	371
Personal (Including Housing)	9,267,824	162,926	9,430,750	13,083	3,433	97,586	114,102
Professional	11,276	-	11,276	21	21	-	42
Public Non financial Corporations	381,580	-	381,580	932	-	-	932
State & Local Government	867,113	462,576	1,329,689	578	-	89,317	89,895
Tourism	691,357	9,350	700,707	2,682	1,349	1,223	5,254
Traders	2,337,001	112,702	2,449,703	8,418	86	111,487	119,991
Transport	419,666	237,975	657,641	589	40	237,230	237,859
Total	17,346,056	1,477,530	18,823,586	39,445	6,282	756,086	801,813

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

Allowance for impairment by industry sectors

December 2024

Resident

	Gross Exposure			ECL			
	Non-						
	Performing	Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	374,852	-	374,852	220	-	-	220
Construction	1,332,136	128,710	1,460,846	4,594	1,040	38,547	44,181
Education	19,032	-	19,032	31	-	-	31
Financial and Business Services	944,366	1,017	945,383	6,794	-	1,019	7,813
Information Communication and Technology	5,838	-	5,838	10	-	-	10
Manufacturing	39,869	-	39,869	62	-	-	62
Media, Entertainment and Recreational Activities	27,205	-	27,205	32	-	-	32
Other	103,639	71	103,710	162	36	-	198
Personal (Including Housing)	9,064,456	161,236	9,225,692	12,894	3,247	95,897	112,038
Professional	11,276	-	11,276	21	21	-	42
Public Non financial Corporations	381,580	-	381,580	932	-	-	932
Tourism	691,357	9,350	700,707	2,682	1,349	1,223	5,254
Traders	2,294,060	112,702	2,406,762	8,317	86	111,487	119,890
Transport	418,502	237,975	656,477	588	35	237,229	237,852
Resident	15,708,168	651,061	16,359,229	37,339	5,814	485,402	528,555

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

December 2024

Non-resident

	Gross Exposure			ECL			
	Non-						
	Performing	Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	263	-	263	-	-	-	-
Construction	13,704	-	13,704	25	-	-	25
Financial and Business Services	199,540	362,200	561,740	123	229	179,677	180,029
Global Business license holders	226,359	-	226,359	964	-	-	964
Other	83,439	-	83,439	124	47	-	171
Personal (Including Housing)	203,368	1,689	205,057	189	186	1,689	2,064
State & Local Government	867,113	462,576	1,329,689	578	-	89,317	89,895
Traders	42,942	-	42,942	102	-	-	102
Transport	1,164	-	1,164	1	7	-	8
Non-Resident	1,637,892	826,465	2,464,357	2,106	469	270,683	273,258

December 2023

	Gross Exposure			ECL			
	Non-						
	Performing	Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	29,942	-	29,942	84	-	-	84
Construction	1,658,209	139,969	1,798,178	3,921	1,147	38,517	43,585
Education	26,923	-	26,923	34	-	-	34
Financial and Business Services	1,713,538	854	1,714,392	4,961	-	854	5,815
Information Communication and Technology	3,560	-	3,560	5	-	-	5
Manufacturing	47,856	-	47,856	98	37	-	135
Media, Entertainment and Recreational Activities	35,481	-	35,481	69	-	-	69
Other	146,183	95	146,278	1,383	-	-	1,383
Personal (Including Housing)	9,477,341	122,459	9,599,800	23,013	4,026	78,688	105,727
Professional	12,478	-	12,478	26	9	-	35
Public Non financial Corporations	359,164	-	359,164	132	-	-	132
Tourism	1,091,742	855	1,092,597	2,143	932	855	3,930
Traders	2,293,747	111,938	2,405,685	6,612	174	111,223	118,009
Transport	428,874	265,916	694,790	1,916	67	265,006	266,989
Resident	18,545,194	1,205,301	19,750,495	49,674	6,392	565,343	621,409

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

- (b) Credit risk (Cont'd)
- (v) Loans and advances to customers (Cont'd)

December 2023	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
Resident	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	29,942	-	29,942	84	-	-	84
Construction	1,609,616	139,969	1,749,585	3,777	1,147	38,517	43,441
Education	26,923	-	26,923	34	-	-	34
Financial and Business Services	771,933	854	772,787	2,175	-	854	3,029
Information Communication and Technology	3,560	-	3,560	5	-	-	5
Manufacturing	47,856	-	47,856	98	37	-	135
Media, Entertainment and Recreational Activities	35,481	-	35,481	59	-	-	59
Other	107,341	95	107,436	1,269	-	-	1,269
Personal (Including Housing)	9,336,730	120,614	9,457,344	22,592	4,026	78,608	105,226
Professional	12,478	-	12,478	26	9	-	35
Public Non financial Corporations	359,164	-	359,164	132	-	-	132
Tourism	1,091,742	855	1,092,597	2,143	932	855	3,930
Traders	2,188,313	111,938	2,300,251	6,300	174	111,223	117,697
Transport	426,641	7,802	434,443	1,154	69	6,893	8,116
Resident	16,047,720	382,127	16,429,847	39,848	6,394	236,950	283,192
December 2023	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
Non-resident	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	48,593	-	48,593	144	-	-	144
Construction	-	-	-	-	-	-	-
Financial and Business Services	941,605	-	941,605	2,786	-	-	2,786
Global Business license holders	456,855	-	456,855	1,352	-	-	1,352
Other	38,842	-	38,842	114	-	-	114
Personal (Including Housing)	140,611	1,845	142,456	421	-	80	501
State & Local Government	763,301	563,215	1,326,516	3,925	-	70,200	74,125
Traders	105,434	-	105,434	312	-	-	312
Transport	2,233	258,113	260,346	770	-	258,113	258,883
Non-Resident	2,497,474	823,173	3,320,647	9,824	-	328,393	338,217

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

- (b) Credit risk (Cont'd)
- (v) Loans and advances to customers (Cont'd)

December 2022	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	256,326	-	256,326	2,398	5	-	2,403
Construction	1,813,353	53,844	1,867,197	4,782	13,045	53,629	71,456
Education	28,363	43	28,406	74	5	-	79
Financial and Business Services	1,988,991	715	1,989,706	13,642	10,729	715	25,086
Freeport Certificate Holders	-	-	-	-	-	-	-
Global Business license holders	1,054,997	-	1,054,997	4,757	11,346	-	16,103
Information Communication and Technology	4,211	3,027	7,238	13	-	3,027	3,040
Manufacturing	312,894	1,700	314,594	4,502	8	789	5,299
Media, Entertainment and Recreational Activities	43,116	-	43,116	473	-	-	473
Other	115,267	163	115,430	4,155	21,486	3	25,644
Personal (Including Housing)	8,467,557	138,769	8,606,326	79,566	2,331	83,815	165,712
Professional	11,163	-	11,163	12	93	-	105
Public Non financial Corporations	397,866	-	397,866	343	-	-	343
State & Local Government	1,355,644	-	1,355,644	-	-	-	-
Tourism	1,383,331	716	1,384,047	11,121	1,852	716	13,689
Traders	2,697,916	119,054	2,816,970	27,502	137	116,372	144,011
Transport	410,175	262,184	672,359	7,450	351	259,876	267,677
Resident	20,341,170	580,215	20,921,385	160,790	61,388	518,942	741,120

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

- (b) Credit risk (Cont'd)
- (v) Loans and advances to customers (Cont'd)

December 2022	Gross Exposure			ECL			
Resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	256,326	-	256,326	2,398	5	-	2,403
Construction	1,758,017	53,844	1,811,861	3,937	13,045	53,629	70,611
Education	28,363	43	28,406	74	5	-	79
Financial and Business Services	1,017,582	715	1,018,297	9,544	-	715	10,259
Freeport Certificate Holders	-	-	-	-	-	-	-
Global Business license holders	-	-	-	-	-	-	-
Information Communication and Technology	4,211	3,027	7,238	13	-	3,027	3,040
Manufacturing	47,819	1,700	49,519	456	8	789	1,253
Media, Entertainment and Recreational Activities	43,116	-	43,116	473	-	-	473
Other	63,242	163	63,405	4,155	-	3	4,158
Personal (Including Housing)	8,277,573	135,304	8,412,877	77,453	1,491	83,785	162,729
Professional	11,163	-	11,163	12	93	-	105
Public Non financial Corporations	397,866	-	397,866	343	-	-	343
State & Local Government	-	-	-	-	-	-	-
Tourism	1,383,331	716	1,384,047	11,121	1,852	716	13,689
Traders	2,488,928	118,361	2,607,289	24,301	137	115,679	140,117
Transport	407,722	10,190	417,912	3,566	351	7,884	11,801
Resident	16,185,259	324,063	16,509,322	137,846	16,987	266,227	421,060

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

- (b) Credit risk (Cont'd)
- (v) Loans and advances to customers (Cont'd)

December 2022	Gross Exposure			ECL			
Non-resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	-	-	-	-	-	-	-
Construction	55,336	-	55,336	845	-	-	845
Financial and Business Services	971,409	-	971,409	4,098	10,729	-	14,827
Global Business license holders	1,054,997	-	1,054,997	4,757	11,346	-	16,103
Manufacturing	265,075	-	265,075	4,046	-	-	4,046
Other	52,025	-	52,025	-	21,486	-	21,486
Personal (Including Housing)	189,984	3,465	193,449	2,112	841	30	2,983
State & Local Government	1,355,644	-	1,355,644	-	-	-	-
Traders	208,988	693	209,681	3,201	-	693	3,894
Transport	2,453	251,994	254,447	3,884	-	251,992	255,876
Non-Resident	4,155,911	256,152	4,412,063	22,943	44,402	252,715	320,060

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Investment securities

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Financial assets held at fair value through other comprehensive income (FVTOCI)	4,180,399	2,427,459	1,402,873
Financial assets held at amortised cost	9,523,131	10,625,229	10,937,676
Gross Exposure	13,703,530	13,052,688	12,340,549
Less ECL	(16,221)	(10,998)	(19,633)
Net Exposure	13,687,309	13,041,690	12,320,916

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Treasury bills	843,934	499,769	-
Bank of Mauritius bills	980,074	475,664	-
Treasury bonds	1,251,100	1,024,757	986,409
Bank of Mauritius bonds	99,781	97,048	93,363
Treasury notes	964,455	298,199	287,045
Others	41,055	32,022	36,056
Financial assets held at fair value through other comprehensive income (FVTOCI)	4,180,399	2,427,459	1,402,873
Less ECL	(6,377)	(3,360)	(4,512)
Financial assets held at fair value through other comprehensive income (net of ECL)	4,174,022	2,424,099	1,398,361

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Treasury bills	843,933	499,768	-
Bank of Mauritius bills	980,074	475,664	-
Treasury bonds	1,251,100	1,024,757	986,409
Bank of Mauritius bonds	99,781	97,048	93,363
Treasury notes	964,455	298,199	287,045
Others	3,276	3,276	3,801
Financial assets held at fair value through other comprehensive income (FVTOCI)	4,142,619	2,398,712	1,370,618
Less ECL	(5,257)	(2,706)	(4,485)
Financial assets held at fair value through other comprehensive income (net of ECL)	4,137,362	2,396,006	1,366,133

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Investment securities (Cont'd)

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Non-Resident			
Others	37,780	28,747	32,255
Less ECL	(1,120)	(654)	(27)
Financial assets held at fair value through other comprehensive income (net of ECL)	36,660	28,093	32,228

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Treasury bills	-	-	-
Bank of Mauritius bills	-	-	-
Treasury bonds	3,267,568	6,352,522	3,517,022
Corporate/Bank placements	5,851,475	3,483,749	6,427,814
Bank of Mauritius bonds	404,088	405,349	406,403
Treasury notes	-	181,038	180,923
Bank of Mauritius notes	-	202,571	405,514
Financial assets held at amortised cost	9,523,131	10,625,229	10,937,676
Less ECL	(9,844)	(7,638)	(15,121)
Financial assets held at amortised cost (net of ECL)	9,513,287	10,617,591	10,922,555

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Resident			
Treasury bills	-	-	-
Bank of Mauritius bills	-	-	-
Treasury bonds	921,702	1,315,357	1,328,332
Corporate/Bank placements	-	1,000,494	-
Bank of Mauritius bonds	404,088	405,349	406,403
Treasury notes	-	181,038	180,923
Bank of Mauritius notes	-	202,571	405,514
Financial assets held at amortised cost	1,325,790	3,104,809	2,321,172
Less ECL	(1,625)	(3,840)	(7,338)
Financial assets held at amortised cost (net of ECL)	1,324,165	3,100,969	2,313,834

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Investment securities (Cont'd)

Non-Resident

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Treasury bills	-	-	-
Bank of Mauritius bills	-	-	-
Treasury bonds	2,345,866	5,037,165	2,188,690
Corporate/Bank placements	5,851,475	2,483,255	6,427,814
Bank of Mauritius bonds	-	-	-
Treasury notes	-	-	-
Bank of Mauritius notes	-	-	-
Financial assets held at amortised cost	8,197,341	7,520,420	8,616,504
Less ECL	(8,219)	(3,798)	(7,783)
Financial assets held at amortised cost (net of ECL)	8,189,122	7,516,622	8,608,721

(vii) Off-balance sheet items

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Financial guarantees	1,588,179	1,952,352	1,517,968
Loans commitments and other credit related liabilities	1,307,771	1,014,995	869,520
Gross Exposure	2,895,950	2,967,347	2,387,488
Less ECL	(5,454)	(5,079)	(15,564)
Net Exposure	2,890,496	2,962,268	2,371,924

The table below represents an analysis of trading assets and investments securities at 31 December 2024 and comparatives for December 2023 and 2022. Since the Bank does not have any internal rating tool, the ratings (where applicable) are based on assessment effected by Standard & Poor's agency at end of each financial year.

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Cash and cash equivalents			
AAA to AA	-	12,347	780
AA- to A	6,324,410	4,723,054	4,485,022
BBB+ to BB	8,870,664	4,014,033	2,887,880
UNRATED	1,895,669	1,419,844	817,710
Total	17,090,743	10,169,278	8,191,392

Notes to the Financial Statements

For the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Derivatives Assets

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
AA- to A	56	291	42
BBB+	262	383	-
UNRATED	33,348	3,906	3,074
Total	33,666	4,580	3,116
Government of Mauritius/Bank of Mauritius securities			
BBB-	5,463,509	4,496,054	3,680,651
Investments securities			
AA+			-
AAA to A+	8,189,122	7,516,622	5,410,800
B+ to BBB-	-	1,000,353	3,044,262
UNRATED	41,055	32,021	189,716
Total	8,230,177	8,548,996	8,644,778
Loans and advances to Banks			
AAA to A-	-	221,445	1,109,304
BBB+ to B	3,084,215	4,189,325	2,396,638
CCC	470,215	2,096,685	-
UNRATED	2,241,275	2,366,529	1,641,243
Total	5,795,705	8,873,984	5,147,185
Loans and advances to customers			
AAA to A-	-	1,252,645	1,340,881
UNRATED	17,847,394	17,876,441	18,839,384
Total	17,847,394	19,129,086	20,180,265
Other Assets			
UNRATED	16,955	17,546	21,316
Total	16,955	17,546	21,316
Off balance sheet ratings			
UNRATED	2,895,951	2,967,346	2,387,488
Total	2,895,951	2,967,346	2,387,488

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Capital Structure

The Bank's objectives when managing capital are:

- i) to comply with the capital requirements set by the Bank of Mauritius,
- ii) to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- iii) to maintain a strong capital base to support the development of its business.

Details of Tier 1 capital, Tier 2 capital, total Risk Weighted Assets and capital adequacy ratio are given below:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Tier 1 Capital	3,664,425	3,759,784	3,302,260
Tier 2 Capital	1,156,384	1,210,021	1,494,027
Total Capital Base	4,820,809	4,969,805	4,796,287
Total Risk Weighted Assets	27,814,326	29,501,825	27,703,125
Capital Adequacy Ratio	17.33%	16.85%	17.31%

The minimum statutory capital adequacy ratio is fixed at 12.50%.

Details presented in capital management section on page 77.

(d) Market risk

The Bank is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non trading activities are concentrated in Bank Treasury and Market risk teams. Regular reports are submitted to the Management and the Board of Directors.

The Board of Directors approves the risk strategy, risk policies and prudential limits within which the operations are to be carried out.

Implementation of the policies and business strategies are delegated to Management and the Risk Management Unit.

(e) Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra day positions, which are monitored daily. The table below summarises the Bank's exposure to foreign exchange risk as at 31 December 2024. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

At 31 December 2024	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	10,748,330	2,025,405	1,153,461	760,996	14,688,192
Derivative assets held for risk management	21,770	-	363	11,533	33,666
Loans and advances to Banks	4,596,850	1,198,855	-	-	5,795,705
Loans and advances to customers	1,750,968	3,359,756	-	-	5,110,724
Investment Securities	8,189,122	2,753	-	35,026	8,226,901
Other assets	2,007	1,308	26	(3)	3,338
Total assets	25,309,047	6,588,077	1,153,850	807,552	33,858,526

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Currency risk (Cont'd)

At 31 December 2024 (Cont'd)

	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
LIABILITIES					
Deposits	24,991,058	5,187,361	1,181,783	460,871	31,821,073
Derivative liabilities held for risk management	12,305	-	414	6,262	18,981
Other borrowed funds	1,225,829	171,206	-	-	1,397,035
Subordinated liabilities	-	227,676	-	-	227,676
Other liabilities	165,424	32,879	4,238	-	202,541
Total liabilities	26,394,616	5,619,122	1,186,435	467,133	33,667,306
Net on balance sheet position	(1,085,569)	968,955	(32,585)	340,419	191,220
Credit commitments undrawn	239,162	706,468	-	-	945,630

Other currencies consist of AED, AUD, CHF, CNY, SGD and ZAR.

The effect of a reasonably possible movement of the currency rates, to which the Bank had significant exposures as at 31 December 2024, against the MUR, with all other variables held constant, on the profit or loss is as follows:

	Increase/(decrease) in profit or loss		
	USD	EURO	GBP
	Rs 000	Rs 000	Rs 000
+5% in currency rate	(54,278)	48,448	(1,629)
-5% in currency rate	54,278	(48,448)	1,629

At 31 December 2023

	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	6,107,550	404,119	277,005	921,776	7,710,450
Derivative assets held for risk management	4	2,300	444	1,814	4,562
Loans and advances to Banks	7,063,850	1,808,186	-	-	8,872,036
Loans and advances to customers	2,051,191	3,633,147	-	-	5,684,338
Investment Securities	5,034,621	2,660	-	-	5,037,281
Other assets	180,704	77,062	12,495	-	270,261
Total assets	20,437,920	5,927,474	289,944	923,590	27,578,928
LIABILITIES					
Deposits	22,486,262	4,885,683	682,903	113,900	28,168,748
Derivative liabilities held for risk management	-	3,608	135	1,827	5,570
Other borrowed funds	-	318,510	-	-	318,510
Subordinated liabilities	1,288,622	-	-	-	1,288,622
Other liabilities	7,071	1,309	4,530	2,542	15,452
Total liabilities	23,781,955	5,209,110	687,568	118,269	29,796,902
Net on balance sheet position	(3,344,035)	718,364	(397,624)	805,321	(2,217,974)
Credit commitments undrawn	674,657	499,434	-	-	1,174,091

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Currency risk (Cont'd)

Other currencies consist of AED, AUD, CHF, CNY, SGD and ZAR.

The effect of a reasonably possible movement of the currency rates, to which the Bank had significant exposures as at 31 December 2023, against the MUR, with all other variables held constant, on the profit or loss is as follows:

	Increase/(decrease) in profit or loss		
	USD	EURO	GBP
	Rs 000	Rs 000	Rs 000
+5% in currency rate	(167,069)	35,445	(19,881)
-5% in currency rate	167,069	(35,445)	19,881

At 31 December 2022

	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	6,024,006	285,313	139,040	283,692	6,732,051
Derivative assets held for risk management	4	3,086	-	12	3,102
Loans and advances to Banks	4,393,096	299,219	-	454,870	5,147,185
Loans and advances to customers	2,519,646	4,075,439	550	-	6,595,635
Investment Securities	7,983,571	625,149	-	-	8,608,720
Other assets	137,375	33,329	7,651	566	178,921
	21,057,698	5,321,535	147,241	739,140	27,265,614
LIABILITIES					
Deposits	20,262,695	3,227,114	655,984	221,800	24,367,593
Derivative liabilities held for risk management	14	14,030	-	12,395	26,439
Other borrowed funds	1,597,044	-	-	-	1,597,044
Subordinated liabilities	-	394,999	-	-	394,999
Other liabilities	390,645	28,585	4,720	2,704	426,654
Total liabilities	22,250,398	3,664,728	660,704	236,899	26,812,729
Net on balance sheet position	(1,192,700)	1,656,807	(513,463)	502,241	452,885
Credit commitments undrawn	502,459	16,461	-	-	518,920

Other currencies consist of AED, AUD, CHF, CNY, SGD and ZAR.

The effect of a reasonably possible movement of the currency rates, to which the Bank had significant exposures as at 31 December 2022, against the MUR, with all other variables held constant, on the profit or loss is as follows:

	Increase/(decrease) in profit or loss		
	USD	EURO	GBP
	Rs 000	Rs 000	Rs 000
+5% in currency rate	(59,635)	82,960	(25,673)
-5% in currency rate	59,635	(82,960)	25,673

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The table below summarises the Bank's non-trading book fair value exposure to interest rate risks. It includes the Bank's financial instruments at carrying value categorised by the earlier of contractual maturity and date of repricing.

Interest Sensitivity of Assets and Liabilities- Repricing Gap Analysis

At 31 December 2024

	Up to 1 mth	1-3 mths	3-6 mths	6-12 mths	1-3 Yrs	> 3 Yrs	Non Interest Bearing Rs 000	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	10,413,918	-	-	-	-	-	6,676,825	17,090,743
Derivative assets held for risk management	-	-	-	-	-	-	33,666	33,666
Loans and advances to Banks	117,690	1,554,187	2,007,336	710,594	355,297	1,050,601	-	5,795,705
Loans and advances to customers	15,662,596	196,379	260,134	134,545	102,238	803,086	688,416	17,847,394
Investment securities	451,292	1,237,375	4,488,368	2,441,857	2,816,277	2,258,517	-	13,693,686
Other assets	-	-	-	-	-	-	16,955	16,955
Total Assets	26,645,496	2,987,941	6,755,838	3,286,996	3,273,812	4,112,204	7,415,862	54,478,149
LIABILITIES								
Deposits	31,501,147	8,446,187	3,430,915	2,726,117	1,195,654	561,800	-	47,861,820
Derivative liabilities held for risk management	-	-	-	-	-	-	18,981	18,981
Other borrowed funds	595,125	400,321	48,146	-	-	363,043	-	1,406,635
Subordinated liabilities	-	-	-	-	386,893	595,245	-	982,138
Lease liabilities	1,371	2,769	4,219	9,004	36,208	27,178	-	80,749
Other liabilities	-	-	-	-	-	-	374,356	374,356
Total liabilities	32,097,643	8,849,277	3,483,280	2,735,121	1,618,755	1,547,266	393,337	50,724,679
Interest rate sensitivity gap	(5,452,147)	(5,861,336)	3,272,558	551,875	1,655,057	2,564,938	7,022,525	3,753,470

The impact on earnings of a 100bps movement in Rs and USD interest rates will amount to Rs 28.06m and USD 1.30m respectively.

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk (Cont'd)

Interest Sensitivity of Assets and Liabilities– Repricing Gap Analysis (cont'd)

At 31 December 2023

	Up to 1 mth	1-3 mths	3-6 mths	6-12 mths	1-3 Yrs	> 3 Yrs	Non Interest Bearing	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	8,139,734	-	-	-	-	-	2,029,544	10,169,278
Derivative assets held for risk management	-	-	-	-	-	-	4,580	4,580
Loans and advances to Banks	8,873,984	-	-	-	-	-	-	8,873,984
Loans and advances to customers	12,577,512	3,162,613	73,631	403,917	1,145,364	470,829	1,295,220	19,129,086
Investment securities	2,427,459	4,303,684	991,069	782,417	4,540,421	-	-	13,045,050
Other assets	-	-	-	-	-	-	17,544	17,544
Total Assets	32,018,689	7,466,297	1,064,700	1,186,334	5,685,785	470,829	3,346,888	51,239,522
LIABILITIES								
Deposits	3,140,222	32,426,090	3,101,220	4,143,953	1,495,566	364,168	176,063	44,847,282
Derivative liabilities held for risk management	-	-	-	-	-	-	39,434	39,434
Other borrowed funds	371,339	-	-	364,633	563,957	-	-	1,299,929
Subordinated liabilities	199,143	-	-	-	-	913,754	-	1,112,897
Other liabilities	-	-	-	-	-	-	236,793	236,793
Total liabilities	3,710,704	32,426,090	3,101,220	4,508,586	2,059,523	1,277,922	452,290	47,536,335
Interest rate sensitivity gap	28,307,985	(24,959,793)	(2,036,520)	(3,322,252)	3,626,262	(807,093)	2,894,598	3,703,187

The impact on earnings of a 100bps movement in Rs and USD interest rates will amount to Rs 3.05m and USD 1.32m respectively.

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk (Cont'd)

Interest Sensitivity of Assets and Liabilities– Repricing Gap Analysis (cont'd)

At 31 December 2022

	Up to 1 mth	1-3 mths	3-6 mths	6-12 mths	1-3 Yrs	> 3 Yrs	Non Interest Bearing	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	6,640,427	-	-	-	-	-	1,550,965	8,191,392
Derivative assets held for risk management	-	-	-	-	-	-	3,116	3,116
Loans and advances to Banks	-	5,147,185	-	-	-	-	-	5,147,185
Loans and advances to customers	1,111,874	15,557,886	486,537	108,341	1,411,524	923,887	580,216	20,180,265
Investment securities	-	2,313,032	1,170,669	1,174,262	6,264,592	-	1,402,874	12,325,429
Other assets	-	-	-	-	-	-	21,316	21,316
Total Assets	7,752,301	23,018,103	1,657,206	1,282,603	7,676,116	923,887	3,558,487	45,868,703
LIABILITIES								
Deposits	2,741,483	25,564,131	2,856,198	4,296,703	1,092,793	415,475	1,275,471	38,242,254
Derivative liabilities held for risk management	-	-	-	-	-	-	26,439	26,439
Other borrowed funds	1,414,503	-	-	-	732,257	785,904	-	2,932,664
Subordinated liabilities	299,036	-	-	-	-	990,243	-	1,289,279
Other liabilities	-	-	-	-	-	-	272,655	272,655
Total liabilities	4,455,022	25,564,131	2,856,198	4,296,703	1,825,050	2,191,622	1,574,565	42,763,291
Interest rate sensitivity gap	3,297,279	(2,546,028)	(1,198,992)	(3,014,100)	5,851,066	(1,267,735)	1,983,922	3,105,412

The impact on earnings of a 100bps movement in Rs and USD interest rates will amount to Rs 0.5m and USD 0.9m respectively.

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. The Bank's liquidity management process is carried out by the Bank Treasury team. The Bank uses the maturity gap report for measurement and management of liquidity risk. The maturity gap report slots the inflows and outflows in different maturity buckets as defined by the Bank of Mauritius, according to the expected timing of cash flows.

Maturities of Assets and Liabilities

At 31 December 2024	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	17,103,607	-	-	-	-	-	(12,864)	17,090,743
Derivative assets held for risk management	639	23,561	-	-	9,466	-	-	33,666
Loans and advances to Banks	125,371	1,672,658	2,138,363	762,604	1,528,791	-	-	6,227,787
Loans and advances to customers	1,107,422	198,971	413,832	117,783	1,693,489	18,263,826	863,155	22,658,478
Investment securities	451,292	1,237,375	4,488,368	2,441,857	2,816,277	2,217,462	41,055	13,693,686
Other assets	-	-	-	-	-	-	16,955	16,955
Total Assets	18,788,331	3,132,565	7,040,563	3,322,244	6,048,023	20,481,288	908,301	59,721,315
LIABILITIES								
Deposits	28,697,019	1,429,499	5,020,387	12,148,626	3,205,663	1,081,446	135,890	51,718,530
Derivative liabilities held for risk management	558	18,423	-	-	-	-	-	18,981
Other borrowed funds	595,125	400,321	48,146	-	-	363,043	-	1,406,635
Subordinated liabilities	-	-	-	-	386,893	595,245	-	982,138
Other liabilities	-	-	-	-	-	-	374,356	374,356
Lease liabilities	1,371	2,768	4,219	9,004	36,208	27,179	-	80,749
Total Liabilities	29,294,073	1,851,011	5,072,752	12,157,630	3,628,764	2,066,913	510,246	54,581,389
Net liquidity gap	(10,505,742)	1,281,554	1,967,811	(8,835,386)	2,419,259	18,414,375	398,055	5,139,926
Financial guarantees	2,895,950							
Credit commitment undrawn	1,910,453							

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity risk (cont'd)

Maturities of Assets and Liabilities (cont'd)

At 31 December 2023	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	10,186,933	-	-	-	-	-	(17,655)	10,169,278
Derivative assets held for risk management	4,580	-	-	-	-	-	-	4,580
Loans and advances to Banks	1,275,604	861,952	3,446,754	2,892,281	445,379	-	-	8,921,970
Loans and advances to customers	200,121	458,604	687,657	1,733,910	3,930,613	15,190,715	-	22,201,620
Investment securities	2,427,459	4,306,780	991,782	782,978	4,543,689	-	(7,638)	13,045,050
Other assets	-	-	-	-	-	-	17,546	17,546
Total Assets	14,094,697	5,627,336	5,126,193	5,409,169	8,919,681	15,190,715	(7,747)	54,360,044
LIABILITIES								
Deposits	29,849,982	5,284,838	3,536,665	6,605,813	2,315,812	1,460,272	176,063	49,229,445
Derivative liabilities held for risk management	5,571	-	33,863	-	-	-	-	39,434
Other borrowed funds	371,339	121,220	190,783	309,751	301,836	5,000	-	1,299,929
Subordinated liabilities	1,971	5,913	11,825	23,650	371,060	698,478	-	1,112,897
Other liabilities	-	-	-	-	-	-	365,291	365,291
Lease liabilities	1,661	4,982	4,982	8,304	20,730	38,406	-	79,065
Total Liabilities	30,230,524	5,416,953	3,778,118	6,947,518	3,009,438	2,202,156	541,354	52,126,061
Net liquidity gap	(16,135,827)	210,383	1,348,075	(1,538,349)	5,910,243	12,988,559	(549,101)	2,233,983
Financial guarantees	2,967,346	-	-	-	-	-	-	2,967,346
Credit commitment undrawn	2,795,582	-	-	-	-	-	-	2,795,582

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity risk (cont'd)

Maturities of Assets and Liabilities (cont'd)

At 31 December 2022	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	8,199,557	-	-	-	-	-	(8,165)	8,191,392
Derivative assets held for risk management	105	943	2,068	-	-	-	-	3,116
Loans and advances to Banks	-	2,254,165	1,035,116	1,712,070	369,684	-	-	5,371,035
Loans and advances to customers	189,286	525,227	763,526	2,474,798	7,261,484	15,610,823	-	26,825,144
Investment securities	-	2,313,032	2,573,543	1,173,212	6,265,642	-	-	12,325,429
Other assets	-	-	-	-	-	-	21,316	21,316
Total Assets	8,388,948	5,093,367	2,971,379	5,360,080	13,896,810	15,610,823	13,151	52,737,432
LIABILITIES								
Deposits	27,168,676	1,969,923	3,299,746	6,768,077	1,917,725	1,512,310	1,275,471	43,911,928
Derivative liabilities held for risk management	10,473	12,259	3,707	-	-	-	-	26,439
Other borrowed funds	1,414,503	112,768	183,960	296,641	809,417	115,375	-	2,932,664
Subordinated liabilities	1,971	5,913	11,825	23,650	371,060	1,228,966	-	1,643,385
Other liabilities	-	-	-	-	-	-	272,655	272,655
Lease liabilities	1,578	4,735	4,735	7,891	15,839	49,839	-	84,617
Total Liabilities	28,597,201	2,105,598	3,503,973	7,096,259	3,135,986	2,738,965	1,548,126	48,726,108
Net liquidity gap	(20,208,253)	2,987,769	(532,594)	(1,736,179)	10,760,824	12,871,858	(1,534,975)	4,011,324
Financial guarantees	2,387,488	-	-	-	-	-	-	2,387,488
Credit commitment undrawn	1,976,757	-	-	-	-	-	-	1,976,757

Derivative Cash Flows

As at 31 December 2024	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Inflows	639	23,561	-	-	-	9,466	-	33,666
Outflows	558	1,717	16,706	-	-	-	-	18,981
As at 31 December 2023								
Inflows	4,580	-	-	-	-	-	-	4,580
Outflows	5,571	-	33,863	-	-	-	-	39,434
As at 31 December 2022								
Inflows	105	943	2,068	-	-	-	-	3,116
Outflows	10,473	-	12,259	3,707	-	-	-	26,439

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Financial Instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement.

	Carrying value			Fair value		
	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Financial assets						
Cash and cash equivalents	17,090,743	10,169,278	8,191,392	17,090,743	10,169,278	8,191,392
Loans and advances	23,643,099	28,003,070	25,327,450	23,601,349	27,890,506	25,227,670
Investment securities	9,513,287	10,617,591	10,922,555	9,431,643	10,437,986	10,527,027
Other assets	16,955	17,546	21,316	16,955	17,546	21,316
Financial liabilities						
Deposits	47,861,820	44,847,282	38,242,254	47,856,293	44,840,577	38,231,109
Other borrowed funds	1,406,635	1,299,929	2,932,664	1,406,635	1,299,929	2,932,664
Subordinated liabilities	982,138	1,112,897	1,289,279	982,138	1,112,897	1,289,279
Other liabilities	238,525	236,793	272,655	238,525	236,793	272,655
Off-balance sheet						
Loan commitments	1,910,453	2,795,582	1,976,757	1,910,453	2,795,582	1,976,757
Other contingent liabilities	2,895,950	2,967,346	2,387,488	2,895,950	2,967,346	2,387,488

(i) Cash resources

The fair value of cash resources is equal to their carrying amount as these are for short terms only.

(ii) Loans and advances to Banks and to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. The fair value is calculated by applying the market rates to the fixed rate term loans.

(iii) Investment securities

Interest-bearing amortised cost investments include Treasury Notes whose fair values are based on market prices or broker/dealer price quotations. Financial assets classified as FVTOCI represent investment in Treasury Bills whose fair value are based on bid price and yield published by the Bank of Mauritius.

(iv) Deposits and subordinated liabilities

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and debt securities issued not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(v) Other financial assets and liabilities on the statement of financial position

The fair values of other assets, other borrowed funds, provisions and other liabilities at the reporting date approximate their fair values.

(vi) Off-balance sheet financial instruments

Guarantees, acceptances, loans commitments and other financial liabilities are shown at their fair values.

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level - 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
Level - 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the Over-The-Counter derivative contracts, traded loans, issued structured debt and other investment securities.
Level - 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The Bank's Level 2 instruments consists of Derivatives held for risk management and investment securities. The input used in the fair value of these instruments relates to SOFR interest rate, as published by Reuters, and yield curve by the Government of Mauritius.

As at 31 December 2024, the Bank holds equity investments with significant unobservable components falling under the Level 3 fair value hierarchy. The equity investment has been fair valued based on the market approach. Derivatives held for risk management falling under category Level 2, uses Quoted prices using Reuters platform. Level 3 fair values of land and building have been derived using the services of a chartered valuer.

The hierarchy requires the use of observable market data when applicable.

At 31 December 2024

	Level 1	Level 2	Level 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Non-equity Investments				
Derivative assets held for risk management	-	33,666	-	33,666
Investment securities	-	4,139,344	-	4,139,344
Property and equipment	-	-	251,689	251,689
Equity Investments				
Investment securities	-	-	41,055	41,055
Total assets	-	4,173,010	292,744	4,465,754
Derivative liabilities held for risk management	-	18,981	-	18,981
Total liabilities	-	18,981	-	18,981

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy (Cont'd)

At 31 December 2023

	Level 1	Level 2	Level 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Non-equity Investments				
Derivative assets held for risk management	-	4,580	-	4,580
Investment securities	-	2,395,438	-	2,395,438
Property and equipment	-	-	257,183	257,183
Equity Investments				
Investment securities	-	-	32,021	32,021
Total assets	-	2,400,018	289,204	2,689,222
Derivative liabilities held for risk management	-	39,434	-	39,434
Total liabilities	-	39,434	-	39,434

At 31 December 2022

	Level 1	Level 2	Level 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Non-equity Investments				
Derivative assets held for risk management	-	3,116	-	3,116
Investment securities	-	1,366,817	-	1,366,817
Property and equipment	-	-	217,071	217,071
Equity Investments				
Investment securities	-	-	36,057	36,057
Total assets	-	1,369,933	253,128	1,623,061
Derivative liabilities held for risk management	-	26,439	-	26,439
Total liabilities	-	26,439	-	26,439

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 3.

Financial instrument	Fair value Rs 000	Unobservable input	Rate	Relationship of unobservable inputs to fair value
FVTOCI investment: M Oriental Bank Ltd	35,026	Illiquidity discount	13%	A decrease of 5% in the discount rate from 20% to 25% would increase the fair value of the investment by Rs 3.1m and an increase of 5% would decrease the fair value by Rs 3.1m.
FVTOCI investment: Industrial 3,276 Finance Corporation of Mauritius (Equity) Ltd		Net asset	N/A	N/A
FVTOCI investment: S.W.I.F.T SCRL	2,753	Net asset	N/A	N/A

Reconciliation of level 3 fair value measurement

	Rs 000
Balance as at 01 January 2022	257,274
Fair value	(4,146)
Balance as at 31 December 2022	253,128
Fair value	36,076
Balance as at 31 December 2023	289,204
Fair value	3,540
Balance as at 31 December 2024	292,744

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy (Cont'd)

Transfer between levels

No transfer arose between levels during the year.

Valuation process

The valuations of non-property items required for financial reporting purposes, including level 3 fair values are performed at Finance department led by the Chief Financial Officer (CFO).

The valuations of properties are based on market value and on vacant possession basis. The values have been primarily derived using the direct comparison method as well as the income approach. Due to consideration is given to the existing state of property market in general and to this submarket.

(j) Financial instruments by category

At 31 December 2024

Financial assets

	Amortised cost	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	17,090,743	-	-	17,090,743
Derivative assets held for risk management	-	33,666	-	33,666
Loan and advances to Banks	5,795,705	-	-	5,795,705
Loan and advances to customers	17,847,394	-	-	17,847,394
Investment securities	9,513,287	-	4,180,399	13,693,686
Other assets	16,955	-	-	16,955
	50,264,084	33,666	4,180,399	54,478,149

Financial liabilities

		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		Rs 000	Rs 000	Rs 000
Deposits from customers	-	47,861,820	47,861,820	
Derivative liabilities held for risk management	18,981	-	18,981	
Other borrowed funds	-	1,406,635	1,406,635	
Subordinated liabilities	-	982,138	982,138	
Other liabilities	-	238,525	238,525	
	18,981	50,489,118	50,508,099	

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(j) Financial instruments by category

At 31 December 2023

	Amortised cost	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	10,169,278	-	-	10,169,278
Derivative assets held for risk management	-	4,580	-	4,580
Loan and advances to Banks	8,873,984	-	-	8,873,984
Loan and advances to customers	19,129,086	-	-	19,129,086
Investment securities	10,617,591	-	2,427,459	13,045,050
Other assets	17,546	-	-	17,546
	48,807,485	4,580	2,427,459	51,239,524

Financial liabilities

		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		Rs 000	Rs 000	Rs 000
Deposits from customers	-	44,847,282	44,847,282	
Derivative liabilities held for risk management	39,434	-	39,434	
Other borrowed funds	-	1,299,929	1,299,929	
Subordinated liabilities	-	1,112,897	1,112,897	
Other liabilities	-	236,793	236,793	
	39,434	47,496,901	47,536,335	

Notes to the Financial Statements

For the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(j) Financial instruments by category (Cont'd)

At 31 December 2022

	Amortised cost	Financial assets at fair value through profit or loss	FVTOCI	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Financial assets				
Cash and cash equivalents	8,191,392	-	-	8,191,392
Derivative assets held for risk management	-	3,116	-	3,116
Loan and advances to Banks	5,147,185	-	-	5,147,185
Loan and advances to customers	20,180,265	-	-	20,180,265
Investment securities	10,922,555	-	1,402,874	12,325,429
Other assets	21,316	-	-	21,316
	44,462,713	3,116	1,402,874	45,868,703
		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		Rs 000	Rs 000	Rs 000
Financial liabilities				
Deposits from customers		-	38,242,254	38,242,254
Derivative liabilities held for risk management		26,439	-	26,439
Other borrowed funds		-	2,932,664	2,932,664
Subordinated liabilities		-	1,289,279	1,289,279
Other liabilities		-	272,655	272,655
		26,439	42,736,852	42,763,291

3. NET INTEREST INCOME

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Interest income			
Loans and advances to banks	411,553	339,172	148,356
Loans and advances to customers	1,348,138	1,375,402	840,929
Investments securities	289,779	270,635	233,277
Cash and cash equivalents	598,171	367,557	170,659
Total interest income calculated using the effective interest method	2,647,641	2,352,766	1,393,221

Notes to the Financial Statements

For the year ended 31 December 2024

3. NET INTEREST INCOME (CONT'D)

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Interest expense			
Deposits from customers	(1,125,523)	(845,756)	(235,303)
Borrowings from banks	(107,590)	(157,598)	(75,274)
Subordinated liabilities	(66,940)	(74,049)	(81,930)
Interest Expense on Lease liabilities	(7,565)	(6,457)	(6,900)
Total interest expense	(1,307,618)	(1,083,860)	(399,407)
Net interest income	1,340,023	1,268,906	993,814
(a) Resident			
Interest income			
Loans and advances to customers	922,745	1,045,915	551,486
Investments securities	173,750	129,349	113,748
Cash and cash equivalents	267,950	31,450	-
Total interest income calculated using the effective interest method	1,364,445	1,206,714	665,234
Interest expense			
Deposits from customers	(491,480)	(440,730)	(136,279)
Borrowings from banks	(9,873)	(39,128)	(6,268)
Subordinated liabilities	(46,431)	(47,839)	(50,274)
Interest expense on Lease liabilities	(7,565)	(6,457)	(6,900)
Total interest expense	(555,349)	(534,154)	(199,721)
Net interest income	809,096	672,560	465,513
(b) Non- Resident			
Interest income			
Loans and advances to banks	411,553	339,172	148,356
Loans and advances to customers	425,393	329,487	289,443
Investments securities	116,029	141,286	119,529
Cash and cash equivalents	330,221	336,107	170,659
Total interest income calculated using the effective interest method	1,283,196	1,146,052	727,987
Interest expense			
Deposits from customers	(634,043)	(405,026)	(99,024)
Borrowings from banks	(97,717)	(118,470)	(69,006)
Subordinated liabilities	(20,509)	(26,210)	(31,656)
Total interest expense	(752,269)	(549,706)	(199,686)
Net interest income	530,927	596,346	528,301
Recognised on financial assets measured at amortised cost			
Interest Income			
Loans and advances to banks	411,554	339,172	148,356
Loans and advances to customers	1,328,074	1,354,434	825,787
Investments securities	159,180	194,428	197,573
Cash and cash equivalents	598,170	367,557	170,659
Lease receivables	20,064	20,968	15,142
Recognised on financial assets measured at FVTOCI			
Investment securities	130,599	76,207	35,704
Total interest income calculated using the effective interest method	2,647,641	2,352,766	1,393,221

Notes to the Financial Statements

For the year ended 31 December 2024

3. NET INTEREST INCOME (CONT'D)

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Interest expense			
Recognised on financial liabilities measured at amortised cost			
Deposits from customers	(1,125,523)	(845,756)	(235,303)
Borrowings from Banks	(107,590)	(157,598)	(75,274)
Subordinated liabilities	(66,940)	(74,049)	(81,930)
Interest expense on lease liabilities	(7,565)	(6,457)	(6,900)
Total interest expense	(1,307,618)	(1,083,860)	(399,407)
Net interest income	1,340,023	1,268,906	993,814
(a) Resident			
Recognised on financial assets measured at amortised cost			
Interest Income			
Loans and advances to customers	902,681	1,024,947	536,344
Investments securities	43,152	53,142	78,044
Lease receivables	20,064	20,968	15,142
Cash and cash equivalents	267,950	31,450	-
Recognised on financial assets measured at FVTOCI			
Investment securities	130,598	76,207	35,704
Total interest income calculated using the effective interest method	1,364,445	1,206,714	665,234
Interest expense			
Recognised on financial liabilities measured at amortised cost			
Deposits from customers	(491,480)	(440,730)	(136,279)
Borrowings from Banks	(9,873)	(39,128)	(6,268)
Subordinated liabilities	(46,431)	(47,839)	(50,274)
Interest expense on lease liabilities	(7,565)	(6,457)	(6,900)
Total interest expense	(555,349)	(534,154)	(199,721)
Net interest income	809,096	672,560	465,513
(b) Non- Resident			
Recognised on financial assets measured at amortised cost			
Interest Income			
Loans and advances to banks	411,554	339,172	148,356
Loans and advances to customers	425,393	329,487	289,443
Investments securities	116,028	141,286	119,529
Cash and cash equivalents	330,220	336,107	170,659
Total interest income calculated using the effective interest method	1,283,195	1,146,052	727,987
Interest expense			
Recognised on financial liabilities measured at amortised cost			
Deposits from customers	(634,043)	(405,026)	(99,024)
Borrowings from Banks	(97,717)	(118,470)	(69,006)
Subordinated liabilities	(20,509)	(26,210)	(31,656)
Total interest expense	(752,269)	(549,706)	(199,686)
Net interest income	530,926	596,346	528,301

Notes to the Financial Statements

For the year ended 31 December 2024

4. NET FEE AND COMMISSION INCOME

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Fee and commission income			
Retail Banking customer fees	21,531	19,656	14,207
Corporate Banking credit related fees	32,754	25,674	23,759
International Banking customer fees	202,736	216,757	268,891
Guarantees	10,451	17,072	17,388
Credit cards and e-commerce related fees	25,499	22,634	16,537
Others	100,572	99,153	116,269
Total fee and commission income	393,543	400,946	457,051
Others include fees related to custody/Trade finance business			
Fee and commission expense			
InterBank transaction fees	(28,245)	(30,999)	(18,679)
Credit cards and e-commerce related fees	(20,607)	(23,603)	(29,713)
Others	(135,705)	(84,349)	(79,258)
Total fee and commission expense	(184,557)	(138,951)	(127,650)
Net fee and commission income	208,986	261,995	329,401
(a) Resident			
Fee and commission income			
Retail Banking customer fees	21,531	19,656	14,207
Corporate Banking credit related fees	32,754	25,674	23,759
Guarantees	4,900	6,683	7,335
Credit cards	25,499	22,247	16,517
Others	62,971	48,443	45,422
Total fee and commission income	147,655	122,703	107,240
Fee and commission expense			
InterBank transaction fees	(12,755)	(7,391)	(4,120)
Credit cards	(20,607)	(23,603)	(14,721)
Others	(86,595)	(39,847)	(36,342)
Total fee and commission expense	(119,957)	(70,841)	(55,183)
Net fee and commission income	27,698	51,862	52,057
(b) Non- Resident			
Fee and commission income			
International Banking customer fees	202,736	216,757	268,891
Guarantees	5,551	10,389	10,053
Credit cards and e-commerce related fees	-	387	20
Others	37,601	50,710	70,847
Total fee and commission income	245,888	278,243	349,811
Fee and commission expense			
InterBank transaction fees	(15,490)	(23,608)	(14,559)
Credit cards and e-commerce related fees	-	-	(14,992)
Others	(49,110)	(44,502)	(42,916)
Total fee and commission expense	(64,600)	(68,110)	(72,467)
Net fee and commission income	181,288	210,133	277,344

Notes to the Financial Statements

For the year ended 31 December 2024

5. NET GAIN ON DEALING IN FOREIGN CURRENCIES AND DERIVATIVES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Profit arising from dealing in foreign currencies	347,465	290,448	202,070
Net gain/(loss) from derivatives	1,827	(34,854)	(23,323)
	349,292	255,594	178,747
(a) Resident			
Profit arising from dealing in foreign currencies	109,414	91,271	84,192
Net gain/(loss) from derivatives	38	(31,896)	2,219
	109,452	59,375	86,411
(b) Non- Resident			
Profit arising from dealing in foreign currencies	238,051	199,177	117,878
Net gain/(loss) from derivatives	1,789	(2,958)	(25,542)
	239,840	196,219	92,336

6. OTHER OPERATING INCOME

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Gain/(loss) on disposal/scrap of property and equipment	571	(55)	1,746
Net gain from derecognition of financial assets measured at FVTOCI	359	733	3,111
	930	678	4,857
Others include gain/loss on disposal of securities.			
(a) Resident			
Gain/(loss) on disposal/scrap of property and equipment	571	(55)	1,746
Net gain from derecognition of financial assets measured at FVTOCI	359	733	3,111
	930	678	4,857

7. NET IMPAIRMENT (LOSS)/REVERSAL ON FINANCIAL ASSETS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Impairment loss for the year	(236,173)	(127,564)	(165,299)
Bad debts written off for which no provisions were made	(50)	(246)	(43)
Provisions released during the year	69,100	250,781	175,886
Recoveries of advances written off	10,879	9,179	22,932
Net impairment (loss)/reversal on financial assets	(156,244)	132,150	33,476

8. PERSONNEL EXPENSES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Wages and salaries	(402,642)	(455,895)	(404,885)
Compulsory social security obligations	(27,970)	(26,635)	(24,130)
Funded pension costs (note 27)	(14,494)	(12,086)	(10,427)
Unfunded pension costs (note 27)	(5,664)	5,175	(4,959)
Defined contribution plan	(39,878)	(32,161)	(28,958)
Other personnel expenses	(142,763)	(153,035)	(143,992)
	(633,411)	(674,637)	(617,351)

Other personnel expenses include training and other staff related expenses.

Notes to the Financial Statements

For the year ended 31 December 2024

9. OTHER EXPENSES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Software licensing and other information technology cost	(189,098)	(150,878)	(142,884)
Premises related expenses	(81,217)	(63,919)	(62,753)
Legal and professional expenses	(69,651)	(25,921)	(22,273)
Others	(75,867)	(82,601)	(62,563)
	(415,833)	(323,319)	(290,473)

Others include directors expenses, subscriptions and marketing and promotion expenses.

10. INCOME TAX EXPENSE

- (a) Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Prior to the enactment of the Mauritius Finance Act 2023, the tax regime applicable to banks was as follows for financial years ended 31 December 2023 and 2022, subject to Banks satisfying some prescribed conditions:

Up to Rs 1.5 bn	5%
Above Rs 1.5 bn and up to the amount equivalent to the chargeable income of the base year (FY 31 December 2017)	15%
Remainder	5%

Following enactment of the Mauritius Finance Act 2023 in July 2023, the reduced incentive rate of 5% applicable to banks on chargeable income exceeding MUR 1.5 billion has been abolished. Banks are now taxed at 7% on a chargeable income of less than MUR 1.5 billion and at 15% on a chargeable income exceeding MUR 1.5 billion.

Deferred tax asset is calculated at the rate of 9% for resident and 7% for non-resident.

- (d) Special levy on banks having leviable income not exceeding Rs 1.2 billion is calculated at the rate of 5.5% of net interest income and other income before deduction of expenses. Special levy is not applicable on income derived from transactions with Global Business Licence holders and Mauritian companies to the extent of their banking transactions carried out through a foreign permanent establishment.

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a) Current tax expense			
Tax expense (including Special levy and CSR)	57,132	44,645	33,566
(b) Deferred tax expense/(credit)			
Reversal of temporary differences (Note 20)	(25,681)	10,275	8,179
	31,451	54,920	41,745
(c) Reconciliation of effective tax rate			
Profit before income tax	598,865	810,730	535,570
Taxed at 7% (2023 and 2022: 5%)	41,921	40,537	26,778
Non-deductible expenses	409	1,436	414
Income not subject to tax	(762)	(459)	(1,147)
Special levy on Banks	9,623	9,625	9,624
Corporate social responsibility fund	248	-	2,410
(Over)/under provision of tax in prior year	(7,442)	(599)	1,556
Differences in rates	(12,546)	4,380	2,110
Total income tax in statement of profit or loss	31,451	54,920	41,745

Notes to the Financial Statements

For the year ended 31 December 2024

11. EARNINGS PER SHARE

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Profit for the year (Rs 000)	567,414	755,810	493,825
Weighted average number of ordinary shares	14,564,560	14,564,560	14,564,560
Earnings per share – Basic and diluted (Rs)	38.96	51.89	33.91

12. CASH AND CASH EQUIVALENTS

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Cash in hand	99,708	141,477	137,132
Foreign currency notes and coins	4,615	12,254	29,135
Balances with Central Banks	1,784,429	1,870,547	1,374,653
Balance due in clearing	10,367	20,518	14,021
Money market placements	10,414,815	4,304,793	3,859,470
Balances with Banks abroad	4,789,674	3,837,344	2,785,146
	17,103,608	10,186,933	8,199,557
Less: allowance for expected credit loss (Stage 1)	(12,865)	(17,655)	(8,165)
	17,090,743	10,169,278	8,191,392
Current	17,090,743	10,169,278	8,191,392
(a) Resident			
Cash in hand	99,708	141,477	137,132
Foreign currency notes and coins	4,615	12,254	29,135
Balances with Central Banks	1,784,429	1,870,547	1,374,653
Balance due in clearing	10,367	20,518	14,021
Money market placements	6,516,249	2,235,922	-
	8,415,368	4,280,718	1,554,941
Less: allowance for expected credit loss (Stage 1)	(3,646)	(15,313)	(3,976)
	8,411,722	4,265,405	1,550,965
(b) Non- Resident			
Money market placements	3,898,566	2,068,871	3,859,470
Balance with Banks abroad	4,789,674	3,837,344	2,785,146
	8,688,240	5,906,215	6,644,616
Less: allowance for expected credit loss	(9,219)	(2,342)	(4,189)
	8,679,021	5,903,873	6,640,427

There were no transfer between stages during the year (2023 and 2022: Nil).

Reconciliation of liabilities arising from financing activities

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

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Cash and cash equivalents	17,090,743	10,169,278	8,191,392
Securities maturing within 3 months	747,214	112,744	-
Borrowings from banks	(595,122)	(233,242)	(525,299)
	17,242,835	10,048,780	7,666,093

Notes to the Financial Statements

For the year ended 31 December 2024

12. CASH AND CASH EQUIVALENTS (CONT'D)

Reconciliation of liabilities arising from financing activities (Cont'd)

	Balance as at 01 January 2024 Rs 000	Financing cash flows (i) Rs 000	Non-cash changes New Rights- of-Use Rs 000	Other Changes (ii) Rs 000	Balance as at 31 December 2024 Rs 000
Other borrowed funds	1,299,929	102,185	-	4,521	1,406,635
Subordinated liabilities	1,112,897	(131,437)	-	678	982,138
Lease liabilities	79,065	(24,146)	18,266	7,564	80,749
	2,491,891	(53,398)	18,266	12,763	2,469,522

	Balance as at 01 January 2023 Rs 000	Financing cash flows (i) Rs 000	Non-cash changes New Rights- of-Use Rs 000	Other Changes (ii) Rs 000	Balance as at 31 December 2023 Rs 000
Other borrowed funds	2,932,664	(1,637,175)	-	4,440	1,299,929
Subordinated liabilities	1,289,279	(177,088)	-	706	1,112,897
Lease liabilities	84,617	(19,849)	7,840	6,457	79,065
	4,306,560	(1,834,112)	7,840	11,603	2,491,891

	Balance as at 01 January 2022 Rs 000	Financing cash flows (i) Rs 000	Non-cash changes New R-O-U Rs 000	Other Changes (ii) Rs 000	Balance as at 31 December 2022 Rs 000
Other borrowed funds	2,055,978	869,454	-	7,232	2,932,664
Subordinated liabilities	1,396,543	(104,806)	-	(2,458)	1,289,279
Lease liabilities	96,615	(19,898)	-	7,900	84,617
	3,549,136	744,750	-	12,674	4,306,560

(i) The cash flows from rights of use, subordinated and other borrowed funds make up the net amount of proceeds from borrowings and repayments against borrowings in the statement of cash flows under financing activities.

(ii) Other changes include interest accruals, exchange gains or losses, amortisation and interest payments.

Notes to the Financial Statements

for the year ended 31 December 2024

13. DERIVATIVE ASSETS AND LIABILITIES HELD FOR RISK MANAGEMENT

	Contractual/ Nominal Amount	Assets Fair Value	Liabilities Fair Value
	Rs 000	Rs 000	Rs 000
As at 31 December 2024			
Currency forwards	70	18,936	18,981
Currency Swaps	7,479	14,730	-
	<u>7,549</u>	<u>33,666</u>	<u>18,981</u>
Resident	-	-	-
Non- Resident	<u>7,549</u>	<u>33,666</u>	<u>18,981</u>
Current	<u>7,549</u>	<u>33,666</u>	<u>18,981</u>
As at 31 December 2023			
Currency forwards	1,039,698	2,739	3,139
Currency Swaps	1,717,580	1,841	36,295
	<u>2,757,278</u>	<u>4,580</u>	<u>39,434</u>
Resident	1,976,334	1,971	33,867
Non-Resident	780,944	2,609	5,567
Current	<u>2,757,278</u>	<u>4,580</u>	<u>39,434</u>
	Contractual/ Nominal Amount	Assets Fair Value	Liabilities Fair Value
	Rs 000	Rs 000	Rs 000
As at 31 December 2022			
Currency forwards	155,412	1,059	933
Currency Swaps	1,895,918	2,057	25,506
	<u>2,051,330</u>	<u>3,116</u>	<u>26,439</u>
Resident	115,625	3,041	818
Non-Resident	1,935,705	75	25,621
Current	2,051,330	3,116	26,439

Notes to the Financial Statements

for the year ended 31 December 2024

14. LOANS AND ADVANCES TO BANKS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
In and outside Mauritius	5,839,020	8,917,253	5,150,285
Less: allowance for expected credit loss	(43,315)	(43,269)	(3,100)
	<u>5,795,705</u>	<u>8,873,984</u>	<u>5,147,185</u>
Current	4,357,243	8,431,094	4,481,670
Non Current	1,438,462	442,890	665,515
	<u>5,795,705</u>	<u>8,873,984</u>	<u>5,147,185</u>
(i) Non-Resident			
Outside Mauritius	5,839,020	8,917,253	5,150,285
Less: allowance for expected credit loss	(43,315)	(43,269)	(3,100)
	<u>5,795,705</u>	<u>8,873,984</u>	<u>5,147,185</u>
(ii) Remaining term to maturity			
Up to 3 months	1,671,877	2,799,502	2,030,554
Over 3 months and up to 6 months	2,007,336	3,297,472	887,888
Over 6 months and up to 12 months	710,594	2,375,231	1,565,927
Over 1 year and up to 5 years	1,449,213	445,048	665,916
	<u>5,839,020</u>	<u>8,917,253</u>	<u>5,150,285</u>
(iii) Allowance for expected credit loss			
	Stage 3 ECL	Stage 1 & 2 ECL	Total
	Rs 000	Rs 000	Rs 000
Balance as at 01 January 2022	-	2,417	2,417
Provision during the year	-	376	376
Balance as at 31 December 2022	-	2,793	2,793
Provision during the year	-	307	307
Balance as at 31 December 2023	-	3,100	3,100
Provision during the year	-	40,215	40,215
Balance as at 31 December 2024	-	43,315	43,315

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
– Credit cards	71,476	72,104	51,466
– Mortgages	7,709,612	7,837,976	6,790,438
– Other retail loans	3,116,136	3,362,367	2,925,435
Corporate customers	5,475,043	5,847,737	8,493,149
Entities outside Mauritius	2,276,940	2,630,311	2,660,897
	18,649,207	19,750,495	20,921,385
Less: allowance for credit impairment	(801,813)	(621,409)	(741,120)
	17,847,394	19,129,086	20,180,265
Current	2,371,062	3,829,006	4,095,251
Non current	15,476,332	15,300,080	16,085,014
	17,847,394	19,129,086	20,180,265
Net finance lease receivables included in loans and advances to customers (Note 15 g)	276,412	270,151	272,322

(a) Resident

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
– Credit cards	71,476	72,104	51,466
– Mortgages	7,569,461	7,712,944	6,673,828
– Other retail loans	3,010,753	3,242,600	2,790,805
Corporate customers	5,475,019	5,402,200	6,993,223
	16,126,709	16,429,848	16,509,322
Less allowance for credit impairment	(301,201)	(283,193)	(421,059)
	15,825,508	16,146,655	16,088,263

(b) Non-Resident

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
– Mortgages	140,151	125,032	116,610
– Other retail loans	105,383	119,767	134,630
Corporate customers	24	445,537	1,499,926
Entities outside Mauritius	2,276,940	2,630,311	2,660,897
	2,522,498	3,320,647	4,412,063
Less allowance for expected credit loss	(500,612)	(338,216)	(320,061)
	2,021,886	2,982,431	4,092,002

(c) Remaining term to maturity

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Up to 3 months	2,554,465	2,559,556	2,675,544
Over 3 months and up to 6 months	435,487	229,073	634,106
Over 6 months and up to 12 months	182,923	1,051,987	830,826
Over 1 year and up to 5 years	5,324,223	4,306,216	6,095,471
Over 5 years	10,152,109	11,603,663	10,685,438
	18,649,207	19,750,495	20,921,385

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(d) Credit concentration of risk by industry sectors

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Agriculture and fishing	388,126	29,942	256,326
Manufacturing	39,892	47,856	314,594
of which Export Processing Zone License holders	–	8,672	19,619
Tourism	704,031	1,092,597	1,384,047
Transport	658,001	694,789	672,359
Construction	1,273,575	1,798,178	1,867,197
Financial and business services	1,522,780	1,714,392	1,989,706
Traders	2,451,218	2,405,685	2,816,970
Personal	9,392,080	9,599,800	8,606,326
of which Residential Mortgages	7,522,152	7,837,976	6,790,438
Professional	11,287	12,478	11,163
Global business license holders	233,941	456,855	1,054,997
Others	1,974,276	1,897,923	1,947,700
of which credit central government	1,352,179	1,326,516	1,355,644
	18,649,207	19,750,495	20,921,385

(i) Resident

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Agriculture and Fishing	388,126	29,942	256,326
Manufacturing	39,892	47,856	49,519
of which Export Processing Zone License holders	–	8,672	19,619
Tourism	704,031	1,092,597	1,384,047
Transport	427,294	434,443	417,912
Construction	1,259,856	1,749,585	1,811,861
Financial and business services	830,116	772,787	1,018,297
Traders	2,451,194	2,300,251	2,607,289
Personal	9,243,386	9,457,344	8,412,877
of which Residential Mortgages	7,522,152	7,712,944	6,673,828
Global business license holders	233,941	–	–
Professional	11,287	12,478	11,163
Others	537,586	532,565	540,031
	16,126,709	16,429,848	16,509,322

(ii) Non-Resident

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Manufacturing	–	–	265,075
Transport	230,707	260,346	254,447
Construction	13,719	48,593	55,336
Financial and business services	692,664	941,605	971,409
Traders	24	105,434	209,681
Personal	148,694	142,456	193,449
of which Residential Mortgages	–	125,032	116,610
Global business license holders	–	456,855	1,054,997
Others	1,436,690	1,365,358	1,407,669
of which credit central government	1,352,179	1,326,516	1,355,644
	2,522,498	3,320,647	4,412,063

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(d) Credit concentration of risk by industry sectors (Cont'd)

Others include the following sectors: Media, Entertainment and Recreational Activities, Education, Modernisation and Expansion Enterprise Certificate Holders, Health Development Certificate Holders, Public Non financial Corporations, State and Local Government, Infrastructure, ICT, Freeport certificate holders and others.

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Off balance sheet by industry sector			
Agriculture and Fishing	1,167	350,622	100,390
Manufacturing	523,591	425,208	224,338
Tourism	1,212,465	14,626	18,682
Transport	40,010	4,816	9,984
Construction	114,660	835,857	1,215,331
Financial and business services	325,302	1,527,236	509,370
Traders	26,329	841,934	488,300
Personal	11,820	387,637	316,792
Global business license holders	648,177	1,193,841	1,183,135
Others	1,902,882	181,151	297,923
	4,806,403	5,762,928	4,364,245

(e) Allowance for expected credit loss

	Specific allowances for impairment Stage 3 ECL	Portfolio allowances for impairment Stage 1 and 2 ECL	Total
	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	583,243	277,172	860,415
Provision for expected credit loss for the year	160,525	55,751	216,276
Loans written off out of allowance	(154,214)	-	(154,214)
Provisions released	(70,611)	(110,746)	(181,357)
Balance as at 31 December 2022	518,943	222,177	741,120
Provision for expected credit loss for the year	201,400	7,900	209,300
Loans written off out of allowance	(42,107)	-	(42,107)
Provisions released	(112,894)	(174,010)	(286,904)
Balance as at 31 December 2023	565,342	56,067	621,409
Provision for expected credit loss for the year	356,198	20,912	377,110
Loans written off out of allowance	(47,349)	-	(47,349)
Provisions released	(118,105)	(31,252)	(149,357)
Balance as at 31 December 2024	756,086	45,727	801,813

(f) Allowance for credit impairment

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
- Credit cards	5,089	4,449	5,841
- Mortgages	39,995	25,227	51,441
- Other retail loans	79,015	81,874	88,698
Corporate customers	585,958	380,433	278,695
Entities outside Mauritius	91,756	129,426	316,445
	801,813	621,409	741,120

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(f) Allowance for credit impairment (Cont'd)

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a) Resident			
Retail customers			
- Credit cards	5,089	4,449	5,841
- Mortgages	39,995	25,147	51,032
- Other retail loans	79,015	80,710	86,465
Corporate customers	177,214	172,886	277,721
	301,313	283,192	421,059
(b) Non-Resident			
Retail customers			
- Mortgages	-	80	409
- Other retail loans	-	1,164	2,232
Corporate customers	408,744	207,547	974
Entities outside Mauritius	91,756	129,426	316,446
	500,500	338,217	320,061

(g) Investment in finance leases

The amount of investments in finance leases included in the loans and advances to customers.

	Up to 1 Year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 years	Over 5 years	Dec-24 Total	Dec-23 Total	Dec-22 Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Gross investment in finance leases	12,354	50,482	116,446	91,309	78,230	260,041	608,862	588,324	606,327
Unearned finance income	(12,059)	(46,544)	(87,015)	(58,290)	(39,080)	(86,671)	(329,659)	(315,444)	(331,254)
Present value of minimum lease payments	295	3,938	29,431	33,019	39,150	173,370	279,203	272,880	275,073
Allowance for impairment	(3)	(39)	(294)	(330)	(391)	(1,734)	(2,791)	(2,729)	(2,751)
	292	3,899	29,137	32,689	38,759	171,636	276,412	270,151	272,322

Under finance lease, all the risks and rewards of ownership of the asset are transferred to the lessee. The term of the lease contract generally ranges from five to seven years. All finance lease receivables are secured over the asset leased and in some cases additional guarantees are taken from the lessee.

Amount due from lessees under finance leases are recorded under loans and advances. Finance lease income is allocated to the accounting period so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(h) Allowance for expected credit loss by industry sectors

	Dec-24					Dec-23	Dec-22
	Gross amount of loans	Impaired loans	Stage 3 ECL	Stage 1 & 2 ECL	Total ECL	Total ECL	Total ECL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Agriculture and fishing	388,126	-	-	1,039	1,039	84	2,403
Manufacturing	39,892	-	-	107	107	135	5,299
of which Export Processing Zone License holders	-	-	-	-	-	-	4,046
Tourism	704,031	9,350	1,223	1,884	3,107	3,930	13,689
Transport	658,001	237,976	237,229	1,379	238,608	266,999	267,677
Construction	1,273,575	128,710	38,547	3,385	41,932	43,585	165,145
Financial and business services	1,522,780	363,219	181,018	2,928	183,946	5,815	25,086
Traders	2,451,218	112,702	111,487	6,559	118,046	118,009	144,011
Personal	9,392,080	162,925	97,586	24,885	122,471	105,727	72,024
of which Residential Mortgages	7,522,152	50,686	14,202	20,128	34,330	39,557	93,688
Professional	11,287	-	-	31	31	35	105
Global business license holders	233,941	-	-	626	626	1,352	16,103
Others	1,974,276	462,646	88,995	2,905	91,900	75,738	29,578
of which government	1,352,179	462,576	70,200	1,381	71,581	74,125	74,125
	18,649,207	1,477,527	756,085	45,728	801,813	621,409	741,120

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(h) Allowance for credit impairment by industry sectors (cont'd)

	Dec-24					Dec-23	Dec-22
	Gross amount of loans	Impaired loans	Stage 3 ECL	Stage 1 & 2 ECL	Total ECL	Total ECL	Total ECL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
(a) Resident							
Agriculture and Fishing	388,126	-	-	1,039	1,039	84	2,403
Manufacturing	39,892	-	-	107	107	135	1,253
of which Export Processing Zone License holders	-	-	-	-	-	-	-
Tourism	704,031	9,350	1,223	1,884	3,107	3,930	13,689
Transport	427,294	9,256	8,509	1,143	9,652	8,116	11,801
Construction	1,259,856	128,710	38,547	3,371	41,918	43,441	162,490
Financial and Business Services	830,116	1,019	1,019	2,221	3,240	3,029	10,259
Traders	2,451,194	112,702	111,487	6,559	118,046	117,697	140,117
Personal	9,243,386	162,925	97,586	24,733	122,319	105,226	70,850
of which Residential Mortgages	7,522,152	50,686	14,202	20,128	34,330	39,107	91,878
Global business license holders	233,941	-	-	626	626	1,352	16,103
Professional	11,287	-	-	31	31	35	105
Others	537,586	70	-	1,438	1,438	1,499	8,092
	16,126,709	424,032	258,371	43,152	301,523	284,544	437,162
(b) Non-Resident							
Agriculture and fishing	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	4,047
of which Export Processing Zone License holders	-	-	-	-	-	-	4,046
Tourism	-	-	-	-	-	-	-
Transport	230,707	228,720	228,720	236	228,956	258,883	255,876
Construction	13,719	-	-	14	14	144	2,655
Financial and Business Services	692,664	362,200	179,999	707	180,706	2,786	14,827
Traders	24	-	-	-	-	312	3,894
Personal	148,694	-	-	152	152	501	1,173
of which Residential Mortgages	-	-	-	-	-	450	1,810
Others	1,436,690	462,576	88,995	1,467	90,462	74,239	21,486
of which government	1,352,179	462,576	70,200	1,381	71,581	74,125	21,486
	2,522,498	1,053,496	497,714	2,576	500,290	336,865	303,958

Notes to the Financial Statements

For the year ended 31 December 2024

16. INVESTMENT SECURITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Investment securities at fair value through OCI	4,180,399	2,427,459	1,402,874
Investment securities at amortised cost	9,523,131	10,625,229	10,937,676
	13,703,530	13,052,688	12,340,550
Less: Allowance for expected loss	(9,844)	(7,638)	(15,121)
	13,693,686	13,045,050	12,325,429
Current	10,884,722	8,471,553	6,066,361
Non-current	2,808,964	4,573,497	6,259,068
	Dec-23 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Investments at FVTOCI			
Equity shares in M Oriental Bank Ltd (Kenya)	35,026	26,086	29,854
Other equity investments	6,029	5,936	6,203
Bank/Government of Mauritius securities and other corporate bonds	4,139,344	2,395,437	1,366,817
	4,180,399	2,427,459	1,402,874
(a) Resident			
Bank/Government of Mauritius securities	4,139,344	2,395,437	1,366,817
Others	3,276	3,276	3,801
	4,142,620	2,398,713	1,370,618
(b) Non-Resident			
Equity shares in M Oriental Bank Ltd (Kenya)	35,026	26,086	29,854
Others	2,753	2,660	2,402
	37,779	28,746	32,256

The Bank holds 4,597,208 shares, representing 3.69% shareholding of M Oriental Bank Ltd, incorporated and operating in Kenya. The investment securities has been fair valued based on the market approach using the average Price to book ratio. The investment held in Industrial Finance Corporation of Mauritius (Equity) Ltd (formerly known as SME Equity Fund Ltd) has been valued using net asset value basis and investment in SWIFT has been valued using observable price as at 31 December 2024. Refer to note 2 (i). The Bank classified these investments as equity securities at FVOCI because these securities represent investments that the Bank intends to hold for the long term for strategic purposes. Refer to note 2 (i).

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Investments at amortised cost			
Government of Mauritius bonds	921,701	1,315,358	1,328,331
Treasury Bills / Notes issued by Government of Mauritius	-	181,038	180,923
BOM notes/Treasury notes	404,088	1,608,413	811,918
Corporate Bonds/Other Bank Placements	8,197,342	7,520,420	8,616,504
	9,523,131	10,625,229	10,937,676
Less: Allowance for expected loss	(9,844)	(7,638)	(15,121)
	9,513,287	10,617,591	10,922,555
(a) Resident			
Government of Mauritius bonds	921,701	1,315,358	1,328,331
Treasury Bills /issued by Government of Mauritius	-	181,038	180,923
BOM notes/Treasury notes	404,088	1,608,413	811,918
	1,325,789	3,104,809	2,321,172
Less: Allowance for expected loss	(1,625)	(3,840)	(7,338)
	1,324,164	3,100,969	2,313,834
(b) Non-Resident			
Corporate Bonds/Other Bank Placements	8,197,342	7,520,420	8,616,504
Less: Allowance for expected loss	(8,219)	(3,798)	(7,783)
	8,189,123	7,516,622	8,608,721

Notes to the Financial Statements

For the year ended 31 December 2024

16. INVESTMENT SECURITIES (CONT'D)

Investments at amortised cost (cont'd)

Remaining term to maturity - 2024

	Up to 3 months	3-6 months	6-12 months	1-5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	350,278	-	-	571,423	921,701
Treasury Bills / Notes issued by Government of Mauritius	-	-	404,088	-	404,088
BOM notes/Treasury notes/Corporate Bonds/Other Bank Placements	3,997,310	471,335	1,489,330	2,239,367	8,197,342
	4,347,588	471,335	1,893,418	2,810,790	9,523,131

Remaining term to maturity - 2023

	Up to 3 months	3-6 months	6-12 months	1-5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	-	191,928	201,222	922,208	1,315,358
Treasury Bills / Notes issued by Government of Mauritius	-	80,058	100,980	-	181,038
BOM notes/Treasury notes/Corporate Bonds/Other Bank Placements	4,306,780	719,796	480,778	3,621,479	9,128,833
	4,306,780	991,782	782,980	4,543,687	10,625,229

Remaining term to maturity - 2022

	Up to 3 months	3-6 months	6-12 months	1-5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	-	10,077	-	1,318,254	1,328,331
Treasury Bills / Notes issued by Government of Mauritius	-	-	-	180,923	180,923
BOM notes/Treasury notes/Corporate Bonds/Other Bank Placements	2,315,161	1,163,197	1,175,592	4,774,472	9,428,422
	2,315,161	1,173,274	1,175,592	6,273,649	10,937,676

Notes to the Financial Statements

For the year ended 31 December 2024

17. RIGHT OF USE ASSETS

	Buildings		
	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
<u>Cost</u>			
At 1 January	116,780	108,940	106,318
Additions	18,266	7,840	-
Remeasurement	-	-	2,622
At 31 December	135,046	116,780	108,940
<u>Accumulated depreciation</u>			
At 1 January	47,006	31,975	16,959
Charge for the year	17,486	15,031	15,016
At 31 December	64,492	47,006	31,975
<u>Carrying amount</u>			
At 31 December	70,554	69,774	76,965

The Bank leases various properties mainly to operate its branches. The average lease term is 5 years.

The Bank does not have an option to purchase the leased assets at the end of the lease term.

Amounts recognised in profit or loss under:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Depreciation and amortisation – depreciation expense on right-of-use assets	17,486	15,031	15,016
Interest expense – interest expense on lease liabilities	7,564	6,457	6,900
Other expenses – expense relating to leases of low value assets	-	-	15
	25,050	21,488	21,931

At 31 December 2024, the Bank is committed to Rs 0.9 million (2023: Rs 1.1 million) for low-value assets.

The total cash outflow for leases amounted to Rs 24.1 million (2024: Rs 19.9 million) for the year.

LEASE LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Resident			
Analysed as:			
Non-current	65,294	64,595	71,218
Current	15,455	14,470	13,399
	80,749	79,065	84,617
Disclosure required by IFRS 16			
Maturity analysis:			
Year 1	15,455	14,470	13,399
Year 2	18,460	14,127	14,470
Year 3	18,776	17,027	14,127
Year 4	8,827	17,227	17,026
Year 5	5,310	7,156	17,228
Onwards	13,921	9,058	8,367
	80,749	79,065	84,617

The Bank does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Bank's Finance department.

Notes to the Financial Statements

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18. PROPERTY AND EQUIPMENT

	Land and buildings Rs 000	Computer and other equipment Rs 000	Motor vehicles and furniture and fittings Rs 000	Work in Progress Rs 000	Total Rs 000
<u>Cost or Valuation</u>					
Balance as at 01 January 2022	304,128	176,751	236,852	8,152	725,883
Acquisitions	-	21,219	58	293	21,570
Revaluation	39,063	-	-	-	39,063
Reclassification to non current assets held for sale	(55,520)	-	-	-	(55,520)
Reclassification to intangible assets	-	-	-	(3,800)	(3,800)
Expensed during the year	-	-	-	(446)	(446)
Write off/scrapped	-	(480)	-	-	(480)
Balance as at 31 December 2022	287,671	197,490	236,910	4,199	726,270
Acquisitions	-	1,165	885	16,007	18,057
Reclassification from non current assets held for sale	55,520	-	-	-	55,520
Transfer to equipment and furniture	-	10,027	4,042	(14,069)	-
Disposal	-	(48)	-	-	(48)
Write off/scrapped	-	(13,475)	(5,367)	-	(18,842)
Balance as at 31 December 2023	343,191	195,159	236,470	6,137	780,957
Acquisitions	-	3,017	299	23,155	26,471
Disposal	-	(239)	(1,985)	-	(2,224)
Write off/scrapped	-	(209)	-	-	(209)
Balance as at 31 December 2024	343,191	197,728	234,784	29,292	804,995
<u>Accumulated depreciation</u>					
Balance as at 01 January 2022	76,875	104,453	108,725	-	290,053
Depreciation for the year	4,245	19,997	19,888	-	44,130
Reclassification to non current assets held for sale	(10,520)	-	-	-	(10,520)
Write off/scrapped	-	(398)	-	-	(398)
Balance as at 31 December 2022	70,600	124,052	128,613	-	323,265
Depreciation for the year	4,888	20,410	19,695	-	44,993
Disposal	-	(24)	-	-	(24)
Reclassification to non current assets held for sale	10,520	-	-	-	10,520
Write off/scrapped	-	(13,458)	(5,332)	-	(18,790)
Balance as at 31 December 2023	86,008	130,980	142,976	-	359,964
Depreciation for the year	5,494	20,725	18,816	-	45,035
Disposal	-	(215)	(1,985)	-	(2,200)
Write off/scrapped	-	(159)	-	-	(159)
Balance as at 31 December 2024	91,502	151,331	159,807	-	402,640
Net book value as at 31 December 2024	251,689	46,397	74,977	29,292	402,355
Net book value as at 31 December 2023	257,183	64,179	93,494	6,137	420,993
Net book value as at 31 December 2022	217,071	73,438	108,297	4,199	403,005
Net book value as at 31 December 2024					
Resident	251,689	46,271	74,977	29,292	402,229
Non-Resident	-	126	-	-	126
	251,689	46,397	74,977	29,292	402,355
Net book value as at 31 December 2023					
Resident	257,183	64,148	93,494	6,137	420,962
Non-Resident	-	31	-	-	31
	257,183	64,179	93,494	6,137	420,993
Net book value as at 31 December 2022					
Resident	217,071	73,332	107,998	4,199	402,600
Non-Resident	-	106	299	-	405
	217,071	73,438	108,297	4,199	403,005

Notes to the Financial Statements

For the year ended 31 December 2024

18. PROPERTY AND EQUIPMENT (CONT'D)

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Assets disposed/scrapped/written-off during the year (cost)			
Computer and equipment	448	13,523	480
Other assets	1,985	5,367	-
	2,433	18,890	480
Work in progress included in property and equipment as at year end were incurred for:			
(i) Renovation of branch	1,696	1,912	2,466
(ii) Others	27,596	4,225	1,733
	29,292	6,137	4,199

The Bank's land and buildings were last revalued in July 2023 by V.Ramjee & Associates Ltd (chartered valuer). The revalued amount was not materially different from the carrying amount at date of valuation. The basis of valuation is based on market value, defined in accordance with International Valuation Standard Committee.

The directors have assessed the fair value of the above assets at 31 December 2024 and have estimated the fair value to approximate their carrying value at that date.

The directors have assessed the carrying value of equipment and are of the opinion that no impairment is required at the reporting date. (2023: Nil, 2022: Nil)

Fully depreciated tangible assets:

The gross carrying amount of fully depreciated property, plant and equipment that were still in use consists of:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Computer and other equipment	95,481	90,795	95,492
Motor vehicles and furniture and fittings	60,066	46,407	46,455
	155,547	137,202	141,947

Land and Buildings excluding revaluation

If these land and buildings were stated on the historical cost basis, the net book value would have as follows:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Cost	201,000	201,000	201,000
Accumulated depreciation	(90,944)	(86,924)	(82,569)
Net	110,056	114,076	118,431

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For the year ended 31 December 2024

19. INTANGIBLE ASSETS

	Computer Software	Work in Progress	Total
	Rs 000	Rs 000	Rs 000
Cost			
Balance as at 01 January 2022	295,740	46,424	342,164
Additions	12,037	30,217	42,254
Transfer to computer software	70,358	(70,358)	-
Expensed during the year	-	(5,382)	(5,382)
Reclassification from property and equipment	-	3,800	3,800
Balance as at 31 December 2022	378,135	4,701	382,836
Additions	-	41,483	41,483
Transfer to computer software	35,158	(35,158)	-
Expensed during the year	-	(115)	(115)
Balance as at 31 December 2023	413,293	10,911	424,204
Additions	12,293	35,879	48,172
Transfer to computer software	32,165	(32,165)	-
Balance as at 31 December 2024	457,751	14,625	472,376

	Computer Software	Work in Progress	Total
	Rs 000	Rs 000	Rs 000
Amortisation			
Balance as at 01 January 2022	211,498	-	211,498
Charge for the year	37,755	-	37,755
Balance as at 31 December 2022	249,253	-	249,253
Charge for the year	50,613	-	50,613
Balance as at 31 December 2023	299,866	-	299,866
Charge for the year	32,357	-	32,357
Balance as at 31 December 2024	332,223	-	332,223
Net book value			
Net book value as at 31 December 2024	125,528	14,625	140,153
Net book value as at 31 December 2023	113,427	10,911	124,338
Net book value as at 31 December 2022	128,882	4,701	133,583

The directors have assessed the carrying value of intangible assets and are of the opinion that no impairment is required at the reporting date. (2023: Nil, 2022: Nil). The remaining useful life of the ERP system is approximately 4 years.

	Computer Software	Work in Progress	Total
	Rs 000	Rs 000	Rs 000
Net book value as at 31 December 2024 by segments			
Resident	125,528	14,625	140,153
Net book value as at 31 December 2023 by segments			
Resident	113,427	10,911	124,338
Net book value as at 31 December 2022 by segments			
Resident	128,882	4,701	133,583

Notes to the Financial Statements

For the year ended 31 December 2024

20. DEFERRED TAX ASSETS

The movement on the deferred income tax account is as follows:-

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Balance as at 1 January	31,539	44,515	45,936
Profit or loss credit/(charge) (note 10)	25,681	(10,275)	(8,179)
Amount recognised directly in other comprehensive income:			
Deferred income tax on fair value adjustments on FVTOCI investments	(1,875)	(4,988)	8,312
Deferred tax on revaluation of buildings	(996)	-	(2,558)
Deferred tax on actuarial losses on retirement benefits obligations	6,352	2,287	1,004
Balance as at 31 December	60,701	31,539	44,515
Resident	28,615	22,083	34,989
Non-Resident	32,086	9,456	9,526
	60,701	31,539	44,515
Deferred tax assets			
Allowances for expected credit losses	48,711	24,988	35,555
Securities classified at FVTOCI	3,810	5,686	10,674
Retirement benefit obligations	15,545	6,566	4,910
Deferred tax on leases	7,231	-	-
	75,297	37,240	51,139

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Deferred tax liabilities			
Accelerated capital allowances	3,765	2,215	3,139
Revaluation reserve	4,481	3,486	3,485
Deferred tax on right of use-assets	6,350	-	-
	14,596	5,701	6,624
Net non-current	60,701	31,539	44,515

Deferred income tax is calculated on all temporary differences under the liability method using an effective tax rate of 9% (2023: 7% and 2022: 7%) for resident and an effective tax rate of 7% (2023: 5% and 2022: 5%) for non-resident.

Notes to the Financial Statements

For the year ended 31 December 2024

21. OTHER ASSETS

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Non-Banking assets acquired in satisfaction of debts**	9,104	9,104	9,104
Other receivables	247,639	292,692	269,638
	256,743	301,796	278,742
Less: Allowance for expected loss	-	-	-
	256,743	301,796	278,742
Current	243,361	286,908	255,485
Non Current	13,382	14,888	23,257
(a) Resident			
Non-Banking assets acquired in satisfaction of debts	9,104	9,104	9,104
Other receivables	243,132	286,209	242,315
	252,236	295,313	251,419
Less: Allowance for expected loss	-	-	-
	252,236	295,313	251,419
(b) Non-Resident			
Other receivables	4,507	6,483	27,323
	4,507	6,483	27,323

22. DEPOSITS FROM CUSTOMERS

(a) Deposits comprise the following:			
Retail customers	19,018,506	11,808,463	10,597,683
Corporate customers	4,095,465	4,301,439	3,681,227
International customers	23,840,206	28,502,451	22,523,388
Government	907,643	234,929	1,439,956
	47,861,820	44,847,282	38,242,254
Current	36,275,018	42,987,143	36,733,029
Non Current	11,586,802	1,860,139	1,509,225

Notes to the Financial Statements

For the year ended 31 December 2024

22. DEPOSITS FROM CUSTOMERS (CONT'D)

(b) The table below shows the remaining term to maturity for deposits by type of customer:

	Time deposits with remaining term to maturity							
	Current accounts	Savings accounts	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 1 year and up to 5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 31 December 2024								
Retail customers	5,670,076	9,069,162	1,579,480	870,135	1,020,961	808,091	601	19,018,506
Corporate customers	760,550	568,088	839,190	500,272	923,928	503,437	-	4,095,465
International customers	11,305,762	310,748	9,222,553	2,045,357	784,309	171,477	-	23,840,206
Government	727,023	14,870	-	10,169	15,253	140,328		907,643
Total	18,463,411	9,962,868	11,641,223	3,425,933	2,744,451	1,623,333	601	47,861,820
At 31 December 2023								
Retail customers	1,678,399	6,790,934	499,395	646,720	1,237,344	955,070	601	11,808,463
Corporate customers	1,382,376	354,009	574,219	539,332	891,986	559,517	-	4,301,439
International customers	15,415,017	2,437,111	6,587,638	1,919,911	1,937,228	205,546	-	28,502,451
Government	-	14,710	-	-	80,814	139,405	-	234,929
Total	18,475,792	9,596,764	7,661,252	3,105,963	4,147,372	1,859,538	601	44,847,282
At 31 December 2022								
Retail customers	2,002,009	7,075,698	326,584	90,644	275,876	826,872	-	10,597,683
Corporate customers	1,431,296	412,325	369,558	474,419	610,657	352,657	30,314	3,681,226
International customers	12,370,871	2,186,262	3,108,069	1,925,252	2,811,552	121,382	-	22,523,388
Government	36,232	15,225	110,500	500,000	600,000	178,000	-	1,439,957
Total	15,840,408	9,689,510	3,914,711	2,990,315	4,298,085	1,478,911	30,314	38,242,254

Notes to the Financial Statements

For the year ended 31 December 2024

22. DEPOSITS FROM CUSTOMERS (CONT'D)

(c) Deposits by Segments

	Current accounts	Savings accounts	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 1 year and up to 5 years	over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 31 December 2024								
Resident	4,080,708	8,151,857	1,667,745	1,015,869	1,688,665	1,419,466	601	18,024,911
Non-Resident	14,382,703	1,811,011	9,973,478	2,410,064	1,055,786	203,867	-	29,836,909
At 31 December 2023								
Resident	3,611,822	7,886,133	1,911,053	1,200,205	2,187,795	1,635,190	601	18,432,799
Non-Resident	14,863,970	1,710,631	5,750,199	1,905,758	1,959,577	224,348	-	26,414,483
At 31 December 2022								
Resident	3,452,578	7,496,771	804,821	1,063,425	1,484,462	1,357,419	30,314	15,689,790
Non-Resident	12,387,830	2,192,739	3,109,890	1,926,890	2,813,623	121,492	-	22,552,464

Notes to the Financial Statements

for the year ended 31 December 2024

23. OTHER BORROWED FUNDS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Short term borrowings from banks	1,043,592	371,339	1,414,503
Long term borrowings from other financial institutions	358,042	923,588	1,513,159
Other borrowings	5,001	5,002	5,002
	1,406,635	1,299,929	2,932,664
Current	1,284,354	965,079	2,007,870
Non current	122,281	334,850	924,794
Resident			
Short term borrowings from Banks	-	-	1,329,024
Other borrowings	5,001	5,002	5,002
	5,001	5,002	1,334,026
Long term domestic borrowing bear interest rates on average of 5%.			
Non-Resident			
Short term borrowings from banks abroad (at market rates)	1,043,592	371,339	85,479
Long term borrowings from other financial institutions	358,042	923,588	1,513,159
	1,401,634	1,294,927	1,598,638

Long term foreign borrowings bear interest rates ranging from 7.61% to 7.80%. (2023: 5% to 7.06%, 2022: 2.05% to 2.15%).

2024

Remaining term to maturity :	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	above 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Long term borrowings from other financial institutions/ bonds	240,761	117,281	-	-	-	5,001	363,043
Short term borrowings	1,043,592	-	-	-	-	-	1,043,592
	1,284,353	117,281	-	-	-	5,001	1,406,635

2023

Remaining term to maturity :	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	above 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Long term borrowings from other financial institutions/ bonds	593,740	219,900	109,950	-	-	5,000	928,590
Short term borrowings	371,339	-	-	-	-	-	371,339
	965,079	219,900	109,950	-	-	5,000	1,299,929

2022

Remaining term to maturity :	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	above 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Long term borrowings from other financial institutions/ bonds	593,367	588,667	220,750	110,375	-	5,002	1,518,161
Short term borrowings	1,414,503	-	-	-	-	-	1,414,503
	2,007,870	588,667	220,750	110,375	-	5,002	2,932,664

Notes to the Financial Statements

for the year ended 31 December 2024

24. SUBORDINATED LIABILITIES

Remaining term to maturity :

Within 1 year
Over 1 years and up to 2 years
Over 2 years and up to 3 years
Over 3 years and up to 4 years
Over 4 years and up to 5 years
Over 5 years

Current
Non current

Resident

Within 1 year
Over 1 years and up to 2 years
Over 2 years and up to 3 years
Over 3 years and up to 4 years
Over 4 years and up to 5 years
Over 5 years

Non-Resident

Within 1 year
Over 1 years and up to 2 years
Over 2 years and up to 3 years
Over 3 years and up to 4 years
Over 4 years and up to 5 years
Over 5 years

Interest rates on the subordinated debts range between 5% and 8.825% (between 5% and 9.075% in 2023 and between 5% and 5% and 7.56% in 2022).

Movement in subordinated liabilities

Opening balance
Redemptions/amortisation/exchange difference
Closing balance

25. CURRENT TAX LIABILITIES

Special levy on Banks
Corporate social responsibility fund
Income tax

Current

Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
134,882	135,470	194,062
128,263	128,971	125,776
84,191	128,971	125,776
39,802	84,485	125,777
-	40,000	82,888
595,000	595,000	635,000
982,138	1,112,897	1,289,279
134,882	135,470	194,062
847,256	977,427	1,095,217
40,056	39,387	99,280
39,802	40,000	40,000
39,802	40,000	40,000
39,802	40,000	40,000
-	40,000	40,000
595,000	595,000	635,000
754,462	794,387	894,280
94,826	96,083	94,782
88,461	88,971	85,776
44,389	88,971	85,776
-	44,485	85,777
-	-	42,888
-	-	-
227,676	318,510	394,999

Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
1,112,897	1,289,279	1,396,543
(130,759)	(176,382)	(107,264)
982,138	1,112,897	1,289,279

Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
9,623	9,623	9,624
46	-	667
28,443	27,319	12,366
38,112	36,942	22,657
38,112	36,942	22,657

Notes to the Financial Statements

For the year ended 31 December 2024

26. OTHER LIABILITIES

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Bills payable	33,276	38,971	75,275
Advance interests received	129,673	117,035	87,067
Provision for expenses	74,887	123,026	136,305
Other payables	205,955	198,214	197,932
Allowances for off balance sheet exposures	5,453	5,079	15,564
	449,244	482,325	512,143
Current	449,244	482,325	512,143
Other payables consist of provisions for expenses, card settlement payables and unclaimed items.			
Resident			
Bills payable	33,276	38,971	75,275
Advance interests received	68,950	74,097	69,285
Provision for expenses	74,887	123,026	136,305
Other payables	161,217	182,707	157,577
Allowances for off balance sheet exposures	5,453	1,010	15,564
	343,783	419,811	454,006
Non-Resident			
Advance interests received	60,723	42,938	17,782
Other payables	44,738	15,507	40,355
Allowances for off balance sheet exposures	-	4,069	-
	105,461	62,514	58,137

27. EMPLOYEE BENEFIT OBLIGATIONS

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Employee benefit obligations under defined benefit plan			
Amounts recognised in the statement of financial position:	127,626	83,625	55,650
Amounts charged to profit or loss statement (note 8)	14,494	12,086	10,427
Amount charged to other comprehensive income	36,021	22,034	10,611
Employee benefit obligations under unfunded obligation			
Amounts recognised in the statement of financial position:	44,758	37,639	28,803
Amounts charged/(credited) to profit or loss (note 8)	5,664	(5,175)	4,959
Amount charged to other comprehensive income	1,456	14,012	5,036
Amount in the statement of financial position			
(a) Employee benefit obligations under defined benefit plan	127,626	83,625	55,650
(b) Employee benefit obligations under unfunded obligation	44,758	37,639	28,803
	172,384	121,264	84,453
Amounts charged to profit or loss statement (note 8)			
(a) Employee benefit obligations under defined benefit plan	14,494	12,086	10,427
(b) Employee benefit obligations under unfunded obligation	5,664	(5,175)	4,959
	20,158	6,911	15,386
	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Amount charged to other comprehensive income			
(a) Employee benefit obligations under defined benefit plan	36,021	22,034	10,611
(b) Employee benefit obligations under unfunded obligation	1,456	14,012	5,036
	37,477	36,046	15,647

Notes to the Financial Statements

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27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits

The plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the funded plan are held and independently administered by Swan Life Ltd.

The following information is based on actuarial valuation report dated 20 February 2025 by Swan Life Ltd:

(i) The amounts recognised in the statement of financial position are as follows:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Present value of funded obligations	276,656	221,539	195,414
Fair value of plan assets	(149,030)	(137,914)	(139,764)
Liability in the statement of financial position	127,626	83,625	55,650

(ii) The movement in the defined benefit obligations over the year is as follows:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
At 1 January	83,625	55,650	42,002
Amount recognised in profit or loss	14,494	12,086	10,429
Amount recognised in other comprehensive income (gross)	36,021	22,034	10,611
Contributions by the employer	(6,514)	(6,145)	(7,392)
At 31 December	127,626	83,625	55,650
Non-current	127,626	83,625	55,650

(iii) The movement in the defined benefit obligations the year is as follows:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
At 1 January	221,539	195,413	192,377
Included in profit or loss			
Current service cost	9,576	8,276	8,222
Interest cost	11,427	11,438	7,186
Included in other comprehensive income			
Experience losses/(gains) on the liabilities	22,871	14,272	7,323
Changes in assumptions underlying the present value of the scheme	14,846	8,233	6,027
Other			
Benefits paid	(3,603)	(16,093)	(25,722)
At 31 December	276,656	221,539	195,413

(iv) The movement in the fair value of plan assets of the year is as follows:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
At 1 January	137,914	139,763	150,375
Interest Income	7,228	8,209	5,639
Employer's contribution	6,514	6,146	7,392
Scheme expenses	(248)	(239)	(289)
Cost of insuring risk benefits	(470)	(343)	(371)
Actuarial gain	1,696	471	2,739
Benefits paid	(3,603)	(16,093)	(25,722)
At 31 December	149,031	137,914	139,763

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27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(v) The amounts recognised in profit or loss are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Current service cost	9,576	8,276	8,222
Scheme expenses	248	239	289
Cost of insuring risk benefits	470	343	371
Net interest cost	4,200	3,228	1,547
Total included in employee benefit expense	14,494	12,086	10,429
Actual return on plan assets	8,923	8,680	8,378

(vi) The amounts recognised in other comprehensive income are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Gains on pension scheme assets	(1,696)	(471)	(2,739)
Experience losses on the liabilities	22,871	14,272	7,323
Changes in assumptions underlying the present value of the scheme	14,846	8,233	6,027
	36,021	22,034	10,611

(vii) Plan assets

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(viii) As the pension fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the pension fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(ix) Average duration

The Weighted average duration of the liabilities at 31 December 2024 is 8 years.

(x) Future cash flows

The funding requirements of the defined benefit plan are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

Bank One Limited is expected to contribute MUR 6.6m to the pension scheme for the year ending 01 January 2026.

(b) Liability for unfunded pension plan

The liability relates to employees who are entitled to Retirement Gratuities payable under the Workers' Right Act (WRA). The latter provides for a lump sum at retirement based on final salary and years of service. All employees joining after 2008 will be entitled to receive the gratuity payment under the WRA.

Notes to the Financial Statements

For the year ended 31 December 2024

27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(b) Liability for unfunded pension plan (Cont'd)

The movement in the obligation of the unfunded pension plan of the year is as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
At 1 January	37,639	28,803	18,808
Amount recognised in profit or loss:			
Current service cost	3,669	5,213	4,075
Past service cost	-	(12,203)	-
Net interest cost	1,995	1,814	884
Amount recognised in profit or loss	5,664	(5,176)	4,959
Amount recognised in other comprehensive income (gross)	1,455	14,012	5,036
At 31 December	44,758	37,639	28,803

The weighted average duration of the liability as at 31 December 2024 is 11 years (2023: 11 years).

(c) Key assumption

The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	Dec-24 %	Dec-23 %	Dec-22 %
<u>Funded pension liability</u>			
Discount rate	5.0	5.2	6.1
Future salary growth rate	4.0	3.5	3.5
<u>Unfunded pension liability</u>			
Discount rate	5.2	5.3	6.3
Future salary growth rate	4.0	3.5	3.5

(d) Sensitivity analysis

Sensitivity analysis on both funded and unfunded benefit obligations to changes in the weighted principal assumptions is:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
<u>Defined benefit funded scheme:</u>			
1% increase in discount rate	19,994	16,912	15,034
1% decrease in discount rate	(22,598)	(19,190)	(17,093)
1% increase in future salary growth rate	23,520	20,449	19,905
1% decrease in future salary growth rate	(21,237)	(18,329)	(17,701)
<u>Unfunded obligations</u>			
1% increase in discount rate	9,579	(7,634)	(5,631)
1% decrease in discount rate	(11,524)	(9,375)	(7,326)
1% increase in future salary growth rate	11,418	9,431	7,011
1% decrease in future salary growth rate	(9,636)	(7,802)	(6,182)

Notes to the Financial Statements

For the year ended 31 December 2024

27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(e) Risk exposure

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

The sensitivity analysis may not be representative of the actual change in the defined benefit 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.

There was no change in the methods used in preparing the sensitivity analysis from prior years.

Through its defined pension benefit and unfunded plans, the Bank is exposed to a number of risks, the most significant of which are detailed below:

(i) Funded plan

Longevity risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan liability.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

(ii) Unfunded plan

Longevity risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan liability.

28. CONTINGENT LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Acceptances on account of customers	835,017	424,260	99,666
Guarantees on account of customers	1,588,179	1,952,352	1,517,969
Letters of credit and other obligations on account of customers	472,754	590,734	769,853
Other contingent items	1,690,122	1,133,081	586,992
	4,586,072	4,100,427	2,974,480
Resident			
Acceptances on account of customers	830,180	8,448	11,864
Guarantees on account of customers	1,206,228	698,900	587,881
Letters of credit and other obligations on account of customers	470,735	1,670	7,777
	2,507,143	709,018	607,522
Non-Resident			
Acceptances on account of customers	4,837	415,812	87,802
Guarantees on account of customers	381,951	1,253,452	930,088
Letters of credit and other obligations on account of customers	2,019	589,064	762,076
Other contingent items	1,690,122	1,133,081	586,992
	2,078,929	3,391,409	2,366,958

Legal claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken. The Bank has formal control and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments for any adverse effects which the claims may have on the financial standing.

Notes to the Financial Statements

For the year ended 31 December 2024

28. CONTINGENT LIABILITIES (CONT'D)

The legal claims against the Bank is in respect of few customers who have alleged that breaches have been committed by the Bank which have resulted in the clients suffering financial losses. The Bank's legal counsel's opinion is that it is possible, but not probable, that the court ruling may be in favour of the claimant. Accordingly, no provision for any claim has been made in these financial statements. The possible outflow which could result from such litigation, based on the current status of the legal proceedings, is estimated to be insignificant, while the timing of the outflow is uncertain.

29. STATED CAPITAL

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Shares at no par value			
Stated capital	1,456,456	1,456,456	1,456,456
At start of year and end of the year	1,456,456	1,456,456	1,456,456
No of ordinary shares in issue (no par value)	14,564,560	14,564,560	14,564,560

Bank One Limited's share capital stood at MUR 1,456,456,000, represented by 14,564,560 ordinary shares of no par value, held equally between CIEL Finance Limited and I&M Group PLC.

Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution;
- an equal share in dividends authorised by the Board; and
- an equal share in the distribution of the surplus assets of the Bank.

30. COMMITMENTS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a) Undrawn credit facilities	1,910,453	2,795,582	1,976,757
Resident	973,636	1,999,053	1,627,275
Non-Resident	936,817	796,529	349,482

(b) Securities pledged

GOM bonds as collateral for the purpose of overnight facility from the Bank of Mauritius when required:

Treasury notes and GOM bonds as collateral for facilities availed under the Special Foreign Currency line of credit.

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Treasury/GOM bonds	-	-	396,000
Treasury notes/bills	-	-	27,000
	-	-	423,000

Notes to the Financial Statements

for the year ended 31 December 2024

31. RELATED PARTY TRANSACTIONS

Nature of relationship		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Cash and cash equivalents	Related companies	490,701	860,803	713,678
Loans and advances	Related companies	25,989	169,257	789,401
	Directors	-	-	-
	Key management personnel	63,673	75,326	102,873
Deposits	Related companies	854,184	1,082,978	1,187,028
	Directors	2	122	93
	Key management personnel	28,339	52,530	37,171
Borrowings	Related company	52,061	143,099	6,730
Interest income	Related companies	969	1,285	3,207
	Directors	-	-	-
	Key management personnel	2,421	-	1,815
Interest expense	Related companies	12,409	7,348	1,979
	Directors	-	3	1
	Key management personnel	997	630	127
Fees and Expenses	Directors	13,871	11,030	9,528

Related companies relates to enterprises in which shareholders, key directors/key management personnel have significant interest as defined in the guideline issued by BOM.

Credit commitments for Director/Senior management personnel amounted to Rs 21.75m. Bank guarantees and committed lines for related companies amounts to Rs 240.98m.

Terms and conditions of transactions with related parties

The above related party transactions were carried out under normal business terms and conditions and were subject to interest wherever applicable. None of exposures granted to related parties was impaired at 31 December 2024 (2023 and 2022: nil).

(a) Key Management personnel compensation

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Salaries and short term employee benefits	86,680	109,040	99,905
Post employment benefits	4,909	5,606	5,905

There are no other long term benefits, termination benefits or share based payments payable to key management personnel.

Notes to the Financial Statements

for the year ended 31 December 2024

32. SEGMENTAL STATEMENT OF FINANCIAL POSITION

Statement of Financial Position

	Dec-24			Dec-23			Dec-22		
	BANK	RESIDENT	NON- RESIDENT	BANK	RESIDENT	NON- RESIDENT	BANK	RESIDENT	NON- RESIDENT
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS									
Cash and cash equivalents	17,090,743	8,411,722	8,679,021	8,462,698	2,558,825	5,903,873	6,898,615	258,188	6,640,427
Derivative assets held for risk management	33,666	-	33,666	4,580	1,971	2,609	3,116	3,037	79
Non-current asset held for sale	-	-	-	-	-	-	45,000	45,000	-
Loan and advances to Banks	5,795,705	-	5,795,705	8,873,984	-	8,873,984	5,147,185	-	5,147,185
Loan and advances to customers	17,847,394	15,825,508	2,021,886	19,129,086	16,146,655	2,982,431	20,180,265	16,088,263	4,092,002
Investment securities - FVTOCI	4,180,399	4,142,620	37,779	2,427,459	2,398,713	28,746	1,402,874	1,370,618	32,256
Investment securities - Amortised cost	9,513,287	1,324,164	8,189,123	10,617,591	3,100,969	7,516,622	10,922,555	2,313,834	8,608,721
Right-Of-Use assets	70,554	70,554	-	69,774	69,774	-	76,965	76,965	-
Property and equipment	402,355	402,229	126	420,993	420,962	31	403,005	402,600	405
Intangible asset	140,153	140,153	-	124,338	123,407	931	133,583	131,983	1,600
Deferred tax asset	60,701	28,615	32,086	31,539	22,083	9,456	44,515	44,515	-
Other assets	256,743	252,236	4,507	2,008,376	2,001,893	6,483	1,571,519	1,544,196	27,323
Total assets	55,391,700	30,597,801	24,793,899	52,170,418	26,845,252	25,325,166	46,829,197	22,279,199	24,549,998
Liabilities									
Deposits from customers	47,861,820	18,024,911	29,836,909	44,847,282	18,432,799	26,414,483	38,242,254	15,689,790	22,552,464
Derivative liabilities held for risk management	18,981	-	18,981	39,434	33,867	5,567	26,439	818	25,621
Other borrowed funds	1,406,635	5,001	1,401,634	1,299,929	5,002	1,294,927	2,932,664	1,334,026	1,598,638
Subordinated liabilities	982,138	754,462	227,676	1,112,897	794,387	318,510	1,289,279	894,280	394,999
Employee benefit obligations	172,384	172,384	-	121,264	121,264	-	84,453	84,453	-
Current tax liabilities	38,112	38,112	-	36,942	36,942	-	22,657	22,657	-
Other liabilities	449,244	343,783	105,461	482,325	419,811	62,514	512,143	454,006	58,137
Lease liabilities	80,749	80,749	-	79,065	79,065	-	84,617	84,617	-
	51,010,063	19,419,402	31,590,661	48,019,138	19,923,137	28,096,001	43,194,506	18,564,647	24,629,859
Shareholders' Equity									
Stated Capital	1,456,456	-	-	1,456,456	-	-	1,456,456	-	-
Retained earnings	1,870,717	-	-	2,021,147	-	-	1,646,082	-	-
Other reserves	1,054,464	-	-	673,677	-	-	532,153	-	-
	4,381,637	-	-	4,151,280	-	-	3,634,691	-	-
TOTAL EQUITY AND LIABILITIES	55,391,700	-	-	52,170,418	-	-	46,829,197	-	-

Notes to the Financial Statements

For the year ended 31 December 2024

33. SEGMENTAL STATEMENT OF PROFIT OR LOSS

Statement of profit or loss

	Dec-24			Dec-23			Dec-22		
	BANK	RESIDENT	NON-RESIDENT	BANK	RESIDENT	NON-RESIDENT	BANK	RESIDENT	NON-RESIDENT
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	2,647,641	1,364,445	1,283,196	2,352,766	1,206,714	1,146,052	1,393,221	665,234	727,987
Interest expense	(1,307,618)	(555,349)	(752,269)	(1,083,860)	(534,154)	(549,706)	(399,407)	(199,721)	(199,686)
Net interest income	1,340,023	809,096	530,927	1,268,906	672,560	596,346	993,814	465,513	528,301
Fee and commission income	393,543	147,655	245,888	400,946	122,703	278,243	457,051	107,240	349,811
Fee and commission expense	(184,557)	(119,957)	(64,600)	(138,951)	(70,841)	(68,110)	(127,650)	(55,183)	(72,467)
Net fee and commission income	208,986	27,698	181,288	261,995	51,862	210,133	329,401	52,057	277,344
Net gain on dealing in foreign currencies and derivatives	349,292	109,452	239,840	255,594	59,375	196,219	178,747	86,411	92,336
Net gain from derecognition of financial assets measured at fair value through other comprehensive income	359	359	-	733	733	-	3,111	3,111	-
Other operating income/ (loss)	571	571	-	(55)	(55)	-	1,746	1,746	-
	350,222	110,382	239,840	256,272	60,053	196,219	183,604	91,268	92,336
Operating income	1,899,231	947,176	952,055	1,787,173	784,475	1,002,698	1,506,819	608,838	897,981
Non Interest Expenses									
Personnel expenses	(633,411)			(674,637)			(617,351)		
Depreciation and amortisation	(94,878)			(110,637)			(96,901)		
Other expenses	(415,833)			(323,319)			(290,473)		
	(1,144,122)			(1,108,593)			(1,004,725)		
Profit before Impairment	755,109			678,580			502,094		
Net impairment (loss)/ reversal on financial assets	(156,244)			132,150			33,476		
Profit before income tax	598,865			810,730			535,570		
Income tax expense	(31,451)			(54,920)			(41,745)		
Profit after tax	567,414			755,810			493,825		

Notes to the Financial Statements

For the year ended 31 December 2024

34. IMPACT OF PRIOR YEAR RESTATEMENT

A. Minimum cash balance wrongly classified

Section 49 of the Bank of Mauritius Act provides that the Central Bank of Mauritius may require all banks to maintain a minimum cash balance of up to 25% of each bank's total deposit and other liabilities as the Central Bank of Mauritius may specify.

On average, over a maintenance period of 28 days, the bank shall maintain minimum cash balances equivalent to 9% of their average Mauritian rupee and foreign currency deposit in the preceding 28-day period. In prior period, management has considered that the minimum cash balance was restricted and as such the balance was classified as a receivable under other asset. In the current period, management has reassessed the classification of the minimum cash balance and consider that the classification was not proper on the basis that the bank can use the funds overnight. The nature of restriction does not change the nature of the minimum cash balance in a way that it would not meet the definition of cash in IAS 7. During the maintenance period of 28 days, the Bank do have access to use the funds and are allowed to replenish same as and when required. As such, the minimum cash balance of Rs 1,706,580,000 for 2023 (2022: Rs 1,292,777,000) meets the criteria to be considered as cash and cash equivalents.

B. Change in borrowing from banks and investment securities with tenor of less than 3 months wrongly classified in the statement of cash flows

The movement in borrowings from banks of Rs 292,057,000 for 2023 (2022: Rs 525,299,000) and investment securities with tenor life of less than 3 months of Rs 112,744,000 for 2023 have been wrongly classified within net cash (used in)/ generated from financing activities and net cash (used in)/generated from investing activities respectively in the statement of cash flows.

In line with IAS 8 – Accounting policies, changes in accounting estimates and errors, the prior year figures were restated to reflect the proper classification of the minimum cash balance, borrowings from banks and investment securities under cash and cash equivalent.

The effect of the restatement on the financial statement as at 01 January 2023 and 31 December 2023 are as follows:

Extract of the Statement of Financial Position

	As previously stated	Impact of restatement	As restated
	31-Dec-22		31-Dec-22
	Rs 000	Rs 000	Rs 000
Other assets	1,571,519	(1,292,777)	278,742
Cash and cash equivalent	6,898,615	1,292,777	8,191,392
	As previously stated	Impact of restatement	As restated
	31-Dec-23		31-Dec-23
	Rs 000	Rs 000	Rs 000
Other assets	2,008,376	(1,706,580)	301,796
Cash and cash equivalent	8,462,698	1,706,580	10,169,278

Notes to the Financial Statements

for the year ended 31 December 2024

34. IMPACT OF PRIOR YEAR RESTATEMENT (CONT'D)

Extract of the Statement of Cash Flows

	As previously stated	Impact of restatement	As restated
	31-Dec-22		31-Dec-22
	Rs 000	Rs 000	Rs 000
Net cash used in operating activities	(3,616,159)	1,292,777	(2,323,382)
Net cash used in financing activities	256,750	(525,299)	(268,549)
Cash and cash equivalents at end of year	6,898,615	767,478	7,666,093

	As previously stated	Impact of restatement	As restated
	31-Dec-23		31-Dec-23
	Rs 000	Rs 000	Rs 000
Net cash generated from operating activities	4,489,024	1,706,580	6,195,604
Net cash used in investing activities	(824,329)	112,744	(711,585)
Net cash used in financing activities	(2,100,612)	292,057	(1,808,555)
Cash and cash equivalents at end of year	8,462,698	1,586,082	10,048,780

35. SUBSEQUENT EVENT

No subsequent event to be reported.

Notes

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Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a guide for handwriting or typing. The paper itself is a clean, off-white color. There are no margins, text, or other markings present on the page.

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