

## TABLE OF CONTENTS

#### **SECTION A: REPORTS**

CHAIRPERSON'S MESSAGE	3
CHIEF EXECUTIVE OFFICER'S MESSAGE	7
MANAGEMENT DISCUSSION AND ANALYSIS	13
CORPORATE GOVERNANCE REPORT	57
RISK MANAGEMENT REPORT	145
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	194
SECTION B: FINANCIAL STATEMENTS	
CERTIFICATE FROM THE COMPANY SECRETARY	197
INDEPENDENT AUDITORS' REPORT	198
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	205
STATEMENTS OF FINANCIAL POSITION	206
STATEMENTS OF CHANGES IN EQUITY	207
STATEMENTS OF CASH FLOWS	208
NOTES TO THE FINANCIAL STATEMENTS	209



#### **CHAIRPERSON'S MESSAGE**

Dear Shareholders,

As I reflect on the past financial year, I am filled with appreciation for our team of AfrAsians. This year has been momentous, with our people fully embracing the values of our Bank. Their continued efforts highlight our consistent commitment to building trusted relationships with all our stakeholders and creating meaningful, reliable and collaborative connections with all our partners and our communities while laying the groundwork for sustainable growth and prosperity.

It was my great honour to be appointed Chair of AfrAsia Bank in April 2024 and I am thrilled by the challenge to lead the Bank further ahead. From my experience as a long-time customer, I knew the extent to which the people in this Bank strives to serve its customers and communities. In my time as Chair so far, I have been struck by the commitment, dedication and professionalism shown throughout the Bank as we work together to achieve our ambition of being the leading regional player in the financial sector through exceptional customer experiences.

Our institution holds a unique position within the Mauritian financial landscape, enabling us to deliver bespoke financial solutions that meet the diverse needs of our target markets. As we move forward, I am eager to continue my close collaboration with the Board of Directors and Senior Management to maintain our strategic emphasis on customer service and operational excellence in order to continue generating substantial value for our stakeholders and the community. Together with the wider AfrAsia team, we will pursue our work to improve customer satisfaction, operational efficiency, reinforce our risk management framework and enhance further the brand equity of AfrAsia Bank, both locally and internationally.

#### **Performance**

Financially, AfrAsia Bank is in a strong position, with total assets reaching MUR 261.7bn as of 30 June 2024, reflecting a notable 13% increase from MUR 231.6bn in the previous year.

Our capital adequacy ratio has also shown an improvement, standing at 20.55% as of 30 June 2024 (regulatory limit: 13.50%), compared to 19.4% in the prior year. Furthermore, our shareholders' equity has risen by 25% year-on-year, now amounting to MUR 19.3bn, a testimony of our steady profitability, rigorous risk management and robust financial management. Notably, we declared an interim dividend for the first time in our history, reflecting our robust financial performance and ability to delivering value to our shareholders.

This growth highlights the disciplined execution of our strategy, making progress on all fronts while ensuring the long-term sustainability of our Bank.

#### **CHAIRPERSON'S MESSAGE (CONT'D)**

#### Looking ahead

Globally, the economic landscape has shown signs of improvement compared to the previous financial year. Despite recession fears, particularly in industrialised countries like the Eurozone, a global recession was fortunately averted. Private consumer spending has remained robust, and inflation rates have continued to trend downwards. As per the International Monetary Fund's projections, global inflation is expected to decrease from 6.8% in 2023 to 5.9% in 2024, and further to 4.5% by 2025. This positive shift offers a more favourable environment for economic activity and investment across the world.

However, we must remain prudent as geopolitical tensions persist, posing major risks to the global economy. The ongoing Russia-Ukraine conflict and instability in the Middle East underscore the necessity for careful navigation through these complex and uncertain times. Policymakers face the dual task of fostering medium-term growth while managing inflationary pressures, making our role as a systemically important Bank even more important.

From a strategy perspective, AfrAsia Bank, true to its name, serves as a vital bridge connecting Africa and Asia with the rest of the world. Our strong foundation in the Mauritius International Financial Centre positions us uniquely to facilitate trade and investment flows into and out of Africa. For three decades, Mauritius is a trusted and reliable IFC, attracting investors, family businesses, multinationals, and high-net-worth individuals from various jurisdictions. Our commitment to a robust regulatory framework, aligned with international standards set by organisations such as FATF, EU, ESAAMLG, and OECD, ensures we operate with high integrity and transparency.

The strategic advantages of Mauritius further enhance our capabilities, first as a regional banking force, and second, a global banking player. Its geographical positioning, bilingual workforce, aligned time zone, and sophisticated economy create a thriving environment for financial services. The country has a mature and resilient financial system, solid regulatory structures, political stability, and numerous double taxation avoidance treaties, making it a preferred destination for investment and trade. The World Bank's Global Economic Prospect Report for 2023 highlights Mauritius among the top ten countries with the highest economic prospects, affirming the country's strategic positioning.

According to the International Trade and Forfaiting Association, the trade finance gap for Africa is estimated between USD 80bn and USD 120bn. As Africa increasingly focuses on trade financing, Mauritius has an opportunity to play a pivotal role. With no exchange control regulations, we can facilitate seamless transactions in various currencies, including those from Africa, Asia and Europe.

#### **CHAIRPERSON'S MESSAGE (CONT'D)**

Our strategy at AfrAsia Bank hinges on client-centricity, focusing on Africa's key economic hubs. Understanding the unique needs of our African clients is integral to our ethos as a regional bank. We are dedicated to advancing trade and economic progress by leveraging our extensive network, with our regional office in South Africa, to support global cross-border operations.

In collaboration with local banks, we also offer hard currency solutions, support commodity players and facilitate private equity flows, driving infrastructure development and sustained economic expansion. Since our inception, our Bank has served as a crucial link between Africa, Asia and Europe. This role is increasingly vital as Africa's total merchandise trade reached USD 1.3tn in 2023 as per the African Export-Import Bank, and we are committed to facilitating this trade through our diverse portfolio of services.

#### **Governance and Management**

A key focus of my role as Chair is to build on the progress the Bank has made in respect of strengthening our corporate governance, our management team and the way we collectively serve our customers to meet the needs and expectations of all stakeholders.

I am pleased to acknowledge the appointment of Thierry Vallet as our Chief Executive Officer since April 2024. His deep understanding of our Bank coupled with his proven leadership capabilities, positions him as the ideal individual to drive the Bank into the next phase of our growth journey. We share a common vision for the future, supported by a talented and dedicated team dedicated to realising this ambition.

We made substantial strides in reinforcing our corporate governance framework, ensuring the highest standards of transparency and accountability. The appointment of a Chief Risk Officer (CRO) further strengthens our risk management framework, enhancing our capacity to navigate the complexities of the financial landscape effectively.

Additionally, the Board Remuneration Committee has approved a comprehensive salary review aligned with market benchmarks, reflecting our commitment to attracting and retaining top talents through competitive remuneration practices. These initiatives collectively underscore our dedication to building a resilient and forward-looking institution, ready to seize opportunities while upholding stakeholders' trust.

#### **CHAIRPERSON'S MESSAGE (CONT'D)**

#### **Appreciation and Acknowledgments**

As we progress, we remain rooted in our commitment to excellence and innovation, and we look forward to continuing this journey together with you, our valued stakeholders and partners.

Our strong performance reflects the collective efforts of all our stakeholders. I wish to thank our valued customers for their loyalty and our talented employees who spare no effort to providing excellent services to them and who never cease to impress me with their can-do attitude and their sense of belonging and attachment to the Bank. My appreciation also goes to my fellow Directors of the Board for their leadership and foresight in helping steer the Bank forward. I also wish to thank Thierry Vallet and our leadership team for their tireless commitment in delivering on our Bank's success. I also have a special thought for Pierre-Yves Pascal, the Head of our Private Banking business whose passing deeply saddened us all. Anyone who worked with Pierre-Yves experienced a person who set standards of personal behaviour to which we can all aspire. The outpouring of emotions triggered by his loss is a clear testament to the strong (« family » like) culture of empathy and collectiveness that forms part of the identity of our Bank and makes it special.

I am confident that, by working together to realise our vision of bridging Asia and Africa with the rest of the world, we can traverse the intricacies of the global economic landscape, capitalise on growth opportunities, and generate enduring value for everyone involved— shareholders, clients, employees and other stakeholders. Your continued trust, collaboration and shared vision are invaluable to broaden the global footprint of the AfrAsia brand, harness customer satisfaction, improve operational excellence, strengthen our risk management framework and contribute positively to the communities and regions we serve.

Thank you for your continued support and belief in our vision.

**Olivier Emmanuel Jauffret** 

Chairperson

#### **CEO'S MESSAGE**

Dear Valued Partners,

AfrAsia Bank has the wind in its spinnaker sails, and I am pleased about the business opportunities that lie ahead. In our quest for expansion, I am much encouraged by our solid performance which is the result of rigorous strategic planning, skilled navigation, disciplined execution and a dedicated team working passionately to reach our desired destination. This synergy of confidence and pride reflects our urge to exploring new territories with agility and innovation, ensuring we continue to make significant progress towards delivering on our ambitious growth strategy in an increasingly competitive banking landscape.

In sailing, success hinges on the ability to work cohesively and with discipline as one crew. My aim is to sustain our momentum and chart a course towards more success, while building privileged relationships along the way, and always adopting a can-do attitude. These values are our north stars, guiding us to achieve the best possible outcomes for our staff, clients, shareholders, community, and the country.

This year, I have been deeply honoured to receive the highly coveted Global Marketer of the Year award from the world-renowned Academy of Marketing Science. This recognition represents a clear testament to the hard work, passion and customer centricity of our entire team since the inception of the Bank. Through our relentless dedication, we continue to elevate customer experience, propelling our brand beyond shore to broaden our global reach. Just as a skilled sailor adjusts the sails to harness the wind effectively, our team's adaptability and resilience have allowed us to face headwinds and seize opportunities, ensuring that we remain on course towards achieving our common vision.

While charting our course, we have sadly lost a strong and authentic leader, our colleague and friend Pierre-Yves Pascal, Head of Private Banking, whose professionalism and charisma were admired by all. I would like to take a moment to pay tribute to this brave AfrAsian who has left an indelible mark on our Bank. Pierre-Yves played an instrumental role in driving the growth and success of our Bank as you know it today. He will be remembered for his loyalty, genuine care for others, and active involvement in our employee engagement activities, which greatly promoted team bonding and cohesion. May his soul rest in peace.

As we steer through the currents of the domestic economy, I am pleased to share that our Bank has successfully delivered robust financial results for the financial year 2023-2024.

In 2023, the local economy expanded strongly, with a GDP growth of 7% (Bank of Mauritius), driven by steady household spending, surged tourism revenue, and significant construction projects. This vibrant economic environment, along with a thriving financial sector bolstered by high interest rates and a strengthened US dollar, creates a promising outlook for 2024, where we anticipate a continued GDP expansion of 6.5% (Bank of Mauritius). Additionally, Moody's maintained the country's Baa3 credit rating with a stable outlook, reflecting Mauritius' stable economic growth rates.

Our Bank's key performance indicators reflect our adeptness in harnessing tailwinds. For the financial year under review, we have recorded a commendable 19% increase in Net Profit after Tax (NPAT), while Total Operating Income surged by 23%. Besides, our Total Operating Expenses was controlled nearly at par, resulting in a year-on-year decrease in the cost-to-income ratio which reached 18% this year.

Loans and advances grew actively by 19% to reach MUR 62.5bn as at 30 June 2024 (June 2023: MUR 52.5bn), leading to a slight increase in the loan-to-deposit ratio to 26% from 25% for the same period last year. On the liability side of the balance sheet, the Bank's deposit base rose from MUR 213.6bn as at 30 June 2023 to MUR 240.2bn as at 30 June 2024, representing a growth of 12%. This reflects the continuous trust and confidence of our clients in the AfrAsia brand.

The strong financial performance we achieved for the year ending 30 June 2024, reflects the commitment of our team and the long-standing trust and confidence our clients have in our ability to help them in their journey. Despite the challenges we faced, our vision has been our guiding star, allowing us to strengthen clients' relationships and expand our market presence both domestically and internationally. This agility amidst complex market dynamics positions us favourably for the future.

Our commercial strategy has underpinned our strong financial performance during the year. Our focus has been to penetrate existing markets further and also to explore new markets with a strong value proposition of 'bank different' and putting customer service excellence at the heart of everything we do.

With customers in more than 180 countries, we registered encouraging growth across all business lines. Our business lines worked in synergy to promote cross-selling and tailored financial offerings to better suit the needs of our clients in an environment marked by uncertainty. Our business model's agility and the proximity of the commercial team to its target markets stood as our pillars in our quest for business growth.

Over the past financial year, our Bank has also achieved numerous milestones that reflect our resilience, innovative spirit, and focus on service excellence. AfrAsia Bank's Domestic Corporate Banking business achieved a 9% growth in fund-based lending, expanding its loan portfolio to MUR 18.5bn, driven primarily by the construction and real estate sectors. In the International Corporate Banking business, the Bank saw a 26% asset growth, focusing on Africa and select Asian markets, leveraging improved investor confidence and supply-chain stability. The Bank has strategically positioned itself to facilitate cross-border trade and investment between Africa, Asia and Europe, while aiming to support corporate expansions and private equity investments in Africa through the Mauritius International Financial Centre ("IFC").

Our Global Banking business has similarly delivered strong financial results in FY24, driven by increased foreign currency deposits and international operations, boosting interest and fee income. As a key player in the Mauritian IFC, the Bank aims to remain the partner of choice for regional and global corporations, strengthening relationships across Africa and beyond.

During the year, the Bank's Private Banking business laid emphasis on deepening partnerships with key intermediaries. Strengthening our network has enabled us to improve customer loyalty by providing tailored financial guidance and solutions that meet individuals' requirements and objectives.

In FY24, the Bank's Investment Solutions saw substantial progress with assets under custody witnessing a growth of 14% while the Wealth and Investment advisory services increased by 99% in revenue compared to the previous financial year. Also, to improve our customer service, a custody online platform called InvestPro has been successfully implemented. This platform has been designed to meet a comprehensive range of reporting requirements for investment portfolios.

In the face of various economic challenges, AfrAsia Bank's Treasury & Markets' business achieved outstanding results, generating a gross operating income exceeding MUR 9bn, driven by robust interest and trading income. This performance has been achieved with a focus on FX Sales, FX Trading, Liquidity Management, Fixed Income, and Structuring, with our team providing tailored solutions, leveraging local expertise and global access to meet clients' risk management, investment, and trading needs.

Furthermore, to improve our customers' spending experience, in June 2023, our Cards team has launched new high-end Debit Cards which have been widely adopted by our client base.

From a talent perspective, our workforce has grown by 9% during the year, reflecting our continued focus on strengthening our capabilities to support our strategic goals, while we aimed to improve our employee value proposition through competitive salaries, professional development opportunities, mentoring, and enhanced benefits. These initiatives not only signify our commitment to our employees but also aligns with our broader strategic objectives, reinforcing the importance of a strong and stable workforce.

In parallel, our commitment to enhancing customer experience has been a priority during the year. As such, our extensive cybersecurity strategy includes substantial investments in leading-edge solutions and comprehensive training for our staff on potential cyber threats. These proactive measures have enabled us to maintain uninterrupted services and protect our customers' data effectively throughout the year.

The synergy between a robust workforce and advanced technological capabilities is essential, as it enables us to effectively support our strategic goals while safeguarding our operations against potential threats. By investing in both our people and technology, we are positioning ourselves for sustained success in a rapidly evolving business environment.

As we look towards the future, I am filled with optimism about the path our Bank is forging. By aligning ourselves with the global movement towards sustainability, we are not just following the currents but actively shaping them, guided by the Ten Principles of the United Nations Global Compact ("UNGC").

Our internal frameworks and the dedicated efforts of our ESG Committee serve as navigational tools, ensuring that our decision-making processes are anchored in environmental, social, and governance ("ESG") considerations.

Our crew — the so-called AfrAsians, is vital to this journey. Just as a ship relies on its crew for a successful voyage, we depend on our team to champion sustainability initiatives within our organisation and beyond. The setting-up of our Environment Squad speaks volume about our drive to integrate green practices deeply within our Bank, inspiring our people to lead the charge towards a more sustainable future.

Throughout the past year, AfrAsia Bank has achieved notable recognitions, including being named Bank of the Year 2023 in Mauritius by Financial Times - The Banker. Additionally, we have received three prestigious awards from Euromoney, including Best Private Bank 2024, Best High Net Worth Bank 2024, and Best Bank for Investment Research 2024. Our accolades from Global Finance, such as Best Bank 2024 and Best FX Bank 2024 in Mauritius, underscore our untiring pursuit to service excellence and our distinctive "Bank Different" philosophy, which drives our entrepreneurial spirit.

AfrAsia Bank's brand-building strategy is significantly reinforced through its sponsorship of prestigious sporting events, mainly the title sponsorship of the AfrAsia Bank Mauritius Open, standing as our flagship event. As the title sponsor since 2015, the Bank has contributed to elevate this event as a premier golfing tournament at a professional level in the Indian Ocean, contributing to Mauritius' reputation as a world-class tourism destination, golfing platform and an international financial hub. The seventh edition of the tournament took place in December 2023 at an elegant venue, La Réserve Golf Links in Bel Ombre, and served as an exceptional platform for hosting golf players, clients and guests while highlighting the successful public-private partnership. The tournament's co-sanctioned status by the DP World and Sunshine Tours, along with its considerable global broadcast reach—500.6 million households—positions AfrAsia Bank as a prominent supporter of international sports.

This strategic sponsorship not only enhances the Bank's visibility on a global scale but also strengthens its brand connection with both local and international audiences. As we look forward to the eighth edition in December 2024, AfrAsia Bank continues to build on this branding legacy proudly.

Complementing the Bank's engagement in golf, the title sponsorship of the AfrAsia Bank Padel

League during the year reflects a dynamic approach to brand differentiation. Padel, a rapidly

growing sport both globally and in Mauritius, offers AfrAsia Bank a unique opportunity to align its

brand with an emerging trend. By branding the league, the Bank is positioning itself as a forward-

thinking institution that values contemporary sports, enhancing its relevance to a diverse clientèle

and promoting community engagement.

In addition to golf and padel, AfrAsia Bank's sponsorship of the Mauritius 7s international rugby

tournament in FY24 further amplifies its brand presence. By associating itself with this international

event, the AfrAsia brand resonates with its target audience and reinforces its commitment towards

promoting sports in Mauritius. This multi-faceted branding strategy enables AfrAsia Bank to connect

with various audiences, building a strong, dynamic, and globally recognised brand.

Looking ahead, we are excited about the upcoming relocation to our new offices at the AfrAsia

Tower in Tribeca Central Smart City, scheduled for the end of 2024. This state-of-the-art facility will

exemplify our commitment to sustainability, featuring innovative and energy-efficient designs that

meet international standards. While the AfrAsia Tower will surely provide a modern workspace for

our employees, it will also stand as a strong affirmation of our dedication to staff welfare, customer

service excellence, operational efficiency and environmental responsibility.

In navigating the complexities of a continually evolving global landscape, I am optimistic that we are

on the right trajectory towards an even more exciting future. Together, we will continue to uphold

our values, champion sustainability, and deliver exceptional service to our clients and communities,

and meet the expectations of our shareholders. The journey ahead is very promising, and I look

forward to attaining new milestones as we chart this inspiring path together.

Yours,

**Thierry Vallet** 

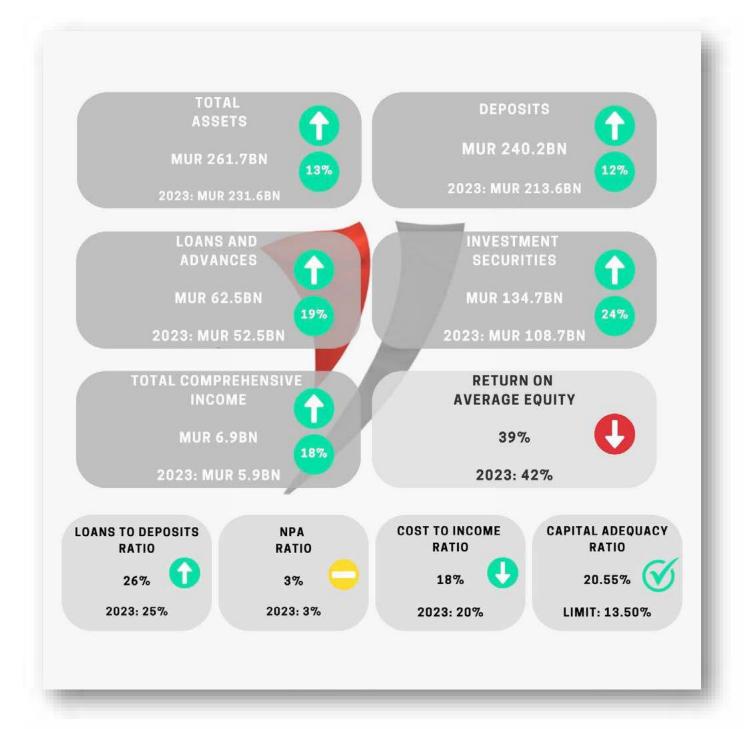
**Chief Executive Officer** 

## Management Discussion and Analysis



#### AFRASIA BANK'S HIGHLIGHTS AT A GLANCE





#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The following is the management's discussion and analysis ("MDA") of the financial results of AfrAsia Bank Limited (the "Bank" or "AfrAsia Bank") for the year ended 30 June 2024. This report contains forward-looking statements that are based on AfrAsia Bank's management's current beliefs and expectations. These statements are subject to potential risks and uncertainties, as well as factors that could cause actual results to differ from those anticipated. There is no assurance that actual results will be in line with any outlook information set forth herein and the Bank does not undertake to update any forward-looking statements.

#### **BUSINESS SEGMENTS OVERVIEW**

Specialised in banking that builds bridges between Africa, Asia and the World, the Bank adopts a customer-focused approach to tailor bespoke financing and investment solutions for its clients. The Bank's experienced team and its regional foundation are complemented by the belief and trust its clients have in its ability to connect them to a global banking network to seamlessly achieve their financial aspirations.

With its core expertise in global business, corporate banking, investment solutions, private banking, treasury and markets, the top priority of the Bank is to constantly satisfy and build lasting business relationships with its private and corporate clients.

To achieve its goals and objectives, the Bank focuses on its core business lines as depicted below.





#### **GLOBAL BUSINESS BANKING**

#### **Major Business Segment's Achievements and Performance**

The Global Business Desk has a satisfactory financial and operational performance for this financial year ("FY24"), mainly driven by the synergistic efforts of our dedicated team and favourable market conditions. We capitalised on the rise in foreign currency deposits to enhance our interest income. Furthermore, the international business operations have significantly contributed to our results, contributing to the growth in fee income, aligning with the Bank's strategic focus on strengthening its transaction banking services.

#### **Our Strategy and Proposition**

As a key Institution within the Mauritian International Financial Centre ("IFC"), we have positioned ourselves as the premier partner for global corporations looking to engage in business or investment activities in Africa and beyond. Our dedication to building robust relationships with our partners remains steadfast, especially with key clients such as traders, investors, and private equity funds, along with leading regional and international corporations operating across 160 countries.

#### **Looking Ahead**

Amid persistent inflation, potential interest rate adjustments (*BOM/FedWatch*), and the looming threat of a recession (*FedWatch*), the Bank must adapt its strategy accordingly. Preparing for a possible recession requires rigorous stress testing and maintaining sufficient capital and liquidity buffers, among other precautions. Embracing innovation, and sustainable practices will be key for the Bank's long-term success. Additionally, diversifying revenue streams and developing a more skilled workforce will be essential to navigating the evolving market dynamics.

- Strengthen partnerships with Business Introducers located outside of Mauritius;
- Expand our presence into new IFCs to broaden our global footprint;
- Leverage existing relationships with Private Equity Funds;
- Maintain a portfolio of direct relationships, including regular visits to West Africa to further develop the network;
- Inhance cross-selling opportunities, with the primary goal of positioning the Bank as a leading regional banking player and becoming a one-stop shop for our clients; and
- Capitalise on strategic geographical positioning and favourable time zone alignment by offering wealth management and structured financing services, and managing transactional investments across Africa.



#### **CORPORATE BANKING**

#### **Domestic:**

#### **Major Business Segment's Achievements and Performance**

In FY24, the Domestic Corporate Banking team closed financing deals with several major corporate clients. As a result, the loan book portfolio under this business line grew to MUR 18.5bn as of 30 June 2024, up from MUR 16.9bn in June 2023, reflecting a 9% increase in fund-based lending. Additionally, non-fund-based financing reached MUR 1.5bn, primarily through Garantie Financière d'Achèvement ("GFA") and bank guarantee lines. Total net income for FY24 represents a growth of 52% from FY23

#### **Our Strategy and Proposition**

For FY24, our key focus has been to:

- Continue prioritising quality service and customer satisfaction;
- Target key economic sectors such as construction, healthcare, and real estate;
- ! Enhance the creditworthiness of the asset portfolio;
- Promote greater collaboration among business units; and
- Emphasise sustainable financing.

In FY24, there was a strong push to grow assets as the global and local economic environment began to improve post-COVID. The construction and real estate sectors were the primary contributors to the new assets disbursed during this FY.

#### **Looking Ahead**

In our domestic operations, we will continue to prioritise risk diversification across expanding sectors, emphasise our commitment to delivering high-quality service and customer experiences, and strengthen our commercial philosophy.

- The team will prioritise serving Mauritius's Top 100 companies and parastatal bodies, dedicating constant efforts to supporting their growth initiatives through enhanced on-site engagement with them and their associated ecosystems. Additionally, there will be a focus on green lending to assist clients in achieving their Environmental, Social and Governance ("ESG") goals;
- Furthermore, the Domestic Corporate Banking Team is actively diversifying its portfolio, enabling the Bank to enter targeted sectors such as healthcare, parastatals, and property developers. The team is also focused on expanding business opportunities by taking on roles as Lead Arranger; and
- To strengthen our market position, we are gradually refinancing and implementing commercial strategies aimed at becoming the primary banking partner for numerous corporate clients. Moreover, the Bank aims to support local clients in expanding into regional markets and across Africa.



#### **CORPORATE BANKING**

#### International:

#### **Major Business Segment's Achievements and Performance**

The International Corporate Banking Book delivered an asset growth of 26% in FY24 compared to FY23, with a particular focus on Africa and selected Asian markets, on the back of continued demand for funding by the African continent to sustain its growing population in terms of food security and adequate infrastructure, gradual improvement in supply-chain disruptions and improved investor confidence in the private sector. The Bank positioned itself as a partner bank in facilitating cross-border flows between Africa Asia trade and investment corridors.

#### **Our Strategy and Proposition**

The International Corporate team has made sustained efforts to position the Bank as the preferred banking partner in Africa across sectors, particularly for corporates expanding their footprint in Africa, multinationals using the Mauritius International Financial Centre ("IFC") as a conduit to investment in Africa and Asia through the further development of private equity funds. The focus continues to be on increasing our exposure in Sub-Saharan Africa and penetrating the West African market with an impactful reach. The aim is to make a meaningful contribution to the socioeconomic development of Africa by deploying funding to selected economic activities where the Bank has developed niche expertise.

#### **Looking Ahead**

Looking ahead, with the right mix of human and financial capital, our main focus will be to grow as a major player in African and Asian markets while promoting the Mauritian IFC. We intend to offer clients more specialised financing with an impact focus. We will continue to capitalise on the expansive business connections that we have developed with our current client base to accelerate our growth. The Bank is positioned as the preferred financial partner to accompany its clientele in achieving their desired business goals.

- Maintain a continued focus on expanding the balance sheet with a balanced mix of risk-reward assets;
- Establish a significant presence in targeted markets as a trusted financial partner;
- Finance projects and assets aimed at positively impacting lives across African & Asian Markets;
- Become the preferred banking partner to support customers entering Africa and selected markets through a segmented approach; and
- Tailor our offerings to meet the unique needs of diverse target markets, boosted by a personalised value proposition.



#### International – Financial Institution:

There is also the Financial Institution ("FI") unit which operates as a subset and its overview is as follows:

#### **Major Business Segment's Achievements and Performance**

The FI loans segment saw an 11% increase in FY24 compared to FY23, primarily driven by our strategy to extend our cross-border FI network across African, Asian and Middle-East markets.

#### **Our Strategy and Proposition**

Our strategy is to support African corporates and Financial Institutions by providing access to liquidity to facilitate trade and investment. The growth of the loan book is in line with the overall strategy of the Bank. The Bank has further strengthened its network of elite Financial Institution partners; comprising top-tier banks in our key target markets, rated by international credit agencies or owned by rated Banking Groups.

#### **Looking Ahead**

Our balance sheet has shown strong performance in FY24. We are committed to enhancing our risk management practices and aim to consistently support our key stakeholders while actively seeking prospects for asset and income growth.

- Maintain a continued focus on top-tier banks and Development Financial Institutions across the African continent to expand our balance sheet with a well-balanced mix of risk-reward assets; and
- Establish a strong presence in targeted markets (Africa and the Middle East) as a reliable financial partner to commercial banks and explore other avenues of collaboration.



#### **CONSUMER BANKING**

#### **Major Business Segment's Achievements and Performance**

Consumer Banking delivered a solid performance in FY24. The asset portfolio expanded by 28%, gross income by 40%, and the liabilities book grew by 41%. Several key factors contributed to this performance:

- Prioritisation of client requirements, and delivery of a high level of customer satisfaction; and
- Our Relationship Managers bring together comprehensive knowledge, years of experience and insights to help clients achieve their financial aspirations. Additionally, the team's dedication has reinforced the Bank's standing as a dependable and expert financial partner.

#### **Our Strategy and Proposition**

The results achieved in FY23 have continued into FY24, owing to the quality and dedication of our team members, who have met the expectations of their clients. To enhance customer service, the team has strengthened its collaboration with other departments within the Bank, ensuring the quality of service is constantly improved. Additionally, in FY24, numerous client-focused events were organised to harness closer business relationships with our clients. Moreover, the team has consistently provided our niche clients with updates, empowering them to make informed financial decisions.

#### **Looking Ahead**

In response to the anticipated economic challenges in the upcoming fiscal year, Consumer Banking will focus more on its core strengths: delivering quality service, providing bespoke services, and offering investment advice. Additionally, the team will ensure customers receive up-to-date and accurate economic information, along with personalised financial solutions.

- Provide customised financing solutions rather than exclusively relying on off-the-shelf products;
- Maintain close relationships with real estate agents, promoters, and developers in the industry to facilitate client acquisition and financing for end customers;
- Improve cross-selling initiatives throughout the Bank; and
- Target companies ranked in the Top 600.



#### **Major Business Segment's Achievements and Performance**

Investment Solutions saw the successful implementation of the InvestPro platform, designed to cater for a comprehensive set of requirements from a reporting perspective for investment portfolios. The assets under custody grew by 14% with a 41% increase in gross income. Wealth and investment advisory nearly doubled their revenue compared to last financial year.

#### **Our Strategy and Proposition**

The key focus for FY24 has been:

- Deliver a high level of service in the custody and securities services segment;
- To strategically engage with Sub-Custodians to expand the market coverage of AfrAsia Bank's Securities services in growing Asian markets; and
- On the advisory and wealth management side, the team has been constantly providing tailor-made solutions and portfolios to clients thereby diversifying the products and services offerings.

#### **Looking Ahead**

In response to the anticipated economic challenges in the upcoming fiscal year, investment in asset classes will be more dynamic and the aim will be to increase the accessibility and flexibility of the InvestPro platform to clients. Through partnerships, additional offerings on the Private Equity side are also in the pipeline.

- Provide more spectrum of investment solutions on the advisory side;
- Focus on more sustainable returns for portfolios amid an incoming global rate cut cycle;
- Maintain close relationships with existing partners and cross-sell a comprehensive range of banking products; and
- Cater for trading and safekeeping of Shariah Compliant Securities.



#### **Major Business Segment's Achievements and Performance**

The Treasury & Markets segment achieved a gross operating income exceeding by far the MUR 9bn mark, primarily driven by Interest Income and Trading Income. Treasury Interest Income for the year increased to MUR 8.1bn benefiting from a persistently high interest rate environment throughout the year. Trading Income remained at MUR 1.8bn for the year, demonstrating resilience in Foreign Exchange ("FX") sales, FX trading, Fixed Income trading and Structuring despite the constraints in the domestic market and volatility in world markets.

#### **Our Strategy and Proposition**

The key clusters within the Treasury & Markets business unit are FX Sales, FX Trading, Liquidity Management & Fixed Income, and Structuring. Our goal is to ensure that our client-facing and support functions are aligned to consistently provide our clients with best-in-class services. Treasury & Markets continues to strive to provide clients with tailored solutions (along with conventional Treasury products) by reinforcing the Bank's position as the market maker for foreign exchange, interest rates, debt, and other structured derivatives.

Our local expertise, global access, and balance sheet scale allow the bank to provide clients with a range of financial instruments to meet their risk management, investment, and trading needs. Managed by a team of experienced and skilled professionals, Treasury & Markets is committed to satisfying its clients' commercial and investment needs.

#### **Looking Ahead**

Our balance sheet remained strong during FY24. Our focus shall continue to be on shoring up risk-taking endeavours by adopting a risk-robust approach to Treasury & Markets activities, positioning our trading and banking books, and nimbly navigating through highly competitive Forex and Money markets, both locally and internationally. Our objective is to continue supporting our stakeholders and developing a proactive strategy to capture opportunities for asset/income growth.

- Optimise the liquidity books to capitalise on interest rate fluctuations in major markets;
- Continue to capture market opportunities in the fixed income space;
- Further expand our customer base while capitalising on our new in-house execution platform;
- Maintain our trajectory of innovation in the FX markets. Motivate traders on the FX trading desk to acquire indepth skills to analyse markets and trends, enabling them to capture opportunities in proprietary trading and FX position management while simultaneously providing clients with learned market information; and
- Pursue the strengthening of synergies with other business lines and provide tailor-made, structured products.



#### SOUTH AFRICAN REPRESENTATIVE OFFICE

#### **Major Business Segment's Achievements and Performance**

The South African Representative Office ("SAREPO"), continued expanding our established relationships with large, listed South African companies amidst a growing demand for funding for cross-border operations in developed markets. We also achieved a positive entry into the East African corporate market via our participation in a syndicated facility. In the wake of these market dynamics, we have sustained our efforts to build a pipeline of new opportunities.

Adding to the effort of the Global Business Banking and Private Banking, we also continued to grow fixed deposits, transactional banking, foreign exchange solutions, global custody and investment and wealth management services.

Our short-term and long-term loan book remains steady with several opportunities arising from our financial service provider license. Non-Bank FI has been an interesting growth area giving rise to several new target market opportunities.

#### **Our Strategy and Proposition**

The key focus for FY24 has been:

- Target large, listed SA corporates seeking or having an international presence in developed markets with an appetite for hard currency facilities;
- Strengthen business development activities in the East African region to engage with banks and large corporates;
- Target Ultra-High-Net-Worth Individuals ("UHNWI"s) and High-Net-Worth Individuals ("HNWI"s) with our wealth and investment solutions; and
- Discover new markets and obtain the necessary human capital to capitalise on those avenues. Maintain and develop relationships in the South African Financial Institution market and offer Treasury-structured solutions to the broader market.

#### **Looking Ahead**

Our primary objective is to establish trusted financial partner to accompany our clients to meet their financial goals. By leveraging an optimal blend of human and financial capital, we aim to provide clients with more specialised, impact-focused financing solutions. We will build on the extensive business connections we have developed with our current client base to drive accelerated growth.

#### The Target Areas for the Next Financial Year:

- Maintain a continued focus on expanding the balance sheet by strategically balancing risk and reward across asset classes and promoting the Bank's different lines of business; and
- Continue to target large and premium South African & East African corporates with lending products.

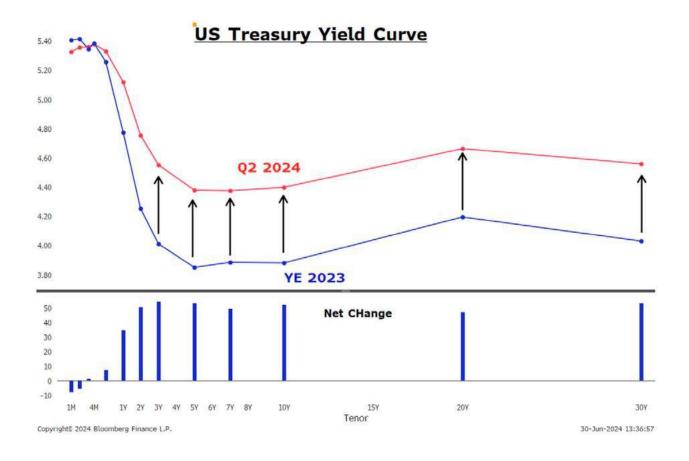
Maintain and enhance existing relationships with large South African and East African financial institutions and position the Bank as a trusted financial partner in syndicated facilities.



Conditions and expectations for the global economic environment have improved compared to the last financial year. Fears of recession were particularly widespread in the industrialised countries such as the Eurozone, amid an environment of high interest rates. However, a recession did not materialise as private consumer spending remained robust together with further declines in inflation rates, pushing up expectations of a cutting rate cycle starting. After global inflation rates reached a high of 8.8% in 2022 and early 2023 (IMF), price pressure has since eased closer to the 3% range in major economies (*Trading Economics*). The path to the last 2% target has nevertheless proven to be challenging due to a strong services sector.

The combination of an advanced decline in inflation in the Eurozone and relatively weaker economic data has led to the European Central Bank to lower its key interest rates before the Federal Reserve. Prior to this, several central banks from emerging markets (especially South America) and Europe, including Switzerland and Sweden, had lowered their key interest rates.

In the U.S., rates shifted higher across most of the curve in 2024, with the 2-year yield rising to 4.75% and the 10-year yield to 4.40% (*Nasdaq, Bloomberg*). The spread between the 10-year and 2-year has been inverted since July 2022, which is its longest inversion on record. While an inverted curve has historically been an early warning signal of an incoming recession, a recession has not yet materialised and U.S. economic activity has continued to surprise to the upside.





The hopes of interest rate cuts and the absence of a recession led to significant gains in the stock markets to the close of the financial year. In the first half of 2024, the main indices went to record levels with the Nasdaq Composite at +18.6% and the S&P 500 at +15.3% (*Bloomberg*). The Dow Jones Industrials returned a modest 5% as robust gains were mostly attributed to select mega-cap stocks, the Magnificent 7, as enthusiasm for Artificial Intelligence persisted. Contrarily, value stocks outperformed growth stocks over the quarter in other markets in Europe, Japan and the UK.

The largest contribution to S&P 500 gains since the beginning of 2024 (Visual Capitalist):

Rank	Company	Contribution to S&P 500 performance (%)
1	Nvidia	4.94%
2	Microsoft	1.24%
3	Alphabet	0.97%
4	Meta Platforms	0.84%
5	Apple	0.81%
6	Amazon	0.72%
7	Broadcom	0.62%

The outcome of the European parliamentary election caused President Macron to announce a snap election in France and concerns about the possible outcome of a major win for the right-wing initially introduced significant volatility. Despite the lowering of policy rates, the fallout from both the European parliamentary elections and the announcement of snap French elections pushed European sovereign yields higher. Spreads have since stabilised with a surprise win for the left-wing party, New Popular Front (NPF), though with a divided assembly amongst three big groups, the path for advancing any policy will be more challenging as no one has an absolute majority.

#### **Looking forward**

The two primary areas of the U.S. economy that have shown signs of moderation recently are the services sector (based on June ISM index data) and the labour market. With services contributing to over 70% of the U.S. GDP (Bloomberg) and consumers having depleted excess savings from the pandemic period (based on the Federal Reserve Bank of San Francisco report), the silver lining to the cooling economy is that inflationary pressures may moderate further in the coming months.

### **Economic** Dutlook

AT GLOBAL SCALE

Both the ISM Manufacturing and Services Prices Paid Indexes have moved lower, with the Services component near recent lows



Note: Excess savings calculated as the accumulated difference in actual de-annualized personal savinas and the trend implied by data for the 48 months leading up to the first month of the 2020 recession as defined by the National Bureau of Economic Research. Source: Bureau of Economic Analysis and authors' calculations.

2022

2023

2021

This will then allow the Federal Reserve to begin its interest rate-cutting cycle. If the U.S. economy softens but does not fall into a downturn or recession, equity markets should continue to hold well, with earnings growth from other sectors than the mega-cap technology names. A modest pickup of 0.9% is expected for the Eurozone area in 2024 (IMF), following stronger momentum in services and higher-than-expected net exports in the first half of the year. Easing financing conditions amid gradual monetary policy loosening this year will support stronger consumption, though the manufacturing segment remains weak.



The IMF report in July 2024 maintained its growth forecasts for the world economy at 3.2% during 2024 and 3.3% in 2025. Global inflation is expected to fall from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with price pressures expected to remain higher in emerging markets and developing economies compared to advanced economies. Higher nominal wage growth, accompanied by weak productivity, as seen in the manufacturing segment, could make it difficult for companies to moderate price increases. This could lead to persistent challenges in wage and price inflation. Additionally, a strong U.S. dollar has had a pronounced negative impact on emerging markets amid increased borrowing costs. Consequently, emerging markets may find it challenging to reduce inflation at the desired pace, risking prolonged economic stagnation due to diminished investment and financial instability.

In addition to inflation uncertainty, increasing geopolitical tensions continue to represent a serious and growing risk. These include the ongoing war between Russia and Ukraine and the conflict in the Middle East. Overall, risks on the geopolitical and macroeconomic fronts remain skewed to the upside, with the effect on the global economy likely to be felt at a later stage. Policymakers will continue to face the dilemma of balancing medium-term growth while also moderating inflation.



The domestic economy continued to expand, with the GDP growing by 7% in 2023 (*Bank of Mauritius*, *April MPC minutes; Statistics Mauritius*). This growth was fuelled by strong household spending, increased tourism receipts, major construction projects and a thriving financial services sector buoyed by high interest rate and a strengthened US dollar. In 2024, the GDP is expected to expand by 6.5% (*Bank of Mauritius*, *July MPC minutes*).

Tourism remains a key driver of economic activity, with arrivals by air growing by 9% in FY24 compared to FY23, nearing pre-pandemic levels with only a 3% difference on the back of continued efforts to promote the island as a travel destination and improved aviation connections. The European continent remained the main source market for Mauritius, accounting for nearly 62% of total tourists of which 25% are from France, 11% from the UK and 8% from Germany. Along with the resurgence in tourist arrivals, tourism earnings were also strong reaching MUR 81Bn, 10% higher than FY23 figures and 44% higher than FY19. The average length of stay stood at 11.4 nights, well above the 10.2 nights in 2019 (*Statistics Mauritius*).

Economic indicators showed positive trends in FY24 across various sectors with the rise in tourism revenue expected to contribute towards improving the current account for the year and the deficit is projected to decline further to 4.0% in 2024 from 4.5% in 2023. Additionally, inflation showed a steep decline with Headline inflation declining to 4.5% in June 2024 from 10.5% in June 2023, as a result of favourable global commodity prices and easing supply chain conditions. This brought inflation within the Bank of Mauritius's inflation target range of 2-5 % for the first time since the introduction of the new Monetary Policy Framework in January 2023. The labour market also remained resilient with the unemployment rate at 6.3% (*Statistics Mauritius*).

Investment, as measured by the Gross Fixed Capital Formation (GFCF), grew by 30.9% in 2023, supported by FDIs reaching the record-high level of Rs35 billion for the past year. The current account deficit improved to 4.5% of GDP in 2023 and for 2024, the current account deficit is projected to improve further to 4.0% of GDP, supported by robust tourism earnings and higher income earned on external assets of residents that would outweigh a rise in the trade deficit (*Bank of Mauritius*, *Statistics Mauritius*).

#### Monetary Policy Committee ("MPC") and Mauritian Yield Curve



Green - As at 30.06.2024 / Yellow - As at 30.06.2023



#### MPC and Mauritian Yield Curve (Cont'd)

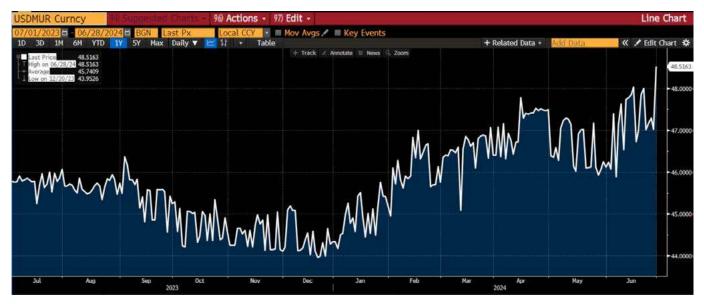
The Bank of Mauritius was one of the few central banks where the key rate remained unchanged throughout the financial year. The net move of the MUR Government yield curve through FY24 was a slight curve of around 0.40% - 0.50% lower mainly due to volatility in excess liquidity and changes from the Bank of Mauritius with respect to the 7-day bill and the Primary Dealer Framework (*Bank of Mauritius*).

The Bank of Mauritius continued to conduct open market operations in line with the new monetary policy framework implemented in January 2023, with some operational changes to the conduct of the main monetary operations. The 7-Day BoM Bills are issued at pre-determined tender amounts at the Key Rate of 4.50% (*Bank of Mauritius*).

To absorb structural excess liquidity from the banking system, the Bank of Mauritius issued Two-Year BoM Notes for a total amount of Rs7.0 billion (*Bank of Mauritius*).

#### **Foreign Currency Exchange**

During the first half of the financial year, the Bank of Mauritius intervened for a net total of USD 302.4 million in the range of 44.10 to 45.20 (*Bank of Mauritius*).



#### **Looking Forward**

The IMF, following the 2024 Article IV Consultations, stated that the prompt deployment of pre-pandemic buffers has helped the Mauritian economy rebound strongly from the pandemic and that growth prospects remain favourable. Inflationary impulses have subsided in 2023 and are projected to ease further towards the end of 2024. Moody's also maintained the country's Baa3 credit rating with a stable outlook.

#### CHIEF FINANCIAL OFFICER'S STATEMENT

This financial year was marked by a multitude of challenges, on various fronts, such as higher energy and food prices, stubborn inflation rates, unending wars in the Middle East and Ukraine, growing geopolitical tensions and volatile markets.

Yet, it is pleasing and reassuring for AfrAsia Bank Limited to report a continuation of strong performance for the financial year under review. Total operating income and net profit have reached new heights for the second year in a row.

At the back of AfrAsia's commendable performance, was a meticulous and focussed balance sheet management of its interest-bearing assets and source of funds that enabled attractive net interest margins. The Bank's efforts have equally been recognised through a series of international accolades by prestigious, globally respected and long-established media houses for another year.

That said, with an expectation that the next financial year can be marked by interest rate swings, as already demonstrated by the European Central Bank delivering its second rate cut of the calendar year i.e. 25 basis points ("bps") in June and September and the Federal Reserve delivering a recent super-sized cut of 50 bps in September, the Bank will need to position itself strategically by addressing the effects of such variations from the lens of Interest Rate Risk in its Banking Book ("IRRBB"). Whilst also keeping in mind the possible endowment of its Non-Maturing Deposits ("NMDs"), the Bank will need to develop adequate initiatives to protect both its deposit base and Net Interest Income from potential short to medium-term volatility.

#### A RECORD YEAR FOR ITS INCOME STATEMENT TARGETS

Operating in a highly conducive yield environment for its balance sheet and leveraging on its success from the previous financial year, the Bank delivered another year of record-breaking performance in FY24; an impressive achievement was at the level of the Net Profit After Tax which increased by 19% to MUR 7.0bn, resulting in a Return on Average Equity of 39%.

Further breakdown of the Income Statement is provided below:

- The Bank's Net Interest Income saw an increase of 25%, reaching MUR 7.1bn. This growth was primarily driven by the strategic positioning of its asset portfolio to capitalize on rising interest rates with a continued focus on short-term and variable-rate instruments, allowing the Bank to benefit from market shifts. While asset growth remained moderate, tactical adjustments were made to optimise the balance sheet for interest rate hikes.
- On the net fee and commission income side, the Bank reported an increase of 11% year-over-year, primarily driven by a larger volume of international transactions, particularly in USD-denominated transactions. Additionally, our wealth management division delivered a commendable performance, achieving near-double-digit growth compared to the prior year.

#### **CHIEF FINANCIAL OFFICER'S STATEMENT (CONT'D)**

#### A RECORD YEAR FOR ITS INCOME STATEMENT TARGETS (CONT'D)

- Net trading income grew by MUR 340.5m. This increase was mainly due to new trade positioning in debt instruments, better yields from foreign currency government securities and corporate bonds, and active trading in MUR government bonds. Effective management of foreign exposure helped the Bank handle high FX volatility, despite liquidity constraints and rupee depreciation in 2024, along with increased Forex business volumes.
- On the provisioning side, a net impairment credit of MUR 49.3m was recorded for the year, primarily driven by bad debts recovered which was partially offset by adjustments to the ECL model.
- On the operating expenses side, the Bank reported a modest 6% year-on-year increase, leading to a cost-to-income ratio of 18% as compared to 20% in the prior year. The primary drivers of the expense increase were targeted spending in human capital to attract and retain calibre staff.
- Taxation The Bank's tax expense increased in FY24, with the effective tax rate (ETR) rising from 11.6% to 14.6%. A lower ETR in FY23 was mainly due to the change in the tax rate from the actual to the effective rate used to compute deferred tax following changes in the income tax rate in 2023.

#### A FINANCIAL POSITION STRONGER THAN EVER

The Bank achieved a reasonable 12% year-on-year growth in its deposit base, reaching MUR 240.2bn as at the end of June 2024 (FY23: MUR 213.6bn). With deposits, a core pillar of the Bank's funding strategy, the Bank focussed on maintaining the competitiveness of its proposition to existing clients which also helped to attract new clients. Additionally, the Bank benefited from favourable retranslation effects due to the appreciation of most foreign currencies against the Mauritian Rupee.

The Bank's total assets showed a double-digit growth of 13% in FY24, reaching MUR 261.7bn. This expansion was driven by strategic investments and prudent lending practices. The main components of the asset book evolved as follows:

- Investment Securities experienced a noticeable increase of 24% (MUR 26.0bn). This growth is primarily comprised of debt instruments measured at amortised cost and which are strategically focused on local and international sovereign assets, the objective of the same being to optimise capital consumption on risk-weighted assets while taking advantage of the yield curves during the period.
- Loans and advances to banks and customers increased by 19% (MUR 10.0bn). This growth which was governed by the Bank's risk appetite, included sectors such as financial and business services, traders and construction, infrastructure and real estate.

The Bank's prudent lending strategy resulted in a reduction in its allowance for impairment losses. The loan portfolio remains concentrated on the financial and business services sector (40%), followed by traders (14%), and with 70% of the gross loan book having maturities exceeding one year, reflecting a focus on long-term stability.

#### **CHIEF FINANCIAL OFFICER'S STATEMENT (CONT'D)**

#### A FINANCIAL POSITION STRONGER THAN EVER (CONT'D)

- The Bank's liquidity position remained strong, with cash and balances with banks representing 22% of total assets. This situation enhances our financial flexibility to quickly switch to better earning assets, while also securing our ability to meet short-term obligations. The liquidity coverage ratio stood at 370%.
- The Bank's total equity witnessed a robust growth of 25% in FY24 reaching MUR 19.3bn, which is mainly attributable to an increase in our retained earnings by MUR 2.7bn. Of note, the Bank's Ordinary Shareholders benefitted for the very first time from an interim dividend payment of MUR 7.14 per share equivalent to a pay-out of 25% while a final dividend of MUR 17.78 per share was paid to Ordinary Shareholders. Furthermore, MUR 303.8m was paid to Series 1 and 2 Class A Shareholders during the financial year under review.
- As of 30 June 2024, the Bank's risk-weighted assets grew by 19% to stand at MUR 93.5bn while regulatory capital grew by 26% to reach MUR 19.2bn, resulting in a capital adequacy ratio of 20.55% which is above the regulatory limit.

#### OUTLOOK

The financial outlook for Mauritius remains cautiously optimistic. Our nation has indeed demonstrated remarkable adaptability despite global headwinds including pandemic recovery, geopolitical instability, and economic uncertainty. Projections, as per the International Monetary Fund ("IMF"), indicate a real GDP growth of approximately 4.9% for the current calendar year. This growth is supported by several key factors such as:

- Tourism sector recovery: rebounding visitor numbers which are bolstering revenues;
- Capital investments: significant public and private projects are stimulating economic activity; and
- Domestic consumption: increases in minimum wage and salary compensation are expected to also drive consumer spending.

While these indicators are encouraging, we must remain vigilant to external risks and maintain prudent financial management to maintain our growth trajectory. Our focus will be on optimizing resource allocation, ensuring liquidity, and identifying strategic investment opportunities to strengthen our economic position further.

On the international front, we are faced with an unfamiliar landscape, characterised by:

- Prising geopolitical tensions are slowly becoming a prime risk for the global economy, with wars in Eastern Europe and the Middle East, regions that are critical to the world's food and energy supply chains. The Middle East accounts for nearly 30% of global oil production. Furthermore, the dangers in the Red Sea keep disrupting shipping through the Suez Canal which accounts for 30% of global container traffic. These are conditions that affect the global economy and indirectly increase risks to the financial sector;
- Global trade is expected to increase this year, but will still be significantly below pre-pandemic levels. Some businesses in advanced economies are retreating from global value chains and diverting investment to domestic or regional supply chains. These trends bode ill for developing economies, for whom trade has been a key driver of productivity and improved living standards; and

#### **CHIEF FINANCIAL OFFICER'S STATEMENT (CONT'D)**

#### OUTLOOK (CONT'D)

Ultimate change is increasing the frequency of natural disasters, which tend to lower agricultural yields, thus affecting economic growth and aggravating poverty in low-income countries. Damages and risks associated with climate change will cast a long shadow over the global economy going forward if not properly tackled.

In the banking sector, increased scrutiny is expected to continue as regulators are planning meaningful changes, including new capital and liquidity requirements. There is also more and more focus on consumer protection. The advent of Fintech and AI is set to transform banking operations. Banks must adapt themselves to these new technologies, while managing associated risks, including cybersecurity threats and ethical considerations. Furthermore, banks are under increased pressure to enhance their environmental, social, and governance ("ESG") practices. This includes financing the transition to a net-zero economy and adopting sustainable investment strategies.

#### **CONCLUDING REMARKS**

Though the financial year under review was a record year for AfrAsia Bank both on the Balance Sheet and P&L sides, we need to be prudent for the future in light of the risk of decreasing interest rates globally. This will not only impact Net Interest Income for the Bank but can also affect the deposit base as investors look at rebalancing their portfolio towards other asset classes.

In that context, treasury management will be of key importance, as well as developing the loan book to protect the level of interest income. Fee-generating products should also become a priority, including wealth management, custody and cards.

Furthermore, it will be of utmost importance to embark on a well-planned investment journey to upgrade the IT infrastructure of the bank at various levels, to keep pace with the ever-evolving digital environment and ensure the bank has a robust technology platform to cover all its operational requirements.

Fundamentally, this year marks 17 years of AfrAsia's existence and we should continue to uphold those virtues intrinsic to AfrAsia and leverage the same to do what is right for our customers, employees, shareholders and society in general.

JENNIFER JEAN-LOUIS

Chief Financial Officer

# **PERFORMANCE HIGHLIGHTS**

**THE BANK** 

THE GROUP

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (MUR'm)

Net interest income, calculated using the EIR method

Non-interest income

Total operating income

Total operating expenses

Total comprehensive income for the year STATEMENT OF FINANCIAL POSITION (MUR'm)

Total assets

Loans and advances to banks and customers

Investment securities

Deposits from banks and customers

Total equity

**PERFORMANCE RATIOS (%)** 

Return on average equity

Return on average assets

Loans to deposits ratio

Cost to income ratio

**CAPITAL MANAGEMENT (%)** 

Capital adequacy ratio

30 JUNE 2022	ш	30 JUNE 2023	30 JUNE 2024	30 JUNE 2022	30 JUNE 2023	30 JUNE 2024
1,	1,494	5,712	7,144	1,492	5,712	7,144
1,	1,869	2,333	277,2	1,868	2,333	2,772
3,	3,363	8,045	9,916	3,360	8,045	9,916
1,	1,603	1,639	1,739	1,602	1,639	1,739
1,	1,436	5,883	6,942	1,443	5,883	6,942
209,000	000	231,588	261,746	209,000	231,588	261,746
39,	39,247	52,457	62,505	39,247	52,457	62,505
70,	70,965	108,686	134,697	296'02	108,686	134,697
197,442	,442	213,588	240,246	197,445	213,591	240,248
10,	10,192	15,449	19,271	10,190	15,447	19,269
	16	42	39	16	42	39
	0.7	2.7	2.8	0.7	2.7	2.8
	20	25	26	20	25	26
	48	20	18	48	20	18
15	15.76	19.40	20.55	15.76	19.40	20.55

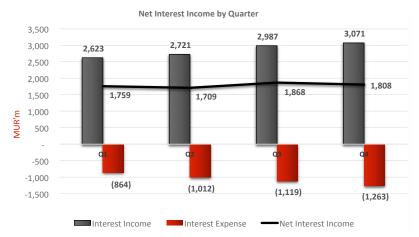
# CURRENT YEAR PERFORMANCE AGAINST OBJECTIVES AND FUTURE GROWTH

	KEY PERFORMANCE INDICATORS	OUTCOME	TARGET FOR THE NEXT FINANCIAL YEAR
Total Operating Income	With a forecasted continued high-interest rate environment, the Bank's total operating income is expected to grow by 17% to reach MUR 9.4bn.	The Bank achieved a total operating income of MUR 9.9bn, i.e., 5% above budget.	With a forecasted drop in interest rates, the Bank's total operating income is expected to remain more or less at par with FY23.
Total Operating Expenses	In view of continuous investment in the Bank's IT infrastructure and in line with the Bank's philosophy of attracting and retaining talents, the Bank's total operating expenses are expected to grow by 20% to reach MUR 2.4bn.	The Bank's total operating expenses were MUR 1.7bn, 29% below budget.	The Bank's total operating expenses are expected to grow by around 40%.
Loans and Advances	The Bank's loan book is expected to remain at par with a net loans to deposits ratio of 24%.	Net loans and advances to banks and customers grew by 19% year-on-year to reach MUR 62.5bn with a loans to deposits ratio of 26%.	The Bank's loans to deposits ratio is targeted to be greater than 20%.
Deposits	Customer deposits are expected to reach MUR 220.7bn with a 3% growth.	The growth in deposits was 9% higher with regard to the budget.	Customer deposits are expected to grow by 7%
Asset Quality	NPA ratio as a percentage of gross loans is expected to remain at 3%, the same as of the end of FY23.	The Bank's NPA ratio stood at 3% for FY24, i.e. in line with the budget.	From a portfolio quality perspective, the ratio of specific provisions for credit losses to average loans is expected to be 2% and the ratio of net impaired loans to average loans is expected to be around 1%.
Capital Management	The capital adequacy ratio is expected to be above 17.50%.	The capital adequacy ratio stood at 20.55%, which was above the target set and above the regulatory limit.	The capital adequacy ratio is expected to be above 17.50%.
Return on Average Equity	Return on average equity is expected to be above 30%.	Return on average equity stood at 39% for FY24.	Return on average equity is expected to remain above 25%.
Cost to Income	The cost to income ratio is expected to be less than 30%.	The cost to income ratio stood at 18%, i.e., 12% below target.	The cost to income ratio is expected to be less than 30%.

#### **Net Interest Income**

AfrAsia Bank's net interest income ("NII") grew by 25% year-over-year, reaching MUR 7.1bn in FY24. This increase was primarily the result of the sustained high-yield environment and an expansion of the Bank's average interest-bearing assets compared to the previous fiscal year.

The global economic landscape in FY24 was characterised by resilience and a gradual recovery, following the synchronised monetary tightening initiated by major central banks



since 2022. This tightening was a response to inflationary pressures stemming from post-pandemic supply chain disruptions, elevated commodity and energy prices, and geopolitical tensions between Russia and Ukraine as well as in the Middle East. The U.S. economy, in particular, demonstrated strength, helped by increased consumer spending and alleviating supply-chain constraints.

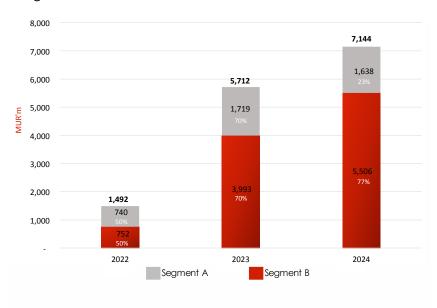
Monetary policy stances varied among major central banks:

- The U.S. Federal Reserve maintained its benchmark policy rate at 5.25-5.50% since July 2023, the highest since 2001, while projecting a potential rate cut by the end of 2024, contingent on inflation and labour market data;
- The European Central Bank ("ECB") implemented its first 25 basis point rate cut in June 2024, reducing its benchmark rate from the 4.0% peak held since September 2023. This decision was driven by continued disinflation and the need to stimulate economic growth, despite an upward revision of the ECB's 2024 inflation forecast from 2.3% to 2.5%; and
- The Bank of England maintained its 5.25% interest rate in June 2024, adopting a cautious stance despite UK inflation reaching the 2.0% target in May 2024.

Domestically, the Key Rate remained unchanged at 4.5% since December 2022, reflecting a balanced approach to managing inflation risks and supporting economic growth.

The Bank capitalised on the high interest rate environment by expanding its balance sheet through growth in both its investment securities portfolio and loan book. This dual approach of volume expansion and yield optimisation contributed to the consistent year-on-year NII growth.

Segmental analysis reveals an increase in Segment B's contribution increasing from 70% in FY23 to 77% in FY24, while Segment A's share decreased from 30% to 23% over the same period.

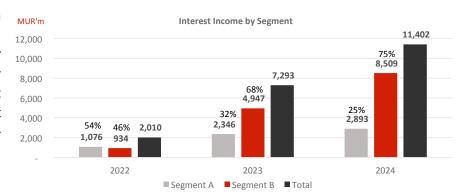


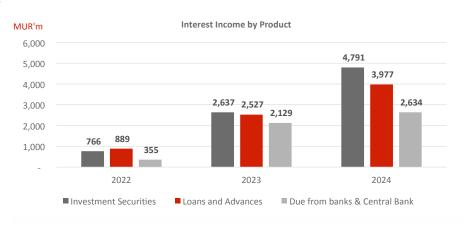
### **Interest Income**

In FY24, AfrAsia Bank realised an interest income of MUR 11.4bn, marking a solid 56% year-on-year increase. This growth was primarily driven by the prevailing high interest rate environment and a concurrent expansion of the Bank's interestearning assets.

The Bank's loan book experienced growth of 19% year-on-year. The predominantly variable-rate nature of the loan portfolio allowed for effective repricing alongside rising reference rates, contributing to improved interest income.

In terms of treasury operations, the Bank positioned a large portion of its assets in sovereign securities, both domestically and internationally. This approach capitalised on the prevailing inverse yield curve during FY24,





maximising returns on short-term instruments. Concurrently, interbank placement deals were placed at higher interest rates, further bolstering interest income.

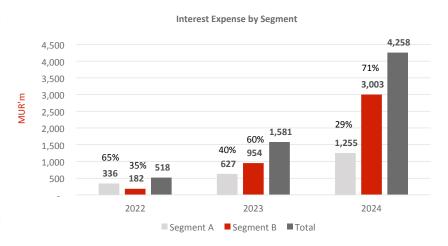
The segmental analysis reveals a shift in revenue composition, with Segment B's contribution to interest income increased by 7% year-on-year to reach 75%. This growth was primarily fuelled by a rise in the volume of foreign investment securities with higher yields and a bigger lending book in this segment.

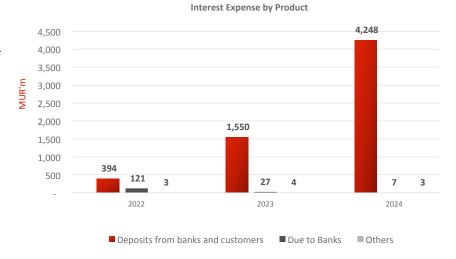
# **Interest Expense**

For FY24, AfrAsia Bank reported a strong 169% year-over-year increase in interest expenses, reaching MUR 4.3bn. This significant rise was primarily attributed to an expansion in the Bank's deposit base and an increase in the overall cost of funds ("COF").

The Bank adjusted its deposit grids to reflect the current interest rate environment which resulted in an increase in fixed deposits driven by attracted new deposit flows and also a shift from current and savings accounts.

From a segmental perspective, there was a notable rise in the composition of interest expenses. Segment B accounted for 71% of total interest expenses in FY24, while Segment A's contribution attained 29%.

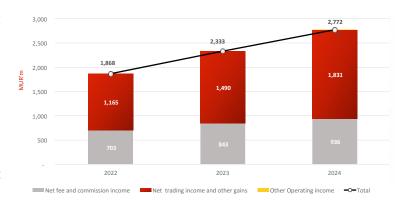




#### **Non-Interest Income**

From a performance perspective, non-interest income altogether witnessed a 19% increase compared to the prior year, rising from MUR 2.3bn to MUR 2.8bn. This year, its contribution to the operating income of the Bank reported a slight decline of 1% as opposed to the previous financial year to reach 28%.

The principal driving forces of the non-interest income in FY24 are summarised as follows:



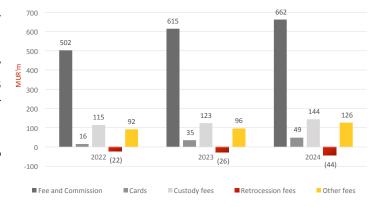
- Net fee and commission income of MUR 0.9bn (FY23: MUR 0.8bn); and
- Net trading income of MUR 1.8bn (FY23: MUR 1.5bn).

# **Net Fee and Commission Income**

Net fee and commission income reported a year-onyear increase of 11% from MUR 0.8bn to MUR 0.9bn.

The net commission income went up by 8% mainly driven by higher transactional volume of overseas transfers partly offset by commissions paid to other banks.

Other fees amounted to MUR 126.0m rose by 32% year-on-year mainly as a result of higher wealth management income.



Net card income improved by 39% to MUR 48.7m year-on-year on the back of growing cross-currency and overall spending, though impacted by the discontinuation of our prepaid cards.

As for net custody income, a 16% hike was registered from MUR 123.5m in FY23 to MUR 143.6m in FY24 fuelled by higher safekeeping fees.

Retrocession fees increased from MUR 26.3m to MUR 44.0m following the application of retrocession fees to more products.

# **Net Trading Income**

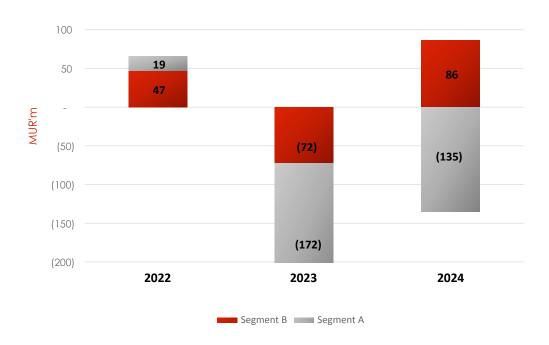
During the current financial year, the Bank's net trading income reached MUR 1.8bn, representing a growth of 23% as compared to the previous year's MUR 1.5bn.

One of the main drivers relates to new trade positioning in debt instruments during the year, contributing substantially to this increase. Additionally, net trading income benefitted from the yield movements in foreign currency government securities and corporate bonds, along with active trading in the MUR government bond market.

At 18% of the Bank's total operating income, net trading income also gained from effective management of the foreign exposure. The Bank has demonstrated a strong resilience to high FX volatility despite ongoing foreign exchange liquidity constraints and rupee depreciation in the domestic market during 2024 and partly due to a general pickup in Forex business volumes.

# **Net Impairment (Credit)/Loss on Financial Assets**

For the financial year under review, we note a net impairment credit of MUR 49.3m (FY23: MUR 243.6m). The impairment credit primarily resulted from bad debts recovered during FY24, totalling MUR 80m (FY23: MUR 98.7m), which was offset by adjustments made to the ECL model during the year.

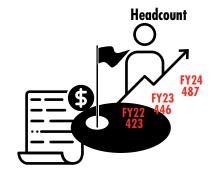


# **Total Operating Expenses**

The Bank's total operating expenses ("OPEX") for the financial year ending 30 June 2024, amounted to MUR 1.7bn, reflecting a slight decrease of 6% (MUR 100.3m) compared to the previous year. The key factors contributing to this variance were:

The Bank's personnel expenses for FY24 amounted to MUR 968.3m, representing a slight increase of 1% compared to the previous year. As of 30 June 2024, the Bank's headcount increased by a net addition of 41 employees to reach 487.

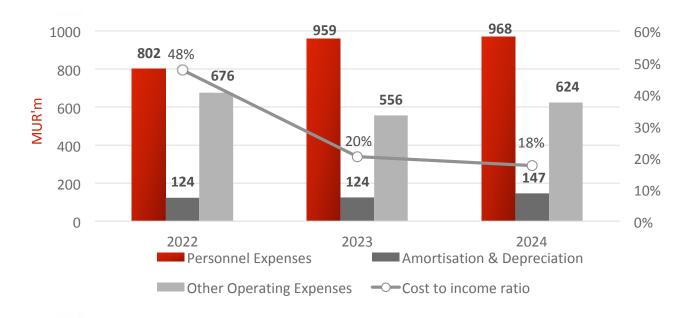
Furthermore, on the other operating expenses end, the following main variances were noted:



- Madministrative expenses: Increased by MUR 129.8m (32%), primarily due to short-term leases and provisions in respect of the initial contribution to Mauritius Deposit Insurance Scheme expected in FY25;
- Equipment and intangibles written off: Increased by MUR 78.6m (1,905%) following write-off of intangible assets in progress due to discontinuation of a project;
- Advertising and marketing expenses: Rose by MUR 19.8m (27%), driven by an increase in marketing events during the reporting period, including the 7<sup>th</sup> edition of the AfrAsia Bank Mauritius Open held in December 2023; and
- Professional and legal costs: Decreased by MUR 159.7m (211%), mainly attributed to the reversal of legal provision in the current year;

The Bank's operational efficiency showed marked improvement in FY24. Due to enhanced total operating income and relatively lower operating expenses year-on-year, the cost to income ratio decreased from 20% in FY23 to 18% in FY24.

The major elements of the Bank's other operating expenses, for the year under review 30 June 2024, include amongst others:



#### **Taxation**

The Bank's tax expense as of 30 June 2024, detailed in its Statement of Profit or Loss and Other Comprehensive Income, comprises Corporate Tax, Corporate Social Responsibility ("CSR"), Special Levy and Deferred Tax.

#### Corporate tax

The corporate tax as of 30 June 2024 has been computed at 5% for chargeable income up to MUR 1.5bn and 15% for chargeable income above the threshold of MUR 1.5bn.

#### **CSR**

CSR has been calculated at 2% of Segment A's chargeable income of the preceding financial year which is paid to Government-approved CSR projects with the remaining amount remitted to the Mauritius Revenue Authority. The Bank's CSR contributions for FY24 are MUR 37.4m as compared to MUR 19.1m for FY23.

#### Special levy

From 1 July 2023, following the enactment of the Finance Act 2023, the special levy is calculated as the lower of 5.5% of leviable income or 1.5 times the special levy amount of the base year (YOA 2017/2018).

As per the Value Added Tax Act, leviable income relates to banking transactions of Segment A and is defined as the sum of net interest income and other income before the deduction of expenses.

For both financial years ended 30 June 2023 and 2024, given that the special levy exceeded 1.5 times that of the base year, it has been capped to 1.5 times the special levy amount of the base year amounting to MUR 98.0m.

#### Deferred tax

The deferred tax asset is computed at the effective tax rate (inclusive of 2% CSR for Segment A), representing the rate at which the asset will be utilised in future years.

The Bank's tax expense increased from MUR 771.4m in FY23 to MUR 1.2bn in FY24. The effective tax rate (ETR) increased from 11.6% in FY23 to 14.6% in FY24. A lower ETR in FY23 was mainly due to the change in the tax rate from actual to the effective rate used to compute deferred tax following changes in the income tax rate in 2023.

Refer to Note 11 - Taxation for more details.

## **FINANCIAL POSITION REVIEW**

# **Total Assets**

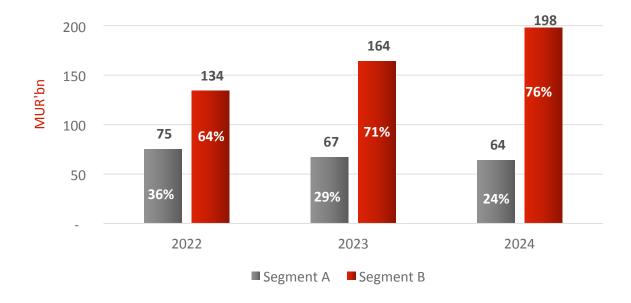
As of 30 June 2024, the Bank's total assets amounted to MUR 261.7bn, which reflects a year-on-year increase of 13%, amounting to MUR 30.1bn. This growth was primarily enabled by the expansion of our deposit base. The funds from the increased deposits were primarily channelled towards investment securities, placements and nostro accounts and loans and advances, hence contributing to the overall asset growth.

From an asset's breakdown standpoint:

- Cash and Balances with Banks and Due from Banks: Parallel to last year, this category experienced a decrease of 11% whereby the Bank has reallocated its funds into higher-yielding assets such as investment securities and loans;
- Loans and Advances to banks and Customers: An increase of 19% year-on-year has been noted. This indicates that the Bank has been expanding its lending activities through strategic positions of the Bank to attract cross-border flows and overall growth appetite matched with high levels of customer satisfaction; and
- Investment securities: A significant increase of 24% year-on-year was registered. The majority of these securities, around 93%, are debt instruments held at amortised cost, showing that the Bank has been actively fuelling investments in securities to maximise high-yielding investment avenues.

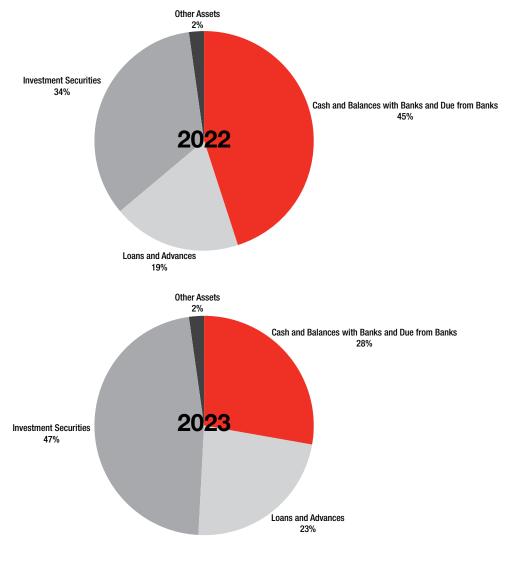
The Bank has strategised its funding approach so as to yield higher returns whilst also achieving better risk weightage positions by optimising its capital adequacy and regulatory compliance.

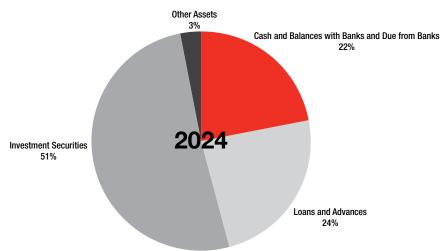
Additionally, from a segmental perspective, segment B comprised a larger proportion of total assets, i.e., 76% in 2024 which reflects a slight increase as compared to 71% in 2023 as per below:



# **Total Assets (Cont'd)**

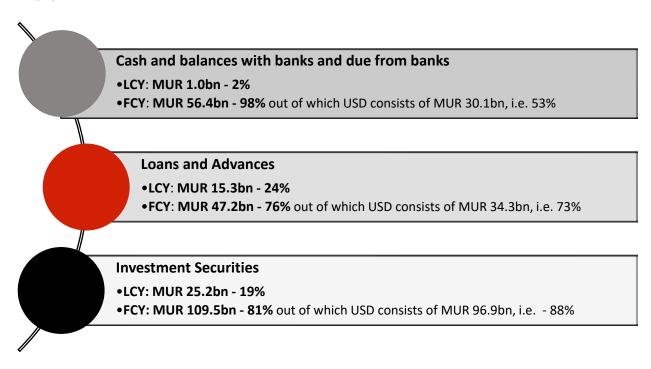
Overall, as depicted in the pie charts below, the Bank strengthened its risk diversification over its assets;





# Total Assets (Cont'd)

The currency split for total assets is as follows:



An industry breakdown of the Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

	<b>GROSS MAXIMUM EXPOSURE</b>		
Sectors – MUR'm	2022	2023	2024
	Total	Total	Total
Agriculture	1,677	1,506	866
Construction, infrastructure and real estate	2,667	4,676	7,110
Financial and business services	129,871	110,550	114,134
Government and parastatal bodies	46,435	82,918	101,591
Information, communication and technology	2,658	1,883	2,205
Manufacturing	5,386	7,274	9,150
Personal	3,292	3,753	4,659
Tourism	4,274	4,083	4,107
Traders	8,564	10,797	11,160
Others	5,592	5,066	7,281
Total	210,416	232,506	262,263

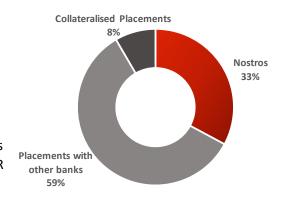
Please refer to Note 37 (b) in Section B for more details.

## Cash and Balances with Banks and Due from Banks

The main components are as follows:

- Mostro current accounts;
- Placements with banks; and
- Collateralised placements.

In view of optimising higher yields, the Bank has channelled its funds Into investment securities, thus causing cash and balances with banks and due from banks to decrease by 12% from MUR 64.4bn to MUR 57.4bn year-on-year.

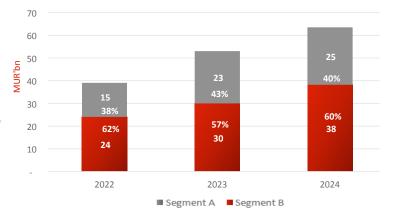


Nostro current accounts increased by 12% from MUR 16.8bn to MUR 18.8bn, placements with other banks fell by 7% from MUR 36.1bn to MUR 33.8bn and collateralised placements decreased significantly year-on-year from MUR 11.5bn to MUR 4.8bn in 2024.

### Loans and Advances to Banks and Customers

In view of diversifying its investments while still adopting a prudent approach, the Bank's net loans and advances to banks and customers showed an increase of 19%, to stand at MUR 62.5bn this financial year. Through segmental lenses, it can be observed that Segment B's contribution at 60% remained dominant like the previous financial year.

Loans and advances with remaining contractual maturities over 12 months represented 70% of the gross loan book in 2024.



# Loans and Advances to Banks and Customers (Cont'd)

As at 30 June 2024, the credit portfolio of the Bank together with its distributed concentration across sectors is tabulated below:

Sectors – MUR'm	2022	2023	2024
	Total	Total	Total
Agriculture and fishing	1,133	1,186	696
Manufacturing	2,820	4,668	5,675
Tourism	3,967	3,757	3,775
Transport	499	936	747
Construction, infrastructure and real estate	2,667	3,735	6,147
Financial and business services	16,130	21,611	25,928
Traders	7,594	8,962	9,127
Personal	3,297	3,753	4,657
Professional	73	1,390	1,256
Information, communication and technology	1,505	1,396	1,645
Government and parastatal bodies	185	2,021	2,578
Other entities	1,698	1,015	2,228
Gross Loans and advances to banks and customers	41,568	54,430	64,459

Please refer to Note 41 (X(a) and (b)) in Section B for details on segmentation.

# Loans and Advances to Banks and Customers (Cont'd)

## **Allowance for Impairment Losses**

The Bank's allowance for impairment losses denotes estimated losses correlated to impaired loans in the portfolio provided for but not yet written off, and allowances for performing loans, which is our best estimate of impairment in the existing portfolio for loans that have not yet been individually identified as impaired.

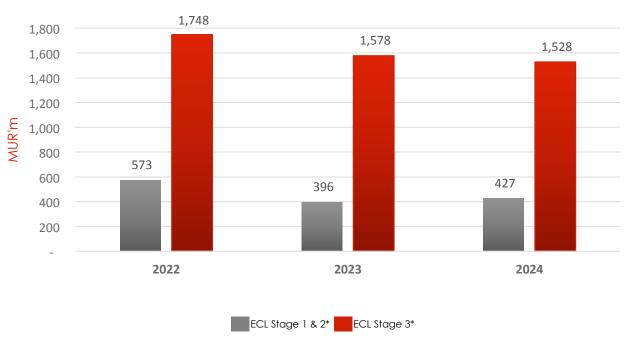
Our approach to establishing and maintaining the allowance for performing loans is based on the requirements of IFRS. Under the IFRS 9 – "Financial Instruments", an allowance is recorded for ECL on financial assets regardless of whether there has been actual impairment.

Allowance for impairment losses decreased slightly by 1% as compared to last year, standing at MUR 2.0bn. Stage 1 and 2 provisions increased by 8% following refinements brought into

The Bank's NPA remained relatively unchanged, standing at MUR 1.7bn as of end June 2024. Consequently, the Bank's NPA ratio remained steady at 3%, the same as in 2023.

The Bank's coverage decreased from 94% in 2023 to **91%** in 2024, due to transfer of loans with collateral to stage 3, which do not warrant full provision.

the ECL model during the year and an overall increase in their respective exposures. Stage 3 provision on the other hand, fell from MUR 1.6bn in FY23 to MUR 1.5bn in FY24 on the back of repayment of non-performing accounts (NPA) and write-off against provisions amounting to MUR 83.9m in 2024 (2023: 174.1m).



(The above includes interest component.)

# Loans and Advances to Banks and Customers (Cont'd)

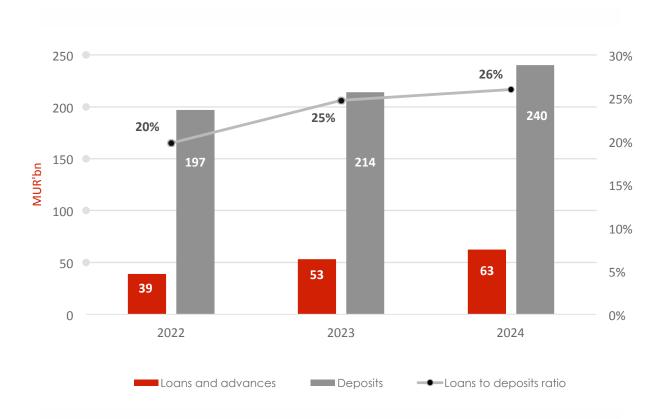
The breakdown of loans and advances relative to the non-performing portion and its corresponding provision by sector remains an important section for discussion and analysis and the information is tabulated below:

Sectors – MUR'm	2024					
	Gross amount of loans Non-performing loa		ming loans	ns Stage 3 ECL		
	Segment A	Segment B	Segment A	Segment B	Segment A	Segment B
Agriculture and	122	574	-	574	-	574
fishing						
Manufacturing	643	5,032	-	-	-	-
Tourism	3,235	541	-	-	-	-
Transport	42	705	-	238	-	215
Construction,						
infrastructure and	4,285	1,861	53	-	2	-
real estate						
Financial and	6,312	19,616	2	551	_	525
business services	0,312	19,010	2	331	_	323
Traders	3,349	5,778	1	-	1	-
Personal	3,924	733	50	2	15	2
Professional	566	690	35	10	17	10
Information,						
communication and	936	709	167	-	167	-
technology						
Government and	_	2,578			_	
parastatal bodies	-	2,378	-	_	-	-
Other entities	2,224	4	-	-	-	-
Total	25,638	38,821	308	1,375	202	1,326

From a sector standpoint, the financial and business services sector leads with 40% (2023: 40%) of the gross loan portfolio followed by the traders' sector with a 14% (2023: 16%) contribution. Similarly, the agriculture and fishing sector remains the most provided sector from a non-performing loan viewpoint, followed by the financial and business services sector, and transport sector.

## **Loans to Deposits Ratio**

A higher net loans to deposits ("LTD") ratio was noted in 2024, standing at 26% compared to 25% in the previous year. From a currency perspective, this ratio can be further broken down into LCY at 60% and FCY at 22%, compared to LCY at 49% and FCY at 22% in the previous year. The rising LTD ratio has been triggered by the relative increase in both determinants of the ratio i.e. deposits from banks and customers improving by 12% compared to a growth of 19% in net loans and advances to banks and customers.



### **Investment Securities**

As of 30 June 2024, the Bank held securities under the following categories:

- Financial assets held for trading measured at fair value through profit or loss ("FVTPL");
- Debt instruments measured at amortised cost;
- Equity Investments designated at fair value through other comprehensive income ("FVTOCI"); and
- Equity Investment measured at fair value through profit or loss ("FVTPL").

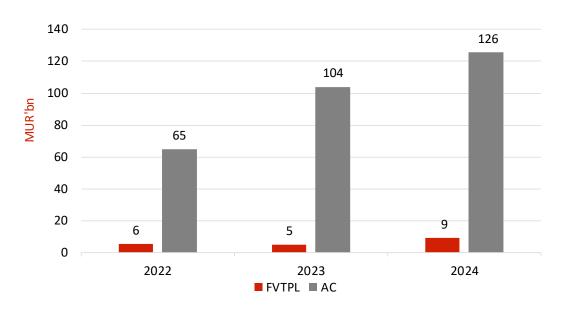
It is worthwhile to note that the Bank has incurred a significant growth of 24% i.e. MUR 26.0bn, increasing from MUR 108.7bn to MUR 134.7bn in investment securities; primarily in debt instruments measured at amortised cost ("AC") portfolio with the majority investments being in foreign securities.

As of 30 June 2024, the currency split of the Bank's investment securities portfolio is as follows:

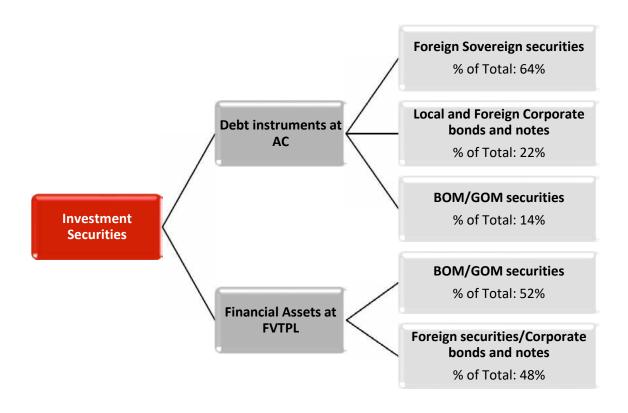
- LCY: MUR 25.2bn; and
- FCY: MUR 109.5bn (of which USD represented MUR 96.9bn).

# **Investment Securities (Cont'd)**

The main constituents are depicted below:



The main elements of investment securities are as follows:



#### Liabilities

## **Deposits from Banks and Customers**

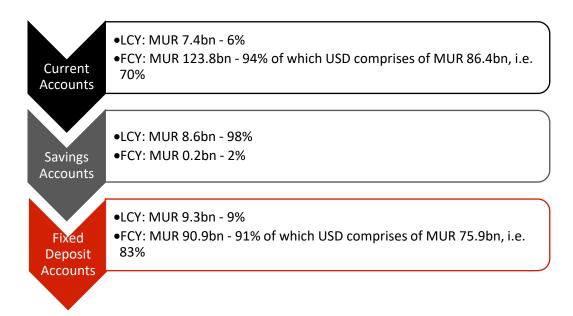
Despite the challenging economic environment characterised by rising inflation and increased cost of living, the Bank's deposit base demonstrated robust growth. As of 30 June 2024, our deposits reached MUR 240.2bn, up from MUR 213.6bn at the end of June 2023, representing a 12% increase.

This growth can be attributed to an increase in volume resulting from the growing confidence of our clients and at the back of currency retranslations as the majority of our deposits are denominated in foreign currencies. These currency movements have positively impacted our total deposit figures.

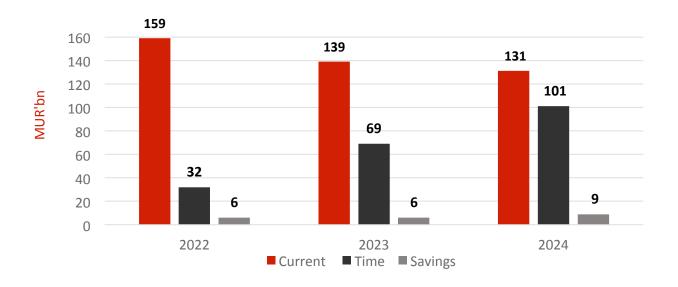
This growth in deposits, particularly in a challenging economic climate, underscores the Bank's strong market position and the effectiveness of our client-centric strategies.

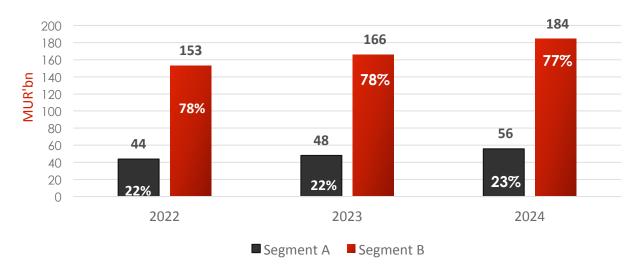
The split of the customer deposits base was as follows:

- Current accounts MUR 131.2bn, that is, 55% of total deposits and 6% contraction year-on-year;
- Savings accounts MUR 8.8bn, that is, 3% of total deposits and 52% expansion year-on-year; and
- Fixed deposits MUR 100.2bn, that is, 42% of total deposits and 46% growth year-on-year.



# Deposits from Customers and Banks (Cont'd)



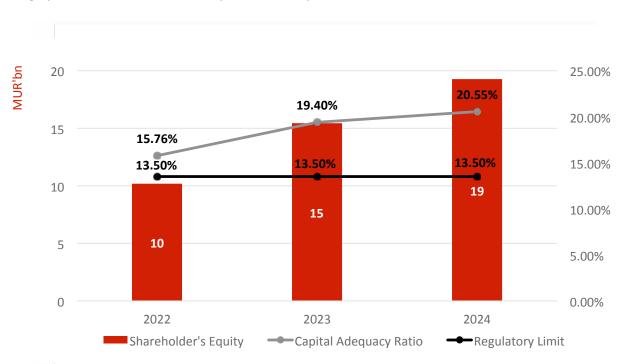


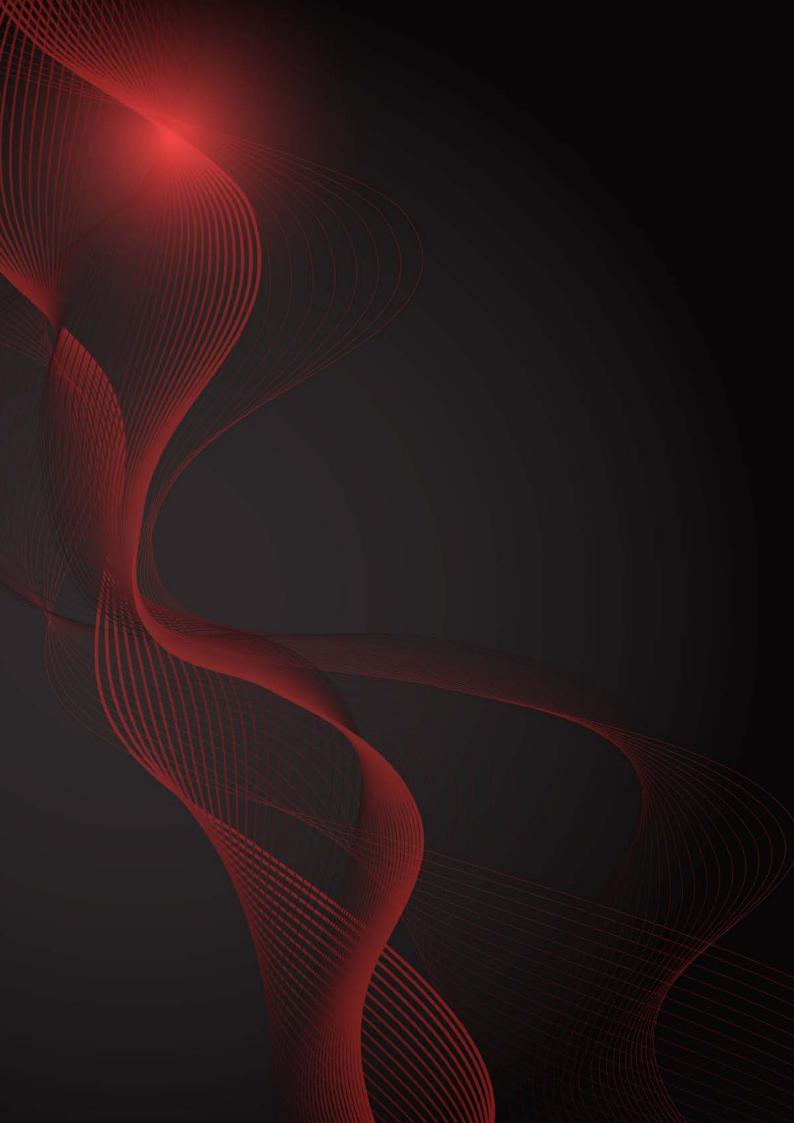
# **Shareholders' Equity and Capital Adequacy Ratio**

The Shareholders' Equity represents the financial foundation of the Bank, supporting our growth, risk management, and ability to deliver value to our stakeholders. As of the end of the financial year ended 30 June 2024, the Bank's Shareholders' Equity stood at MUR 19.3bn, reflecting a 25% increase from MUR 15.4bn for the previous financial year driven by higher profit. Class A dividends of MUR 0.3bn and Ordinary Dividends of MUR 2.8bn were paid out of retained earnings during the financial year.

The total regulatory capital of the Bank reached MUR 19.2bn as of the end of the financial year ended 30 June 2024, compared to the total regulatory capital of MUR 15.3bn for the prior financial year. The Common Equity Tier 1 ("CET1") capital and Tier 1 capital stood at MUR 17.0bn and MUR 18.4bn respectively on the back of yet another record performance of the Bank with net profit after tax of MUR 7.0bn for the financial year.

The Bank's total capital adequacy ratio ("CAR") reached 20.55% as of the end of the financial year ended June 2024, improving by 1.15% from 19.40% for the prior financial year.





# Corporate Governance Report





# **CORPORATE GOVERNANCE REPORT**

# **GENERAL**

The Board of Directors ("Board") of AfrAsia Bank Limited ("AfrAsia Bank" or "the Bank") believes that endorsing principles of good governance carves the path towards creating a solid foundation. The Board is continuously improving its corporate governance framework to direct, steer, and control the Bank in the most efficient way. This approach is designed to sustain value creation for all stakeholders of the Bank. In furtherance of these objectives, the Board shall take all necessary and appropriate actions, by applicable laws, regulations, and best practices, to maintain and improve the Bank's corporate governance standards.

AfrAsia Bank and its Board have taken the required steps to comply with the principles set out in The National Code of Corporate Governance for Mauritius 2016 (the "Code").

The disclosures pertaining to the 8 principles of the Code have been made in different sections of the Annual Report, as shown below:

DISCLOSURE REFERENCES		
Principle	Contained in	
Principle 1 - Governance Structure	Corporate Governance Report	
<ul> <li>Principle 2 - The Structure of the Board and its</li> <li>Committees</li> </ul>	Corporate Governance Report	
<ul> <li>Principle 3 - Directors Appointment Procedures</li> </ul>	Corporate Governance Report	
Principle 4 - Director Duties, Remuneration and     Performance	Corporate Governance Report	
Principle 5 - Risk Governance and Internal Control	Corporate Governance Report     Risk Management Report	
Principle 6 - Reporting with Integrity	<ul><li>Corporate Governance Report</li><li>Financial Statements</li><li>Sustainability Report</li></ul>	
Principle 7 - Audit	Corporate Governance Report	
Principle 8 - Relations with Shareholders and Other Key Stakeholders	Corporate Governance Report     Sustainability Report	

# PRINCIPLE ONE – GOVERNANCE STRUCTURE

#### Introduction

AfrAsia Bank, a public interest entity as per the Financial Reporting Act 2004 (as amended), incorporated on 12 January 2007, holds a banking licence issued on 29 August 2007 by the Bank of Mauritius ("BOM"). Its core banking and transactional capabilities are based in Mauritius, along with a representative office in Johannesburg, South Africa. AfrAsia Bank is one of the five Domestic-Systemically Important Banks ("D-SIBs") as classified by the BOM.

The adherence to good governance practices, as part of the Bank's overall strategy, is key to its success and to creating value for its key stakeholders.

The Corporate Governance Report is available on the Bank's website: https://www.afrasiabank.com/en/about/investors/annual-reports

# **Our Governance Framework and Accountabilities**

The Bank has an effective and committed unitary Board with balanced skills, knowledge, experience, and independence, collectively geared in leading and controlling the organisation to take the necessary steps to adhere to all legal and regulatory requirements including, but not limited to:

- The National Code of Corporate Governance for Mauritius 2016 (as amended);
- The Banking Act 2004 (as amended);
- Guideline on Corporate Governance 2001 (as amended) issued by BOM;
- The Companies Act 2001 (as amended); and
- The Financial Reporting Act 2004 (as amended).

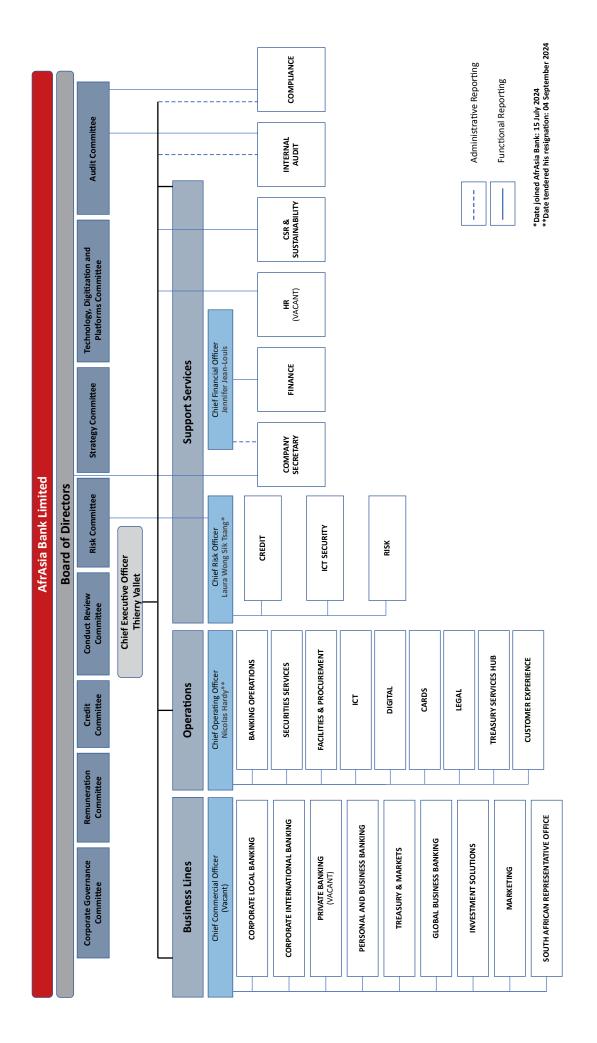
The roles and responsibilities of the Board and its structure are highlighted in its Board Charter. AfrAsia Bank has in place a Conduct and Ethics Policy approved by the Board and in line with same, it is committed to employing the right people and promoting a culture of mutual respect and ethical behaviour. The Bank promotes transparency and all staff and Directors are made aware of their duties and responsibilities.

A copy of the Bank's Conduct and Ethics Policy is available on its website as follows: (https://www.afrasiabank.com/media/3222/conduct-and-ethics-policy-staff.pdf).

# Our Group Structure as of 30 June 2024



# Our Governance Structure as of 30 June 2024



# **Key Governance Positions**

The Board sets the tone for its members, management, and employees to uphold the highest standards of integrity, transparency, and probity.

The Charter, which the Board reviews and approves as and when required, delineates all key governance positions within the Bank and their respective accountabilities, which are deemed critical for driving strategic performance and for optimising adherence to good governance. A clear line of demarcation is drawn between the roles and responsibilities of the Board, its Chairperson, and the Chief Executive Officer ("CEO") to ring-fence any unfettered powers; these respective duties are listed below:

## **Chairperson of the Board**

The role of the Chairperson includes:

- To preside over meetings of directors and to ensure the smooth functioning of the Board in line with best practices of good corporate governance;
- Y To preside over the Bank's meetings of shareholders;
- To provide general leadership to the Board and encourage the active participation of each director in discussions and board matters:
- To participate in the selection of Board members to ensure an appropriate mix of gender, competencies, experience, skills, and independence on the Board;
- To ensure that newly appointed directors participate in an induction programme with the support of the Company Secretary and other Executives of the Bank;
- To ensure that the development needs of the directors are identified and appropriate training is continuously provided;
- To oversee a formal succession plan for the Board, the CEO, and Senior Management;
- To provide support and supervision to the CEO;
- To make sure that monitoring and evaluation of the Board and the directors' appraisal are carried out;
- To ensure that all relevant information and facts are given to the Board to enable it to take informed decisions;
- To ensure that the decisions made by the Board are executed promptly and in a proper manner; and
- To maintain sound relations with the Bank's stakeholders and ensure that the principles of effective communication and pertinent disclosure are followed.

#### **Chief Executive Officer**

The role of the CEO includes:

- To be directly responsible for the day-to-day operations of the Bank and to be conversant with the state of internal control, the prevailing legislation, as well as current issues and policies affecting the financial sector;
- To develop and recommend to the Board a long-term vision and strategy for the Bank that will generate satisfactory levels of shareholder value and positive, reciprocal relations with the relevant stakeholders;
- To devise and recommend to the Board annual business plans and budgets that support the Bank's long-term strategy. The CEO must ensure that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board;
- To strive consistently to achieve the Bank's financial and operational goals and objectives and ensure the proper management and monitoring of the daily business of the Bank;
- To be the chief spokesperson for the Bank concerning all operational and day-to-day matters;
- To attend meetings of the shareholders and be ready to present material operational developments, along with the other key officers of the Bank;
- To be responsible for implementing a performance and accountability regime for senior management personnel;

# **Key Governance Positions (Cont'd)**

## Chief Executive Officer (Cont'd):

The role of the CEO includes (Cont'd):

- To raise with the Board any matter of significance affecting the Bank that requires the Board's attention, including any matters that exceed the delegated authority of the executive management;
- To ensure that the policies spelt out by the Board in the Bank's overall corporate strategy are implemented;
- To identify and recommend to the Board competent officers to manage the operations of the institution and overview the organisational structure of the bank. In the fulfilment of this duty, the CEO should ensure that the Bank's human resources policy is adhered to;
- To coordinate the operations of the various departments within the Bank;
- To establish and maintain efficient and adequate internal control systems; and
- To design and implement the necessary management information systems in order to facilitate efficient and effective communication within the Bank. The CEO has to ensure that appropriate management information systems and tools are in place for the purpose of reviewing and controlling the Bank's operations and to organise all data collected from every level of the Bank, summarise it, and present it in a way that facilitates and improves the quality of the decisions being made to improve the Bank's profitability and productivity.

## **Company Secretary**

The role of the Company Secretary includes:

- To provide the Board with guidance as to its duties, responsibilities, powers, and governance matters;
- To inform the Board of all legislation relevant to or affecting meetings of shareholders and the Board of Directors, reporting at any meetings and the filing of any documents required of the Bank, and any failure to comply with such legislation;
- To maintain registers properly;
- To certify in the annual financial statements of the Bank that the Bank has submitted to the Registrar of Companies all such returns that are required of the Bank as per the applicable laws and regulations;
- To ensure that a copy of the Bank's annual financial statements and the annual report are sent to every person entitled to such statements or reports in accordance to the laws and regulations;
- To ensure that minutes of all meetings of shareholders or the Board directors are properly recorded and that all statutory documents are properly kept and recorded;
- To prepare the agenda of the Board, Board Committees, and shareholders' meetings in consultation with the Chairperson and the CEO, and to circulate the agendas and supporting documents in a timely manner;
- To facilitate the proper induction of directors into their roles; and
- To ensure that there is a good communication flow within the Board, within the Board Committees, and between the management and the non-executive directors.

#### **Executive Team Profile**

#### THIERRY VALLET

Chief Executive Officer and Executive Director

Master of Business Administration - International Finance
HEC Paris, France
B.Tech (Hons) in Engineering
University of Mauritius

Date joined AfrAsia Bank: 20 August 2007

Engineer by trade, Thierry Vallet is a seasoned banker with more than 20 years' experience at senior leadership level. He joined AfrAsia Bank as Founder Executive and Head of Strategic Development in 2007, playing a pivotal role in shaping the Bank from its inception.

He has a proven track record of accelerating growth across business lines, namely, private banking, wealth management, investment banking, corporate banking, and treasury and markets. He has continuously promoted the Mauritius International Financial Centre ("IFC") to position the country as one of repute to attract investors.

Furthermore, he was awarded the Global Marketer of the Year 2024 by the world-renowned Academy of Marketing Science ("AMS"), thus making him the first Mauritian to win a global marketing award.

### JENNIFER JEAN-LOUIS

Chief Financial Officer and Executive Director

#### Member

Mauritius Institute of Directors ("MIoD")

#### **Fellow Member**

Institute of Chartered Accountants in England and Wales Chartered Tax Advisor

Master of Applied Finance

Charles Sturt University

Date joined AfrAsia: 30 July 2007

Jennifer Jean-Louis is a seasoned Chartered Accountant with over 25 years of experience in auditing, taxation, and advisory services, both locally and internationally. She has been an integral part of AfrAsia Bank since its inception, playing a pivotal role in establishing the Bank's financial framework and structure.

As the head of the finance team, she has made significant contributions to the Bank's financial affairs. Her expertise extends beyond core financial management as she has been instrumental in driving various strategic initiatives. These include capital raising exercises, Mergers and Acquisitions ("M&A"), Corporate Governance framework enhancements, and International Financial Reporting Standards ("IFRS") implementations.

In recognition of her extensive experience and valuable contributions, she was appointed Executive Director of AfrAsia Bank in 2022. In this capacity, she brings her wealth of knowledge to the Board, helping to guide the Bank towards new heights of success while promoting the Bank's strategic vision forward.

# **Executive Team Profile (Cont'd)**

#### **LAURA WONG SIK TSANG**

Chief Risk Officer

#### Member

MIoD

Maîtrise-es-Sciences Economiques specialisation Croissance et Développement

University of Paris 1 Panthéon-Sorbonne, France

**Licence-es-Sciences Economiques** 

University of Paris 1 Panthéon-Sorbonne, France

Diplôme D'études Universitaires Générales-es-Sciences Economiques

University of Paris 1 Panthéon-Sorbonne, France

Date joined AfrAsia: 15 July 2024

Laura Wong Sik Tsang took on the role of Chief Risk Officer at AfrAsia Bank Limited on 15 July 2024. With over 19 years of experience in the banking industry, she occupied different key management positions as Head of Credit Administration, Head of Investigations, Head of Compliance and Permanent Control, Head of Internal Audit, and Head of Credit. Prior to joining AfrAsia Bank, she served as Chief Risk Officer for nearly four years in the Mauritian banking sector.

#### **NICOLAS FABIEN HARDY**

Chief Operating Officer

Master of Business Administration
University of Cape Town, South Africa
BSc Mathematics
University of Natal, South Africa

Date joined AfrAsia: 03 June 2019

Nicolas Fabien Hardy cumulates over 20 years of international banking experience having worked for JP Morgan Fleming in the UK before returning to Mauritius in 2002 to work for a large international bank. His responsibilities grew from treasurer to include the management of various committees, including credit, risk, private banking, FI and management.

He tendered his resignation on 04 September 2024.

# **Senior Management Team Profile**

#### **NADEEM ABDUL CARRIM**

Head of Global Business

#### **Master of Business Administration**

Plymouth University, United Kingdom

#### **BCom**

Natal University, South Africa

Date joined AfrAsia: 27 September 2007

Nadeem A. Carrim is a seasoned banking professional with over two decades of experience, primarily in global business, relationship management, and managing operational functions. He has a proven track record in building high-performing teams, expanding international presence, and fostering strong relationships with key clients, business introducers and senior management.

His international expertise, including involvement in setting up operations abroad, notably in Dubai, showcases his forward-thinking approach.

### **LOTESWAR (ANIL) FANGOO**

Group Head Compliance and MLRO

#### Member

Association of Certified Anti-Money Laundering Specialists MIoD
Association of Certified Fraud Examiners (ACFE)

#### **Fellow Member**

International Compliance Association

Certified Anti-Money Laundering Specialist (CAMS)

Date joined AfrAsia: 15 July 2009

Loteswar (Anil) Fangoo has been an integral part of the compliance and legal field of the Banking Sector in Mauritius for nearly 35 years. He started his career in 1990 at SBI Mauritius and climbed the ladder to being the assistant manager heading its Legal and Compliance department before joining AfrAsia Bank in 2009 as Head of Compliance and MLRO.

Throughout his journey, he has acquired expertise in the legal, operations, recovery, compliance, financial crime and anti-money laundering fields, amongst others. His banking experience and vast expertise, coupled with his leadership skills, have pillared his success in establishing a robust enterprise-wide compliance framework for AfrAsia and building a strong compliance culture across the bank.

In his MLRO capacity, he assists the Bank's senior management team in continually developing and maintaining an effective anti-money laundering and counter-terrorist financing compliance philosophy.

He also brings with him valuable knowledge and experience in Corporate Governance matters and provides relevant advice to the Board and senior management.

# Senior Management Team Profile (Cont'd)

## **DWEJENDRANATH (JEN) RAMANAH**

Head of Treasury and Markets

Member

MIoD

Master of Business Administration
Edinburgh Business School, Heriot-Watt University
BSc (Hons) Management
University of Mauritius, Mauritius

Date joined AfrAsia: 1 September 2007

Dwejendranath (Jen) Ramanah has nearly 45 years in the banking industry, 25 of which spent at the Bank of Mauritius, where he eventually became a Dealer in their Financial Markets Department.

Before joining AfrAsia Bank in September 2007, he worked in the Treasury Business Unit of The Mauritius Commercial Bank Ltd as Chief Money Market Trader. He is among the veterans of the management team of AfrAsia Bank and has played a key role in shaping the Bank's Treasury department.

# PRINCIPLE TWO – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board is responsible for the overall stewardship of the Bank. It thus plays a vital role in ensuring that good governance principles are entrenched and reflected in the Bank's activities.

The powers and duties of the Board are set out in the Bank's Constitution and its Charter. The Board is aware of its responsibilities and statutory duties under relevant legislations such as the Banking Act 2004 (as amended), the Financial Reporting Act 2004 (as amended), the Financial Services Act 2007, and the Companies Act 2001.

To ensure effective contributions from the Directors, no alternate directors have been appointed during the year.

# The Key Roles and Responsibilities of the Board include:

- To head, lead, and control the Bank effectively;
- To determine the Bank's purpose, strategy, and values. The Board is responsible for setting the long-term goals, doing the strategic planning, and sanctioning action plans;
- To keep all the shareholders informed of material events affecting the Bank as determined by the Board;
- To ensure that the Bank is governed in a transparent manner through accurate and timely information to the public, through its reports to the BOM and relevant authorities, and in its annual report;
- To periodically conduct a self-assessment of its effectiveness as well as that of its subcommittees;
- To monitor and evaluate the implementation of strategies, policies, management performance criteria, and business plans. The Board must provide guidance, maintain effective control over the Bank and monitor the Bank's management in carrying out the Board's plans and strategies;
- To exercise leadership, enterprise, intellectual honesty, integrity, objectivity and judgement in directing the Bank so as to achieve sustainable prosperity for the Bank.
- To ensure that procedures and practices are in place to protect the Bank's assets, reputation, and interests generally. Thus, the Board must regularly review processes and procedures to guarantee the effectiveness of the Bank's internal control systems;
- To consider, on the recommendation of the Corporate Governance Committee, the necessity and appropriateness of installing a mechanism by which breaches of the principles of Corporate Governance could be reported;
- To define levels of materiality, reserving specific powers for itself and delegating other related matters with the necessary written authority to the management of the Bank. These matters should be monitored and evaluated by the Board on a regular basis. Such delegation by the Board must have due regard for the directors' statutory and fiduciary responsibilities to the Bank while taking into account strategic and operational effectiveness and efficiency;
- To set principal policies in respect of risk and the conduct of business for the Bank. The Board must regularly monitor that senior management is running the business in accordance with such policies;
- To be responsible for the appointment of the CEO and ensure that its succession is planned and that an emergency replacement plan exists in case of temporary disability. The Board shall set out the criteria for measuring the CEO's performance annually in achieving the approved corporate objectives and risk appetite framework;
- To determine the remuneration policy applicable to the staff, executive committee, and senior management, upon recommendation of the Remuneration Committee;
- To ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation;

# The Key Roles and Responsibilities of the Board include (Cont'd):

- To ensure that there is appropriate oversight by senior management consistent with Board policy;
- To ensure that the Bank complies with all the relevant laws, regulations, guidelines, regulatory requirements and codes of business practice;
- To approve the quarterly accounts ensuring that they have been prepared using the appropriate accounting policies and standards and fairly present the state of affairs of the Bank and any other information for disclosure to the market;
- To declare dividends when appropriate and determine the amount of dividends to be declared;
- To approve the budget at least annually and review the main investment proposals;
- To avoid any conflict of interest. A director should make the best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest. A director shall forthwith after becoming aware of the fact that he or she is or could be interested in a transaction or proposed transaction with the Bank, disclose same to the Board and cause same to be entered in the Interests Register;
- To maintain high ethical standards, in instances of an actual or potential conflict of interest, the director concerned should not be present at that part of the meeting in which the conflict or potential conflict is discussed and should not participate in the debate, vote or indicate how he or she would have voted on the matter in the Board or the committee meeting;
- Subject to the Banking Act, Companies Act and the Code of Corporate Governance, the Directors of the Bank shall not make use of, or disclose, any confidential information received by them on behalf of the Bank as Directors otherwise than as permitted and in accordance with the Act;
- To approve the terms and conditions for credit facilities to the staff of the financial institution under the terms and conditions of employment contracts;
- To approve credit facilities for staff that are not in line with the terms and conditions as approved by the Board;
- All exposures approved by the Conduct Review Committee must be duly noted by the board on a quarterly basis;
- To receive quarterly reports on the performance of credit exposures and any other transactions approved by the Conduct Review Committee;
- To approve relevant approval authorities for related party transactions;
- To approve write-offs of related party credit exposure; and
- To approve and oversee the strategy for climate-related and environmental risks and opportunities management.

The Board Charter is available for consultation on the Bank's website.

(https://www.afrasiabank.com/en/about/corporate-governance/governance-framework)

# **Prior Approval of the Board**

As per the Companies Act 2001 and the Constitution powers not to be delegated by the Board include the following:

- Issue of other shares;
- Consideration for the issue of shares;
- Shares not paid for in cash;
- Mathorisation of distribution;
- Shares issued in lieu of dividend;
- Shareholder discount;
- Purchase of own shares;
- Redemption at the option of the Bank;
- Restrictions on giving financial assistance;
- Change of Registered Office;
- Mathematical Proposal Approval of amalgamation proposal;
- Short form amalgamation; and
- Transfer of shares.

#### **Our Directorate**

The Company's Constitution stipulates that the Board of Directors shall consist of not less than 5 and not more than 14 directors. As of 30 June 2024, the Board consisted of 13 highly qualified individuals from diverse backgrounds, both local and international, offering a balanced blend of knowledge, skills, expertise and independence across various sectors.

In compliance with the Code of Corporate Governance, the Board has 2 executive directors to ensure the necessary executive management presence on all Boards.

In line with the BOM's Guideline on Corporate Governance, the Bank adheres to the requirements in terms of Independent Non-Executive Directors serving on the Board.

The Board acknowledges that as of 30 June 2024, it had 1 out of 2 Independent Non-Executive Directors and/or Non-Executive Directors with relevant experience in cyber/technology-related matters in line with BOM's Guideline on Cyber and Technology Risk Management. The Board is considering the appointment of a suitable candidate to fill this gap.

Jean-Raymond Rey, Non-Executive Director and Chairperson of the Board, did not stand for re-election at the Annual Meeting of Shareholders ("AMS") held on 11 December 2023. Olivier Emmanuel Jauffret was appointed as an Independent Non-Executive Director on 6 March 2024 and was subsequently appointed as the Chairperson of the Board on 29 March 2024.

All Directors are elected or re-elected on an annual basis by way of separate resolutions at the annual meeting.

Below are the **appointments** made during the year under review:

30 January 2024	Laurent François De La Hogue	Non-Executive Director
14 February 2024	Dipak Chummun	Non-Executive Director
06 March 2024	Olivier Emmanuel Jauffret	Independent Non-Executive Director
01 April 2024	Thierry Vallet	Executive Director

**Note**: Tabled in chronological order.

Below are the **resignations** made during the year under review:

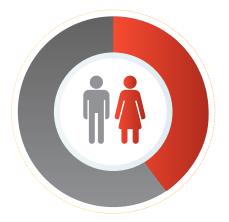
13 February 2024	Isabelle Alvares Pereira De Melo Non-Executive Director	
06 March 2024	Louis Didier Merle	Independent Non-Executive Director
25 April 2024	Dipak Chummun	Non-Executive Director

Note: Tabled in chronological order.

The aforementioned changes in Board composition have been properly documented in the Bank's records and disclosed to all relevant regulatory bodies and stakeholders as required by law.

# **Our Directorate (Cont'd)**

Further details of the Board composition as of 30 June 2024 are shown hereafter.



69% 9 MALE MEMBERS

31% 4 FEMALE MEMBE





2 EXECUTIVE DIRECTORS

6 INDEPENDENT NON-EXECUTIVE DIRECTORS

5 NON-EXECUTIVE DIRECTORS



# **Our Directorate (Cont'd)**

The various committees and their short-form appellations are summarised below for future reference in the report:

AC	Audit Committee	REC	Remuneration Committee
CGC	Corporate Governance Committee	RC	Risk Committee
CRC	Conduct Review Committee	sc	Strategy Committee
СС	Credit Committee	TDP	Technology, Digitization and Platforms Committee

### **Directors' Profiles**

#### **OLIVIER EMMANUEL JAUFFRET**

Chairperson and Independent Non-Executive Director

#### Former Member of the Paris Bar

Master of Laws (LL.M Degree) in International Business Law
University College London
Diploma of Advanced Legal Studies (Dess/Djce/Magistère) in Business Law
Aix-En-Provence University
Master in Law

Aix-En-Provence University

Date of first appointment as Director: 06 March 2024

Length of service as Director: 4 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

None

#### Committee membership:



Olivier Emmanuel Jauffret graduated in 1992 from the Law University of Aix-en-Provence and subsequently from London University. He holds a DESS and Magistère in business law, tax law and accounting and a postgraduate law degree (LL.M) from University College London. He was admitted to the Paris Bar in 1994.

He spent his entire professional life as a lawyer in the Paris office of two world-leading international (UK and US) law firms, Linklaters and Weil Gotshal Manges, 22 years of which as a partner of each firm successively. He has over 30 years of experience as a fully versatile banking lawyer advising creditors and debtors (banks, funds and corporate) across the whole spectrum of products on the bank debt markets with in-depth knowledge of all financing and regulatory features. He was the head of the Paris banking practice at both firms with a focus on clients and transactions with an international footprint. He was widely recognised as one of the few leading banking lawyers of his generation.

### **THIERRY VALLET**

Chief Executive Officer and Executive Director

**Master of Business Administration - International Finance** 

HEC Paris, France

Date of first appointment as Director: 01 April 2024

Length of service as Director: 3 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

AfrAsia Investments Ltd Quatre par Quatre Ltée Trol Ltée

# Committee membership:



Please refer to "Executive Team Profile" for profile details.

# JAN FREDRIK LOUIS GAËTAN BOULLÉ

Non-Executive Director

Ingénieur Statisticien Economiste (ISE)

France

Postgraduate studies in Economics

Université Laval, Canada

Date of first appointment as Director: 09 October 2020

Date of the last re-election: 11 December 2023 Length of service as Director: 3 years and 9 months

#### Directorship in listed entity(ies):

Bluelife Ltd

IBL Ltd (Chairman)

Lux Island Resorts Ltd

Phoenix Beverages Ltd

Phoenix Investment Company Limited

The United Basalt Products Ltd

### Directorship in other non-listed entity(ies):

**Bloomage Ltd** 

Camp Investment Company Ltd

**Dotexe Ventures Ltd** 

**Ecocentre Ltee** 

**GML Finance Holding Ltd** 

GML Ineo Ltee

GML Ltee (Chairman)

Haute Rive Holdings Limited

HR Golf Holding Ltd

**IBL Link Ltd** 

and other non-listed Mauritian companies.

# Committee membership:

CGC

REC

Jan Fredrik Louis Gaëtan Boullé has begun his career in 1982 as "Chargé de Compte de Branches", Comptabilité Nationale at the "Ministère du Plan", Abidjan, Republic of Ivory Coast, a post he occupied for one year.

He has been working for the Constance Group from 1984 to 2016 and occupied various executive positions and directorships. His latest position was Group Head of Projects and Development.

He has been appointed as the Non-Executive Chairman of IBL Ltd on 01 July 2016 and is also a member of the Board of Directors of several of IBL Group's major companies.

#### **ALASTAIR JAMES BRYCE**

Independent Non-Executive Director and Chairperson of the Risk Committee

**BCom (with Honors)** 

University of Edinburgh, Scotland

**Associate: London Institute of Banking & Finance** 

**Associate: Hong Kong Institute of Bankers** 

Date of first appointment as Director: 19 December 2022

Date of the last re-election: 11 December 2023

Length of service as Director: 1 year and 6 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

York Mansions (Baker Street) Ltd

#### Committee membership:



Alastair James Bryce is an international banker with over 40 years of experience in the financial services sector.

He has worked in 9 countries in both emerging and developed markets and has successfully undertaken a wide range of roles across the industry. These have included senior positions in global markets, corporate and investment banking and risk management.

He is a former director of HSBC Bank (Mauritius) Ltd and was Chief Executive Officer of HSBC's operations in Mauritius from 2013 to 2016. During that time, he also served as Chairman of the Mauritius Bankers Association.

He is currently a member of the Board of Advisors at Deheza Ltd, a London-based corporate intelligence provider specialising in Latin America, and Senior Advisor to the Chairman of Winds Enterprises Ltd, a global manufacturing and investment company. He is also a Trustee of UK-registered charities involved in child poverty relief and historic building conservation.

Country of residence: United Kingdom

### LAURENT FRANÇOIS DE LA HOGUE

Non-Executive Director and Chairperson of the Strategy Committee

### Masters in Management and Finance

Ecole Supérieure De Gestion et Finance, Paris

Date of first appointment as Director: 30 January 2024

Date of the last election: 11 December 2023\* Length of service as Director: 5 months \*He was elected subject to regulatory approvals.

#### Directorship in listed entity(ies):

Lux Island Resorts Ltd

### Directorship in other non-listed entity(ies):

AfrAsia Investments Limited Compagnie Des Aigrettes Ltee Cynologics Ltd Domaine De Grande Riviere Noire Ltee DTOS Holdings Ltd (Chairman)

**DTOS Ltd** 

**DTOS Trustees Ltd** 

Eagle Insurance Limited (Chairman)

Ekada Capital Ltd (Previously Afrasia Capital Management Ltd) (Chairman)

Ellebasi Ltd

IBL Treasury Ltd

and other non-listed Mauritian companies.

### Committee membership:



Laurent François De La Hogue is currently the Head of Financial Services at IBL Ltd. He is a finance professional with over 20 years of experience in the financial services sector. He started his career with an international bank before joining GML Management Ltée in 2001 as Treasurer where he was involved in the setting up of the group central treasury management unit. He occupied various positions at executive levels and has been involved in development of projects including capital raising, mergers and acquisitions and company restructuring.

He also serves as Director on a number of organisations operating in the industrial, commercial, financial (regulated entities), investment and tourism sectors.

#### MARIE DORIANE JESSICA DENISE-RAMA

Independent Non-Executive Director and Chairperson of the Remuneration Committee

#### Member

MIoD

### MBA with Specialisation in Strategy with Distinction

Edinburgh Business School, Heriot-Watt University, UK

**MBA** with Distinction

Edinburgh Business School, Heriot-Watt University, UK

**Bachelor of Business Administration with Distinction** 

University of South Africa, South Africa

Date of first appointment as Director: 19 December 2022

**Date of the last re-election:** 11 December 2023 **Length of service as Director:** 1 year and 6 months

### Directorship in listed entity(ies):

None

#### Directorship in other non-listed entity(ies):

The Enabling Academy Ltd Fondation Georges Charles

### Committee membership:



Leveraging 22 years of working experience, Marie Doriane Jessica Denise-Rama's fields of expertise span banking, strategic planning, business operations, relationship management and human resources. She worked at MCB Ltd and held positions in the Strategy, Research and Development, Business Banking and Human Resources functions during her 16-year stint therein. Her latest position has been to spearhead the Human Resources strategies of ENL group, one of the largest conglomerates in Mauritius.

During her career, she has had the opportunity to work on short-term assignments in the Seychelles, Madagascar, Kenya and Rwanda, which have led her to look at the world of work from the prisms of multiple cultures. Her passion is the growth of people and the realisation of their dreams, epitomised by her past roles as Bank Relationship Manager for SMEs alongside being a part-time tutor to MBA students.

Groomed into an HR professional and coach, she puts her experience and energy into contributing to healthy and prosperous organisations by offering consultancy and coaching services to grow their people.

She is also a member of the MIoD and an active member of its Women Directors Forum, aiming at increasing the representation of women in C-suite and Board positions in Mauritius.

#### **BORIS FAUCHER**

Non-Executive Director and Chairperson of the Conduct Review Committee

#### **CFA Charterholder**

**CFA Institute** 

Bachelor of Business Administration, Major in Finance

HEC, Montreal, Canada

Date of first appointment as Director: 17 May 2022

Date of the last re-election: 11 December 2023

Length of service as Director: 2 years and 1 month

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

10556793 Canada Inc.

#### **Committee membership:**



Boris Faucher graduated from the École des Hautes Études Commerciales in Montreal, Canada and is a CFA Charterholder. He is a finance professional with more than 20 years of experience in corporate finance with a focus on mergers and acquisitions and over 12 years in the banking industry, in both developed and emerging markets.

He joined National Bank of Canada in 2011 in the Strategy and Corporate Development team where he worked on various bank acquisition projects and strategic planning mandates.

Starting in 2015, he participated in the elaboration of the international investment strategy, playing a key role in acquiring and overseeing minority and majority equity investments in various financial institutions in Asia and Africa.

Country of residence: Canada

### **JENNIFER JEAN-LOUIS**

Chief Financial Officer and Executive Director

#### Member

MIoD

#### **Fellow Member**

Institute of Chartered Accountants in England and Wales Chartered Tax Advisor

Date of first appointment as Director: 16 March 2022 Date of the last re-election: 11 December 2023 Length of service as Director: 2 years and 4 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

None

### Committee membership:



Please refer to "Executive Team Profile" for profile details.

### **ASLAM KANOWAH**

Non-Executive Director and Chairperson of the Corporate Governance Committee

### Fellow of the Association of Chartered Certified Accountants ("FCCA")

Association of Chartered Certified Accountants

**MBA International Banking and Finance** 

Washington International University, USA

**Certified Islamic Finance Expert ("CIFE")** 

Academy for International Modern Studies, UK

Date of first appointment as Director: 02 October 2020

Date of the last re-election: 11 December 2023 Length of service as Director: 3 years and 9 months

### Directorship in listed entity(ies):

None

### Directorship in other non-listed entity(ies):

Ardency VC

**Belleo Markets** 

Bluechip Financials Market Limited

**Discovery Capital Managers Ltd** 

Intra Energy Ltd

Intra Minerals Ltd

Intrafrican Resources Limited

Intrasia Management (Mauritius) Limited

Intrasia Securities Limited

Levene Energy Development Limited

Levene Energy Holdings Limited

Lobos Ltd

**Macif Capital PCC** 

Macif Investments Limited

The Pines Art Productions Limited

Phobos Ltd

and other non-listed Mauritian companies

#### **Committee membership:**

CGC CC REC

# **ASLAM KANOWAH (CONT'D)**

Aslam Kanowah is a finance professional, banker and accountant with 32 years in the financial services sector and over 18 years in the domestic and offshore banking industry.

In addition to banking his leadership role in developing licensed corporate and wealth management companies has given him a strong background in business development, compliance, governance and strategic planning. Over the course of his career, he has held key positions in assets management, back office, corporate and fund administration, operations trading and treasury management.

He started at The Indian Ocean International Bank Ltd and subsequently worked for Bank International Indonesia, Standard Bank and Superfund Assets Management before moving to the Global Business Sector in 2011 and was the CEO of Aurisse International Ltd, COO of Capital Horizons Ltd and is currently the CEO of Intrasia Management (Mauritius) Ltd.

He has held a portfolio of directorships since 2011 in various entities engaged in advisory, brokerage, consultancy, funds, investment management, mining and trading. He has a track record in teaming up for the start-up of new offices for international and regional companies in Mauritius and a reputation for leading teams towards peak performance.

#### **REHANA KASENALLY**

Independent Non-Executive Director

#### **MSc Finance**

Imperial College of Science & Technology, University of London, UK BSc (Hons) Statistics & Operations Research
Queen Mary College, University of London, UK

Date of first appointment as Director: 19 December 2022

Date of the last re-election: 11 December 2023

Length of service as Director: 1 year and 6 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

None

#### Committee membership:



Rehama Kasenally is a seasoned professional with broad financial services industry exposure including 13 years of regulatory experience with the Financial Services Commission and over 8 years in wealth management services.

She has been involved in the development of the global business sector of Mauritius from the outset in the early 1990s, focusing on policy and research development. Her experience over the years has honed key leadership skills in regulation, compliance, strategic planning and business development of the financial services sector. Her competencies in AML/CFT mechanisms over the past 5 years have allowed her to develop efficient frameworks for business operations.

Having spent a decade in Kenya working as a freelance consultant for the UN and other international organisations, she has acquired valuable experience in donor-funded monitoring and evaluation projects. She is currently working for FAM Ltd, an investment management company with cross-jurisdictional operations offering wealth management and captive advisory services.

She has contributed to several publications relating to the Mauritius IFC in the local press and has a chapter in the 'The Oxford Handbook of the Mauritian Economy' ("OUP") (forthcoming October 2024).

#### FIORANGELO SALVATORELLI

Independent Non-Executive Director and Chairperson of the Technology, Digitization and Platforms Committee

**D.Phil Engineering Science** 

**M.A Engineering Science** 

University of Oxford/Exeter College, Oxford, England

**MSc Structural Engineering (Coursework)** 

Universidad Simon Bolivar, Caracas, Venezuela

**MEng Civil Engineering** 

**BSc Civil Engineering** 

Universidad Catolica Andres Bello, Caracas, Venezuela

Date of first appointment as Director: 09 August 2021

Date of the last re-election: 11 December 2023

Length of service as Director: 2 years and 11 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

**Fusion Global Capital** 

Independent Corporate Access Ltd

### Committee membership:



Fiorangelo Salvatorelli is the CIO and portfolio manager of the ALANTRA Global Technology Fund. He is a partner at Fusion Global Capital Ltd and Hermes Growth Partners Ltd. He was a partner and Head of Research at Lansdowne Partners.

He has also held senior portfolio management and research roles at Newton Investment Management (now part of BNY Mellon), Fidelity International, and CCLA Investment Management.

He serves on the advisory Board of FPE Capital (formerly Flemings Family & Partners Private Equity).

He was a former consultant with McKinsey & Co. in Milan and London and a University Lecturer at the University of Oxford Department of Engineering Science and INSEAD Business School (Fontainebleau).

Country of residence: United Kingdom

#### **CHRISTIAN ST-ARNAUD**

Non-Executive Director and Chairperson of the Credit Committee

Management Executive Development Program
C.I.R.E.M., Montreal, Canada
Bachelor of Business Administration, Major in Finance
HEC, Montreal, Canada

Date of first appointment as Director: 02 October 2020

Date of the last re-election: 11 December 2023 Length of service as Director: 3 years and 9 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

**ABA Bank** 

#### Committee membership:



Christian St-Arnaud graduated from the École des Hautes Études Commerciales in Montréal, Canada. Between 1983 and 2009, he occupied different positions in international and Canadian financial institutions in Canada, with a focus on credit capital market.

He joined National Bank of Canada in 2009 as Vice-President – Credit Capital Markets and Real Estate and was appointed Senior Vice-President – Credit in 2012 (2012-2020); overseeing all retail, commercial, and financial market credit activities of the Bank, including adjudication, portfolio management, and credit model development.

He was also a member of numerous senior committees of the Bank, including the Global Risk Committee, the Risk Management Committee and the Model Oversight Committee.

Country of residence: Canada

#### JOAN JILL WAN BOK NALE

Independent Non-Executive Director and Chairperson of the Audit Committee

#### Member

MIoD

#### Fellow Chartered Accountant ("FCA")

Institute of Chartered Accountants in England & Wales

BSc (Hons) in Accounting and Finance

The London School of Economics and Political Science, UK

Date of first appointment as Director: 05 November 2020

Date of the last re-election: 11 December 2023
Length of service as Director: 3 years and 8 months

Directorship in listed entity(ies):

None

Directorship in other non-listed entity(ies):

Cementis (Mauritius) Ltd

#### Committee membership:



Joan Jill Wan Bok Nale is a finance professional with over 15 years of local and regional experience in Transaction Advisory and Assurance services provided across a diverse client portfolio spanning Hospitality, Financial Services, Real Estate, Gaming, Building Materials, Construction, or F&B/Leisure.

She last held the position of Associate Director (Deals) at PwC where she advised both private and public clients on multiple and varied assignments including valuations, due diligence/feasibility studies, financial/corporate restructuring, IPO and SEM/DEM transaction advisory, M&A advisory, strategy and business planning, and deal closing.

Prior to joining PwC, she worked at International Financial Services Ltd (now Sanne Mauritius), a leading local offshore management company, overseeing a portfolio of over 100 clients including mutual funds and private equity funds, and serving as Director on a number of investment funds/GBCs. She started her career at Ernst & Young, spending 6 years in the assurance department being involved on and leading the audits of listed and non-listed financial institutions mainly including banks, NBFI's and Insurance companies, whilst concurrently being in charge of the IFRS technical desk.

#### ISABELLE ALVARES PEREIRA DE MELO

Non-Executive Director

#### **Fellow Member**

MIoD

#### **Master in Management**

HEC Paris, France

#### **Chartered Director**

MIoD

Date of first appointment as Director: 02 October 2020

Date of last re-election: 15 December 2022

**Length of service as Director:** 3 years and 4 months

Date of resignation: 13 February 2024

#### Directorship in listed entity(ies):

IBL Ltd

### Directorship in other non-listed entity(ies):

Five35 Ventures Ltd

Mo Business Angels Ltd

Mo Angels Second Ltd

Mo Angels III Ltd

Mo Angels IV Ltd

Mo Angels V Ltd

Mo Angels VI Ltd

Mo Angels VII Ltd

Mo Angels Alaprann

Mo Angels OkHi Ltd

Rosemary Farms Ltd

Yellow.com Ltd

Isabelle Alvares Pereira De Melo is a Mauritian and Swiss national. After graduating from HEC Paris, she started her career as an auditor up until manager with Arthur Andersen in Paris. She then held CFO positions in a fast-growing high technology multinational Gemplus in France and an aviation Group PrivatAir based in Switzerland where she added Human Resources to her responsibilities.

In 2009, she joined a large Geneva-based family office as COO. Since 2010, she is an active angel investor in early-stage start-ups and has cofounded an initiative to develop angel investing out of Mauritius.

A Non-Executive Director for IBL Ltd since 2019 she also holds a few other directorships in connection with her angel investing activities and has been a Fellow of the MIoD since 2020.

## **DIPAK CHUMMUN**

Non-Executive Director

Fellow Chartered Accountant (FCA)

Institute of Chartered Accountant in England & Wales

**B.Sc. in Computer Science** 

University of Manchester, UK

Date of first appointment as Director: 14 February 2024

**Length of service as Director:** 2 months **Date of resignation:** 25 April 2024

Directorship in listed entity(ies):

Alteo Limited

Directorship in other non-listed entity(ies):

**Bloomage Ltd** 

**IBL Treasury Management Ltd** 

Seafood Hub Limited

Winhold Limited

IBL Treasury Ltd (Chairman)

IBL Africa Investment Ltd

The Stock Exchange of Mauritius

Central Depository and Settlement Ltd

**MCAS** 

**EDB Mauritius** 

Dipak Chummun was appointed Group Chief Finance Officer of Ireland Blyth Ltd in January 2015 and then Group CFO of the expanded IBL Ltd group in 2016. In these roles, he has overseen and served as a Director on the Board of a number of large listed, regulated and public interest companies as well as smaller companies in their start-up phase and gained significant exposure to several industries.

His earlier career was developed internationally. He started in audit and management consultancy with PWC mainly in London and Singapore where he helped a number of British and French clients expand their footprint into Asia. He then moved to the banking industry where he gained significant corporate banking, investment banking, global markets, finance, risk and strategy experience. He has held senior country, regional and group roles with Standard Chartered, Barclays, Emirates NBD and Deutsche Bank in London, Hong Kong, Thailand, Dubai, Singapore and Frankfurt.

He is currently a Council Member of the ICAEW in the UK and a Director and former Chairman of the Stock Exchange of Mauritius.

#### LOUIS DIDIER MERLE

Independent Non-Executive Director

#### **MBA International Paris**

University of Paris I – Panthéon Sorbonne, France

#### **Masters in Finance**

Graduate School of the Chamber of Commerce and Industry of Paris (ECCIP), France

Date of first appointment as Director: 13 December 2021

Date of the last re-election: 11 December 2023
Length of service as Director: 2 years and 3 months

Date of resignation: 06 March 2024

#### Directorship in listed entity(ies):

None

#### Directorship in other non-listed entity(ies):

Friday Capital Ltd
Friday Holdings Ltd
Fundkiss Ltd
Strategia Investments Ltd
Strategia Wealth Managers Ltd
Vinalia Ltd
and other private companies

Louis Didier Merle is an accomplished banker and a wealth and asset management expert with more than 25 years of progressive experience in the finance sector. He has been successful at managing multiple assignments and people and maximising customer satisfaction.

He has an extensive financial background, managing multiple portfolios and strategic business units across various banks. He served as the Managing Director at Cim Asset Management Ltd and was the Head of Private Banking & Wealth Management at the Mauritius Commercial Bank for 9 years. Additionally, he is a founding partner of Friday Capital, an independent private equity firm based in Mauritius and Paris.

He is currently the CEO of Strategia Group, one of the leading Wealth and Asset management companies in Mauritius.

#### JEAN-RAYMOND REY

Non-Executive Director

#### **Fellow Member**

MIoD

BCom - Economics and Business Administration
University of Natal, South Africa
Post-Graduate Diploma - Advance Banking & Corporate Governance
University of Johannesburg, South Africa
Certificate in "Leading Yourself"

Date of first appointment as Director: 05 November 2020

Date of last re-election: 15 December 2022

Length of service as Director: 3 years and 1 month

Date of resignation: 11 December 2023

#### Directorship in listed entity(ies):

INSEAD, Fontainebleau, France

None

# Directorship in other non-listed entity(ies):

GrandCap FinCo
GrandCap Holland
GrandCap PCC
STS AIO Holdings Ltd
STS International
Impac Risk Solution Managers (Mauritius) Ltd

Jean-Raymond Rey has successfully led teams for over more than 30 years in the banking and financial services industry while operating in over 12 countries in Africa, with extensive expertise in Mauritius, South Africa and the Democratic Republic of Congo where he ran banks. Over the last 20 years, he has assumed the responsibility and challenges of various Executive as well as Non-Executive Director roles.

He has conservative risk management skills with demonstrated ability to adapt to different environments and cultures; he has honed a comfort in operating in both francophone and anglophone environments. Effective communicator and self-motivator, always aiming to deliver results beyond expectations while embedding good corporate governance and best practice into every deal as well as being able to engage multiple levels of stakeholders.

He has successfully summited Mount Kilimanjaro in August 2016.

Country of residence: Mauritius

**Note:** The 'Length of service as Director' for the Board runs from the time of first appointment to 30 June 2024 or any date of resignation before the year's end.

### **Board Committees**

AfrAsia Bank Limited has established Board Committees to assist the Board of Directors in fulfilling its fiduciary duties and responsibilities. These committees operate under delegated authority and implement reporting mechanisms to facilitate effective management, direction, and supervision of the Bank's business operations and affairs.

As of 30 June 2024, the Bank had in place 8 Board Committees, each with a comprehensive structure designed to conduct in-depth analysis and evaluation of various matters within their respective purviews. The Chairperson of each Board Committee reports and presents significant matters to the Board for further deliberation and/or approval as necessary.

Each Committee functions in accordance with its own Board-approved terms of reference, which is subject to annual review and amended as deemed appropriate by the Board after a review is performed by the Corporate Governance Committee. Given the potential implications of such revisions, each Committee has undertaken a thorough and diligent process to propose and approve any changes, ensuring the highest standards of corporate governance are maintained. In line with this exercise, during the financial year under review, the terms of reference for 1 committee was revised, namely the Credit Committee.

The Board Committees Structure as of 30 June 2024 is as follows:

# THE BOARD



### **Audit Committee**

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least once every quarter. The quorum for any meeting shall be a majority of the membership of the Committee.



#### **Composition:**

The Committee shall consist of a minimum of 3 independent members and a maximum of 5 independent members. As of 30 June 2024, the Committee consisted of 4 Independent Non-Executive Directors.

#### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Joan Jill Wan Bok Nale (Chairperson)	5 November 2020	Independent Non-Executive Director
Marie Doriane Jessica Denise-Rama	14 February 2023	Independent Non-Executive Director
Rehana Kasenally	14 February 2023	Independent Non-Executive Director
Fiorangelo Salvatorelli	1 April 2022	Independent Non-Executive Director

Note: The management team members are in attendance as and when required for their relevant section(s).

### Roles and responsibilities:

### General

- Ensuring that there is an open avenue of communication between the Head of Internal Audit, the Group Head Compliance and MLRO, and the External Auditors, and the Board of Directors;
- Reviewing annually and, if necessary, propose for formal Board adoption, amendments to the Audit Committee's Terms of Reference;
- Reporting to the Board on the conduct of its responsibilities at the frequency specified by the Board, with particular reference to the appointment, powers, and duties of auditors;
- Performing such additional duties or investigations as may be assigned to it by the Board of Directors; and
- Ensuring that the Bank complies with regulatory requirements.

## **Audit Committee (Cont'd)**

### **Financial Reporting**

- Discussing with senior management and external auditors the overall results of the audit, the quality of the financial statements, and any concerns raised by external auditors. This should include:
  - Key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates, and financial statement disclosures;
  - Changes in audit scope;
  - Whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
  - Significant or unusual transactions; and
  - o Internal control deficiencies identified during the course of the audit.
- Overseeing the appropriateness of the Expected Credit Losses ("ECL") process, models, and assumptions made for IFRS9 and their impact on the financial statements;
- Reviewing any transactions brought to its attention by auditors or any officers of the institution or that might otherwise come to its attention, which might adversely affect the financial condition of the Bank;
- Assessing whether the Bank has implemented adequate financial disclosure procedures; and
- Reviewing the interim and audited financial statements of the Bank (Company and Group level) for adequacy, using a fair and reasonable point of view, before their approval by the Board.

#### **Internal Control**

- The Committee must assess whether the Bank has implemented adequate internal control procedures by:
  - Enquiring from management, the Head of Internal Audit, and the External Auditors about significant risks or exposures and evaluating the steps taken to minimise such risk to the Bank;
  - o Considering and reviewing management's and the Head of Internal Audit's significant findings during the year and management's responses thereto; and
  - Requiring management of the Bank to implement and maintain appropriate accounting, internal control, and financial disclosures and review, evaluate, and approve such procedures.
- The Committee must ensure that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.

#### **Internal Audit**

- Approving the annual Internal audit plan to ensure that these are risk-prioritised and address all activities over a measurable and reasonable cycle and that the work of external and internal auditors is coordinated;
- Ensuring that Internal Audit provides independent assurance to the Board on whether:
  - The internal control system in place is performing effectively and is adequate to mitigate risks consistent with the risk appetite of the financial institution; and
  - o The organisational goals are met and corporate governance processes are effective and efficient.
- Ensuring that:
  - The Board is providing internal audit authority, among other things, to independently assess the effectiveness of internal control, risk management, and governance systems;
  - The internal audit function has adequate resources and recommends to the Board additional Internal Audit headcount when deemed required;
  - Internal auditors to adhere to international professional standards, such as those of the Institute of Internal Auditors;

## **Audit Committee (Cont'd)**

### Internal Audit (Cont'd)

### ! Ensuring that:

- The internal audit team has adequate professional background and training to carry out responsibilities effectively, across the various fields audited (IT, IFRS, Banking, etc.);
- The internal audit reports are transmitted to the Board without any undue filtering of findings by management, and the reports include a timeframe within which corrective action must be taken; and
- The Board provides a timely and effective response to the findings of the internal auditors.
- The Internal Audit must report to the Audit Committee and the Committee shall approve the remuneration of the Head of Internal Audit.

#### **Compliance**

- Ensuring that there is an appropriate structure in place for identifying, monitoring, and managing compliance and AML risk, as well as a reporting system to advise the Committee and the Board of instances of regulatory non-compliance on a timely basis;
- Ensuring that there is an appropriate structure in place for identifying, monitoring, and managing compliance and AML risks, as well as reviewing regular reports from the Group Head Compliance and MLRO;
- Approving the annual Compliance plan and Compliance Charter;
- Reviewing and recommending the Bank's AML Policy for approval to the Board;
- Ensuring that:
  - o The compliance function has adequate authority, independence, and stature in the organisation;
  - The compliance function has adequate resources and recommends to the Board additional Compliance headcount, where deemed required;
  - The compliance function should report directly to and have easy access to AC; and
  - o It approves the remuneration of the Group Head Compliance and MLRO.

### **External Audit**

- Recommending to the Board, who will in term recommend to the shareholders the appointment, removal, and remuneration of external auditors for the Bank as well as any subsidiary of the Bank;
- Approving the engagement letter setting out the scope and terms of the external audit;
- Approving the External audit plan to ensure that these are risk-prioritised and address all activities over a measurable and reasonable cycle and that the work of external and internal auditors is coordinated;
- Assessing the external auditors periodically in terms of:
  - o The skills, resources, and independence of the external audit firm and its practices for quality control; and
  - The accounting practices.
- Meeting regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the external auditor's remit and any issue arising from the external audit, and to discuss any matter that the Committee thinks should be discussed privately; and
- Outside of formal meetings, the Committee Chairperson will maintain a dialogue with key individuals involved in the Bank's governance, including the Board Chairperson, the CEO, the CFO, the Group Head Compliance and MLRO, the External Audit Lead Partner and the Head of Internal Audit.

# **Conduct Review Committee**

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require. The quorum for any meeting shall be a majority of the membership of the Committee.



### **Composition:**

The Committee shall consist of a minimum of 3 members and a maximum of 5 members. As of 30 June 2024, the Committee consisted of 1 Independent Non-Executive Director, 1 Non-Executive Director, and 1 Executive Director.

#### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Boris Faucher (Chairperson)	14 February 2023	Non-Executive Director
Olivier Emmanuel Jauffret	29 March 2024	Independent Non-Executive Director
Jennifer Jean-Louis	14 February 2023	Executive Director

### Note:

- Louis Didier Merle was also a member/Chairperson from February 2023 to March 2024.
- Boris Faucher was appointed as Chairperson in March 2024.
- The management team members are in attendance as and when required for their relevant section(s).

#### Roles and responsibilities:

- Requiring management of the Bank to establish policies and procedures to comply with the requirements of the BOM's Guideline on Related Party Transactions;
- Reviewing the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the Bank;
- Ensuring approval authorities are in place for related party transactions;
- Reviewing and approving each credit exposure to related parties;
- Ensuring that market terms and conditions are applied to all related party transactions;
- Reviewing the practices of the Bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Bank is identified and dealt with in a timely manner;
- Escalating the following to the Board:
  - Credit facilities to staff that are not in line with the terms and conditions as approved by the Board;
  - All exposures approved by the Conduct Review Committee must be duly noted by the Board on a quarterly basis; and
  - Submitting quarterly reports on the performance of credit exposures and any other transactions approved by the Conduct Review Committee.
- Reporting periodically, and in any case not less frequently than on a quarterly basis, to the Board of Directors on matters reviewed by it, including exceptions to policies, processes, and limits.

## **Corporate Governance Committee**

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require. The quorum for any meeting shall be a majority of the membership of the Committee.



#### **Composition:**

The Board shall appoint the members of the Committee from amongst the Directors of the Bank and shall be composed of a majority of Non-Executive Directors. The Committee shall consist of a minimum of 3 members and a maximum of 5 members. As of 30 June 2024, the Committee consisted of 3 Non-Executive Directors and 2 Independent Non-Executive Directors.

#### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Aslam Kanowah (Chairperson)	22 October 2020	Non-Executive Director
Jan Fredrik Louis Gaëtan Boullé	22 October 2020	Non-Executive Director
Marie Doriane Jessica Denise-Rama	14 February 2023	Independent Non-Executive Director
Olivier Emmanuel Jauffret	29 March 2024	Independent Non-Executive Director
Christian St-Arnaud	1 April 2022	Non-Executive Director

#### Note:

- Jean-Raymond Rey was a member from April 2022 to December 2023.
- $^{\prime\prime}$  The management team members are in attendance as and when required for their relevant section(s).

#### Roles and responsibilities:

- Determining, agreeing, and developing the Bank's general policy on corporate governance in accordance with the recommendations of the Code;
- Providing corporate governance advice to the Board;
- Ensuring that disclosures on corporate governance, whether in the annual report or on an ongoing basis, are made in accordance with the principles of the Code;
- Preparing the corporate governance report to be published in the annual report;
- Reviewing the annual corporate social responsibility policies and related budgets; and
- Ensuring that the Board members receive a thorough orientation on Board governance and key strategic issues facing the financial institution.

The Corporate Governance Committee shall act as the Nomination Committee as and when required:

### Roles and responsibilities (cont'd):

- Recommending to the Board candidates for Board positions, including the chair of the Board and chairs of the Board Committees;
- Reviewing the Board's structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- Recommending criteria for the selection of Board members and criteria for the evaluation of their performance;
- Recommending nominees for Board Committees;
- Commenting on the contribution of individual Directors to the achievement of corporate objectives as well as on the regularity of their attendance at the Board and Committee meetings; and
- When considering an appointment to the Board, the Committee shall satisfy itself that the candidate is able to commit sufficient time and effort to fulfil its responsibilities effectively, particularly if the candidate has a seat on multiple Boards or undertakes other professional or commercial activities.

### **Credit Committee**

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require. The quorum for any meeting shall be 3 members.



### **Weekly Credit Committee held:**

During the financial year under review, the members of the Credit Committee met to discuss and approve credit files on a weekly or fortnightly basis or as and when required. The Board has set credit limits for executive approval at different levels, namely, Senior Manager Credit Risk, Head of Credit and Management Credit Committee from a lending/credit perspective and the Credit Committee from a Related Party perspective. These delegated lending limits were approved in November 2021, reviewed in December 2022, and in March 2024. The approvals of credit files initially approved by the Credit Committee on a weekly or fortnightly basis are ratified in the quarterly Credit Committee meetings. For the year under review, there were 13 fortnightly Credit Committee meetings and 44 weekly Management Credit Committee meetings held. The frequency of these meetings was necessary to meet business and client expectations and to ensure rigorous debates on credit matters at the different levels of approval authority.

#### **Composition:**

The Board shall appoint the members of the Committee from among the Directors of the Bank consisting of Independent Non-Executive Directors and Non-Executive Directors. The Committee shall consist of a minimum of 4 members and a maximum of 5 members. As of 30 June 2024, the Committee consisted of 3 Non-Executive Directors and 1 Independent Non-Executive Director.

### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Christian St-Arnaud (Chairperson)	22 October 2020	Non-Executive Director
Alastair James Bryce	14 February 2023	Independent Non-Executive Director
Laurent François De La Hogue	14 May 2024	Non-Executive Director
Aslam Kanowah	02 March 2022	Non-Executive Director

#### Note:

- Jean-Raymond Rey was a member from November 2020 to December 2023.
- Isabelle Alvares Pereira de Melo was a member from December 2023 to February 2024.
- Dipak Chummun was a member from March 2024 to April 2024.
- The management team members are in attendance as and when required for their relevant section(s).

<sup>\*</sup>The number of meetings featured pertains solely to quarterly meetings.

# **Credit Committee (Cont'd)**

# Roles and responsibilities:

- Reviewing credit risk policy, lending guidelines, and credit concentration risk policy at least once a year and submitting them to the Board for approval;
- Overseeing the credit risk management of the Bank, including reviewing the loan portfolio and monitoring large credit exposures;
- Approving or denial of credit applications in accordance with the Bank's credit risk policy when exceeding limits delegated to the Management Credit Committee;
- Reviewing and approving any deviations from the Bank's credit risk policy;
- Ensuring that management establishes adequate credit assessment processes and effective controls to identify any deterioration in the loan portfolio;
- Approving any delegation of credit approval authority to the Head of Credit and Management Credit Committee;
- Approving any delegation of country limits to the Head of Risk and Management Credit Committee; and
- As and when required, the Credit Committee may provide its views and comments to the Risk Committee on specific credit matters.

### **Remuneration Committee**

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least twice a year and otherwise as required. The quorum for any meeting shall be a majority of the membership of the Committee.



#### **Composition:**

The Board shall appoint the members of the Committee from amongst the Non-Executive Directors of the Bank. The Committee shall comprise between 3 and 5 members. As of 30 June 2024, the Committee consisted of 1 Independent Non-Executive Director and 3 Non-Executive Directors.

#### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Marie Doriane Jessica Denise-Rama (Chairperson)	14 February 2023	Independent Non-Executive Director
Jan Fredrik Louis Gaëtan Boullé	02 March 2022	Non-Executive Director
Boris Faucher	17 May 2022	Non-Executive Director
Aslam Kanowah	02 March 2022	Non-Executive Director

Note: The management team members are in attendance as and when required for their relevant section(s).

# Roles and responsibilities:

- Recommending the remuneration policy for all Executive Directors, Directors, and the Chairperson of the Board, including pension rights and any compensation payments to be approved by the Board as per laws and regulations. The Board shall determine the remuneration of the Non-Executive Directors. No director or senior manager shall be involved in any decisions as to their own remuneration;
- Recommending and monitoring the level and structure of remuneration for senior management;
- Taking into account all factors that it deems necessary, including relevant legal and regulatory requirements, the principles of the Code, and associated guidance;
- Reviewing the ongoing appropriateness and relevance of the remuneration policy;
- Within the terms of the agreed policy and in consultation with the CEO, as appropriate, recommending to the Board of Directors the total individual compensation package of each Executive Director, the Board Chairperson, and other designated senior executives including bonuses, incentive payments, and share options or other share awards;
- Overseeing any major changes in employee benefit structures throughout the Bank;
- Working and liaising as necessary with other Board committees;

# **Remuneration Committee (Cont'd)**

# Roles and responsibilities (Cont'd):

- Approving and recommending to the Board the design of, and determining targets for, any performance related pay schemes operated by the Bank and the total annual payments made under such schemes; and
- Annual review of bonuses and salary adjustments.

#### Risk Committee

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require. The quorum for any meeting shall be a majority of the membership of the Committee.



#### **Composition:**

The Board shall appoint the members of the Committee and shall comprise any Board members including the CEO. The Committee shall consist of a minimum of 3 members and a maximum of 5 members. As of 30 June 2024, the Committee consisted of 2 Independent Non-Executive Directors, 1 Non-Executive Director and 1 Executive Director.

### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Alastair James Bryce (Chairperson)	14 February 2023	Independent Non-Executive Director
Fiorangelo Salvatorelli	02 March 2022	Independent Non-Executive Director
Christian St-Arnaud	30 November 2020	Non-Executive Director
Thierry Vallet	01 April 2024	Executive Director

#### Note:

- Isabelle Alvares Pereira de Melo was a member from May 2022 to February 2024.
- Laurent François De La Hogue was a member from March 2024 to May 2024.
- $^{
  u}$  The management team members are in attendance as and when required for their relevant section(s).

### Roles and responsibilities:

- Advising the Board on the Bank's overall current and future risk appetite, overseeing senior management's implementation of the risk appetite framework, and reporting on the state of risk culture in the Bank;
- Reviewing and establishing the risk appetite framework and seeking approval of the Board for the risk appetite framework.
- Responsible for the identification of principal risks, including those relating to credit, market, liquidity, operational, compliance, and reputation of the Bank, and actions to mitigate the risks;
- Responsible for the appointment of a Chief Risk Officer who, among other things, shall provide assurance that the oversight of risk management is independent from operational management and is adequately resourced with proper visibility and status in the Bank;
- Responsible for ensuring the independence of the Chief Risk Officer from operational management without any requirement to generate revenues;
- Requirement of the Chief Risk Officer to provide regular reports to the committee, senior management, and the Board on his activities and findings relating to the Bank's risk appetite framework;
- Receiving from senior officers, periodic reports on risk exposures and activities to manage risks; and
- Formulating and making recommendations to the Board on risk management issues.

## **Strategy Committee**

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least twice a year and otherwise as required/necessary to adequately and timely advise the Board. The quorum for any meeting shall be a majority of the membership of the Committee.



### **Composition:**

The Board shall appoint the membership of the Committee with a majority of Non-Executive Directors and CEO. The Committee shall comprise at least 3 members and a maximum of 50% of the directors. As of 30 June 2024, the Committee consisted of 2 Independent Non-Executive Directors, 2 Non-Executive Directors, and 2 Executive Directors.

#### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Laurent François De La Hogue (Chairperson)	29 March 2024	Non-Executive Director
Alastair James Bryce	14 February 2023	Independent Non-Executive Director
Boris Faucher	14 February 2023	Non-Executive Director
Olivier Emmanuel Jauffret	29 March 2024	Independent Non-Executive Director
Jennifer Jean-Louis	14 February 2023	Executive Director
Thierry Vallet	01 April 2024	Executive Director

#### Note:

- Mastair James Bryce was appointed as the Chairperson in August 2024.
- Laurent François De La Hogue was the Chairperson from March 2024 to August 2024.
- Isabelle Alvares Pereira de Melo was a member/Chairperson from May 2022 to February 2024.
- Jean-Raymond Rey was a member from May 2022 to December 2023.
- The management team members are in attendance as and when required for their relevant section(s).

#### Roles and responsibilities:

- Reviewing, considering, investigating, analysing, evaluating, monitoring, and exercising general oversight of the activities of the Bank periodically and making recommendations to the Board regarding:
  - o the Bank's strategic plan and overall strategy, and
  - any strategic initiatives identified by the Board or management from time to time, including the launching of new products, entry into new lines of business, and exit from existing products and/or lines of business.

## Strategy Committee (Cont'd)

### Roles and responsibilities (Cont'd):

- Assisting the Board in assessing major financial and investment plans and other material issues that affect the strategic plan and/or development of the Bank;
- Assisting management in the development of the Bank's strategy, including reviewing and discussing with management the strategic direction and initiatives of the Bank and the risks associated with the Bank's strategy;
- Assisting management in the development, or modification of the Bank's strategic plan;
- Giving advice on negotiation strategy and helping in the documentation of any requisite agreements and other documentation relating to a Strategic Transaction;
- Assisting management with identifying key issues, options, and external developments impacting the Bank's strategy;
- Reviewing the annual business plan, budget, and capital structure of the Bank before onward submission to the Board for approval;
- Reporting to the Board regularly on the workings of the committee and its recommendations;
- Reviewing proposals for raising funds as submitted by the management and making suggestions in that respect to the Board; and
- Reviewing and assessing annually the adequacy of this term of reference and recommending any proposed changes to the Board for approval.

# Technology, Digitization and Platforms ("TDP") Committee

#### Meetings:

In line with its approved Terms of Reference, the Committee should meet at least once every quarter or more frequently as circumstances require. The quorum for any meeting shall be a majority of the membership of the Committee.



#### **Composition:**

The membership of the Committee shall consist of any member of the Board, including the CEO. The Committee shall consist of a minimum of 2 members and a maximum of 5 members. As of 30 June 2024, the Committee consisted of 2 Independent Non-Executive Directors and 2 Executive Directors.

#### Membership as of 30 June 2024:

As of 30 June 2024, the composition was as follows:

Members	Appointment date as member	Status
Fiorangelo Salvatorelli (Chairperson)	02 March 2022	Independent Non-Executive Director
Jennifer Jean-Louis	14 February 2023	Executive Director
Rehana Kasenally	14 February 2023	Independent Non-Executive Director
Thierry Vallet	01 April 2024	Executive Director

#### Note:

- Isabelle Alvares Pereira De Melo was a member from October 2020 to February 2024.
- Dipak Chummun was a member from March 2024 to April 2024.
- The management team members are in attendance as and when required for their relevant section(s).

#### Roles and responsibilities:

### Strategy and policies

- 4 Any strategies and framework related to Information Technology, Digitization and Platforms, including e-banking products and services;
- Many technology strategy, policies, implementation of IT, and digitization initiatives or projects undertaken that are aligned with the business strategy; and
- 4 Any proposals, policies, standards, procedures, and framework related to the ICT Security blueprint in line with the security strategies of the Bank.

# Technology, Digitization and Platforms ("TDP") Committee (Cont'd)

#### Roles and responsibilities (Cont'd):

#### Risks

- A proper balance of IT investments for sustaining the bank's growth, that IT investments represent a balance of risks and benefits, and that budgets are acceptable and monitored;
- Review and recommend, as may be required to the Audit Committee the Internal Audit's IT Annual Audit Plan and the corresponding Risk assessment;
- Information and technology risks identified during the audit process are assessed and managed in line with relevant frameworks;
- 4 Awareness about exposure to IT risks and controls, effectiveness of management's monitoring of IT risks through oversight over the proceedings of the Information Security Management Committee;
- Appropriate business continuity arrangements are in place relating to information technology; and
- On-going relevance of the Company's information management and data governance framework and systems, including those relating to compliance with the General Data Protection Regulations (and any analogous legislation).

#### Resources

- Appointment of any such person (employee, consultant, or advisor) to undertake any specific projects or assignments in relation to the Bank's technology or digitalization initiatives/projects;
- On-going appropriateness and relevance of the Company's policy for the allocation of resources required to deliver both the short-term and long-term information technology strategies; and
- IT organisational structure complements the business model and its direction.

### Performance and value

- Management has implemented processes and practices that ensure that the IT services deliver value to the business: and
- Senior management's performance in implementing IT strategies and the contribution of technology to businesses.

### **Budgets**

Review the IT budget figures.

#### Other

To undertake such other duties and responsibilities as are determined by the Board of Directors of the Bank for this Committee.

### **Board Meeting Process**

### BOARD MEETING PROCESS

### **PLANNING**

Meetings are planned in advance for the year as far as possible.

### **AGENDA**

Draft agenda is prepared by the Company Secretary and finalised by the Chief Executive Officer and the Chairperson. Agenda is finalised, in most cases, at least two weeks prior to the meeting.

### PRE-MEETING

Agenda and relevant papers are sent to all directors within reasonable time, however, due to the dynamic banking environment, it may happen that some papers are circulated with short notice. Papers are uploaded on a secured online platform. Necessary arrangements are also made for attendance remotely for those directors who are unable to attend physically.

### **MEETING**

The duration of the meetings is reasonable but may be longer than expected in some cases depending on the discussions and/or matters being considered.

### **POST-MEETING**

Minutes are drafted and sent for review to the Chairperson before same are circulated to all Directors for further inputs. All follow up actions are transmitted to the relevant party by the Company Secretary and status update are provided to the Board at the earliest possible.

Minutes are drafted and sent for review to the Chairperson before same are circulated to all Directors for further inputs. All follow up actions are transmitted to the relevant party by the Company Secretary and status update are provided to the Board at the earliest possible.

POST-MEETING

considered.

in some cases depending on the discussions and/or matters being

## **Board of Directors Meetings**

During the year under review, the Board held 11 meetings. The Board manages a schedule for the meetings with enough leeway for any additional issues arising to be included in the agenda as and when required in line with the Bank's constitution. Decisions are also taken by way of written resolutions.

### **ATTENDANCE REPORT**

The attendance report of the Directors, determined from the date of appointment, at Board and Committee meetings for the year ended 30 June 2024 are tabulated below:

	Board of Directors	Audit Committee	Conduct Review Committee	Corporate Governance Committee	Credit Committee	Remuneration Committee	Risk Committee	Strategy Committee	TDP Committee
No. of meetings held	11	13	4	6	4, (13)	6	9	4	5
Olivier Emmanuel Jauffret (Chairperson)	1/2	-	1/1	2/2	-	-	-	-	1
Thierry Vallet (CEO)	1/1	1	-	-	-	-	1/1	-	1/1
Jan Fredrik Louis Gaëtan Boullé	11/11	-	-	9/6	-	6/6	-	-	ı
Alastair James Bryce*	11/11	-	-	-	4/4, (13/13)	-	9/9	4/4	ı
Laurent François De La Hogue*	4/4	ı	1	1	0/0, (3/3)	1	1/1	1	ı
Marie Doriane Jessica Denise- Rama	11/11	11/13	-	6/6	-	8/9	-	-	ı
Boris Faucher	10/11	1	3/4	-	-	8/9	-	3/4	ı
Jennifer Jean-Louis	11/11	1	4/4	-		-	-	4/4	5/5
Aslam Kanowah*	11/11	ı		6/6	4/4, (13/13)	6/6	1	1	1

## **Board of Directors Meetings (Cont'd)**

ATTENDANCE REPORT (CONT'D)

	Board of Directors	Audit Committee	Conduct Review Committee	Corporate Governance Committee	Credit Committee	Remuneration Committee	Risk Committee	Strategy Committee	TDP Committee
No. of meetings held	11	13	4	6	4, (13)	6	9	4	2
Rehana Kasenally	11/11	13/13	-	-	-	-	ı	-	2/2
Fiorangelo Salvatorelli	11/11	13/13	-	-	-	-	9/9	-	2/2
Christian St-Arnaud*	9/11	-	-	6/8	4/4, (12/13)	-	9/9	-	1
Joan Jill Wan Bok Nale	11/11	13/13	-	-	-	-	ı	-	1
Isabelle Alvares Pereira De Melo*	7/8	-	-	-	1/1, (1/2)	-	4/4	4/4	4/4
Dipak Chummun	2/2	1	-	1	0/1	-	-	-	ı
Louis Didier Merle	6/9	1	3/3	1	-	-	-	-	ı
Jean-Raymond Rey*	9/9	1	-	4/4	2/2, (5/5)	-	1	3/3	ı
Average Attendance	93%	<b>%96</b>	94%	%86	83%	94%	100%	95%	100%

\*These Directors also attended the Weekly Credit Committee meetings, and the weekly meetings are represented respectively by the figures in brackets.

### **COMPANY SECRETARY**

The Company Secretary assists and guides the Board of Directors. The Company Secretary also helps the Directors to fulfil their duties while acting with the utmost integrity and independence in the best interest of the Bank. He also has a key role to play in the application of corporate governance within the Bank.

### ANDY IVAN CHAN SOON SEN

Company Secretary

### Member

MIoD

### **Fellow Member**

Chartered Governance Institute of UK & Ireland ("CGI")

MBA with Specialisation in Financial Services

Open University of Mauritius

BA (Hons) Law and Management

University of Mauritius

Andy Ivan Chan Soon Sen currently holds the post of Company Secretary of AfrAsia Bank Limited and its subsidiary. He is a Chartered Governance Professional with more than 12 years of experience in corporate governance matters and company secretarial practice.

Prior to joining AfrAsia Bank in 2022, he was responsible for the corporate affairs cluster of the main subsidiary of a leading global multinational operating in the pharmaceutical industry. He also worked for various companies offering outsourced corporate and secretarial services to a diverse range of companies in various sectors. He started his career with a local conglomerate.

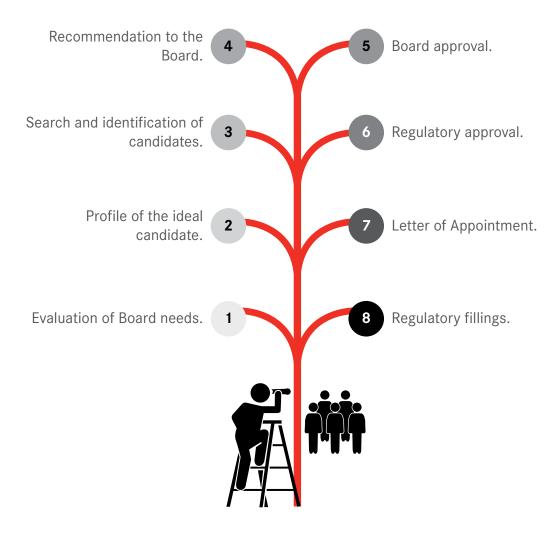
Alongside his role as Secretary to the Board, he also acts as Secretary to all the Committees of the Board.

### PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

### **Board Member Appointment**

The Board has a formal, rigorous and transparent process in place for the nomination and appointment of directors. The Board is responsible for the appointment and induction of new directors as well as having a suitable succession plan in place for both key Senior Management positions and the Board. All directors stand for election/re-election on an annual basis at the annual meeting of shareholders.

The Corporate Governance Committee assists the Board in fulfilling its duties and is tasked to review the Board size, structure and composition regularly and identify as well as recommend potential directors to the Board for its approval. Review of the Board composition and appointment of prospective candidates as directors are based on merit and consideration is given to skills, experience, expertise, knowledge, independence, gender and added value or contribution to the Board. The Board's nomination and appointment process can be summarised below:



Once the assessment process has been completed, the Corporate Governance Committee makes its recommendation to the Board for approval and the appointment is subject to regulatory approvals.

For the purpose of filling a casual vacancy, the Director may stay in office until the next annual meeting, at which he or she will stand for election by the shareholders.

### **Board Member Appointment (Cont'd)**

The newly appointed Director receives a Letter of Appointment which contains the following main details:

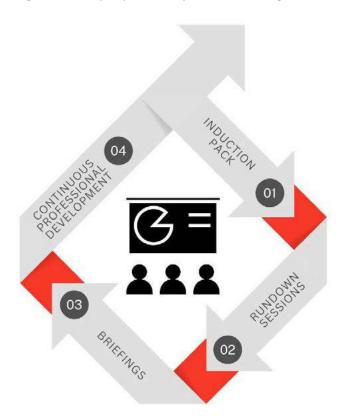
- 7 Time commitment;
- Noles and duties:
- 9 Outside interests;
- V Confidentiality;
- Dealing in shares;
- Induction;
- Training and Development; and
- Insurance.

The appointments and resignations during the year under review have been summarised under the "OUR DIRECTORATE" section under the sub-headers, "Appointments" and "Resignations".

### **Induction and Professional Development**

Upon appointment to the Board, Directors undergo comprehensive, tailored induction training to familiarise themselves with the Bank's operations, including specific training on money laundering and terrorist financing risks. New appointees receive a detailed information and orientation pack, along with the Constitution, Board Charter and terms of reference for Board Committees. They are also briefed on their statutory duties and obligations. Refresher sessions are conducted as needed. To date, all new directors have completed the induction and orientation process.

The Chairperson regularly assesses directors' training needs and arranges appropriate development opportunities to enhance their skills and knowledge. The Company Secretary maintains a register of all directors' training activities.



**Note:** Briefings include one-to-one with the Chairperson, Company Secretary, and CEO and presentation on the main business units.

### **Induction and Professional Development (Cont'd)**

In line with continuous professional development, the Directors attended trainings encompassing key subject matters, namely: Climate Change Auditing, Auditors & Audit Committees' New Trends, AML/CFT Training and Training on Climate-related and Environmental Financial Risk Management. The Bank is considering providing cyber and IT-related risk training in the next financial year.

Moreover, on a quarterly basis, the Directors receive an update on any regulatory change, including a summary of any new BOM guidelines or any change to existing BOM guidelines or an Act relevant to the banking and financial services sector.

### **Succession Planning**

In accordance with its Terms of Reference, the Board is responsible for the succession planning of the Board, the Chief Executive Officer and the Senior Management team of the Bank.

The Board has mandated the Corporate Governance Committee to put in place the succession plans, especially those of the Chairperson and of the CEO. The same is formalised in the terms of reference of the Corporate Governance Committee.

### PRINCIPLE FOUR – DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

### **Legal Duties**

All Directors are fully knowledgeable of their statutory duties as laid out in The Companies Act 2001.

### **Code of Ethics for the Board**

The Bank has a Code of Ethics for its Board; the same is available on the Bank's website. (https://www.afrasiabank.com/media/3187/code-of-ethics-Board-of-directors.pdf)

The Board believes that it must lead by example and encourages the Bank's senior management and the staff to follow the Conduct and Ethics Policy and to act ethically. The Board monitors and evaluates compliance with its Code of Ethics as and when required.

### **Board Appraisal**

The Board must undergo a performance appraisal exercise, in accordance with the Code and BOM's Guidelines on Corporate Governance. The Directors are requested to evaluate the Board on the following main criteria:

- The Board's size, composition, and structure;
- The Board's roles, duties, and responsibilities;
- The effectiveness of the Board and its Committees;
- The role and function of the Chairperson; and
- Performance review of individual directors.

A Board and Directors' evaluation was conducted in November 2022 by external consultants, under the oversight of both the Chairperson of the Board and the Corporate Governance Committee. The next board appraisal exercise is to be conducted in FY25.

### **Directors' Remuneration and Benefits**

The Remuneration Committee, as part of its duties, recommends, agrees, develops, and reviews the Bank's general remuneration philosophy and the Executive and Senior Management remuneration.

The remuneration and benefits paid and payable to the Directors for the year ended 30 June 2024 are tabulated below:

Remuneration and benefits paid and par	yable (MUR'0	00)		
	Fixed	Variable	Others	Total
Olivier Emmanuel Jauffret (Chairperson) <sup>1</sup>	1,735	-	-	1,735
Thierry Vallet <sup>2</sup> (Chief Executive Officer)	3,366	-	-	3,366
Jan Fredrik Louis Gaëtan Boullé <sup>3</sup>	500	1,171	-	1,671
Alastair James Bryce	500	1,516	1	2,016
Laurent François De La Hogue <sup>3</sup>	209	180	-	389
Marie Doriane Jessica Denise-Rama	500	1,691	-	2,191
Boris Faucher <sup>4</sup>	-	-	1	-
Jennifer Jean-Louis	9,156	15,925	-	25,081
Aslam Kanowah	500	2,016	1	2,516
Rehana Kasenally	500	1,161	1	1,661
Fiorangelo Salvatorelli	500	1,481	-	1,981
Christian St-Arnaud	500	1,641	-	2,141
Joan Jill Wan Bok Nale	500	1,066	210	1,776
Isabelle Alvares Pereira De Melo	312	970	-	1,282
Dipak Chummun	98	-	-	98
Louis Didier Merle	341	315	-	656
Jean-Raymond Rey	2,945	-	968	3,913

<sup>&</sup>lt;sup>1</sup>The Chairperson does not receive any additional fees for attendance of any meetings.

<sup>&</sup>lt;sup>2</sup> The remuneration as reported is for the period starting 01 April 2024 to 30 June 2024.

<sup>&</sup>lt;sup>3</sup> The fees were paid to IBL Ltd.

<sup>&</sup>lt;sup>4</sup> The Director has opted to waive any compensation for acting as Director of AfrAsia Bank Limited.

# Directors' Remuneration and Benefits (Cont'd)

The table below sets out the fee structure for Non-Executive and Independent Non-Executive Directors:

Category of Member	MUR'000	MUR'000 Fee details
Chairperson	009'9	6,600 Fixed fee per annum
Board Member	200	Fixed per annum for a maximum of 5 Board meetings
Additional fee to Board Member	20	Per attendance of any additional Board meetings
Committee Member	45	Per attendance
Additional fee to Chairperson of Committee	10	Per attendance
Risk Committee Member being also a Credit Committee Member	25	Per attendance

None of the Non-Executive Directors have received any remuneration in the form of share options or bonuses associated with organisational performance during the year.

Total remuneration and benefits paid and payable, to the Directors from the Bank and its subsidiary for the year ended 30 June 2024 were as follows:

	YEAR 30 JU	YEAR ENDED 30 JUNE 2024	YEAR 30 JUI	YEAR ENDED 30 JUNE 2023	YEAF 30 JL	YEAR ENDED 30 JUNE 2022
	Executive Director	Non- Executive Directors	Executive Directors	Non- Executive Directors	Executive Directors	Non- Executive Directors
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<b>The Bank</b> AfrAsia Bank Limited	28,447	24,026	22,134	26,282	22,513	31,085

Note: No director fees were paid to the Directors of AfrAsia Investment Limited.

### **Directors' Share Interest**

The interests of the Directors in the securities of the Bank are maintained by the Company Secretary. As part of the appointment of a Director, the latter should notify the Company Secretary in writing of their interests as well as their related parties' interests in the securities of the Bank. As of 30 June 2024, the details are tabulated below:

	<b>Category of Member</b>	No. of shares
Jan Fredrik Louis Gaëtan Boullé	Non-Executive Director	28,100
Jennifer Jean-Louis	Executive Director	47,000
Thierry Vallet	Executive Director	420,323

### **Conflicts of Interest**

A Director shall be interested in a transaction to which the Bank is a party, where the Director derives or may derive material financial benefit(s) personally or through another person(s)/entity(ies). This includes direct or indirect interest(s).

Any conflict or potential conflict of interest from a Director and Senior Executive must be declared to the Board or Company Secretary. The conflicts of interest of Directors are recorded in a separate register maintained by the Company Secretary. The Interest Register is available for consultation by shareholders upon written request to the Company Secretary.

It is noted that for any Board and Committee meetings, declaration of interest is a standard item at the top of the agenda whereby the Directors present should declare any interest that they have or may have with respect to any of the matters to be discussed. Any declaration shall be recorded in the minutes accordingly, and the conflicted Director shall abstain from participating in the deliberations and from voting on the concerned matter. Conflicted Director(s) shall not be counted in the quorum for the concerned matter.

The following principles are encouraged concerning conflicts of interest:

- The personal interests of a Director or persons closely associated with the Director must not take precedence over the Bank and its shareholders, including the minority ones;
- Directors are required to avoid conflicts of interest and make full and timely disclosure of any such conflicts when exposed to them; and
- Directors are aware that their fiduciary duties and responsibilities are to act in the best interest of the Bank.

All information obtained by Directors in their capacity as directors to the Board of AfrAsia Bank Limited is treated as confidential and is not divulged to any other parties without the expressed approval of the Board.

### **Information Technology and ICT Security**

The Bank's overall strategic direction hinges on its ability to effectively manage its information technology environment. As businesses are rapidly embracing new technologies and modern ways of working, business competitiveness has become increasingly dependent on seamless alignment between business and IT strategy. The growing prevalence of personal devices on premises, engagement on social networks, and file platforms necessitate robust security and data preservation while safeguarding the privacy of the users. Newer generations understand this intuitively: the volume of information created and consumed on mobile devices is growing exponentially, which is also changing and shaping the way individuals use and share information.

With technology evolving much faster than the pace of change in organisational cultures, especially with the shift to the cloud and mobile devices, IT teams must radically change how they operate. This includes how they offer their services, procure products and services, manage technology, and handle data assets, within a defined framework. AfrAsia Bank's technology leadership plays a key role in embracing this trend to deliver efficient and effective information technology solutions that enable and propel business development. Collective decision-making can result in executive buy-in to help drive more business value from technology investments. However, enforcing IT policies can fall short without proper monitoring and management tools, which requires concerted efforts from all levels of the Bank. In response to the evolving nature of cyber threats, AfrAsia Bank's ICT Security team has implemented a comprehensive set of policies for information security, cyber security, and technology risks to protect the confidentiality, integrity, and availability of information created, processed, transmitted, stored, and disposed of by the Bank. These policies and procedures are accessible to employees via the Bank's intranet. Regular security training and awareness campaigns are conducted to ensure that employees understand their roles in information protection and are equipped to detect or avoid situations that may compromise the Bank's systems.

In this respect, the Board has established the TDP Committee, together with a set of governance policies that are implemented and regularly reviewed to manage and minimise the associated risks and align with the modern business world. The TDP Committee ensures that the Bank continuously seeks to foster a robust framework for the smooth running of its activities, together with adequate proficient resources and sophisticated infrastructure to manage the relevant risks and ensure the Bank's business continuity. The TDP Committee monitors and evaluates significant investments in information technology and expenditures. Along with the Board, the Bank's representatives may include the Chief Operating Officer, the Head of ICT, the Head of Digital, and the Head of ICT Security. As such, continuous investments in people, technology, and security are critical to keeping up with the competitive and innovative landscape and remaining relevant. The Committee also strives to support modern ways of working.

During the year under review, cyber and IT projects and matters were discussed at the committee level. Furthermore, the Bank is currently working on a detailed technology plan including a technology strategy to identify future requirements arising from business objectives which will be subject to in-depth discussion at Board level.

Refer to the Risk Management Report of the Annual Report under the Information Technology section for further insight on information governance.

### **Remuneration Philosophy**

### **People First**

AfrAsia Bank Limited upholds its philosophy of putting people first. The Bank's dynamic and dedicated staff remains the key success factor to achieve its business and organisational goals. Our competitive and attractive Staff Remuneration Policy allows us to maintain a committed and engaged workforce.

Towards maintaining a competitive edge, the Bank continues its collaboration with Korn Ferry, a leading international consultancy firm, to keep abreast of market trends in terms of total remuneration.

### **Attract and Retain Talent**

The emphasis remains on upholding a competitive Compensation and Benefits Policy to attract and retain the best talent on the market.

The objective is laid on recruitment to attract the right balance in terms of competencies and culture fit. In working towards this goal, the Bank has reinforced its Human Resources team devoted to recruitment activities.

The Bank further remains committed to developing its leadership team and personnel through training aimed at enhancing technical competencies and skills set as well as personal growth.

AfrAsia Bank Limited strives towards the continued improvement of the Bank's internal climate through sports and social activities, team bonding activities and the revamping of the AfrAsia Awards to recognise outstanding individuals and team performance.

### **Related Party Framework**

The Bank operates its assessment of its related parties through its Conduct Review Committee, which is guided by its own Terms of Reference and in accordance with BOM's Guideline on Related Party Transactions.

Refer to the Risk Management Report of the Annual Report under the Related Party Transactions, Policies, and Practices section.

### PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

### **Board**

The Board leads the conduct of affairs and provides sound leadership to the executives of the Bank. It sets clearly defined policies and the Bank's risk appetite, which are then conveyed to the executives via their delegated authorities to facilitate their oversight of the course of the business. Additionally, the Board ensures that risks are properly detected, managed, and mitigated.

### **Risk Committee and Executive Management**

The fundamental responsibility of the Risk Committee is to advise the Board on the Bank's overall current and future risk appetite, oversee Senior Management's implementation of the Risk Appetite Framework ("RAF"), report on the state of risk culture in the Bank, and interact with and oversee the Head of Risk.

The Risk Committee's work includes oversight of the strategies for capital and liquidity management as well as all relevant risks of the Bank, such as credit, country, market, information, interest rate, cyber, operational, and reputational risks, to ensure they are consistent with the stated risk appetite, all in compliance with BOM guidelines and policies approved by the Board. In addition, the Risk Committee is responsible for ensuring that the Bank maintains satisfactory liquidity and solvency ratios at all times. The Committee receives regular updates and reports from the Head of Risk and Risk Unit functions about the Bank's current risk profile, the current state of the risk culture, utilisation against the established risk appetite and limits, limit breaches, and mitigation plans.

Internally, the Bank has established an Assets and Liabilities Committee ("ALCO"), an Impairment Committee ("IMC") and a Risk Management Committee ("RMC") that report to the Risk Committee ("RC") on their respective operations.

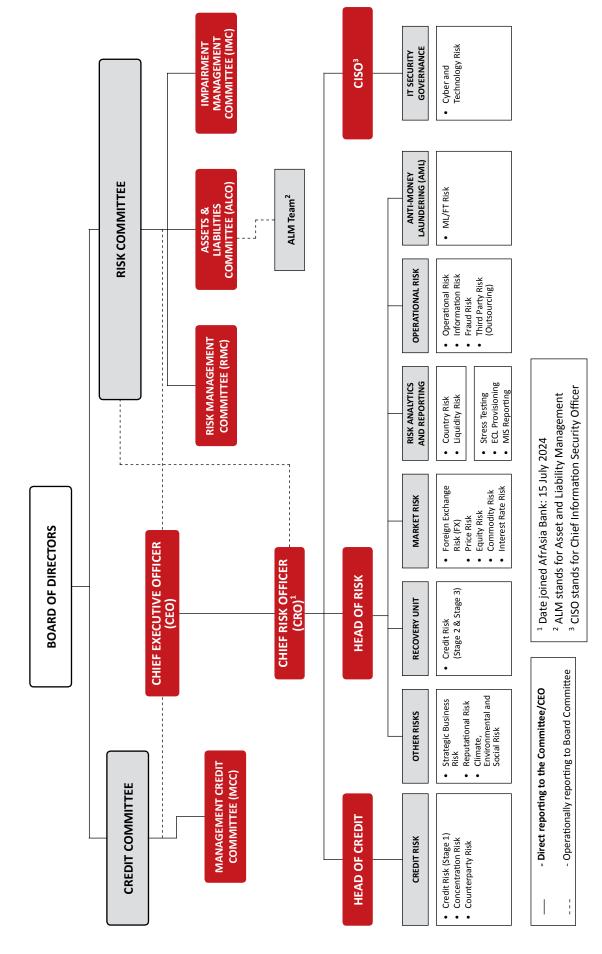
### **Risk Management**

The independent risk management function is a key component of the Bank's second line of defence. The risk management function, through its various divisions, monitors risk-taking activities and risk exposures in line with the Board-approved risk appetite, risk limits, and corresponding capital or liquidity needs.

While it is common for the risk management team to work closely with the various business units, the risk function remains sufficiently independent of the business units and is not involved in the Bank's revenue generation. Such autonomy is an essential component of an effective risk management function, as is having access to all business lines that have the potential to generate material risk for the Bank as well as to relevant risk-bearing subsidiaries. It also maintains its objectivity by being independent of operations, and the Head of Risk has, without impediment, direct access to the Risk Committee chairperson or members.

## Risk Management (Cont'd)

## **Risk Management Oversight Structure**



### **Risk Management (Cont'd)**

### Risk Management Oversight Structure (Cont'd)

The complete Risk Management Report of the Annual Report forms an integral part of Section A.

### **Corporate Integrity and Whistleblowing Policy**

The Bank has established a Corporate Integrity and Whistleblowing Policy to promote an atmosphere of honesty and encourage employees to conduct themselves in the best interests of the Bank. The applicability of this policy extends to all employees of the Bank, irrespective of their locational, contractual, or probationary nature.

A copy of the Corporate Integrity and Whistleblowing Policy is available on the Bank's website: (https://www.afrasiabank.com/media/3190/corporate-integrity-and-whistle-blowing-policy.pdf)

### PRINCIPLE SIX – REPORTING WITH INTEGRITY

### **Financial**

The Directors bear the responsibility for the preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, and the Companies Act 2001 of Mauritius. It is incumbent upon the Directors to ensure adherence to the provisions outlined in the Companies Act 2001 of Mauritius, the Banking Act 2004 (as amended), and the Financial Reporting Act 2004 (as amended). Furthermore, the Directors are tasked with guaranteeing that the financial statements are free from errors, material misstatements, and irregularities. In the event of any non-compliance, it is their duty to disclose, explain, and quantify such instances.

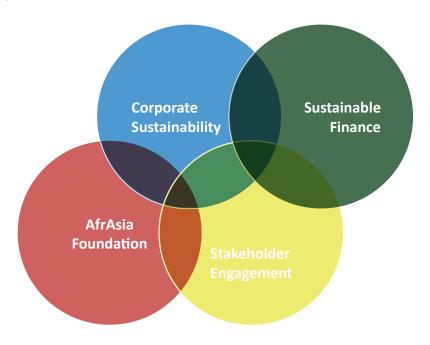
### **Sustainability Report**

Sustainability is evolving globally, driven by initiatives like the EU Green Deal, which are influencing the integration of Environmental, Social, and Governance ("ESG") factors in business operations, particularly in the financial sector. In response to new climate-related regulations and aligned with our vision, AfrAsia Bank has adopted several ESG initiatives, contributing to the Sustainable Development Goals ("SDGs"). We have also reaffirmed our commitment to the United Nations Global Compact ("UNGC") and the Global Reporting Initiative ("GRI"). We are honoured by the recognition we have received for our ESG and CSR efforts and remain dedicated to making a positive impact through our interconnected Sustainability Approach.

### 1. SUSTAINABILITY APPROACH

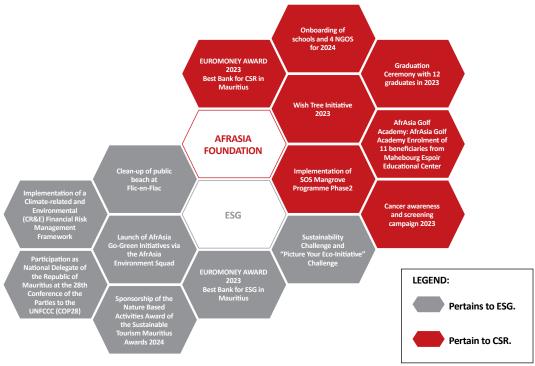
AfrAsia Bank's approach to sustainability rests on four pillars, namely: Corporate Sustainability, Sustainable Finance, Stakeholder Engagement, and the AfrAsia Foundation – which are all driven by a continuous improvement process to keep pace with the rapidly evolving ESG landscape.

While each pillar carries unique sets of initiatives and independent projects, their interconnectedness constitutes the sustainability approach of AfrAsia Bank.



Four pillars of the sustainability approach of AfrAsia Bank.

### 2. ESG & CSR ACHIEVEMENTS FY24 AT A GLANCE



Snapshot of ESG and AfrAsia Foundation achievements of AfrAsia Bank for the FY24

### 3. WORKPLACE RESPONSIBILITY

The Human Resources ("HR") Department is responsible for all matters related to AfrAsia Bank's staff. To enable AfrAsia Bank's approach towards obtaining and retaining of top talents, the HR team has, in the last month, strengthened its Recruitment team to ensure that the team is able to achieve our targeted recruitment and maintain our steady growth.

### HR STRATEGY AT A GLANCE: ATTRACT, DEVELOP, & RETAIN

AfrAsia Bank's HR strategy remains centred on a three-pronged approach: attract, develop and retain. As a responsible employer, the main aim of the Human Resources Department is to maintain AfrAsia's positioning as an employer of choice. Personal and professional growth is encouraged as well as team bonding and cohesion.

	FY22	FY23	FY24
Total Headcount	424	451	487
Average Hours of Training	11	15	13
Turnover Rate (Full Time Employees)	12%	18%	9%

Snapshot of key performance indicators for workplace responsibility throughout the last 3 years.

### 4. MARKETPLACE RESPONSIBILITY

### SUSTAINABLE FINANCE

AfrAsia Bank has been steadily developing its green portfolio, since 2019, to cater to the needs of its clients.

### GREEN CAR LOAN

Launched in October 2019 as AfrAsia's first green product, the Green Car Loan's main aim is to encourage its clients to adopt a sustainable lifestyle by opting for cars with lower environmental impact (hybrids and electric).

### STRUCTURED PRODUCTS

As a financial institution, we have a key role in transitioning towards a low-carbon economy. Our objective is to reduce our direct and indirect impact while giving our customers opportunities to invest in climate solutions. Since June 2020, our Treasury Structuring Team has offered our customers the opportunity to invest in Structured Deposits linked to ESG indices.

As of 30 June 2024, we have registered 'Underlying Notional Investment' into Structured Deposits linked to ESG to the tune of MUR 1.45bn.

### 5. ENVIRONMENTAL RESPONSIBILITY

As a responsible Bank, AfrAsia Bank is working towards efficiently managing its use of natural resources and waste generation. In this regard, for the past years, the Bank has been monitoring its paper and electricity consumption as well as its e-waste generation.

Financial Year	Electricity Consumption  Ebene Office (KWH)	Paper Usage (Reams)	Waste Management  E-Waste Recycled (Kg)
2021	496,114	2,692	226
2022	468,033	2,379	0
2023	513,461	2,556	0
2024	529,430	2,560	0

Electricity Consumption – Ebene Office; Paper Usage and E-waste Recycled across the Bank

The increase in electricity usage is due to the post-COVID return to normal operations with full staffing at our Port Louis and Ebene locations. Over the past three years, e-waste recycling has been minimal, as most equipment is rented and scrap electronics are set aside for bulk recycling. The Bank is enhancing its environmental efforts through the AfrAsia Go-Green Initiatives ("AGGI"), which aim to improve energy, water, and paper consumption, and waste management. Additionally, we are preparing to move to a new LEED-certified building in Tribeca Central Smart City.

### 6. SOCIAL RESPONSIBILITY

### • AFRASIA FOUNDATION

The AfrAsia Foundation, established in 2016, serves as the social arm of the Bank but has an independent governing body – the Council of the Foundation. All projects and initiatives funded through the Foundation are driven by the Sustainable Development Goals ("SDGs") and fall under three main pillars – Education, Health, and Environment – and are implemented with distinct NGOs.

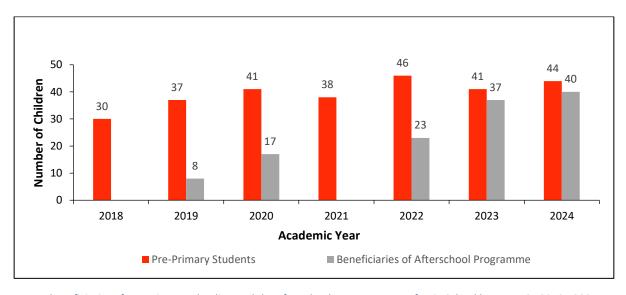


Three pillars of the AfrAsia Foundation.

### PILLAR 1: EDUCATION

### • AFRASIA SCHOOL

AfrAsia School, a key initiative under the Education Pillar and co-managed with the NGO "Ti Rayons Soleil," offers free pre-primary education and an afterschool program. It also provides additional support, including uniforms, transportation, food, and medical and psychological aid to beneficiaries and their families. For CY24, AfrAsia School welcomed 44 pre-primary students and 40 afterschool program participants. Additionally, for FY24, 18 families, totaling 84 individuals, benefited from the "Food Support" program.



No. beneficiaries of Pre-Primary schooling and the Afterschool Programme at AfrAsia School between CY 2018 - 2024.

### 6. SOCIAL RESPONSIBILITY (CONT'D)

### CHILDREN'S UNIVERSITY AFRASIA FOUNDATION PROGRAMME

In September 2022, the Foundation launched the pilot phase of the Children's University AfrAsia Foundation ("CUAF") program in collaboration with the University of Adelaide. Modeled after the UK's successful Children's University ("CU"), this program aims to enhance students' aspirations and academic performance through diverse learning experiences. Initially set for six months, the pilot was extended to October 2023 and included class sessions, online activities, and two outings. The phase culminated with a Graduation Ceremony where 12 of 17 beneficiaries who completed over 30 hours of learning were rewarded. An exhibition was also set up to showcase the personal project of each graduate, to the parents and guests.

The success of the pilot phase led to the extension of the CUAF programme to three additional NGOs for a total of 54 beneficiaries. The chosen *Learning Destinations* for Mauritius are Trou aux Cerfs, Library Carnegie, and the SSR Botanical Garden of Curepipe.



The number of beneficiaries per NGO for the CUAF programme for CY24.

### AFRASIA GOLF ACADEMY

The AfrAsia Golf Academy enrolled 11 beneficiaries, from the Mahebourg Espoir Educational Center for empowerment through a tailor-made golf training course. In this regard, the beneficiaries received uniforms, shoes, and other essential materials.

### PILLAR 2: HEALTH

The projects and initiatives under the Health Pillar of the Foundation were implemented in collaboration with the NGO, *Link to Life*. This partnership has created and led the *AfrAsia Mobile Screening, Sensitisation, and Support* programme with a vision that cancer is preventable, detectable, and beatable for all. The Foundation has renewed its collaboration with *Link to Life* for another 3 years.

The initiatives conducted included:

Screening and Awareness Campaigns
 For early detection and identification of various forms of cancer, screening and awareness campaigns were conducted. Since FY17, a total of 4011 screenings have been completed with two equipments donated by the Foundation.

### 6. SOCIAL RESPONSIBILITY (CONT'D)

### PILLAR 2: HEALTH (CONT'D)

Life after Mastectomy
 Since FY22, the Life after Mastectomy initiative has supported breast cancer survivors with tailor-made breast prostheses. For FY24, 818 cancer screenings were completed and 57 breast prostheses were donated in collaboration with NGO Link To Life.

### PILLAR 3: ENVIRONMENT

The Environment Pillar projects are executed in collaboration with the NGO Reef Conservation. The primary focus is the SOS Mangrove program, established in response to the 2020 Wakashio oil spill. This long-term initiative aims to monitor, educate, and restore mangrove forests across Mauritius. For FY24, the Foundation contributed MUR 1.744 million towards Phase 2 of the program.

### 7. FUTURE OUTLOOK

AfrAsia Bank remains committed to promoting sustainability in the financial sector, both nationally and internationally, through our 2025 Sustainability Approach, "Be Sustainable." We aim to be the leading partner for sustainable financing by integrating ESG considerations into our decision-making and operations. By offering innovative green financial solutions, we aspire to support our clients' sustainability goals and contribute to a resilient financial system. AfrAsia Bank is developing ESG-related frameworks to ensure that ESG-related risks are identified and managed in a timely manner; and, is being proactive in adopting upcoming sustainability-related standards, namely the IFRS S1 and S2 standards. Our vision goes beyond compliance; we are dedicated to fostering a culture of sustainable practices and driving positive change through collaboration, innovation, and continuous improvement.

### **Annual Meeting of Shareholders**

AMS voting results and presentations are published on our website post-annual meetings.

The Annual Report is published in full on the Bank's website.

(https://www.afrasiabank.com/en/about/investors/annual-reports)

The financial statements are set out in Section B of the Annual Report.

### **PRINCIPLE SEVEN – AUDIT**

### **External Audit**

Ernst & Young ("EY") has been the external auditor of the Bank for the past 3 years. The re-appointment of EY has been approved on 11 December 2023 at the AGM.

The Audit Committee continuously evaluates the independence and effectiveness of the external auditor before making a recommendation to the Board on their appointment and retention.

The Audit Committee meets privately with the external auditors on a quarterly basis to discuss critical issues and potential threats to independence and remains satisfied that they are not unduly influenced by management.

As per the International Code of Ethics for Professional Accountants by the International Ethics Standards Board for Accountants ("IESBA") for the non-assurance services and the fee-related provisions, the Bank has in place a policy for non-assurance services provided by the external auditors. This policy aims to:

- Preserve the independence and objectivity of the external auditor in performing the statutory audit;
- Avoid any conflict of interest by outlining the types of work that the external auditor cannot undertake (prohibited services) outside of the audit engagement and the considerations that should be applied in assessing potential conflicts of interest; and
- Establish a pre-concurrence process for the provision of non-assurance services by the external auditor.

The fees for audit and other services were as follows:

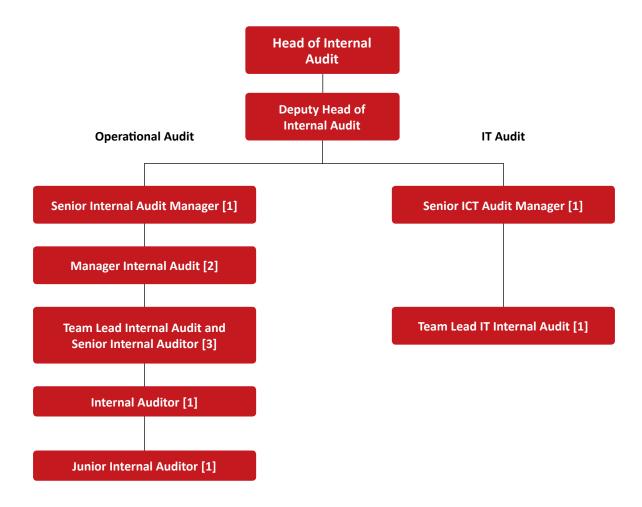
	YEAR	ENDED	YEAR I	NDED	YEAR	ENDED
	30 JUI	NE 2024	30 JUN	E 2023	30 JUN	IE 2022
	Audit	Other	Audit	Other	Audit	Other
	MUR	MUR	MUR	MUR	MUR	MUR
	'000	'000	'000	'000	'000	'000
Deloitte						
The Bank						
AfrAsia Bank Limited	-	-	-	-	-	175
Ernst & Young						
The Bank						
AfrAsia Bank Limited	29,575	5,579*	16,520	8,841*	21,771	5,616*
Ernst & Young						
The Subsidiaries						
AfrAsia Investments Limited	345	41	330	24	314	-
	- 10	_				

<sup>\*</sup>Other services include limited review, assurance reports and tax consultancy.

### **Internal Audit**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes. The internal audit function at AfrAsia Bank helps the Board and management maintain and improve the process by which risks are identified and managed and helps the Board discharge its responsibilities for maintaining and strengthening the internal control framework.

The structure is as follows:



### Independence of the internal audit team

The internal audit function in AfrAsia Bank remains independent of the activities audited and the objective of its work. There have been no restrictions placed over the right of access by internal audit to the records, management, or employees of the Bank as part of the audit procedures performed during the year under review and to the date of this report. The Head of Internal Audit maintains a direct reporting line with the Audit Committee for direction and accountability and with the CEO for administrative interface and support in line with good governance practices.

The Head of Internal Audit has regular access to the Chairperson of the Audit Committee. He attends quarterly meetings with the Audit Committee and more frequently when the need arises.

### Qualifications and experience

Kristy Kumar Ballah, a Chartered Banker and also a Fellow of the Institute of Chartered Accountants in England and Wales with 19 years of experience in the auditing field, heads the Internal Audit department.

Prior to joining the Bank, he was the Group Internal Audit Manager at the Mauritius Commercial Bank. He started his career with PWC, where he grew to become an Audit Manager. Over the years, the Head of Internal Audit had exposure to local organisations operating in diverse sectors and also had significant international exposure. He is well acquainted with risk management activities in general. The profile of the Head of Internal Audit is displayed on the Bank's website.

The Head of Internal Audit is supported by staff members with significant banking and auditing experience. The team includes members with "Big 4 firm" exposure who are also members of professional bodies such as ICAEW, ACCA, CBI, IIA, ISACA, etc.

### Implementation of the risk-based audit plan

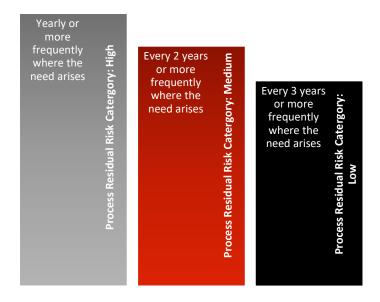
The Internal Audit team implements the yearly risk-based audit plan (comprising a mix of operational and ICT audits) which is approved by the Audit Committee.

### Operational Audit

The below key criteria were used amongst others to assign an inherent risk rating to identified areas/processes and subsequently an assessment of controls' design and performance is performed to obtain the residual risk rating:

- Past audit findings and cumulative audit knowledge of control design and performance;
- Financial implications of a particular process;
- Volume of transactions;
- Whether the process is impacted by key regulatory requirements;
- Whether the process represents a key second line of defence function; and
- Recent or foreseen changes in management, structure and systems impacting the process.

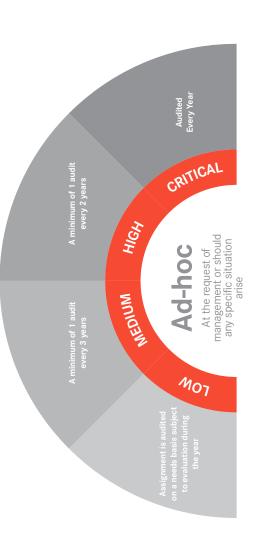
The audit frequency for identified areas/processes is based on residual risk as follows:



# Implementation of the risk-based audit plan (Cont'd)

ICT Audit

The criticality of areas and audit frequency is determined as follows:



### LOW

## In case these applications/systems are compromised, this could lead to minor levels of inconvenience and distress to banking operations

Infrastructure devices/location &

Applications/Systems/IT

MEDIUM

network/Policies cater for the internal functional needs of the

- Application/System is easily recoverable and reproducible
- Application/System provides an informational / non-critical service

applications/systems/middleware

Compromise of these

bank.

As defined in the BIA, the recovery

inconvenience and distress to

banking operations

may lead to minor levels of

time objective (RTO) should be

within 24 hours.

 As per BIA, the recovery time objective should be within 24 hours or more

### HIGH

### Applications/Systems//IT Infrastructure devices/location & network are developed to primarily support the different business line of the bank, to respond to business initiatives and to also shape the business objectives of

- Failure in having these components up and running could entail disruption to the business function but with a less aggravated note to the overall banking operations.
- Availability of for applications/systems/ middleware/ infrastructure location during business hours is expected and the recovery time objective (RTO) should be within 8 hours as per the BIA.

### CRITICAL

## Applications/Systems/Middleware/ IT Infrastructure devices/location & network are earmarked as critical based on availability to sustain the business.

- As per the Business Impact Analysis (BIA), the Recovery Time Objective (RTO) for these components is very low i.e. a maximum of 4 hours of downtime.
- Sensitive data is transmitted in and out of those applications/systems/Middleware, a fissure to them could result in serious financial loss, confidential data being exposed, legal dispute and customer distrust.
- The downtime could potentially give rise to enforcing BCP procedures.

### Spot Audits

Spot audits are also performed monthly for areas deemed higher risk in the financial year.

### The FY24 Audit Plan

The FY24 audit plan has been satisfactorily executed. Valid explanations exist for any audit that has been rescheduled in FY25 whereas there were also ad-hoc assignments carried out in FY24, at the request of management.

The internal audit team provides varying degrees of assurance about the effectiveness of the risk management and control processes of selected activities and functions of the organisation. It is worth mentioning that, as of date, the majority of issues categorised as higher risk have either been addressed or management has established a remedial plan.

Any risk or deficiency in the system of internal controls revealed during audits has been reported in the respective reports issued at the end of the assignment. The audit report includes audit recommendations, management comments, an action plan and a timeline for implementation. Monitoring of implementation is done by Internal Audit.

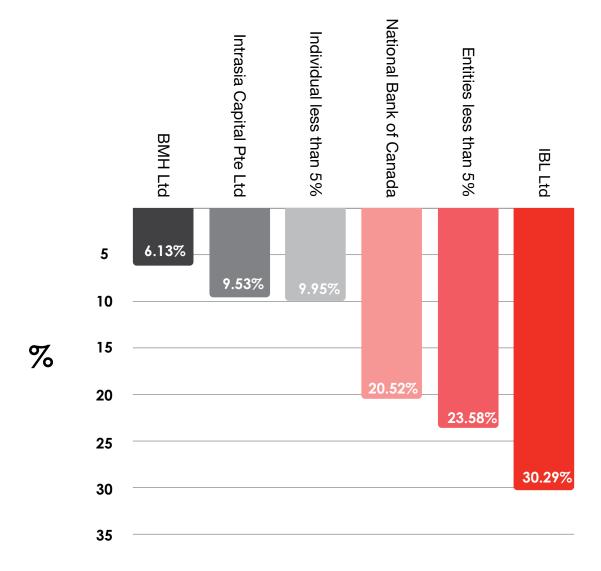
### PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

AfrAsia Bank's stakeholders encompass individuals and organisations with vested interests in the Bank or those impacted by its operations. The key stakeholder groups include customers, employees, shareholders and investors, government and regulatory authorities. These primary stakeholders play crucial roles in the Bank's ecosystem and are an integral part of its success and sustainability.

### **Shareholding Structure**

AfrAsia Bank boasts a diverse shareholder base, comprising reputable local and international private institutional investors from multiple continents. As of 30 June 2024, the Bank had a robust expansion in its regulatory capital base to stand at MUR 19.2bn. The institution is committed to transparent and effective communication with all shareholders, ensuring that minority shareholders' interests are protected.

The Bank's shareholding structure as of 30 June 2024 is as follows:



### **Shareholding Structure (Cont'd)**

Size of shareholding	Number of shareholders	Number of shares	Holding (%)
1 – 1,000	1,930	267,617	0.24
1,001 – 5,000	161	369,269	0.33
5,001 – 10,000	30	195,250	0.17
10,001 – 50,000	56	1,448,413	1.28
50,001 – 500,000	26	4,964,379	4.39
Above 500,001	23	105,732,282	93.59
Total	2,226	112,977,210	100.00

Category	Number of shareholders	Number of shares	Holding (%)
Individuals	2,065	11,230,143	9.94
Insurance and assurance companies	6	1,294,320	1.15
Pensions and provident funds	33	4,128,890	3.65
Investment and trusts companies	17	10,552,403	9.34
Other corporate bodies	105	85,771,454	75.92
Total	2,226	112,977,210	100.00

### **Dividend Policy**

Dividends are proposed by Management to the Board in line with the provisions of the Banking Act 2004 (as amended), the BOM's Guideline on Payment of Dividends (as amended), the Companies Act 2001 of Mauritius, and the Bank's Constitution. Once the Board is satisfied with Management's recommendation and the satisfaction of solvency tests and other ratios, the Board may approve the payment of dividends, subject to the approval of BOM, after which dividends may be distributed to shareholders.

### Dividend on Ordinary Shares

The Bank has achieved a good financial return to allow dividends of MUR 2.8bn (MUR 2.0bn final dividend of MUR 17.78 per share for Financial Year 30 June 2023 and MUR 806.7m interim dividend of MUR 7.14 per share with respect to the period ended 31 December 2023), declared and paid during the year under review (2023: MUR 482.4m that is, MUR 4.27 per share/2022: MUR 235.0m that is, MUR 2.08 per share). This can be summarised as follows:

Dividends on Ordinary	y Shares (MU	R'm)	
	2022	2023	2024
Dividend paid	235.0	482.4	2,815.4

### Dividend on Class A Shares

Dividend of MUR 96.3m for the 6 months ended 31 December 2022 was approved by the Board of Directors on 14 February 2023 and payment was effected on 16 August 2023.

### Dividend on Class A Shares (Cont'd)

Dividend of MUR 101.3m for the 6 months ended 30 June 2023 was approved by the Board of Directors on 24 October 2023 and payment was effected on 04 December 2023. Dividend of MUR 106.2m for the 6 months ended 31 December 2023 was approved by the Board of Directors on 13 February 2024 and payment was effected on 18 April 2024 (2023: MUR 76.5m for the 6 months ended 30 June 2022 and MUR 67.5m for the 6 months ended 31 December 2021 and 2022: MUR 65.0m were paid for the 6 months ended 30 June 2021). This can be summarised as follows:

Dividends on Class A Shares – Series 1 and 2 (MUR'm)			
	2022	2023	2024
Dividend paid	65.0	144.0	303.8

### **Material Clauses of The Constitution**

Article 21.2 of the Bank's Constitution provides for a list of reserved matters that must be approved by special resolution of the voting shareholders of the Bank.

Restrictions concerning the disposal of shares are set out in Articles 15 and 16 of the Bank's Constitution. Such restrictions include the requirement to obtain the Board's approval in connection with the registration of share transfers.

### **Shareholders' Agreement**

No shareholders' agreement has been entered by the Bank during the financial year ended 30 June 2024.

### **Significant Contracts**

AfrAsia Bank has not entered into any significant contract with third parties during the financial year ended 30 June 2024.

### **Management Agreements**

AfrAsia Bank has not entered into any management agreement with third parties during the financial year ended 30 June 2024.

### Gifts and Donations

The Bank has made MUR 66,000 in gifts and donations during the year ended 30 June 2024 (2023: MUR 3,000 and 2022: MUR 15,000).

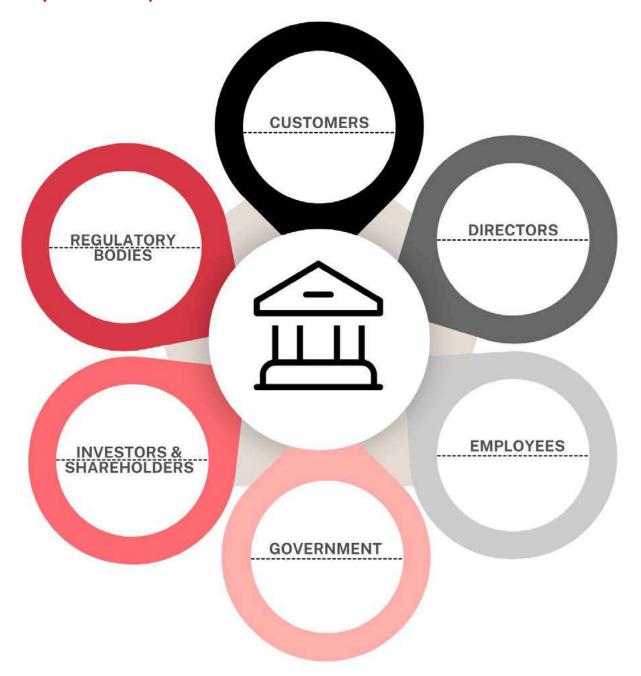
### **Political Donations**

The Bank has not made any political donations during the year ended 30 June 2024 (2023 and 2022: NIL)

### **Related Party**

The Bank has not entered into any new operational agreements with any related parties during the financial year ended 30 June 2024. For further details pertaining to related party transactions and balances relating to the year ended 30 June 2024, kindly refer to note 36 on "Related Party Disclosures" of the Annual Report.

### **Our Key Relationships**



The Bank maintains a proactive stance in managing relationships with its key stakeholders. In selecting suppliers, contractors, and non-governmental organisations, it prioritises entities whose values and focus areas are closely aligned with that of the Bank. AfrAsia Bank has implemented diverse channels for stakeholder engagement and feedback collection. This comprehensive feedback mechanism enables the Bank to identify strengths and address areas requiring improvement, ensuring continuous enhancement of its operations and stakeholder relations.

Below is an overview of our main stakeholders and how the Bank engages with them:

### **Customers**

How We Engage with Customers	<ul> <li>Dedicated relationship managers proposing tailored financial solutions</li> <li>Business meetings and visits</li> <li>Online and Offline Conferences, Roadshows and Presentations</li> <li>Clients Networking Events</li> <li>Market updates</li> <li>Website</li> <li>Social media platforms</li> <li>Customer Satisfaction surveys</li> <li>E-mailing</li> <li>Phone contacts</li> <li>Branches and Representative Office</li> </ul>
Their Contribution to Value Creation	Customers are the lifeblood of the Bank without whom AfrAsia Bank would not exist. The Bank has developed marketing and sales strategies to segment its markets, operating in niche markets. It also has business strategies to grow its business locally and internationally.
What Customers Expect from Us	<ul> <li>High-quality products and service excellence (Customer experience or CX)</li> <li>Sustainable business model</li> <li>Strong financial fundamentals</li> <li>Efficient complaint management system</li> <li>Continuously enhancing our customer relationship management practices</li> <li>Seamless online banking experience with intuitive, fast and secure banking channels such as Internet banking and mobile banking applications</li> <li>Easy and fast over-the-counter banking experience</li> </ul>
What Concerns our Customers	<ul> <li>Transparent and timely reports regarding the financial performance of the bank.</li> <li>Security and confidentiality of transactions and data</li> <li>Corporate governance and ethics</li> <li>Disclose how the bank is addressing ESG matters</li> </ul>

### **Directors**

The role and responsibilities of the Board of Directors have been commented on under the section, "THE KEY ROLES AND RESPONSIBILITIES OF THE BOARD".

### **Employees**

How We Engage with Employees	Face-to-face meetings
	Social events/activities
	Training and coaching
	External learning and growth opportunities
	Committees
	Recognition and rewards
	Virtual workshops and meetings
Their Contribution to Value	Work towards achievement of our strategy - Key Performance
Creation	Indicators
	Demonstrate passion towards a positive customer experience
	Help create and build positive working relationships
	Enhance trust on the market
	Help create a positive employer and corporate brand
What Employees Expect from Us	An environment that encourages growth and open communication
	The opportunity to achieve personal goals whilst aligning to the Bank's objectives
	A favourable internal climate that promote engagement for achievement
What Concerns our Employees	A safe and healthy place to work
	Continued career growth
	Open door management style with mutual trust
	A positive work cultures
	Sustainability and CSR actions
	Regular feedback and coaching
	Competitive remuneration
	Financial and non-financial rewards
	** Recognition
	A high level of empowerment and autonomy

### **Government and Regulatory Authorities**

How We Engage with the	Regular meetings
<b>Government and Regulatory</b>	Workgroups with the Bank of Mauritius and Financial Services
Authorities	Commission on regulatory guidelines, new legislations, laws and other matters
	Written communication
	Regulatory returns
	Onsite and offsite supervision by the regulators
	Trilateral meeting between the Bank of Mauritius, External Auditors and the Bank
	Proposition of the second s

### **Government and Regulatory Authorities (Cont'd)**

How We Engage with the Government and Regulatory Authorities (Cont'd)	<ul> <li>Providing information during Parliamentary debates through the Mauritius Bankers Association and Business Mauritius</li> <li>Training sessions</li> <li>Virtual Committees and conferences</li> </ul>
Their Contribution to Value Creation	<ul> <li>The regulator provides the enabling regulatory framework</li> <li>Guidelines and instructions from the regulators issued from time to time</li> </ul>
What the Government and Regulatory Authorities expect from us	<ul> <li>Providing banking and financial services in a transparent, secure and sustainable way</li> <li>Ensuring and maintaining customer satisfaction</li> <li>Complying with acts, regulations and guidelines</li> </ul>
What Concerns the Government and Regulatory Authorities	<ul> <li>Products and services being provided and the communication around same</li> <li>Compliance with laws, acts and regulations</li> <li>Transparency and accessibility to accurate, relevant and current information</li> <li>The Bank's duty of confidentiality and data protection</li> <li>Duties of the Board and Senior Management</li> <li>Appropriate Customer Due Diligence and Know Your Client ("KYC") processes and reviews</li> <li>Risk management and internal controls</li> <li>Complaints handling and customer care</li> <li>Compliance with the principles of corporate governance</li> <li>Sustainable financing</li> </ul>

### **Investors and Shareholders**

How We Engage with Investors and Shareholders	<ul> <li>Annual reports, media releases and published results</li> <li>Board meetings</li> <li>Annual general meetings</li> <li>Investor Relations web page</li> </ul>
Their Contribution to Value Creation	Investors provide capital to sustain the bank's growth locally and internationally
What Investors and Shareholders Expect from Us	Providing sustained returns on investment through strong fundamentals, brand, resilience, sound risk profile, strategic growth opportunities, and good governance practices while building a sustainable business model
What Concerns Investors and Shareholders	<ul> <li>Delivering sustainable return on investment</li> <li>ESG-related matters</li> <li>Sound Leadership, Management, and strategic direction</li> <li>Corporate governance and ethics</li> <li>Execution of the business strategy</li> <li>A high level of employee engagement and a positive employer brand as well as low employee turnover.</li> </ul>

### Investors and Shareholders (Cont'd)

The Board distributes notices for AMS and other shareholder meetings, along with related documents, to shareholders at least 21 days before the scheduled meeting date. These notices clearly explain the proxy voting procedures and specify the deadline for receiving proxy forms.

### **Some Key Dates**

### Shareholders' Calendar

Financial Year End 30 June

Annual Meeting of Shareholders November/December

### **Publication of Financial Statements**

30 September quarter end15 November31 December quarter end15 February31 March quarter end15 May

30 June year end September or any other dates permitted by the Bank's

regulators

### **Dividends**

### **Ordinary Shares Dividends**

Final

Declaration Post 30 June upon closure of accounts
Payment Upon receipt of approval from regulators

Interim

Declaration Post 31 December

Payment Upon receipt of approval from regulators

**Class A Shares Dividends** 

Declaration Post June and December

Payment Upon receipt of approval from regulators

The Annual Report is published in its entirety on the Bank's website. (https://www.afrasiabank.com/en/about/investors/annual-reports).

The Corporate Governance Report has been approved by the Board of Directors and signed on its behalf by:

**OLIVIER EMMANUEL JAUFFRET** 

Chairperson

ASLAM KANOWAH
Corporate Governance Committee
Chairperson

Date: 25 September 2024

### STATEMENT OF COMPLIANCE

### (SECTION 75(3) OF THE FINANCIAL REPORTING ACT 2004 (AS AMENDED))

Name of Public Interest: AfrAsia Bank Limited Reporting Period: 1 July 2023 to 30 June 2024

The Board of AfrAsia Bank Limited confirms, to the best of their knowledge that AfrAsia Bank Limited and its Subsidiary have complied with all of its obligations and requirements under the National Code of Corporate Governance 2016. The Bank has applied all of the principles set out in the Code whilst also explaining the application of the said principles in this Corporate Governance Report.

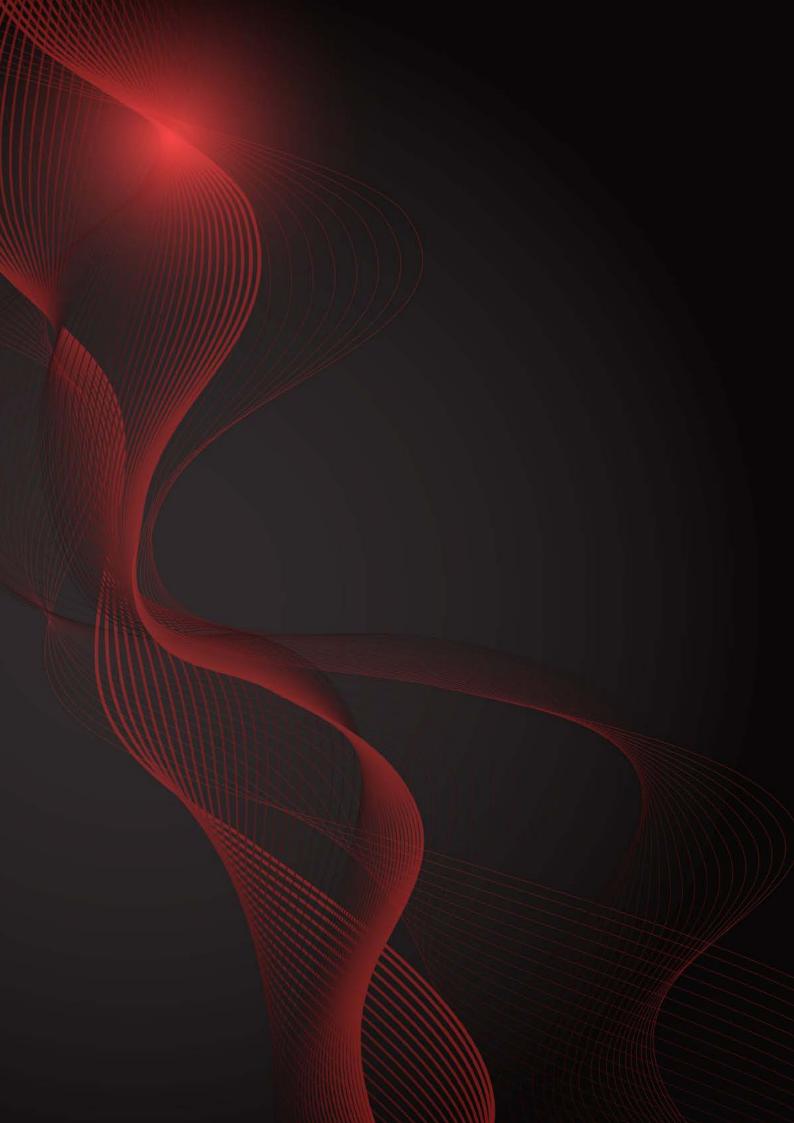
**OLIVIER EMMANUEL JAUFFRET** 

Chairperson

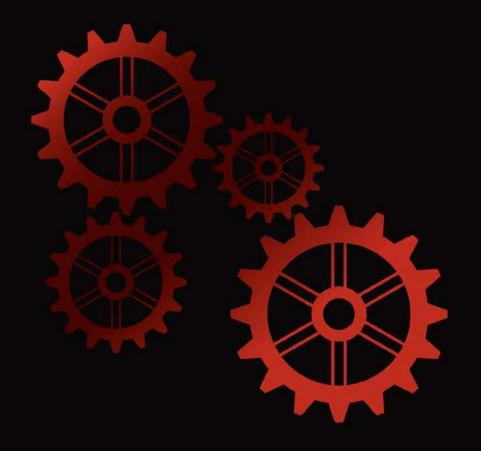
Date: 25 September 2024

**ASLAM KANOWAH** 

Corporate Governance Committee
Chairperson



# Risk Management Report





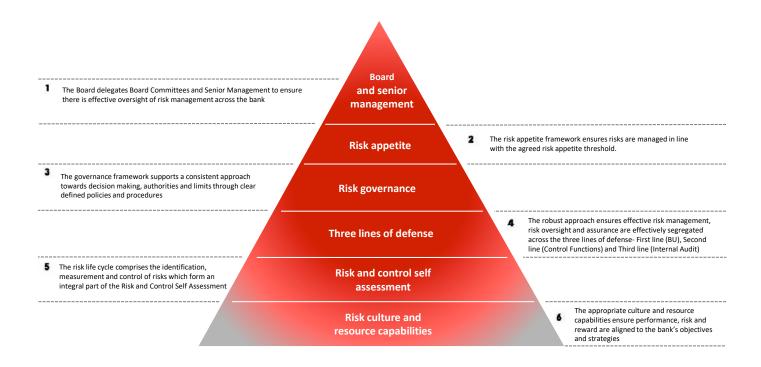
#### RISK MANAGEMENT REPORT

#### **RISK MANAGEMENT**

Risk management at AfrAsia Bank Limited (the "Bank" or "AfrAsia Bank") is at the heart of the Bank's decision-making in determining and implementing the Bank's strategic planning to support sustainable business growth. This is achievable through informed, prudent risk decisions, a robust risk management framework and a proactive risk culture.

The Risk Management Framework is a pivotal element in managing the risks of the Bank. It enables proactive identification, active management and monitoring of these risks. The risk appetite, policies, and procedures are regularly reviewed and updated to align fully with regulations, laws, and industry practices.

Risk management is the process of identifying, evaluating and managing the impact of uncertain events, and monitoring the consequences at acceptable levels within the Bank's risk appetite.



#### **RISK MANAGEMENT STRATEGY**

The risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight, and periodic monitoring through the subcommittees both at the management level and Board level.

# **RISK MANAGEMENT STRATEGY (CONT'D)**

The risk-management cycle comprises four phases:

- Establishing objectives by identifying the strategic goals and determining constraints;
- Manalysing the risks;
- Selecting controls and assessing the alternatives to address the risks; and
- Implementing the alternatives and monitoring the progress and results.

The process organises information about the possibility of a spectrum of undesirable outcomes into an inclusive and orderly structure that helps decision makers to make informed choices about their activities and abilities to manage risks.

#### RISK APPETITE FRAMEWORK

The risk appetite of the Bank is set by the Board and governed by the Risk Appetite Framework, which articulates the risks that the Bank is willing to accept. It also serves to reinforce the risk culture by setting a clear message coming from the top. The risk appetite considers the various types of risks and is embedded into its policies, processes, authorities, thresholds, and limits to guide decision-making and risk management. The risk appetite is reviewed and refreshed to ensure coverage across all principal risks, and any emerging risks and to align with internal and external factors.

The setting of thresholds is essential in making risk appetite an intrinsic part of our operations as they help to keep all the risks within acceptable levels. Portfolio risk limits such as Sectors, Country, and Counterparties which are quantifiable risk types are established based on a prudent approach taking into consideration the different requirements related to the guidelines of BOM and industry practices. These are implemented and monitored as per the risk appetite framework. The non-quantifiable risk types are managed using qualitative principles which clearly translate the Bank's strategic goals within approved risk parameters.

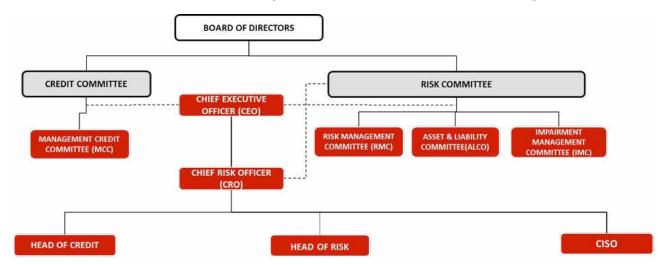
In line with BOM's guidelines, management has established a set of policies and procedures in respect of the principal risks in the daily operations, which clearly translate to the Bank's strategic goals within the approved risk parameters.

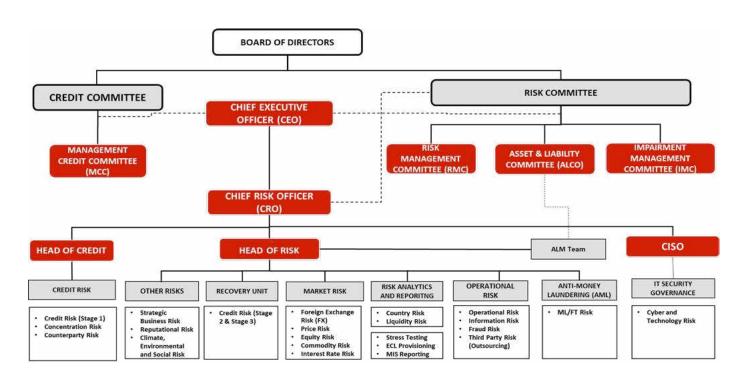
#### RISK GOVERNANCE AND OVERSIGHT STRUCTURE

The independent status of the risk management function is supported by a governance structure that provides for the escalation of risk issues to management through management forums and to Board Committees and the Board, on a quarterly basis or as appropriate.

# RISK GOVERNANCE AND OVERSIGHT STRUCTURE (CONT'D)

The chart below illustrates the Board's and management-level committees in the Bank's risk governance structure.





Fixed Line – Direct reporting to the CEO/Committee Dotted Line – Operationally reports to the Board Committee

#### COMMITTEES ESTABLISHED BY MANAGEMENT

### **Management Credit Committee ("MCC")**

The MCC is the senior management credit decision-making committee with a defined delegated authority as determined by the Board through the Credit Committee and Risk Committee from time to time.

Composition of MCC:

Voting Member: Head of Credit, Chief Executive Officer and Chief Operating officer

Attendance: Head of Risk

The functions of the MCC are as follows:

- Assist the Board to formulate, approve and implement credit policies, guidelines and credit practices of the Bank;
- Exercise responsibility for the independent assessment, approval, review and monitoring of all credit risk assets relating to the Bank's business; and
- Ensure that the origination and management of the assets in the portfolio is done in terms of the Bank's policy.

#### Asset and Liability Committee ("ALCO")

This Committee, which is chaired by the Chief Executive Officer, comprises the Chief Commercial Officer, Chief Financial Officer, Chief Operating Officer, Head of Risk, Head of Treasury & Markets and Head of Credit who meet at least once a month. In the absence of any ALCO member, a designated alternate should attend on his/her behalf.

ALCO's overall responsibility is to ensure that the Bank's overall asset and liability structure including its liquidity, currency and interest rate risks are managed within the risk appetite set by the Risk Committee.

# Impairment Management Committee ("IMC")

The Bank's IMC comprises the Chief Executive Officer, Chief Financial Officer and Head of Risk who meet at least once in a quarter or as and when required.

The functions of the IMC are as follows:

- Review Top Non-Performing Accounts;
- PREVIEW and approve all files, which warrant new/additional specific provisions;
- Proview and approve ECL for Stage 2 and 3 assets;
- Approve proposals for restructuring of facilities and settlement of liabilities including one-time settlement;
- Proview List of new Non-Performing Accounts;
- PREVIEW and approve all accounts in the Watchlist (Downgrade/Upgrade);
- Proview and approve accounts assessed under Significant Increase in Credit Risk ("SICR");
- Take cognisance of recoveries and write-backs for the quarter under review; and
- Review and approve the list of accounts recommended for write-offs.

#### Risk Management Committee ("RMC")

The Committee comprises the Chief Executive Officer, Chief Commercial Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer/Head of Risk, Group Head Compliance and MLRO (Non-voting member), Head of AML and Operational Risk/DPO, Head of Global Business, Head of Internal Audit (Non-voting member) and Head of Credit Risk. In the absence of any RMC member, a designated alternate should attend on his/her behalf.

The main functions of the RMC are as follows:

- Oversee the overall Risk management and internal controls of the Bank;
- Ensure appropriate methodologies and systems are in place to identify and adequately assess and manage risks;
- To assess the Bank's risk profile and key areas of risk; and
- PREPORT TO THE RISK COMMITTEE AS APPROPRIATE.

#### MANAGEMENT OF KEY RISK AREAS

Risk can be defined as the uncertainty of an event to occur in the future. In the banking context, it is the exposure to the uncertainty of an outcome, where exposure could be defined as the position/stake banks take in the market. The main types of risk faced by the Bank are as follows:

Type of Risk	Description	Mitigating Actions
	Financial Risks	
Credit Risk	Credit Risk is the risk of loss arising out of the	Policies & Procedures
	failure of obligors to meet their financial or	Regulatory Guidelines
	contractual obligations when due. It is	Control & Monitoring
	composed of obligor risk and concentration risk.	Key Resources with technical expertise
		Allocation of delegated limit for approval at
		various levels
		Regular Credit Committee meetings held to
		deliberate on credit files
		Quarterly review by Credit Committee
Country Risk	Country risk, also referred to as cross-border	Regular Country Review in terms of Country Risk
	country risk, is the uncertainty that obligors	events, change in sovereign credit ratings and
	(including the relevant sovereign, and the	regular monitoring of country developments
	group's branches and subsidiaries in a country)	Cap in terms of Country Risk Limit and proactive
	will be able to fulfil obligations due to the	monitoring of country risk exposures (utilisation)
	group's given political or economic conditions in	against the set country limits
	the host country.	Quality Review by Risk Committee which also
		comprise but is not limited to Country limits and

Type of Risk	Description	Mitigating Actions
		requests to either increase existing limits or set up new limits In line with Risk Appetite Framework and defined in the Bank's Risk Appetite Statement
Market Risk	Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.	Work around solution (manually)  Market Risk Policy  Process & level of acceptance  Tolerance limit  System Implementation
Funding and Liquidity Risk	Funding risk is the risk associated with the impact on a project's cash flow from higher funding costs or lack of availability of funds.  Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.	Liquidity risk is managed in line with the Bank's internal liquidity risk management framework and the BOM's Guideline on Liquidity Risk Management.  Daily reporting of liquidity metrics and monitoring of Liquidity Early Warning Indicators.
Interest Rate Risk	The risk arising from changes in interest rates or the prices of interest rate related securities and derivatives, impacting on the Bank's earnings or economic value of equity.	Monitoring of interest rate risk exposure in line with the Bank's internally prescribed limits.
Climate- Related and Environmental Financial Risk	Risk posed by the exposure of financial institutions to physical risks (such as flooding, cyclones, etc.) or transition risks (such as change in policy, change in market sentiment, etc.) caused by or related to climate change and/or exposure to activities that may potentially cause or be affected by environmental degradation (such as air pollution, water pollution, etc.)	Climate-Related and Environmental Financial Risk Management Framework Training and internal capacity building Internal procedures and controls

Type of Risk	Description	Mitigating Actions
	Non-Financial Ris	sks
Operational Risk	Operational risk is the risk of loss suffered as a result of the inadequacy of or failure in internal processes, people, systems or from external events.	Documented policies, procedures & processes Implementation of systems & internal controls Awareness Training and best practices
Compliance Risk	Compliance Risk is the risk of legal or regulatory sanction, financial loss or damage to reputation that the group may suffer as a result of its failure to comply with laws, regulations and codes of conduct and standards of good practice applicable to its financial services and banking.	Policies and Procedures in line with regulatory requirements and standards Internal controls Trained and qualified staff Appropriate system and tools
Information Risk	The risk of accidental or intentional unauthorised use, modification, disclosure or destruction of information resources, which would compromise the confidentiality, integrity or availability of information.	Documented policies, processes & procedures Implementation of systems & internal controls Awareness Training and best practices.
Cyber Risk	The risk of failure, unauthorised or erroneous use of information systems resulting in financial loss, disruption or damage to the reputation of the Bank.	Educate Employees & stakeholders on Information Security including Cyber Security measures Endpoint Security on Devices including Encryption and Anti-virus Protection Ensure efficient Patch Management on information systems Cyber Threat detection and online monitoring 24/7, 365/365 Distributed denial-of-service ("DDoS") monitoring services Privileged Access Management platform to control access to critical platform Email and Web Security Platform Data Loss Prevention Multifactor Authentication for remote access Two tier Firewalling and Network segmentation

Type of Risk	Description	Mitigating Actions		
Transversal Risks				
Business Strategic Risk	Business strategic risk is the risk of earnings variability, resulting in operating revenues not covering operating costs after excluding the effects of market risk, credit risk, structural interest rate risk and operational risk.	Documented policies, procedures and processes Implementation of systems and internal controls Training Ensure that the Bank adheres to its Risk Appetite Ensure that Business strategy is embedded in the Risk Appetite Framework		
Reputational Risk	Reputational risk is the risk of potential or actual damage to the group's image, which may impair the profitability, and/or sustainability of its business.	Effective communication, staff training, and HR practices  Documented policies, procedures and processes  Efficient complaints & feedback handling for continuous improvement of products/services  Constant compliance checks and monitoring  Information Security		

#### **CREDIT RISK**

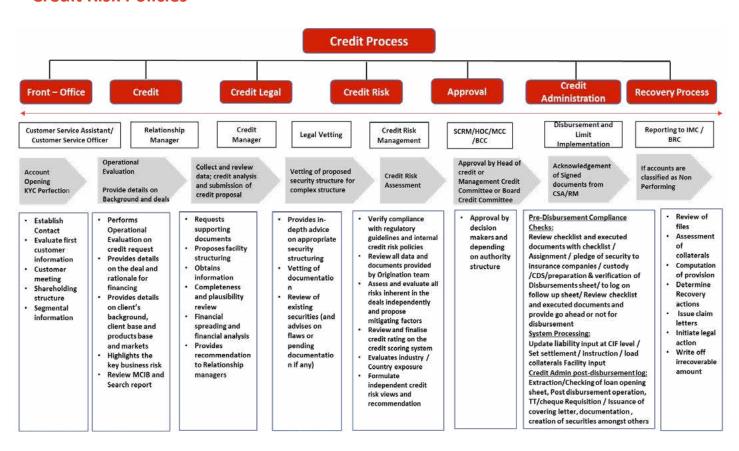
Credit risk arises from the possibility of financial losses stemming from the failure of clients or counterparties to meet their financial obligations to the Bank. Credit processes in place control the credit risk of individual and corporate clients. Other sources of credit risk arise from trading activities, including debt securities, and settlement balances with market counterparties, amongst others.

The credit risk management objective is to maintain a rigorous and effective integrated risk management framework to ensure that all controls are in line with risk processes based on international best practices, and to ensure that the Bank's policies and regulatory guidelines are adhered to.

#### **Organisation and Structure**

The Bank has structured the responsibilities of credit risk management so that informed and appropriate decisions are taken and in line with the approved delegated lending authority limit, whilst ensuring that there is an adequate segregation of tasks. Credit policies and processes are in place to ensure the effective monitoring and management of credit risk in compliance with the Bank of Mauritius guidelines and the Bank's risk appetite.

#### **Credit Risk Policies**



#### IFRS 9 Financial Instruments ("IFRS 9")

The Bank has run a centrally managed IFRS 9 programme since 2018, which includes business functions and subject matter experts on methodology, data sourcing and modelling, IT processing and reporting. Overall governance of the programme implementation has been through the Bank's IFRS 9 policy and included representatives from Risk (including Risk Analytics, Market Risk and Recovery), Credit, IT and Finance departments.

The adoption of IFRS 9 has enabled the Bank to enhance its internal control system with better end-to-end management on an ongoing basis, which is critical to avoid unintended consequences. In addition, IFRS 9 has allowed the Bank to analyse high-frequency market data to enhance the risk assessment of our portfolios; while still delivering a consistent customer experience within set risk parameters.

The Bank also complies with the macro-prudential policy measures as set out in BOM's Guideline on Credit Impairment Measurement and Income Recognition to compute Portfolio Provisioning. In the event IFRS 9 provisioning (in terms of Expected Credit Losses – ECL) is lower than General Provisioning, the difference is being booked in the Portfolio Reserve.

During FY24, the Bank revisited its ECL models and methodologies in the context in view to ensure a more accurate estimate of provisions based on historical data at a granular level and macroeconomic conditions. Principles of IFRS 9 require an assessment of Forward-Looking Information (FLI) in the computation of ECL. The Bank has also reviewed its FLI calculation methodology, which now considers a more quantitative approach for incorporating FLI data based on both global and local macroeconomic indicators.

#### **Our Credit Rating**

The CRISIL models are used to rate companies including small and medium enterprises and large corporates and global and domestic banks, while the CRISIL Retail Scoring Solution ("CRESS") is used to rate retail customers. CRISIL is a global analytical company and is one of India's leading ratings agencies and provider of high-end research to the world's largest banks and leading corporations. CRISIL is majority-owned by S&P Global Inc.

The system uses the following criteria in determining the credit rating:

- Financial information;
- Financial/non-financial securities;
- Credentials of the counterparty;
- Details of facilities; and
- Qualitative assessment of the industry of operation (Industry risk, business risk, market position, financial risk, management risk and account conduct risk).

# **Our Credit Rating (Cont'd)**

CRISIL rating grades and descriptions for each grade are as follows:

Rating Grades	Description	Definition	S&P Rating Equivalent
AAA	Investment Grade - Highest Safety	Borrowers rated AAA are judged to offer highest safety of timely payment.	AA-
AA+	Investment Grade - High Safety	Borrowers rated AA+ are judged to offer high safety of timely payment.	A+
AA	Investment Grade - High Safety	Borrowers rated AA are judged to offer safety of timely payment. They differ in safety from AA+ only marginally.	A-
А	Investment Grade - Adequate Safety	Borrowers rated A are judged to offer adequate safety of timely payment.	BB+
ВВВ	Investment Grade - Moderate Safety	Borrowers rated BBB are judged to offer moderate safety of timely payment of interest and principal for the present.	BB-
ВВ	Investment Grade - Moderate Safety	Borrowers rated BB are judged to offer moderate safety of timely payment of interest and principal for the present. There is only a marginal difference in the degree of safety provided by borrowers rated BBB.	В
В	Investment Grade - Minimum Safety	Borrowers rated B are judged to carry minimum safety of timely payment of interest and principal for the present.	CCC+
СС	Sub-Investment Grade - Inadequate Safety	Borrowers rated CC are judged to carry inadequate safety of timely payment.	CCC-
С	Sub-Investment Grade - High Risk	Borrowers rated C have a greater susceptibility to default.	CCC-
D	Highly Susceptible to Default/Default	Borrowers rated D are in default or are expected to default on maturity.	D

# **Credit Monitoring Portfolio**

Credit risk exposures are managed through a robust post-disbursement monitoring process. This involves regular portfolio reviews and the detection of any early warning signals. Exposures showing signs of deterioration are put on watch list and the files are reviewed at least monthly to ensure prompt actions are taken. Regular and ad-hoc checks are performed to ensure that guidelines and policies set by the Board are adhered to. All borrowers, regardless of financial health, are subject to a full review of all facilities on at least an annual basis. More frequent interim reviews may be undertaken should circumstances dictate to identify any significant increase in credit risk.

While uncertainties persist in relation to local and foreign factors such as the Red Sea crisis and the Russian-Ukraine war, as well as the recent turmoil in the banking sector, there is an increased risk to financial stability globally which is expected to remain elevated as macroeconomic conditions deteriorate in FY24. Nonetheless, the current economic context calls for a prudential approach by the Bank with close monitoring already in place and appropriate actions being taken as deemed necessary.

The energy sector faced global turmoil due to the Russia-Ukraine war resulting in a disruption in the supply level and transferability of these commodities in the affected regions. The credit portfolio has been assessed and the sector cap on the commodity trading sector has been maintained as a precautionary measure with a lack of visibility in this sector. At the domestic level, even if there are encouraging signs in the tourism industry, the war is impacting the strength of the recovery due to the sharp rise in inflation.

In light of the impact of the war and slowdown in global economic growth projected for FY24, on our business activities, the Bank continues to enhance its SICR assessment framework based on several factors with a view to manage the portfolio better and trigger early warning signs.

# **Credit Monitoring Portfolio (Cont'd)**

#### **Loans and advances to Customers**

	2024			
Credit rating grade	STAGE 1	STAGE 2	STAGE 3	TOTAL
	MUR'000	MUR'000	MUR'000	MUR'000
Performing:				
Credit rating AAA	-	35	-	35
Credit rating AA+ to AA-	91,767	29,516	-	121,283
Credit rating A+ to A-	1,276,666	7,733	-	1,284,399
Credit rating BBB+ to BBB-	5,245,172	87	-	5,245,259
Credit rating BB+ to BB-	27,404,299	872,026	-	28,276,325
Credit rating B+ to B-	8,768,151	3,116,797	-	11,884,948
Credit rating CCC+ to C	549,645	716,016	-	1,265,661
Non-performing:				
Credit rating D	-	-	1,682,638	1,682,638
Total gross carrying amount	43,335,700	4,742,210	1,682,638	49,760,548
Less: allowance for impairment losses	(223,142)	(152,210)	(1,527,710)	(1,903,062)
Carrying amount at 30 June 2024	43,112,558	4,590,000	154,928	47,857,486

#### Loans and advances to Banks

	2024
Credit rating grade	TOTAL
	MUR'000
Performing:	
Credit rating A+ to A-	6,151,557
Credit rating BBB+ to BBB-	4,662,236
Credit rating BB+ to BB-	1,850,960
Credit rating B+ to B-	2,034,082
Credit rating CCC+ to C	3
Total gross carrying amount	14,698,838
Less: allowance for impairment losses	(51,422)
Carrying amount at 30 June 2024	14,647,416

During the financial year ended 30 June 2024, the Bank has taken active steps in prudently managing its exposures and ensuring that its loan book is judiciously diversified, while periodically conducting stress tests to assess the resilience of its portfolio in case of unfavourable events.

#### **CONCENTRATION OF RISK**

The Bank's credit concentration ratio for both single and group obligors are well within regulatory limit. Furthermore, the credit concentration ratio for large exposures above 10% was 139.13% % as at 30 June 2024, is also well within the regulatory limit of 800%. The maximum credit exposure to any single consumer was 11.59% of the Bank's Tier 1 Capital within a regulatory limit of 25%. The maximum credit exposure to any group of closely related customers were 21.91% of the Bank's Tier 1 within a regulatory limit of 40%. The key focus of the Bank's credit risk management approach is to avoid any undue concentration in its credit portfolio, whether in terms of counterparty, group, portfolio, and country.

Regulatory Credit Concentration Limit	As at 30 June 2024
Credit exposure to any single consumer shall not	Highest single customer:
exceed 25% of the Bank's Tier 1 Capital	11.59%
Credit exposure to any group of closely related	Highest group of closely related customers:
customers shall not exceed 40% of the Bank's Tier 1	24.040/
Capital	21.91%
Aggregate large credit exposures to all customers	
and Banks of closely related customers above 10%	139.13%
of the Bank's Tier 1 Capital shall not exceed 800% of	139.13%
the Bank's Tier 1 Capital	

<sup>\*</sup>Note: Public State Entities (PSEs) are exempt from credit concentration as per BOM's Guideline.

Furthermore, economic report, and country and industry analysis are prepared and submitted to the Risk Committee to highlight trade developments and risks to the Bank's credit portfolio. These reports are used to define strategies for both our industry portfolio, and individual counterparties within the portfolio.

# **Concentration by Geography**

The Bank's financial assets before considering any collateral held or other credit enhancements, can be analysed as follows, grouped by geographical regions:

Parties	2024	2023	2022
Region	MUR'000	MUR'000	MUR'000
Africa			
Mauritius	68,568,160	71,008,088	76,719,294
Other African countries	16,175,490	11,929,781	13,674,578
North America	94,035,411	85,956,628	63,026,805
Asia	44,540,782	39,530,574	40,626,973
Europe	37,464,522	22,682,471	15,633,737
Others	1,478,568	1,398,010	735,020
	262,262,933	232,505,552	210,416,407



# **Concentration by Industry**

The Bank's financial assets, without taking account of any collateral held or other credit enhancements, are as follows:

Sectorwise distribution of credit	2024	2023	2022
	MUR'000	MUR'000	MUR'000
Agriculture	866,048	1,505,616	1,676,528
Construction, infrastructure and real estate	7,110,366	4,676,206	2,667,479
Financial and business services	114,133,423	110,549,958	129,870,699
Government and parastatal bodies	101,591,260	82,918,042	46,434,949
Information, communication and technology	2,204,663	1,882,903	2,657,904
Manufacturing	9,149,793	7,273,551	5,386,136
Personal	4,659,236	3,752,881	3,292,231
Tourism	4,107,144	4,082,530	4,274,417
Traders	11,159,836	10,797,006	8,563,746
Others	7,281,164	5,066,859	5,592,318
	262,262,933	232,505,552	210,416,407

#### **Credit Risk Mitigation**

As a fundamental credit principle, the Bank does not generally grant credit facilities solely on the basis of the collateral provided. All credit facilities are based on the credit rating, source of repayment and debt-servicing ability of the borrower. Collaterals are taken when required by the Bank to mitigate the credit risk. The collateral is monitored on a regular basis with the frequency of the valuation depending on the liquidity and volatility of the collateral value.

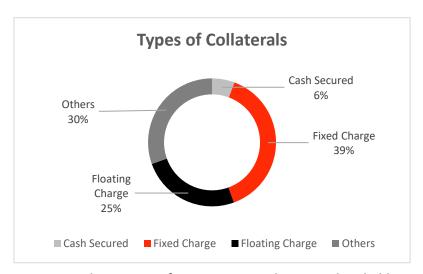
Legal certainty of enforceability is another technique used to enforce risk mitigation. Where a claim on counterparty is secured against eligible collateral, the secured portion of the claim is weighted according to the risk weight of the collateral and the unsecured portion against the risk weight of the counterparty. To mitigate counterparty risk, the Bank also requires close-out netting agreements. This enables the Bank to offset the positive and negative replacement values of contracts if the counterparty defaults. The Bank's policy is to promote the use of close-out netting agreements and mutual collateral management agreements with an increasing number of products and counterparties in order to reduce counterparty risk.

As an indication, claims secured by cash and other tangible security represent 49% of the loan book, whilst unsecured/non-tangible portions account for 51% of the total loan book. For the secured portfolio, the fair value of collateral exceeds the gross outstanding loan on the same portfolio. Furthermore, gross loans to banks which amounted to MUR 14.7bn are on a clean basis and this is customary in nature.

# **Credit Risk Mitigation (Cont'd)**

The value of collateralised loans and other credit enhancements, excluding impaired assets is as follows:

6.11.1.11.11.11.11.11.11.11.11.11.11.11.	Total	Total
Collateral Details	MUR' m	%
Cash Secured	1,773	6%
Fixed Charge	12,053	39%
Floating Charge	7,797	25%
Others	9,481	30%
Total	31,103	100%



The Bank also requests personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

# RELATED PARTY TRANSACTIONS, POLICIES PRACTICES

The Bank adheres to the Guideline on Related Party Transactions issued by the BOM in December 2001 which was last reviewed in May 2022. A related party approval process is in place and in line with the revised guideline. The Board as from February 2023, reinstated the Conduct Review Committee to review and approve related party transactions.

The Bank's policy on related party transactions sets out the:

- Pules governing the identification of related parties;
- ¶

  Governance framework;
- Terms and conditions applicable to transactions entered into with them;
- Reporting procedures to the governance committees; and
- Monitoring of related party transactions.

All related party transactions are reviewed and approved at the level of the CRC and other approval by authorised approval bodies as per the delegated lending authority limits (based on the criteria set out in the guideline) which ensures that market terms and conditions are on arm's length basis.

During the normal course of business throughout the year, the Bank entered into a number of banking transactions with its related parties. These include placements or loans to/from banks, deposits as well as other normal banking transactions. As at 30 June 2024, related party exposure was within regulatory guidelines at 23.20% (Cat 1 and Cat 2).

The Bank has complied with all requirements of the Bank of Mauritius Guideline on Related Party Transactions. Related party reporting to the Bank of Mauritius is made on a quarterly basis. Moreover, all related party transactions are monitored and reported to the CRC for the financial year ended 30 June 2024.

#### **MARKET RISK**

Market risk is defined as the risk of losses arising from movements in market prices. The risks subject to market risk capital requirements include but are not limited to:

- 1. Default risk, interest rate risk, credit spread risk, equity risk, foreign exchange (FX) risk and commodities risk for trading book instruments; and
- 2. FX risk and commodities risk for banking book instruments.

The key drivers of market risk that the Bank is exposed to are mainly associated with fluctuations in interest rates and foreign exchange rates.

Market risk is also known as "systematic risk" as it affects the entirety of the market. As such, this risk cannot be fully eliminated through diversification but may be mitigated by using various hedging techniques through derivative products and concentration as well as sensitivity limits.

The Bank uses a robust risk management framework to monitor and manage the various market risks that it is exposed to on a daily basis. Both the ALCO (Asset and Liability Committee) and Risk Committee define, review and monitor on a regular basis a set of different market risk limits that is in line with the Bank's overall risk appetite and also complement the regulatory limits as established by the Bank of Mauritius.

The Market Risk department, being responsible for the identification and monitoring of the Bank's exposure to interest rate and currency risks, works in collaboration with the various business lines to define and implement appropriate market risk policies and procedures. In so doing, the staff of the department contributes in the identification, assessment and control of the various market risks and also provides timely information to Senior Management, the Board of Directors and Regulators.

# **Net Foreign Exchange Open Positions**

Open positions in foreign currencies expose the Bank to currency risk, the possibility that fluctuations in exchange rates may result in adverse movements in the value of current holdings and future cash flows that are denominated in currencies other than the base currency. This risk is inherently present at the Bank due to its multi-currency investing and lending activities.

# **Net Foreign Exchange Open Positions (Cont'd)**

For the financial year ended 30th June 2024, the Bank has maintained a daily net FX Open position against the Mauritian rupee that was well under the regulatory limit of 15% of Tier 1 capital as prescribed by the Bank of Mauritius (see graph below).

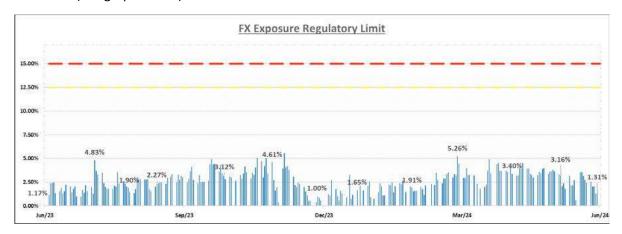


Table 1: FX Exposure for the Financial Year ended 30th June 2024

## **Market Risk Monitoring and Controls**

The Bank uses a panoply of statistical and financial tools (see below) to measure the size of potential losses across different market scenarios and investment time horizons. Market risk reports are prepared on a daily basis and communicated to Management, ALCO (Asset and Liability Committee) and the Risk Committee. Such timely and frequent reporting of a multitude of market risk matters ensure that relevant issues are promptly escalated and addressed.



#### Value at Risk

The Value at Risk (VaR) model provides an estimate of the potential future loss of a position over a specified horizon, given a required degree of confidence in the estimate. The Bank uses the Monte Carlo approach to estimate a daily VaR at 99% confidence level, for the FCY Government Securities portfolio.

#### **Sensitivity Limits**

The Bank uses different sensitivity limits to cap the impact of adverse movements in interest rate on the fixed income portfolio. In particular, duration limits are measured on a daily basis to quantify the effect of both 1% and 0.01% change in interest rate and compared against pre-defined limits. Moreover, the Bank has established different limits for the different categories of fixed income instruments in order to better measure and manage the overall portfolio from a market risk perspective.

#### **Position Limits**

Position limits are mainly used at the Bank to limit concentration risk by restricting the maximum exposure to one particular market, sector or instrument. These limits are carefully set so as to ensure appropriate diversification among the different portfolios but at the same time are not overly restrictive to prevent the generation of absolute returns. Position limits complement the other types of risk management tools used at the Bank as they are easily understood, implemented and monitored.

#### **Stop-Loss Limits**

Various stop-loss limits are used across portfolios to ensure that appropriate actions are undertaken when losses breach predefined levels. Remedial actions usually involve either a reduction in the size of a portfolio or its complete liquidation when a loss of a particular size occurs over a specified period. An alternative approach to stop-loss limits used at the Bank especially during periods of high volatility involves derivatives instruments, such as put and call options, to maintain expected losses within acceptable levels.

#### **Tenor Limits**

Most fixed income products will ultimately expire on a predefined date. Bonds with different maturity dates will react differently to changes in market structure. Generally, the longer the tenor of a bond, the more sensitive it is to changes in interest rates. From a market risk perspective, it is advisable to place limits on the maximum tenor of bonds in order to manage the riskiness of the fixed income portfolio. At the Bank, we use different limits to control the tenor of bonds and also to regulate the trading frequency of dealers.

# LIQUIDITY AND FUNDING RISKS

Liquidity and Funding Risks are risks that the Bank will not be able to meet its daily cash and financial obligations as they fall due or do so at materially significant costs. Liquidity and Funding risks arise from mismatched cash flows related to the Bank's assets and liabilities as well as the characteristics of some products with ambiguous maturities.

The Bank's primary objective as a financial institution is to manage liquidity such that it supports the Bank's business strategy and allows it to honour its commitments when they come due, even under stress. This is done primarily by implementing a liquidity risk policy framework approved by the Board, which establishes a risk appetite, triggers, risk indicators, monitoring structures and escalation trees.

The Bank's ALCO, under guidance from the Risk Committee, is responsible for the assessment, monitoring and management of the Bank's liquidity risk and strategy and ensuring compliance with both internal and regulatory limits.

As per the principles outlined in the Bank's liquidity risk policy, the following approach is adopted to manage liquidity risk both under business-as-usual and stressed scenarios.

Short-term liquidity risk management	Structural (longer-term) liquidity risk management	Contingency liquidity risk management
Managing intra-day liquidity positions	Identification of structural liquidity mismatches against tolerance limits and breaches are escalated to ALCO	Setting of appropriate early warning indicators
Monitoring daily and short- term cash flow requirements	Managing term lending capacity by considering behavioural profiling of ambiguous maturity assets and liabilities	Undertaking liquidity stress testing and scenario analysis
Setting up of interbank and repo lines	Monitoring depositor concentration against internal limits and holding sufficient marketable assets against the Bank's deposit base	Ensuring a liquidity contingency plan is in place with appropriate action plans and escalation processes
Setting of deposit rates according to market conditions and ALCO approved targets.	Managing long-term cash flows	

# **Regulatory Environment**

The Bank works closely with the Central Bank to implement regulatory liquidity standards. The Bank adapts its processes and policies to reflect the Bank's liquidity risk appetite towards these new requirements.

# **Liquidity Coverage Ratio**

The BOM, in line with Basel principles, issued Liquidity Coverage Ratio ("LCR") requirements for banks in November 2017 (revised March 2023), as part of the Guideline on Liquidity Risk Management.

The LCR was introduced primarily to ensure banks maintain an adequate stock of unencumbered high-quality liquid assets (HQLA), that consist of cash or assets convertible into cash at little or no loss of value in private markets, to meet liquidity needs for a 30-calendar day time period, under a severe liquidity stress scenario.

The Bank publishes the LCR on a quarterly basis and reports to the BOM on a fortnightly basis. The BOM adopted a phased-in approach to the Basel III LCR requirement. Since January 2020, banks are required to hold minimum LCR ratios of 100% for local currency, material foreign currencies and on a consolidated basis.

The following table provides the Bank's LCR position as at 30 June 2024. The LCR was 370%, well above the 100% regulatory requirement, demonstrating a robust liquidity position.

#### **LCR Disclosure Requirements**

(Consolidated in MUR)		TOTAL UNWEIGHTED VALUE <sup>1</sup> (MUR'000)	TOTAL WEIGHTED VALUE <sup>1</sup> (MUR'000)			
HIG	HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	108,969,799	108,596,474			
CAS	CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	37,018,703	3,701,870			
3	Stable deposits	-	-			
4	Less stable deposits	37,018,703	3,701,870			
5	Unsecured wholesale funding, of which:	141,992,989	62,896,336			
6	Operational deposits (all counterparties)	1,170,686	292,672			
7	Non-operational deposits (all counterparties)	140,822,302	62,603,664			
8	Unsecured debt	-	-			
9	Secured wholesale funding	-	-			
10	Additional requirements, of which:	-	-			
11	Outflows related to derivative exposures and other collateral requirements	-	-			
12	Outflows related to loss of funding on debt products	-	-			
13	Credit and liquidity facilities	17,640,380	2,165,987			
14	Other contractual funding obligations	-	-			

(Consolidated in MUR)		TOTAL UNWEIGHTED VALUE <sup>1</sup> (MUR'000)	TOTAL WEIGHTED VALUE <sup>1</sup> (MUR'000)				
15	Other contingent funding obligations	3,571,441	1,038,447				
16	TOTAL CASH OUTFLOWS	200,223,513	69,802,640				
CAS	CASH INFLOWS						
17	Secured funding (e.g. reverse repos)	-	-				
18	Inflows from fully performing exposures	40,805,119	39,540,683				
19	Other cash inflows	904,140	904,140				
20	TOTAL CASH INFLOWS	41,709,259	40,444,823				
			TOTAL ADJUSTED VALUE				
21	TOTAL HQLA		108,596,474				
22	TOTAL NET CASH OUTFLOWS		29,357,817				
23	LIQUIDITY COVERAGE RATIO (%)		370%				
24	QUARTERLY AVERAGE OF DAILY HQLA <sup>2</sup>	100,752,171					

<sup>&</sup>lt;sup>1</sup> The quarterly average of monthly observations is based on April to June 2024 month end figures.

### **Net Stable Funding Ratio**

In June 2024, the BOM issued the Guideline on Net Stable Funding Ratio. Along with the LCR, the NSFR represents the second of the two main Basel III reforms introduced to strengthen liquidity regulations and promote the resilience of the banking sector in the aftermath of the 2007's global financial crisis. The NSFR complements the short-term nature of the LCR by creating incentives for banks to fund their activities with more stable sources of funding over a one-year time horizon, thereby reducing funding risk and potential broader systemic stress. It limits a bank's ability to expand its balance sheet through over-reliance on short-term wholesale funding and encourages better assessment of funding risk across all on- and off-balance sheet exposures.

The Bank reports to the BOM, and discloses the NSFR, on a quarterly basis. In line with BOM's implementation timeline of the NSFR, banks are required as from 30 June 2024, to maintain a minimum NSFR of 70% for local currency, material foreign currencies and on a consolidated basis. This ratio is set to increase to 100% as from 31 December 2024.

The following table provides the Bank's NSFR position as at 30 June 2024. The NSFR stood at 183%, well in excess of the December 2024's 100% regulatory requirement, and reflects the resilience of its long-term funding profile.

<sup>&</sup>lt;sup>2</sup>The quarterly average of daily HQLA is based on close of day figures over the 1 April 2024 to 30 June 2024 period.

# **NSFR Disclosure Requirements**

(Cons	olidated in MUR'000)	No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1yr	Weighted value		
ASF It	ASF Item							
1	Capital	19,776,333	-	-	-	19,776,333		
2	Regulatory capital	19,776,333	-	-	-	19,776,333		
3	Other capital instruments	-	-	-	-	-		
4	Retail deposits and deposits from small business customers:	31,203,160	16,110,405	6,159,870	2,274,145	50,400,237		
5	Stable deposits	-	-	-	-	-		
6	Less stable deposits	31,203,160	16,110,405	6,159,870	2,274,145	50,400,237		
7	Wholesale funding	102,319,512	52,037,775	14,302,108	4,252,617	88,582,315		
8	Operational deposits	3,512,059	-	-	-	1,756,030		
9	Other wholesale funding	98,807,453	52,037,775	14,302,108	4,252,617	86,826,285		
10	Other liabilities:	-	10,814,255	-	4,956,763	4,781,228		
11	NSFR derivative liabilities				175,535			
12	All other liabilities and equity not included in the above categories	-	10,814,255	-	4,781,228	4,781,228		
13	Total ASF		-,-		, , ,	163,540,113		
RSF It	em Total NSFR High Quality Liquid							
14	Assets (HQLA)					6,362,044		
	Deposits held at financial							
15	institutions for operational purposes	-	18,032,869	-	_	9,016,435		
16	Performing loans and securities:	22,325	56,961,398	7,532,743	60,251,367	71,203,353		
17	Performing loans to financial institutions secured by HQLA 1	-	4,818,753	-	-	481,875		
	Performing loans to financial							
	institutions secured by non HQLA 1 and unsecured performing loans to							
18	financial institutions	-	36,019,096	1,393,500	14,413,697	20,513,311		
	Performing loans to non-financial							
	corporate clients, loans to retail and small business customers, and loans							
	to sovereigns, central banks and							
19	PSEs, of which:  With a risk weight of less than or	-	11,822,970	1,437,225	29,805,182	32,125,558		
	equal to 35% under the Guideline on							
20	Standardised Approach to Credit		1 494 510		2 215 006	2 125 007		
20	Risk Performing residential mortgages,	-	1,484,510	-	2,815,096	3,135,087		
21	of which:	-	9,502	1,609	2,454,676	2,026,750		
- 21	With a risk weight of 35% under the							
22	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk	-	<del>-</del>	-	326,402	212,161		
	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk Securities that are not in default	-	<u>-</u>	-	326,402	212,161		
	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk	22,325	4,291,077	4,700,409	326,402 13,577,812	212,161 16,055,859		
22	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk Securities that are not in default and do not qualify as HQLA,	22,325	- 4,291,077 -	4,700,409				
22 23 <b>24</b>	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk  Securities that are not in default and do not qualify as HQLA, including exchange-traded equities  Other assets:  Physical traded commodities,	- 22,325 -	4,291,077	4,700,409	13,577,812	16,055,859		
22	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk  Securities that are not in default and do not qualify as HQLA, including exchange-traded equities  Other assets:  Physical traded commodities, including gold	- 22,325 - -	- 4,291,077 -	4,700,409	13,577,812	16,055,859		
22 23 <b>24</b>	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk  Securities that are not in default and do not qualify as HQLA, including exchange-traded equities  Other assets:  Physical traded commodities,	- 22,325 - -	- 4,291,077 -	4,700,409	13,577,812	16,055,859		
22 23 <b>24</b> 25	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk  Securities that are not in default and do not qualify as HQLA, including exchange-traded equities  Other assets:  Physical traded commodities, including gold  Assets posted as initial margin for derivative contracts and contributions to default funds of a	- 22,325 - -	4,291,077	4,700,409	13,577,812	16,055,859		
22 23 <b>24</b>	With a risk weight of 35% under the Guideline on Standardised Approach to Credit Risk  Securities that are not in default and do not qualify as HQLA, including exchange-traded equities  Other assets:  Physical traded commodities, including gold  Assets posted as initial margin for derivative contracts and	- 22,325 - -	- 4,291,077 - -	4,700,409	13,577,812	16,055,859		

(Cons	olidated in MUR'000)	No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1yr	Weighted value
28	NSFR derivative liabilities before deduction of variation margin posted		_	_	44,954	44,954
29	All other assets not included in the above categories	-	-	-	1,530,395	1,530,395
30	Off-balance sheet items	21,144,831				918,513
31	Total RSF					89,124,753
32	Net Stable Funding Ratio (%)					183%

#### **Liquidity Stress Tests and Contingency Plan**

On a monthly basis and as part of its annual ICAAP process, the Bank runs various liquidity stress scenarios, with different severity levels, to assess the adequacy of its stock of liquid assets. These scenarios simulate stressed depositor outflow situations and factor in both bank-specific and systemic risk.

In assessing the adequacy of its stock of liquid assets, the Bank applies a haircut on the market value of its liquid assets to reflect forced sale discounts.

In line with BOM requirements, the Bank maintains a comprehensive liquidity contingency plan with well-defined action plans and an approved escalation tree in the event of a liquidity crisis. Qualitative and quantitative liquidity early warning indicators are tracked and reported at ALCO on a monthly basis.

# **Liquidity Risk Appetite**

The Bank monitors a range of liquidity risk limits and ratios against an internally approved risk appetite. The Bank's liquidity risk appetite is based on the following principles:

- Ensuring the Bank has a sufficient amount of unencumbered liquid assets to cover its financial obligations under both normal and stressed conditions;
- Ensuring the Bank keeps a liquidity buffer above the minimum regulatory requirements; and
- Ensuring the Bank maintains diversified and stable sources of funding.

### **Liquid Assets**

To protect depositors from unexpected crisis situations, the Bank holds a portfolio of unencumbered liquid assets that can be readily liquidated to meet financial obligations. The majority of unencumbered liquid assets are held in MUR or USD. Moreover, all assets that can be quickly monetised are considered liquid assets.

The table below provides a breakdown of the Bank's eligible liquid and marketable instruments as defined by the Basel Committee on Banking Supervision and the Banking Act.

As at 30 June 2024, the Bank's liquid assets ratio was 83.9% against an internal limit of 25%.

As at 30 June 2024 (MUR'm)	Bank-owned liquid assets <sup>1</sup>	Liquid assets received <sup>2</sup>	Total Liquid assets	Encumbered liquid assets <sup>3</sup>	Unencumbered liquid assets
Cash and deposits with financial institutions	38,744	-	38,744	-	38,744
Securities					
Issued or guaranteed by foreign sovereign	80,997	-	80,997	-	80,997
Issued or guaranteed by local government/Central Bank	22,316	7,076	29,392	-	29,392
Other debt securities	6,347	-	6,347	-	6,347
Total	148,404	7,076	155,480	-	155,480

<sup>(1)</sup> Bank-owned liquid assets include assets for which there are no legal or geographic restrictions.

- (2) Securities received as collateral with respect to reverse repo transactions.
- (3) Encumbered assets relate to assets pledged as collateral against Bank's borrowing.

# **Funding Mix and Depositor Concentration Ratio**

The Bank aims to maintain an adequate balance of its funding base through appropriate diversification of its funding sources. The Bank also diversifies its funding by currency, geography and maturity. Management's objective is to achieve an optimal balance between demand and term deposits in line with the Bank's asset deployment strategy.

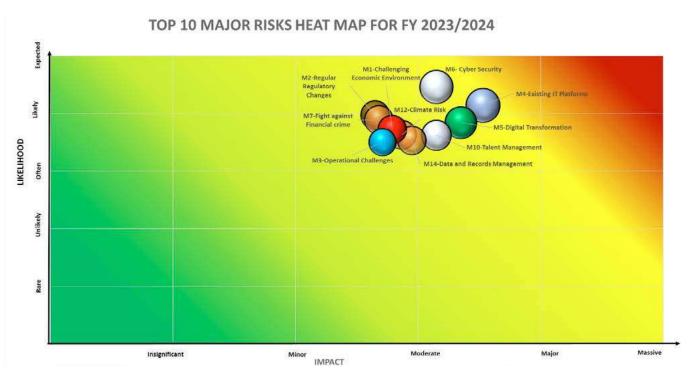
As of the end of the current financial year, the Bank does not foresee any event, commitment or demand that might have a significant impact on its funding and liquidity risk position.

As at 30 June 2024, the Bank's short-term depositor concentration ratios were as follows:

MUR deposits	
Single depositor/ Group of related counterparties	2.3%
Top 10 depositors/ Group of related counterparties	12.8%
FCY deposits	
Single depositor/ Group or related counterparties	1.9%
Top 10 depositors/ Group of related counterparties	8.1%

#### ENTERPRISE RISK MANAGEMENT

The Top 10 major risks of the Bank have been evaluated and all departments were requested to provide their assessment through an online rating exercise with regard to their actual business activities. The snapshot below depicts the inherent risks of the major risks in terms of likelihood and impact.





For this FY24, only climate-related and environmental financial risks made its entrance among the Top 10 Enterprise Risk Assessment Arena from the twelfth position previous ranking FY23 to seventh position while risks associated with Talent Management and Employee Retention have heightened from the tenth position to fourth position during this FY24.

# **ENTERPRISE RISK MANAGEMENT (CONT'D)**

The Top 3 Enterprise Risks were risks associated to Existing IT Platform, Cyber Security and Digital Transformation and positioned themselves first, second and third respectively.

On the other side, risks associated with Talent Management and Employee Retention, Regular changes in the regulatory guidelines, the fight against Financial Crime are placed in the middle of the table. While the risks associated with climate-related and environmental financial risks, Data and Records Management, Challenging Economic Environment and Operational Challenges were among the last 4 Risks in the Top 10 Enterprise Risks for the Bank respectively.

With regards to Third Party Risks which was positioned on the ninth place last FY23 has been left outside the Top 10 during this FY24 and situated at the eleventh place of the Enterprise Risk arena.

It can be concluded that the impact of these major risks is minimised where appropriate actions are being taken to mitigate the inherent risk in these areas to be within the Bank's risk profile and appetite.

The diagram below depicts the trends of the Major Risks between FY22, FY23 and FY24.

# TRENDS ANALYSIS OF THE TOP 10 ENTERPRISE RISK DURING THESE 3 PAST YEARS Challenging economic environment 11 Data and records management Regular changes in regulatory guidelines 10 Climate related and environmental Operational Challenges financial risks Talent management and Employee **Existing IT Platforms** Retention Fight against financial crime **Digital Transformation** FY 21/22 FY 22/23 FY 23/24

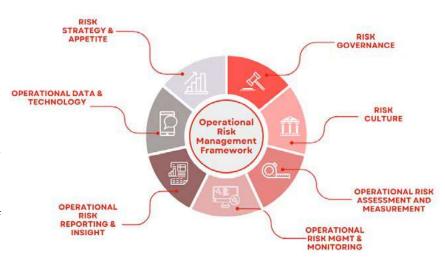
#### OPERATIONAL RISK MANAGEMENT

The Bank always promotes a culture where Operational Risk is Everyone's Responsibility. Operational Risk is the risk of not achieving our strategy or objectives as a result of inadequate or failed in internal processes, people, and

systems or from external events which can lead to adverse customer impact, reputational damage, litigation or financial loss.

Operational risk is inherent in all banking products, activities, processes and systems, and effective management of operational risk is a fundamental element of the risk management programme.

Sound operational risk management reflects the effectiveness of the Board of Directors and senior management in administering the portfolio of products, activities, processes and systems.



Operational Risk Management is a systematic approach used by the Bank to identify, assess, control, and mitigate risks that may arise from the day-to-day operations. It involves managing the risks associated with people, processes, systems, and external factors that can affect the Bank's ability to achieve its objectives.

Operational risk is a broad category of risk that encompasses various types of non-financial risks, including but not limited to:

- Human Error: Errors or mistakes made by employees in their daily tasks and responsibilities, which can lead to operational failures;
- Process Failures: Weaknesses or breakdowns in operational processes, leading to inefficiencies or operational disruptions;
- Technology and System Risks: Risks arising from the use of technology and information systems, including data breaches, system failures, and cyber-attacks;
- External Events: Risks arising from external factors beyond the Bank's control, such as natural disasters, political instability, or changes in regulations;
- Fraud and Security Risks: Risks associated with fraudulent activities or security breaches that can lead to financial losses or damage to the Bank's reputation.

Effective Operational Risk Management involves the following key steps:

- Pisk Identification: Identifying and categorising potential risks that can impact the Bank's operations;
- Price Programment: Assessing the likelihood and potential impact of identified risks to prioritise them for mitigation efforts;
- Prisk Control and Mitigation: Implementing controls and measures to reduce the probability of risks occurring or minimising their impact if they do occur;
- Price Monitoring and Reporting: Continuously monitoring operational risks, tracking their effectiveness, and reporting on the status of risk management efforts;
- Pisk Culture and Awareness: Fostering a risk-aware culture within the Bank, where employees understand their role in managing risks and are encouraged to report potential issues;
- Incident Response and Recovery: Developing plans and procedures to respond to and recover from operational incidents when they occur.

# **OPERATIONAL RISK MANAGEMENT (CONT'D)**

Operational Risk Management is a vital aspect of overall risk management in the Bank, as it helps to protect the Bank from potential losses, enhances decision-making, and ensures resilience in the face of unexpected challenges. It is a dynamic process that requires ongoing attention and adaptation to changing business environments and emerging risks.

The Bank has a well-defined structure for Operational Risk Management that complies with regulatory and best practice requirements and is aligned with the risk culture and the risk profile of its activities. This is supplemented through an Operational Risk Management Framework ("ORMF") which includes the three lines of defence from Business Units, Control Units, to the Internal/External Auditors and involvement of senior management ensuring that all operational risks are efficiently managed across its activities.

The ORMF includes a risk control self-assessment ("RCSA") process, risk impact/likelihood matrix, key risk and control indicators, Early Warning Indicators ("EWIs"), a robust operational risk event management tool and escalation process, scenario analysis, audit recommendations, external information sources (external events or industry reports) and operational losses process.

The Bank continuously improves its operational control procedures to keep pace with new regulations and best practices in the market through holistic follow up of risks and their mitigating controls.

The Bank fosters awareness and knowledge of operational risks at all levels of organisations through its risk culture. During the FY24, the yearly Operational Risk Awareness session was organised through the Bank's online training platform.

The Bank calculates its minimum (Pillar I) operational risk capital requirement using the Basic Indicator Approach (BIA) where the capital charge is 15% of average gross income over the last 3 years. Refer to section on Capital Structure and Adequacy in this report.

The Bank has an EWIs for Operational Risk Loss from a range of 0.1% to 1.0 % of Gross income. For this FY24, the Bank has Operational losses which stood at 0.213% of Gross Income which is within the range.



# **OPERATIONAL RISK MANAGEMENT (CONT'D)**

The Operational risk radar depicts the position of Operational Risk incidents with Operational losses according to the Basel Event Classification under the four-quadrant people, process, system and external factors vis-a-vis the EWIs set.

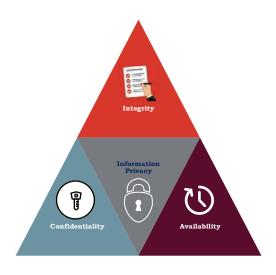
The chart below shows the comparison of the Losses between FY23 and FY24



#### INFORMATION TECHNOLOGY

Information Technology is geared towards enabling sophisticated product development, better market infrastructure, and helps the Bank reach geographically distant and diversified markets. The Bank leverages maximum effort on FinTech to keep pace in the digitalised market while keeping aligned to its Information Technology Security policies.

Data and information: Effective deployment of data and information assets is in the form of management information systems, business intelligence/analytics, decision support and forecasting. Data and information being among the most valuable assets of the organisation, the information strategy of the Bank focuses not only on the above but also on data governance, to ensure integrity and consistency of data at every stage of the data lifecycle, maintaining adherence to the Data Privacy rules including Mauritius Data Protection Act ("DPA") 2017, the General Data Protection Regulation ("GDPR") 2018 and POPI Act 2020. The Bank is committed to ensuring that privacy rights and entitlements are adequately protected in relation to the techniques used to capture, transmit, manipulate, record or store data relating to individuals.



Technology, infrastructure and security: With technology evolving faster than ever, the primary challenge for an enabling technology is to ensure that the Bank is adequately prepared and equipped to sustain the rigorous and continuous evolution of requirements for new technologies in the era of digital innovation and artificial intelligence, whilst managing the costs and the associated risks.

The Bank's Information Technology and Information Security frameworks are built on global standards like ITIL, ISO 27001, NIST which are aligned to the Bank of Mauritius Guideline on Cyber and Technology Risk Management. The practice of governance includes regular reviews with executive management and extends up to the Board with regular updates and feedback to and from the Board. Internal, external and regulatory audits play a crucial role in the governance cycle with intermittent checks on the policies and implementation of same.

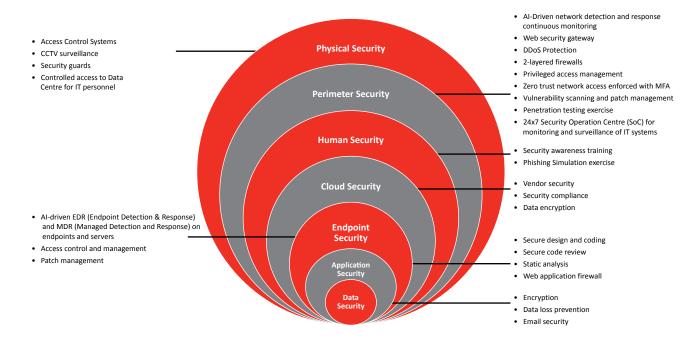
Information Risk Management aims to maintain the confidentiality, integrity and availability of information assets when being stored, processed and transmitted. All measures converge towards adopting the best practices through frameworks & standards, to establish efficiency and consistency in mitigating information risk across the Bank.

#### CYBERSECURITY POSTURE

As part of AfrAsia Bank's response to the evolving nature of cyber threats, the IT Security team has implemented a set of comprehensive policies for information security, cyber security, and technology risks that protect the confidentiality, integrity, and availability of information created, processed, transmitted, stored and disposed by the Bank. The policies and procedures are available and accessible to our employees all the time. The ICT Security department develops its policies and procedures and implements security solutions following established frameworks such as ISO 27001 and NIST.

During this financial year, ICT Security has emphasized the following:

- 1. Ensure conformity to local regulator guidelines regarding cyber and technology risk management.
- 2. Conduct cybersecurity awareness training for staff on common cybersecurity threats and new cybersecurity threats and techniques such as credential harvesting attacks, two-factor authentication attacks, password security, safe web browsing, and how to stay secure on social media platforms.
- 3. Conduct phishing simulation exercises to assess the staff's resilience to phishing attacks and reporting of cybersecurity incidents.
- 4. Al-driven network detection and response technology protects against malicious internal network activities.
- 5. Password complexity has been enforced on the Bank's internal domain to adhere to the Bank's password security policy and to minimise the risk of password compromise. Additionally, two-factor authentication has been implemented to access internal Bank's applications.
- 6. Ensure staff adherence to the Bank's policies, procedures, and training materials through a centralised policy management and compliance tool.
- 7. Yearly vulnerability assessment and penetration testing exercise was conducted to identify flaws/weaknesses in the Bank's internal/external network.
- 8. Development of a Cyber and Technology Risk Management Framework to comply with regulator guidelines on managing cyber and technology risks.



Overview of Cybersecurity measures already implemented at AfrAsia Bank.

# **CYBERSECURITY POSTURE (CONT'D)**

Senior management receives monthly reports, including statistics on the security technologies installed, the number of spam and cyberattacks discovered, and the remedial actions performed. Quarterly reports are also submitted to BRC, providing the board of directors with an overview of the Bank's cyber security posture.

#### **BUSINESS CONTINUITY MANAGEMENT**

Business Continuity Management ("BCM") Policy includes plans to mitigate operational risks, and as a commitment to continue business to our shareholders, customers and employees. Business Impact Analysis, Business Recovery Strategies and Emergency Response plans are defined and implemented to provide for a Disaster Recovery site with data being updated as per preset recovery time objectives. This minimises operational, financial, legal, reputational and other material consequences arising from any disruption to the primary IT infrastructure.

Risk Management

AMALY Information

Final Line

Final

The BCM policy reviewed in March 2024 is in line with the

Business Continuity Institute Good Practice Guidelines 2018 (BCI GPG 2018), which is built on ISO requirements namely ISO 22301:2012 for business continuity management and ISO/TS 22317:2015 for Business Impact Analysis.

The management team of the Bank is committed to the following statement: "We will take all necessary measures to ensure the continuity of business operations and to minimise recovery time in the case of disaster (natural or otherwise) or in the event of an emergency."

The Bank has a BCM Steering Committee to review the processes after each testing exercise and to review the policy every year with a view to continuously improve resilience. The ultimate objective is to cater for any eventual disruption of operations linked to natural calamities, cyberattack among others, to be restored within a minimum lapse of time such that the Bank resumes to normal operations within a reasonable time frame.

At least one BCM test is performed annually for all critical infrastructure involving all functions and user groups of the Bank to ensure the effectiveness of the processes and the readiness of the infrastructure and people. The Bank has adopted a cyclical approach residing on the four pillars: Readiness, Prevention, Response and Recovery/Resumption to continuously improve on the BCM and attain an efficient and acceptable level. Rigorous administration and maintenance, as well as any event experienced, will necessitate revisions and/or plan additions.

The strategy adopted for an efficient BCM is to continuously test, train, evaluate and maintain our Business Continuity Plan. The BCM policy is in place for moving towards a better resilient framework to protect the interest of all stakeholders of the Bank.



### CLIMATE CHANGE AND ENVIRONMENTAL FINANCIAL RISKS

The international community has issued an urgent call for adaptation to and mitigation of climate change by both the public and private sectors. The risks to the financial stability posed by climate change can be categorized as physical and transitional. The value of financial assets/liabilities may be affected by the actual or anticipated economic effects of continued climate change (physical risks) or by the transition to a low-carbon economy (transition risks).

The Bank has developed its Climate-Related and Environmental ("CR&E") Financial Risk Management Framework, comprising its CR&E strategic approach, CR&E Financial Risk Management Policy and CR&E Financial Risk Management Procedure Manual.

The Bank views the implementation of the Bank of Mauritius Guideline on Climate-Related and Environmental Financial Risk Management ("Guideline on CR&E Financial Risk Management") as an iterative continuous improvement cycle. In line with the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD"), the initial focus is on laying the foundations in terms of governance, strategy and risk management.

#### **CR&E Governance**

A CR&E governance structure has been established at the Bank. The terms of reference of relevant Committees and instances of the Bank have been reviewed to ensure CR&E considerations are integrated.

The Board has the ultimate responsibility to approve and oversee the strategy for CR&E financial risks and opportunities management. The Risk Committee, which is a subcommittee of the Board, supports the Board in the identification of CR&E financial risks of the Bank and the development of measures to mitigate these risks.

The Executive Committee ensures that the Bank operates within the strategic framework, risk appetite, and policies approved by the Board, including those related to CR&E financial risks and opportunities. The Risk Management Committee is responsible for assessing the Bank's risk Management profile and ensuring that material CR&E financial risk issues are addressed in a timely manner.

the Risk Management Committee accordingly.



Figure 1:Governance for CR&E Financial Risk

An ESG Committee has also been set up to oversee the management of ESG-related risks and opportunities (including CR&E), and acts as a platform for relevant departments of the Bank to work together to drive ESG initiatives and projects. ESG Committee meetings are held on a monthly basis and progress updates are provided to

### **CR&E Strategy**

As a responsible bank, ABL is committed to maintain allegiance with applicable climate and environmental regulations. The Bank opted for a phased approach to managing its CR&E risks, mainly because it is essential to understand the current exposure to CR&E risks of its credit portfolio and potential impact on the financials of the Bank. According to the Nationally Determined Contributions ("NDC") of Mauritius, the country is highly vulnerable to climate change. The diagram below summarises the main risks identified:

Risks		Impact						
	Flooding	Flash flooding causing damage to infrastructure, buildings and agriculture.						
Physical	Cyclone	Extreme weather conditions causing damage to infrastructure, buildings and agriculture.						
	Sea level rise	Rising sea level causing coastal erosion and damaging buildings and infrastructure.						
	Water scarcity	Prolonged droughts leading to scarcity of water for domestic and agricultural purposes.						
Transition	Policy and Legal	Changes in regulations and policies aimed at reducing GHG emissions affecting industries highly reliable on fossil fuels or high carbon technologies.						
	Technology and Market	Changes in customer preferences for greener alternatives causing declining demand for traditional products; businesses failing to invest in innovative solutions finding themselves with stranded assets.						

The Bank also endeavours to develop and maintain a Sustainable Finance Framework, including a set of offerings that allows the reduction of CR&E financial risks and supports the transition to a low-carbon economy, including but not limited to green construction, energy efficiency projects and green mobility.

### **CR&E Risk Management**

The Bank has developed its CR&E Financial Risk Management Framework which acts as a guidance for the identification, categorisation, mitigation, monitoring and reporting of CR&E risks and opportunities. The Figure below describes the CR&E Risk Management cycle at AfrAsia Bank:

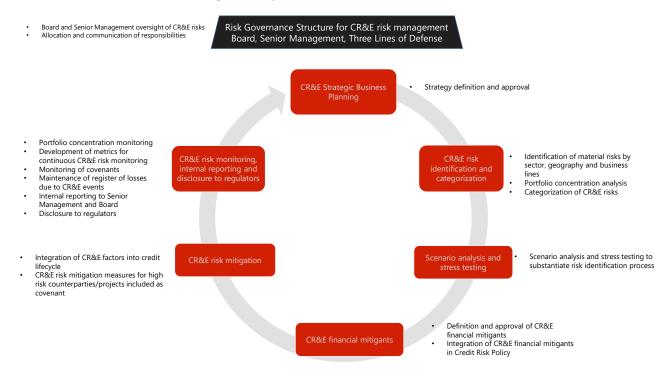


Figure 2: Flow of the CR&E financial risk management process

CR&E financial risk management is an iterative process and will require time for the Framework to reach maturity.

The CR&E risk management process of the Bank is carried out by three lines of defence with different roles and responsibilities in line with the Guideline on CR&E Financial Risk Management:

- The 1st line of defence composed of Business Lines/Onboarding teams;
- The 2nd line of defence composed of Risk, Credit Risk and Compliance departments;
- The 3rd line of defence composed of the Internal Audit department.

The Sustainability & CSR department is responsible and accountable for the implementation, review and proper maintenance of the CR&E Financial Risk Management Framework.

The Bank is adopting a phased approach, whereby a baseline assessment of the credit portfolio will be conducted during the first iteration to identify material CR&E risk exposures by country, sector, and business lines. This will allow the Bank to define its CR&E financial mitigants and integrate them into the Credit Risk Policy of the Bank. The second iteration will consist of integration of CR&E considerations in the credit lifecycle at the counterparty level.

The process for internal reporting on CR&E aspects on a half-yearly basis, up to Senior Management and the Board, has also been described in the CR&E Risk Management Framework. This will ensure that a continuous monitoring of material and any new risks identified are addressed in an effective and timely manner. CR&E events, especially cyclones and flooding, affecting the operations of the Bank are also tracked and reported to BOM.

Implementation of the Guideline on CR&E Financial Risk Management is a Bank-level initiative. Training and capacity building are hence also crucial aspects to ensure that the Board, Senior Management and the concerned departments have the required knowledge to manage CR&E risks. The Bank will continue to arrange training and awareness programs for the staff and other stakeholders on a timely basis as per requirements, and report to BOM accordingly.

### **CUSTOMER RISKS**

Customer Risks are the risks associated with the customer profile, product and services/transactions, channels, jurisdictions and segmentation amongst others. The Anti-Money Laundering ("AML") Desk of the Bank, as a second line of defence, ensures that the Bank has adequate processes, systems and controls to render its services inaccessible to criminals, including money laundering and financial terrorism while tracking down suspicious activities.

The Bank relies on both in-house and external technology to ensure that customer risks are identified and mitigated effectively. This approach ensures that our processes evolve continuously staying ahead of potential risks and maintaining robust AML standards.

#### Risks associated to customers are:

- Ustomer risks are assessed by risk appetite, specific metrics, incident assessments, regulatory feedback and the judgment of the AML Team.
- These risks are monitored against first-line risk assessments, control activities, second-line defence functions and internal and external audits and inspections.
- Pisk is managed through the establishment and communication of appropriate policies and procedures, supported by proactive risk control and remediation efforts where necessary.
- Key Risk areas include:
- Geographical Risk: Assessing the risks associated with the customer's location, including high-risk countries or regions.
- Transactional Risk: Monitoring the nature, volume, and frequency of transactions to detect unusual or suspicious activities.
- Industry Risk: Evaluating the risk profile of the customer's industry as certain industries may be more susceptible to money laundering or terrorist financing.
- Customer Behaviour: Observing changes in customer behaviour or patterns that may indicate potential risks.
- Ustomer Reputation: Considering any negative media or public information about the customer that could indicate risk.
- Regulatory and Legal Risk: Ensuring compliance with all applicable regulations and laws related to customer due diligence and AML.
- Third-Party Risk: Evaluating the risks associated with any third parties or intermediaries involved in the customer's transactions.
- Sanctions Risk: Checking if the customer is listed on any sanctions lists and ensuring compliance with international sanctions regulations.

By incorporating these risk factors, the Bank strengthens its ability to identify, monitor and mitigate potential risks associated with its customers ensuring a robust and comprehensive risk management framework.

### **CAPITAL STRUCTURE AND ADEQUACY**

### **Regulatory Frameworks**

The Bank adheres to the guidelines provided by the Bank of Mauritius for the calculation of the capital adequacy ratio ("CAR"). These guidelines are aligned with the Basel framework, which aims to enhance the banking sector's resilience to financial and economic stress, improve risk management and governance, and increase transparency and disclosure within banks.

The Bank maintains compliance with the Guideline on Scope of Application of Basel III and Eligible Capital – June 2014 (Revised June 2021). Additionally, since 2014, the Bank has been identified as systemically important and following an assessment conducted by BOM in accordance with the "Guideline for dealing with Domestic-Systemically Important Banks ("D-SIB")"-June 2014.

For the computation of the risk-weighted assets ("RWA"), the bank ensures adherence to the Guideline on Standardised Approach to Credit Risk – March 2008 (Revised April 2022) for credit risk, to the Guideline on Measurement and Management of Market Risk – July 2009 for market risk and to the Guideline on Operational Risk Management and Capital Adequacy Determination – February 2005 (revised April 2008) for operational risk computation.

### **Capital Management**

The Bank manages its capital structure as needed in response to changes in economic conditions. The primary goals of the Bank's capital management are to comply with externally imposed capital requirements, maintain strong credit ratings, and sustain healthy capital ratios to support business operations and maximize shareholder value. The Bank regularly monitors its CAR against its performance objectives to ensure proper capital management and decision making.

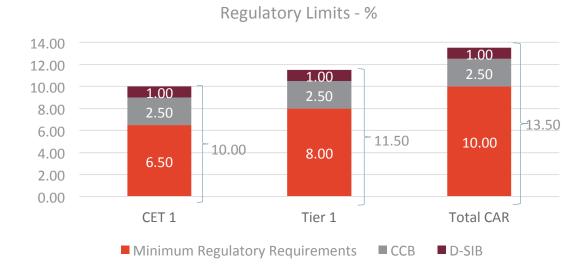
### **Regulatory Capital**

The Bank's regulatory capital comprises Tier 1 capital, that is the sum of Common Equity Tier 1 ("CET1") and Additional Tier 1 ("AT1"), and Tier 2 capital. The main components of the Bank's CET1 capital are ordinary shares, retained earnings, other comprehensive income and other reserves. The regulatory adjustments to the Bank's CET1 capital relate to other intangible assets and deferred tax assets. AT1 capital is wholly made up of the Bank's Class A shares which meet the criteria for classification as AT1 capital. Concurrently, the Tier 2 capital encompasses the ECL stage 1 and ECL stage 2 provisions, country risk reserves and the additional provisions in line with the Guideline on Credit Impairment Measurement and Income Recognition- November 2004 (Revised April 2016).

As at end of the financial year ended 30 June 2024, the total regulatory capital of the Bank reached MUR 19.2bn witnessing a substantial growth of 26% against the total regulatory capital of MUR 15.3bn as at end of the financial year ended 30 June 2023. CET 1 capital and Tier 1 capital reached MUR 17.0bn and MUR 18.4bn respectively on the back of yet another record performance of the Bank with net profit after tax of MUR 7.0bn for the financial year. During the financial year ended 30 June 2024, dividends amounting to MUR 2.8bn and MUR 0.3bn were paid out of the Bank's retained earnings to ordinary shareholders and Class A shareholders respectively.

### **Capital Adequacy Ratio**

In addition to incessant compliance with the Guideline on Scope of Application of Basel III and Eligible Capital – June 2014 (Revised June 2021), whereby the total capital must be at least 10.00% of risk-weighted assets at all times and where the Bank is required to maintain a Capital Conservation Buffer ("CCB") of 2.50% above the minimum regulatory requirements, the Bank is required to hold an additional buffer of 1.00% for the calendar year 2024, following the annual assessment conducted by BOM in accordance with the "Guideline for dealing with Domestic – Systemically Important Banks" – June 2014. The minimum regulatory limit set for AfrAsia Bank Limited, inclusive of the CCB buffer of 2.50% and the D-SIB buffer of 1.00%, is 13.50%.



The Bank's total CAR for the financial year ended 30 June 2024 stood at 20.55%, improving by 1.15% from 19.40% as at end of the previous financial year ended 30 June 2023. The CET 1 ratio as at end of June 2024 was 18.17%, up 1.45% in comparison to 16.72% as at end of June 2023 while the Tier 1 ratio as at end of June 2024 reached 19.64%, increasing by 1.18% against 18.46% as at end of June 2023.



Total CAR - %

# **Capital Adequacy Ratio (Cont'd)**

in MUR'000		30 June 2022	30 June 2023	30 June 2024
Common Equity Tier 1 capital: instruments and reserves				
Share Capital	3,641,049	3,641,049	3,641,049	
Statutory reserve		1,267,407	2,149,252	3,202,994
Retained earnings		3,547,779	7,704,188	10,359,060
Accumulated other comprehensive income and other disclose	d reserves	296,287	313,935	348,824
Common Equity Tier 1 capital before regulatory adjustments	5	8,752,522	13,808,424	17,551,927
Common Equity Tier 1 capital: regulatory adjustments				
Other intangible assets		(362,436)	(362,778)	(265,546)
Deferred Tax		(140,092)	(280,787)	(294,218)
Total regulatory adjustments to Common Equity Tier 1 capit	al	(502,528)	(643,565)	(559,764)
Common Equity Tier 1 capital (CET1)		8,249,994	13,164,859	16,992,163
Additional Tier 1 capital: instruments				
Instruments issued by the Bank that meet the criteria for inclu-	sion in Additional Tier	1,366,376	1,369,777	1,369,406
1 capital (not included in CET1)	1,300,370	1,309,777	1,309,400	
Additional Tier 1 capital (AT1)		1,366,376	1,369,777	1,369,406
Tier 1 capital (T1 = CET1 + AT1)		9,616,370	14,534,636	18,361,569
Tier 2 capital: instruments and provisions				
Provisions or loan-loss reserves (subject to a maximum of 1.25 credit risk-weighted risk assets calculated under the standardis		663,008	743,680	854,999
Tier 2 capital (T2)	, ca app. cac,	663,008	743,680	854,999
Total Capital (capital base) (TC = T1 + T2)		10,279,378	15,278,316	19,216,568
Risk weighted assets				
Credit Risk		60,030,610	71,619,254	82,643,689
Market Risk		308,608	128,923	204,788
Operational Risk		4,878,430	6,993,519	10,660,596
Total risk weighted assets		65,217,648	78,741,696	93,509,073
Capital Adequacy Ratios (CAR) (as a percentage of RWA)	Regulatory Limits 2024			
CET1 CAR (CET1 / RWA)	10.00%	12.65%	16.72%	18.17%
Tier 1 CAR (T1 / RWA)	11.50%	14.75%	18.46%	19.64%
Total CAR (TC / RWA)	13.50%	15.76%	19.40%	20.55%

# **Reconciliation with AfrAsia Bank's Audited Financial Statements**

	30 June 2024				
in MUR'000	Statement of Financial Position as in published financial statements	Statement of Financial Position as per Basel			
ASSETS					
Cash and balances with banks	18,847,227	24,136,347			
Due from banks	38,511,567	38,517,021			
Derivative financial instruments	366,664	366,664			
Loans and advances to banks	14,647,416	14,698,838			
Loans and advances to customers	47,857,486	48,232,839			
Investment securities	134,697,387	134,739,485			
Other assets	5,608,822	320,768			
Property and equipment	604,442	604,442			
Right of use assets	45,421	45,421			
Intangible assets	265,545	265,546			
Deferred tax assets	294,219	294,219			
TOTAL ASSETS	261,746,196	262,221,590			
EQUITY AND LIABILITIES					
Due to banks	868	868			
Deposits from banks	335,051	335,051			
Deposits from customers	239,913,413	239,913,413			
Borrowings from financial institution	167,183	167,183			
Derivative financial instruments	224,771	224,771			
Current tax liabilities	522,721	522,721			
Lease liabilities	44,582	44,582			
Other liabilities	1,081,555	1,033,706			
Provisions	-	523,243			
of which: Provision reflected in regulatory capital	-	523,243			
Retirement benefit obligations	186,599	186,599			
TOTAL LIABILITIES	242,476,743	242,952,137			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Ordinary Shares	3,641,049	3,641,049			
of which amount eligible for CET1		3,641,049			
Class A shares	1,385,768	1,385,768			
of which amount eligible for AT1		1,369,406			
Retained earnings	10,359,062	10,359,062			
Other reserves	3,883,574	3,883,574			
of which: Provision reflected in regulatory capital	-	331,756			
TOTAL EQUITY	19,269,453	19,269,453			
TOTAL EQUITY AND LIABILITIES	261,746,196	262,221,590			

### **Risk-Weighted Assets**

For the financial year ended 30 June 2024, the Bank witnessed a significant growth of MUR 14.8bn in its RWAs, reaching MUR 93.5bn as compared to MUR 78.7bn for the previous financial year ended 30 June 2023 resulting from an increase in investment in assets attracting higher risk as well as a significant increase in the operational risk-weighted assets on the back of strong average gross positive income of MUR 7.1bn for the last 3 financial years. The increase in total RWAs to total on-balance sheet assets ratio from 34% as at end of June 2023 to 36% as at end of June 2024 is indicative of the increase of the Bank's loan to customers portfolio from MUR 39.3bn as at 30 June 2023 to MUR 48.7bn as at 30 June 2024.

The credit RWAs are calculated using the Standardised Approach method and are the sum of on-balance sheet credit RWAs and off-balance sheet credit RWAs. The Bank applies the appropriate risk-weights individually on all onbalance sheet and off-balance sheet market and non-market related exposures attracting credit risk in line with the Guideline on Standardised Approach to Credit Risk – March 2008 (Revised April 2022) and in line with the Guideline on The Recognition and Use of External Credit Assessment Institutions— March 2008 (Revised August 2023). The Bank uses external ratings from Moody's, Care and Global Credit Rating to risk-weight its on-balance sheet and off-balance sheet credit exposures.

The market RWAs is computed using the Standardised Approach method in accordance with the Guideline on Measurement and Management of Market Risk - July 2009 based on the foreign exchange open position risk of the banking book and trading book.

In line with the Guideline on Operational Risk Management and Capital Adequacy Determination - February 2005 (revised April 2008)", the Bank uses the the Basic Indicator Approach for the computation of the capital requirement for operational risk by multiplying the average annual positive gross income for the past 3 financial years by 15%, then multiplying the expected results by 10.

# Risk-Weighted Assets (Cont'd)

	30 June 2022	30 June 2023			30 June 2024		
On-Balance Sheet Assets	RWAs	RWAs			Credit exposure	Risk weightage	RWAs
2.1.0	MUR'000	MUR'000			MUR'000	%	MUR'000
Claims	-	- 2 020 044			53,905	- 0.400	
Claims on Sovereigns	-	2,020,941			96,278,443	0-100	2,577,842
Claims on Central Bank Claims on Banks	29,974,244	24,007,618			11,602,651 78,768,287	20-100	24,252,343
Claims on non-central government public sector	23,374,244	24,007,018			70,700,207	20-100	24,232,343
entities	1,570,000	2,056,650			1,125,133	50	562,566
Claims on corporates	22,343,000	31,227,435			54,911,723	20-150	42,088,102
Claims on regulatory retail portfolio	677,387	762,787			1,044,279 2,468,463	75 35-125	783,209
Claims secured by residential property  Claims secured by commercial real estate	1,606,709 987,997	2,185,280 1,144,424			1,152,143	100-125	2,706,729 1,244,001
Past Due Claims	140,537	89,964			153,733	50-150	1,244,001
Other Assets	841,968	938,301			1,357,528	100	1,357,528
Other Assets	041,500	330,301			1,337,320	100	1,557,520
Total	58,141,842	64,433,400			248,916,288		75,750,259
Non-Market related Off-Balance Sheet Assets	RWAs	RWAs	Notional amount	Credit Conversion Factor	Credit equivalent amount	Risk weightage	RWAs
	MUR'000	MUR'000	MUR'000	%	MUR'000	%	MUR'000
Direct Credit Substitutes	32,920	38,722	5,050	100	937	100	937
Transaction-related contingent items	63,278	923,558	2,682,571	50	1,099,780	50-150	1,275,245
Trade related contingencies	55,758	106,092	86,945	20-50	37,741	100	37,741
Other commitments	1,145,027	5,558,214	18,370,265	0-50	6,921,513	0-125	5,436,509
Total	1,296,983	6,626,586	21,144,831		8,059,971		6,750,432
Market related Off Balance Sheet Assets	RWAs	RWAs	Notional amount	Credit Conversion Factor	Credit equivalent amount	Risk weightage	RWAs
	MUR'000	MUR'000	MUR'000	%	MUR'000	%	MUR'000
Interest rate contracts	11,070	8,492	1,022,233	1	10,222	20-100	5,494
Foreign exchange contracts	43,003	34,006	2,013,076	2-3	45,230	20-100	44,005
Equity Contracts	4,201		-	6-10	-	100	
Other market-related contracts	533,511	516,770	2,441,344	10-15	467,491	20	93,499
Total	591,785	559,268	5,476,653		522,943		142,998
Total Credit Risk-Weighted Assets	60,030,610	71,619,254	275,537,772				82,643,689
	RWAs	RWAs					RWAs
Risk-Weighted Assets for Market Risk	MUR'000	MUR'000					MUR'000
Aggregate net open foreign exchange position	308,608	128,923					204,788
Total Market Risk-Weighted Assets	308,608	128,923					204,788
Risk-Weighted Assets for Operational Risk						Capital charge for operational risk	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	%	MUR'000
Annual Gross Income			3,359,956	8,045,331	9,915,907		
Average gross income for previous 3 financial years	3,252,287	4,662,346					7,107,064
Capital charge for operational risk	487,843	699,352				15	1,066,060
Total Operational Risk-Weighted Assets	4,878,430	6,993,519					10,660,596
Total Risk-Weighted Assets	65,217,648	78,741,696					93,509,073

### **Stress Testing**

Stress testing is an integral part of the Bank's risk management process as it consists of both sensitivity analysis and scenario analysis to assess the potential impacts in response to microeconomic and macroeconomic conditions, or portfolio developments. The results are used as a tool for assessing the resilience of the Bank under specific and potential adverse scenarios on their earnings, liquidity position, capital against the risk appetite of the Bank and regulatory requirements. The Bank has implemented a Stress Testing Policy, encompassing the Stress Testing Framework, based on the principles set out under the BOM Guideline on Stress Testing issued in June 2022. The stress testing framework also sets out the stress testing scenarios used in the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") exercise effected on an annual basis.

The Bank updates its Stress Testing Policy yearly, which is a critical exercise to ensure that the stress testing methodologies are aligned with the Bank's asset book, current and future business orientations, micro and macroeconomic conditions and market trends.

Stress testing is a fundamental tool to:

- Facilitate a view of the Bank's forward risk profile as a result of portfolio effects and/or changes in macroeconomic conditions;
- Identify potential vulnerability to severe but plausible shocks; and
- Determine appropriate management actions or contingency plans to limit the impact of such events on the entity.
- Results of stress testing have an impact decision-making, including strategic business decisions via:
- Strategic planning and budgeting;
- ICAAP, including capital planning and management, and the setting of capital buffers;
- Informing the setting of risk appetite statements;
- Liquidity planning and management;
- Identifying and proactively mitigating risks through actions such as reviewing and changing risk limits, limiting exposures and hedging; and
- Risk Based Supervisory ("RBS") reporting to the Central Bank.

### The various types of Scenario Analysis performed at the Bank are as follows:

### (a) Scenario Analysis

Scenario analysis is a process of applying historical and/or hypothetical circumstances to assess the impact of a possible future event on a financial system, sector, Bank's portfolio or product. Scenarios are not necessarily forecasting; rather, they are coherent and credible narratives, describing potentially different paths to the current or expected conditions and their translation into calculating the scenario. Scenario analysis incorporates many economic and financial parameters in a consistent manner, in contrast to sensitivity analysis, which may focus on a subset of parameters.

- Changing multiple risk inputs simultaneously with the source of the stress event being well defined;
- Macroeconomic stress testing involves the creation of a severe but plausible macroeconomic scenario and assessing the impact of key macroeconomic risk drivers (e.g. GDP, interest rates, inflation) on key risk inputs (e.g. PD, LGD and EAD);
- Assessing the impact on the statement of profit or loss and other comprehensive income, statements of financial position and capital ratios; and
- Other hypothetical or historical scenarios: "what-if".

#### (b) Sensitivity Analysis

Sensitivity analysis means the process of assessing the impact of a change of a single or limited set of risk factors, variables, assumptions or other factors by adjusting a risk parameter, or a small number of very closely related risk parameters to understand the impact on a risk position; and it is important to note that the event that gives rise to the movements in the parameters is hypothetical.

### (c) Reverse Stress Testing

It is the process of assessing a predefined adverse outcome for the Bank, such as a breach of regulatory ratios, insolvency or illiquidity, and identifying possible scenarios that could lead to such an adverse outcome. A reverse stress test helps to understand underlying risks and vulnerabilities in the Banks' businesses and products that pose a threat to its viability and helps to identify scenarios that could threaten resilience;

Assessing scenarios and circumstances that would render its business model unviable, thus identifying potential business vulnerabilities:

- Starts from the point of failure of the Bank's business model and then works backwards to identify circumstances or scenarios under which this might occur; and
- Point of failure is considered as significant financial losses that impact the Bank's capital or lack of liquidity to such an extent that the existing business model would no longer be viable or where material supervisory intervention would result.

#### COMPLIANCE RISK

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, regulations and rules applicable to its banking activities. Internal control and risk mitigation measures are put in place and implemented within the Bank to ensure compliance with the relevant laws, regulations and internal policies and procedures.

As per the Compliance Strategy and Compliance Plan approved by the Board of Directors, compliance reviews of relevant departments of the Bank are conducted on a regular basis. Reports/findings are duly submitted to the Senior Management, Audit Committee of the Board and the Board of Directors.

Moreover, the Compliance Function is responsible for providing assurance and advising the Management and staff of the Bank concerning Compliance and regulatory matters.

### **Regulatory Compliance and Interaction**

- Review of Policies & Procedures of the Bank;
- Massistance in Corporate Governance matters;
- Liaison with Regulators and authorities and help during examinations/inspections;
- Meport compliance issues;
- Ensure implementation of recommendations of regulator and regulatory changes;
- Compliance/Regulatory advice to Senior Management and Sales Departments;
- Review and recommendations for new products and projects of the Bank; and
- Pisk Based Supervision Reporting concerning Anti-Money Laundering/Combating the Financing of Terrorism ("AML/CFT").

### **Monitoring and Testing**

- Transaction Monitoring using an AML software;
- Compliance Control and Testing Testing of AML desk operations, operational processes and regulatory Guidelines;
- Replying to Request for Information from investigative/regulatory authorities; and
- Review, Investigation and reporting of transactions.

#### **Financial Crime**

- Fraud identification, investigation and reporting;
- MAL Training, Assessment, Compliance workshop and circulation of regulatory changes;
- Financial Crime and Investigations of Suspicious Transactions;
- Proposition of the second statement of the second s
- Reply to queries from Correspondent banks;
- KYC/AML/Sanctions advisory to Sales team, Operations team and AML Team; and
- Enterprise Wide Risk Assessment on AML/CFT.

#### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated and separate financial statements of the Group's and the Bank's operations in Mauritius presented in this annual report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. The IFRS Accounting Standards as issued by the International Accounting Standards Board as well as the requirements of The Companies Act 2001 of Mauritius, The Banking Act 2004 (as amended), Financial Report Act 2004 (as amended) and the guidelines issued by the Bank of Mauritius, have been applied in the preparation and fair presentation of the financial statements for the year ended 30 June 2024 and management has exercised its judgement and made best estimates where deemed necessary.

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

The Bank's Board of Directors acts in part through the Audit Committee, Conduct Review Committee, Corporate Governance Committee, Credit Committee, Risk Committee, Remuneration Committee, Strategy Committee and Technology, Digitization and Platforms Committee, which comprise executive, non-executive and independent directors, oversee management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Bank's internal auditors, who have full and free access to the Audit Committee, conduct a well-designed programme of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

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

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

**OLIVIER EMMANUEL JAUFFRET** 

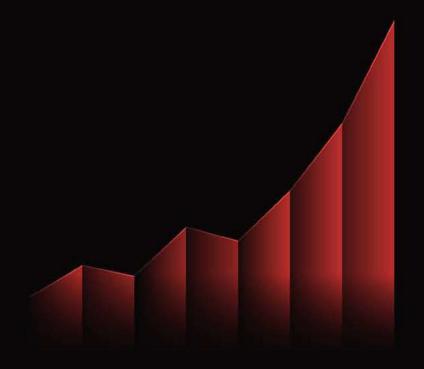
Chairperson

THIERRY VALLET
Chief Executive Officer

JOAN JILL WAN BOK NALE
Audit Committee Chairperson

Date: 25 September 2024

# Financial Statements





### CERTIFICATE FROM THE COMPANY SECRETARY

In terms of Section 166(d) of the Mauritius Companies Act 2001, we certify that, to the best of our knowledge and belief, AfrAsia Bank Limited (the "Bank"), has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001 for the year ended 30 June 2024.

ANDY CHAN SOON SEN
Company Secretary

Date: 25 September 2024

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRASIA BANK LIMITED



Ernst & Young Mauritius 6th Floor, IconEbene Rue de L'institut Ebene, Mauritius Tel: +230 403 4777 Fax: +230 403 4700 www.ey.com

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

#### Opinion

We have audited the consolidated and separate financial statements of AfrAsia Bank Limited (the "Bank") and its subsidiary (the "Group") set out on pages 205 to 311 which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Bank as at 30 June 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and comply with the Companies Act 2001, Banking Act 2004 and Financial Reporting Act 2004.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Bank and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Bank and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

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



#### Key Audit Matters (continued)

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

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses (ECL) on loans and advances to customers	
Expected credit losses (ECL) relating to loans and advances to customers, disclosed in note 16(b), represent management's best estimates of the losses incurred within the loan portfolios at the reporting date.  We identified the audit of ECL on loans and advances to customers as a key audit matter owing to the following:  • The impairment provisions are material to the Group and the Bank in terms of value. The Group and the Bank reported ECL of Mur 1.9bn as at 30 June 2024 (2023: Mur 1.9bn);  • The impairment calculations involve significant judgements and high degree of estimation uncertainty in respect to the determination and post-model adjustments of the components of the ECL model (PD, EAD & LGD);  • The evaluation of significant increase in credit risk (SICR); and  • Significant judgements, estimates and assumptions have been made by management in respect of the loss event, as well as determination of the value of collaterals for stage 3 loans and advances to customers.	Our audit procedures in addressing the Key Audit Matter included the following:  We understood and evaluated the related processes and focused on:  - Stage classification criteria, specifically, the determination and identification of loans and advances to customers exhibiting significant increase in credit risk and the continuous monitoring of stage 2 and stage 3 exposures;  - the governance over the ECL processes, including the periodic re-assessment by management that ECL models are still performing adequately to prevent the impairment risks in the Group's and Bank's loan portfolios;  - the transfer of data between underlying source systems to the ECL models; and  - the review and approval process that management have in place for the outputs of the ECL models, and the adjustments and overlays that are applied to modelled outputs.



#### Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses (ECL) on loans and advances to customers (Cont'd)  In particular, the following areas require significant judgements and makes use of estimates:	
<ol> <li>Modelled ECL impairment losses - Stage 1 and stage 2 loans and advances to customers</li> <li>A significant portion of ECL is calculated on a modelled basis which incorporates observable data, i.e., relevant inputs to the model, assumptions and estimations. The execution of these models requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters.</li> <li>Significant increase in credit risk (SICR) is assessed based on the current risk of default of an account relative to its risk of default at origination. This assessment, and the determination of credit impaired loans and advances to customers, incorporates judgement by management.</li> </ol>	<ol> <li>Modelled ECL impairment losses - Stage 1 and stage 2 loans and advances to customers</li> <li>We involved our quantitative specialists to assess the design and specifications of the ECL models and the assumptions behind its underlying parameters, i.e., Probability Of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) in line with the requirements of the IFRS 9 Financial Instruments.</li> <li>Our quantitative specialists have also assessed whether the ECL models were correctly implemented, through reperformance of the ECL model underlying parameters (PD/LGD/EAD), as per the documented methodology, as well as an independent reperformance of the ECL calculations.</li> <li>We tested the completeness and accuracy of data inputs into the models by tracing a sample of data inputs back to information sourced by management from internal systems and external data providers.</li> <li>We assessed the appropriateness of the Bank's SICR methodologies and have tested the stage allocations including the SICR triggers for a sample of individual exposures across the Bank's portfolios.</li> </ol>



#### Key Audit Matters (continued)

#### Key Audit Matter

# Expected credit losses (ECL) on loans and advances to customers (Cont'd)

 Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation - Stage 1 and stage 2 loans and advances to customers

IFRS 9 requires the measurement of ECL on a forward-looking basis based on reasonable and supportable information, including the impact of future macro-economic conditions. The bank has employed statistical models to quantify the relationships between Probability of Default (PD) and macroeconomic variables to model forward-looking PDs for the estimation of ECL. Variables that were incorporated into the models were the Gross Domestic Product Annual Growth Rate and the Inflation Rate. Three forward-looking scenarios (Baseline, Upside, Downside) were considered, and forward-looking adjustment are calculated by scenario and are probability weighted in the final ECL estimate. Significant management judgement is applied in determining the forward-looking scenarios and the probability weightings applied.

# 3. Stage 3 ECL provisions assessed on an individual basis

- A significant portion of loans and advances to customers are assessed for recoverability on an individual basis. Significant judgements, estimates and assumptions are applied by management to:
- Determine if the loans and advances are credit impaired; and
- Evaluate the valuation and recoverability and timing of the recoverability of collaterals.

#### How the matter was addressed in the audit

- Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation - Stage 1 and stage 2 loans and advances to customers
- We involved our quantitative specialists to assess the appropriateness of the incorporation of forward-looking information into the models. Independent ECL quantifications have been performed to test the key assumptions of the model to ensure the ECL results are sensible. The appropriateness of the macroeconomic forecasts used was reviewed through benchmarking against independent external sources.
- We tested the design and implementation over the approval of updated forward-looking information used within the models.

#### 3. Stage 3 ECL provisions assessed on an individual basis

- We assessed the reasonability of management judgements used to determine the completeness of credit impaired exposures
- Our procedures focused on assessing the reasonability of the estimate of the amount and timing of expected future cash flows used in measuring ECL.
- We ensured that all credit impaired loans have been properly identified in stage 3 by management by:
- Reviewing minutes of Board Risk Committee and the Impairment Management Committee;
- Obtaining and testing loan arrears reports and perform backstop procedures to ensure completeness of the Stage 3 impairment list of the ECL model;
- Identifying loan facilities meeting certain criteria such as financial difficulties of the borrower and restructured loans and ensuring that these are included in the list of credit impaired facilities; and
- Where exposures are collateralised, we tested the Bank's legal right to the collateral by inspecting legal agreements. We assessed the reasonability of the valuation of the collateral by evaluating key assumptions against available market and internal information and ensured that the realisable value is not beyond 2 years in line with the Bank's policy. Where management has utilised specialists, we evaluated their competence and objectivity.

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRASIA BANK LIMITED



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

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the 311–page document titled "AFRASIA 2024 ANNUAL REPORT", which includes the chairperson's message, the chief executive officer's message, the management discussion and analysis, the corporate governance report, the risk management report, the statement of management's responsibility for financial reporting and the certificate from the company secretary.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2001, Banking Act 2004 and Financial Reporting Act 2004 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:



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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Use of our report

This report is made solely to the Bank's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members, as a body, for our audit work, for this report, or for the opinions we have formed.



#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### Companies Act 2001

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

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

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

#### Banking Act 2004

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

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

#### Financial Reporting Act 2004

#### Corporate Governance Report

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

ERNST & YOUNG Ebène, Mauritius

Date: 25 September 2024

ANDRE LAI WAN LOONG, F.C.A. Licensed by FRC

### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

			THE GROUP			THE BANK	
		2024	2023	2022	2024	2023	2022
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income	4(a)	11,402,418	7,292,926	2,009,725	11,402,418	7,292,926	2,009,725
Interest expense	4(b)	(4,258,025)	(1,580,744)	(515,805)	(4,258,025)	(1,580,744)	(517,607)
Net interest income, calculated using EIR method		7,144,393	5,712,182	1,493,920	7,144,393	5,712,182	1,492,118
Fee and commission income	5(a)	1,412,811	1,241,015	1,049,649	1,412,811	1,241,015	1,049,649
Fee and commission expense	5(b)	(476,540)	(398,389)	(347,114)	(476,539)	(398,388)	(347,113)
Net fee and commission income		936,271	842,626	702,535	936,272	842,627	702,536
Net trading income	6	1,829,991	1,489,505	1,168,066	1,829,986	1,489,502	1,166,494
Other gains/(losses)	7(a)	1,187	391	(1,191)	1,187	391	(1,191)
Other operating income	7(b)	4,069	629	-	4,069	629	-
Total operating income		9,915,911	8,045,333	3,363,330	9,915,907	8,045,331	3,359,957
Net impairment credit/(loss) on financial assets	8	49,315	243,645	(65,818)	49,315	243,645	(65,818)
Net operating income		9,965,226	8,288,978	3,297,512	9,965,222	8,288,976	3,294,139
Personnel expenses	9	(968,260)	(959,075)	(801,729)	(968,260)	(959,075)	(801,729)
Depreciation of property and equipment	19	(30,419)	(28,599)	(40,062)	(30,419)	(28,599)	(40,062)
Depreciation of right of use assets	21	(23,586)	(35,309)	(31,669)	(23,586)	(35,309)	(31,669)
Amortisation of intangible assets	20	(92,981)	(60,495)	(52,236)	(92,981)	(60,495)	(52,236)
Other operating expenses	10	(624,036)	(555,514)	(677,129)	(623,616)	(555,112)	(676,229)
Total operating expenses		(1,739,282)	(1,638,992)	(1,602,825)	(1,738,862)	(1,638,590)	(1,601,925)
Operating profit		8,225,944	6,649,986	1,694,687	8,226,360	6,650,386	1,692,214
Impairment credit on receivable from subsidiary		-	-	-		-	9,824
Profit before tax	11/h\	8,225,944	6,649,986	1,694,687	8,226,360	6,650,386	1,702,038
Tax expense Profit for the year	11(b)	(1,201,419) 7,024,525	(771,416) 5,878,570	(265,421) 1,429,266	7,024,941	(771,416) 5,878,970	(265,421) 1,436,617
Other comprehensive (loss)/income that will not be reclassified to profit or loss:							
Remeasurement of employee benefits	30	(97,115)	3,371	5,114	(97,115)	3,371	5,114
Deferred tax on remeasurement of employee benefits	11(d)	13,151	(693)	(305)	13,151	(693)	(305)
Fair value gain on equity investments designated at fair value through other comprehensive income  Revolution gain (loss) on equity investments designated	17(c)	631	917	2,381	631	917	2,381
Revaluation gain/(loss) on equity investments designated at fair value through other comprehensive income	17(c)	330	756	(902)	330	756	(902)
Other comprehensive (loss)/income for the year		(83,003)	4,351	6,288	(83,003)	4,351	6,288
Total comprehensive income for the year attributable to equity holders of the parent		6,941,522	5,882,921	1,435,554	6,941,938	5,883,321	1,442,905

### STATEMENTS OF FINANCIAL POSITION

as at 30 June 2024

			THE GROUP		THE BANK			
		2024	2023	2022	2024	2023	2022	
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
ASSETS								
Cash and balances with banks	13	18,847,227	16,757,284	46,935,661	18,847,227	16,757,277	46,935,652	
Due from banks	14	38,511,567	47,682,116	47,333,177	38,511,567	47,682,116	47,333,177	
Derivative financial instruments	15	366,664	385,550	371,979	366,664	385,550	371,979	
Loans and advances to banks	16(a)	14,647,416	13,189,589	11,990,476	14,647,416	13,189,589	11,990,476	
Loans and advances to customers	16(b)	47,857,486	39,266,981	27,256,624	47,857,486	39,266,981	27,256,624	
Investment securities	17	134,697,387	108,685,735	70,965,299	134,697,387	108,685,735	70,965,299	
Other assets	22	5,608,828	4,751,969	3,423,651	5,608,822	4,751,962	3,423,651	
Property and equipment	19	604,442	159,161	119,206	604,442	159,161	119,206	
Right of use assets	21	45,421	65,779	101,088	45,421	65,779	101,088	
Intangible assets	20	265,545	362,778	362,436	265,545	362,778	362,436	
Deferred tax assets	11(d)	294,219	280,787	140,092	294,219	280,787	140,092	
TOTAL ASSETS		261,746,202	231,587,729	208,999,689	261,746,196	231,587,715	208,999,680	
EQUITY AND LIABILITIES								
LIABILITIES								
Due to banks	23	868	-	1,644	868	-	1,644	
Deposits from banks	24	335,051	358,723	369,587	335,051	358,723	369,587	
Deposits from customers	25	239,910,949	213,229,467	197,072,336	239,913,413	213,232,468	197,075,719	
Borrowings from financial institution	26	167,183	150,918	140,547	167,183	150,918	140,547	
Derivative financial instruments	15	224,771	204,959	166,845	224,771	204,959	166,845	
Current tax liabilities	11(a)	522,721	821,973	182,700	522,721	821,973	182,700	
Lease liabilities	21	44,582	64,663	100,378	44,582	64,663	100,378	
Other liabilities	27	1,082,422	1,197,332	694,194	1,081,555	1,196,336	693,221	
Employee benefits	30	186,599	110,936	79,240	186,599	110,936	79,240	
TOTAL LIABILITIES		242,475,146	216,138,971	198,807,471	242,476,743	216,140,976	198,809,881	
EQUITY ATTRIBUTABLE TO EQUITY								
HOLDERS OF THE PARENT	20	2 644 242	2.644.046	2.644.040	2 644 042	2.644.046	2 644 040	
Ordinary shares	28	3,641,049	3,641,049	3,641,049	3,641,049	3,641,049	3,641,049	
Class A shares	29	1,385,768	1,385,768	1,385,768	1,385,768	1,385,768	1,385,768	
Retained earnings	31	10,379,176	7,724,718	3,568,710	10,359,062	7,704,188	3,547,780	
Other reserves	31	3,865,063	2,697,223	1,596,691	3,883,574	2,715,734	1,615,202	
TOTAL EQUITY		19,271,056	15,448,758	10,192,218	19,269,453	15,446,739	10,189,799	
TOTAL EQUITY AND LIABILITIES		261,746,202	231,587,729	208,999,689	261,746,196	231,587,715	208,999,680	

The financial statements have been approved by the Board of Directors and authorised for issue on 25 September 2024.

OLIVIER EMMANUEL JAUFFRET Chairperson

THIERRY VALLET
Chief Executive Officer

JOAN JILL WAN BOK NALE Audit Committee Chairperson

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2023

a) THE GROUP		Ordinary shares	Class A shares	Retained earnings	Other reserves	Total
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Attributable to equity holders of the parent						
At 1 July 2021		3,641,049	1,385,768	2,693,075	1,336,802	9,056,694
Profit for the year		-	-	1,429,266	-	1,429,266
Other comprehensive income		-	-	4,809	1,479	6,288
Total comprehensive income for the year		-	-	1,434,075	1,479	1,435,554
Appropriation of reserves	31	-	-	(258,410)	258,410	-
Dividends	12		-	(300,030)	-	(300,030)
At 30 June 2022		3,641,049	1,385,768	3,568,710	1,596,691	10,192,218
At 1 July 2022		3,641,049	1,385,768	3,568,710	1,596,691	10,192,218
Profit for the year			-	5,878,570	-	5,878,570
Other comprehensive income		_	_	2,678	1,673	4,351
Total comprehensive income for the year		-	-	5,881,248	1,673	5,882,921
Appropriation of reserves	31	_	_	(897,820)	897,820	_
Additional provision in relation to Bank of Mauritius				( //	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Guideline	31	-	-	(201,039)	201,039	-
Dividends	12	-	-	(626,381)	-	(626,381)
At 30 June 2023		3,641,049	1,385,768	7,724,718	2,697,223	15,448,758
At 1 July 2023		3,641,049	1,385,768	7,724,718	2,697,223	15,448,758
Profit for the year		-	-	7,024,525	-	7,024,525
Other comprehensive (loss)/income		-	-	(83,964)	961	(83,003)
Total comprehensive income for the year		-	-	6,940,561	961	6,941,522
Appropriation of reserves	31	-	-	(1,087,670)	1,087,670	-
Additional provision in relation to Bank of Mauritius	24					
Guideline	31	-	-	(79,209)	79,209	-
Dividends	12		-	(3,119,224)	-	(3,119,224)
At 30 June 2024		3,641,049	1,385,768	10,379,176	3,865,063	19,271,056

b) THE BANK		Ordinary shares	Class A shares	Retained earnings	Other reserves	Total
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2021		3,641,049	1,385,768	2,664,794	1,355,313	9,046,924
Profit for the year		-	-	1,436,617	-	1,436,617
Other comprehensive income		-	-	4,809	1,479	6,288
Total comprehensive income for the year		-	-	1,441,426	1,479	1,442,905
Appropriation of reserves	31	-	-	(258,410)	258,410	-
Dividends	12		-	(300,030)	-	(300,030)
At 30 June 2022		3,641,049	1,385,768	3,547,780	1,615,202	10,189,799
At 1 July 2022		3,641,049	1,385,768	3,547,780	1,615,202	10,189,799
Profit for the year		-	=	5,878,970	-	5,878,970
Other comprehensive income		-	-	2,678	1,673	4,351
Total comprehensive income for the year		-	-	5,881,648	1,673	5,883,321
Appropriation of reserves	31	-	-	(897,820)	897,820	-
Additional provision in relation to Bank of Mauritius	31					
Guideline	31	-	-	(201,039)	201,039	-
Dividends	12	-	-	(626,381)	-	(626,381)
At 30 June 2023		3,641,049	1,385,768	7,704,188	2,715,734	15,446,739
At 1 July 2023		3,641,049	1,385,768	7,704,188	2,715,734	15,446,739
Profit for the year		-	-	7,024,941	-	7,024,941
Other comprehensive (loss)/income		-	-	(83,964)	961	(83,003)
Total comprehensive income for the year		-	-	6,940,977	961	6,941,938
Appropriation of reserves	31	-	-	(1,087,670)	1,087,670	-
Additional provision in relation to Bank of Mauritius Guideline	31	-	-	(79,209)	79,209	-
Dividends	12	_	-	(3,119,224)	-	(3,119,224)
At 30 June 2024		3,641,049	1,385,768	10,359,062	3,883,574	19,269,453

### STATEMENTS OF CASH FLOWS

for the year ended 30 June 2024

			THE GROUP			THE BANK	
	•	2024	2023	2022	2024	2023	2022
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
OPERATING ACTIVITIES							
Cash flows used in operating activities	33(b)	(2,768,991)	(25,251,310)	(13,730,419)	(2,768,984)	(25,251,308)	(13,730,416)
Tax paid	11	(1,500,952)	(272,354)	(159,094)	(1,500,952)	(272,354)	(159,094)
Net cash flows used in operating activities	-	(4,269,943)	(25,523,664)	(13,889,513)	(4,269,936)	(25,523,662)	(13,889,510)
INVESTING ACTIVITIES							
Purchase of property and equipment	19	(475,700)	(69,101)	(23,250)	(475,700)	(69,101)	(23,250)
Purchase of intangible assets	-	(77,387)	(57,563)	(115,049)	(77,387)	(57,563)	(115,049)
Net cash flows used in investing activities	-	(553,087)	(126,664)	(138,299)	(553,087)	(126,664)	(138,299)
FINANCING ACTIVITIES		(22 =22)	(24.000)	(25.222)	(22 = 22)	(24.000)	(25.222)
Repayment of principal portion of lease liabilities	21	(23,589)	(34,999)	(35,309)	(23,589)	(34,999)	(35,309)
Dividends paid		(3,119,224)	(626,380)	(384,788)	(3,119,224)	(626,380)	(384,788)
Net cash flows used in financing activities	-	(3,142,813)	(661,379)	(420,097)	(3,142,813)	(661,379)	(420,097)
Net cash flows for the year	-	(= 0.5= 0.55)	(25 244 727)	(4.4.4.7.000)	(= oc= ocs)	(25 244 725)	(4.4.4.7.005)
Net cash flows for the year	:	(7,965,843)	(26,311,707)	(14,447,909)	(7,965,836)	(26,311,705)	(14,447,906)
Management in each and each assistate							
Movement in cash and cash equivalents							
Cash and cash equivalents at 1 July		50,552,201	75,114,651	89,562,560	50,552,194	75,114,642	89,562,548
Net decrease in cash and cash equivalents		(7,965,843)	(26,311,707)	(14,447,909)	(7,965,836)	(26,311,705)	(14,447,906)
Net foreign exchange difference		1,608,183	1,749,257	-	1,608,183	1,749,257	-
Cash and cash equivalents at 30 June	33(a)	44,194,541	50,552,201	75,114,651	44,194,541	50,552,194	75,114,642

#### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

#### 1. CORPORATE INFORMATION

AfrAsia Bank Limited ("the Bank") is a public company incorporated and domiciled in the Republic of Mauritius. The principal activity of the Bank and of its subsidiary (together referred to in this report as "the Group") is the provision of financial services in the Indian Ocean region. Its registered office is at 10, Dr Ferrière Street, Port Louis, Mauritius.

The Bank has one offshore representative office in Johannesburg. The relevant costs and income derived from this office have been included in these financial statements.

#### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group and the Bank have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2023.

#### New and revised Standards that are effective for the current year

The following amendments were effective in the current reporting period:

Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The Group and the Bank have adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have not had a material impact on the Group's and the Bank's disclosures of accounting policies. There have been no impact on the related measurement, recognition or presentation of any items in the Group's and the Bank's consolidated and separate financial statements.

Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The amendments did not have any material impact on the Group's and the Bank's consolidated and separate financial statements.

#### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

#### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

#### New and revised Standards that are effective for the current year (continued)

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments did not have any material impact on the Group's and the Bank's consolidated and separate financial statements.

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

The Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum effective tax rate of 15% in each jurisdiction they operate from. The amendments introduce:

- A temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global Pillar Two tax rules, including jurisdictions that implement qualified domestic minimum top-up taxes. This will help ensure consistency in the financial statements while easing the implementation of the rules; and
- Targeted disclosure requirements to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The amendments did not have any material impact on the Group's and the Bank's consolidated and separate financial statements.

Adoption of IFRS 17 Insurance Contracts (IFRS 17)

IFRS 17 Insurance Contracts (IFRS 17) is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Limited scope exceptions apply.

The amendments did not have any material impact on the Group's and the Bank's consolidated and separate financial statements.

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

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective
	1 January 2024)
IAS 1	Presentation of Financial Statements – Amendments to defer the effective date of the January 2020
	amendments (effective 1 January 2024)
IAS 1	Presentation of Financial Statements – Amendments regarding the classification of debt with covenants
	(effective 1 January 2024)
IAS 7	Statement of Cash Flows – Amendments regarding supplier finance arrangements (effective 1 January
	2024)
IFRS 7	Financial Instruments: Disclosures – Amendments regarding supplier finance arrangements (effective 1

January 2024)

#### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

#### New and revised Standards in issue but not yet effective (continued)

IFRS 7	Financial Instruments: Disclosures – Amendments regarding the classification and measurement of
	financial instruments (effective 1 January 2026)
IFRS 9	Financial Instruments – Amendments regarding the classification and measurement of financial
	instruments (effective 1 January 2026)
IFRS 18	Presentation and Disclosures in Financial Statements – Original issue (effective 1 January 2027)
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information (effective 1 January
	2024)
IFRS S2	Climate-related disclosures (effective 1 January 2024)

The directors anticipate that these Standards and Interpretations will be applied in the Group's and the Bank's financial statements at the above effective dates in future periods. The directors assessed the impact of the standards, interpretations, and amendments effective 1 January 2024 on the financial statements (with the exception of IFRS S1 and IFRS S2) and does not anticipate any of these items to have a material impact on the Group and the Bank. For the new and revised standards effective post 1 January 2024 and including IFRS S1 and IFRS S2, the directors have not yet had the opportunity to consider the potential impact of the application of these amendments.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of the consolidated and separate financial statements are set out below.

#### (a) Basis of preparation

The consolidated and separate financial statements of the Group and the Bank have been prepared on a historical cost basis, except as modified by the fair valuation of certain financial instruments.

In estimating the fair value of an asset or a liability, the Group and the Bank take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

#### Statement of compliance

The consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ('IASB') and in compliance with the Mauritius Companies Act 2001, the Guidelines and Guidance Notes issued by the Bank of Mauritius, the Financial Reporting Act 2004 and the Banking Act 2004.

#### Presentation of financial statements

The financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest thousand except when otherwise indicated.

The Group and the Bank present their statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 37 (c).

#### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and entity controlled by the Bank (its subsidiary). Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Bank controls an investee if and only if the Bank has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### (c) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ('MUR'). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date and all differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

#### (d) Recognition of income and expenses

#### (i) Net interest income

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 though profit or loss ('FVTPL') are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in 'Net trading income'.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (d) Recognition of income and expenses (continued)

#### (i) Net interest income (continued)

The interest income/interest expense is calculated by applying the effective interest rate ("EIR") to the gross carrying amount of non-credit impaired financial assets (i.e., at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e., the gross carrying amount less the allowance for ECLs).

#### (ii) Net fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The Group and the Bank earn fee and commission income from a diverse range of services being provided to its customers. Fee income can be categorised as follows:

#### Fee income earned from services provided

These fees include commission income, asset management, custody and other management and advisory fees. The fees are recognised as the related services are provided.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and this is accounted for under Note 4 'Net Interest income' and then applies IFRS 15 to the residual which is accounted for under Note 5 'Net Fee and commission income'.

#### Fee income from providing transaction services

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 or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the performance obligations.

#### (iii) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held-for-trading.

#### (e) Financial instruments

#### Financial assets and financial liabilities

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statements of financial position when the Group and the Bank become a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Regular way trades are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. These are recognised using settlement date accounting and are applied both for financial assets mandatorily measured at FVTPL and financial assets measured at amortised cost.

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Financial assets and financial liabilities (continued)

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the entity will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e., day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e., day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

The Group and the Bank have not applied hedge accounting to its financial instruments during the years ended 30 June 2022, 2023 and 2024.

#### **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, 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 statements 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 entity'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); and
- 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.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Financial assets (continued)

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

- the entity 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 entity 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).

The Group and the Bank have not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

The Group and the Bank have granted loans, as part of syndicated loan arrangement, that include features that change contractual cash flows based on the borrower meeting certain contractually specified targets. For example, the contractual interest rate is reduced if the borrower meets specific targets, such as achieving a certain percentage of women in middle and senior management positions or reducing carbon emissions. If the ESG feature could only have a de minimis effect on the contractual cash flows of the loans, then the feature does not affect the classification of the loan. However, if the effect of the ESG feature could be more than de minimis, then judgement is required about whether the feature would be consistent with a basic lending arrangement and meet the SPPI criterion. For the year under review, the Bank considers that the ESG feature to be de minimis and does not affect the classification of the loan.

#### **Equity instruments designated at FVTOCI**

On initial recognition, the entity 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 entity 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 reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

#### Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statements comprises cash in hand, non–restricted current accounts with the Central Bank, cash held with other banks, net of outstanding bank overdrafts, and amounts due from banks on demand or with an original maturity of three months or less.

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### **Financial guarantees**

In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letters of credit, bank guarantees and acceptances. Financial guarantee contracts issued by an entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the entity's revenue recognition policies.

Any increase in the liability relating to financial guarantees is recorded in the statements of profit or loss and other comprehensive income. The premium received is recognised in the statements of profit or loss and other comprehensive income in 'Fee and commission income' on a straight-line basis over the life of the guarantee.

#### Impairment of financial assets

Expected Credit Loss ("ECL") is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. the portion of lifetime ECL associated with the possibility of a facility defaulting over the next 12 months after reporting date, (referred to as Stage 1 ECL). The ECL of financial instruments with maturity less than 12 months, will be the credit losses expected over the period to maturity;
- lifetime ECL, i.e., the expected losses from a borrower defaulting on its obligation throughout the life of the facility (referred to as Stage 2 ECL, or Non-Performing Assets, classified as Stage 3) on the basis that the financial asset is credit impaired.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments which are not impaired ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk (SICR) are provided in Note 37 (b).

The calculation of ECL is performed on a quarterly basis or as and when required, using the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) at account level. The ECL in months 1 to 12 is not discounted and months 13-24 is discounted by 1 year. For Stage 2 assets whereby loss provisions are based on a lifetime ECL estimate, ECLs are calculated separately for Year 0, Year 1, Year 2 and so on up to the residual maturity of the facility. The present value of these annual ECLs is then taken as lifetime ECL by discounting based on the effective interest rate. For stage 3, ECL is estimated based on discounted expected recovery cashflows.

The Group and the Bank assessed on a forward-looking basis the ECL associated with:

- loans and advances to banks and customers;
- due from banks;
- debt instruments at amortised cost;
- debt instruments at FVTOCI;
- loan commitments issued; and
- financial guarantee contracts issued.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Impairment of financial assets (continued)

The Bank recognizes a loss allowance for such losses at the end of each reporting period. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

More information on measurement of ECLs is provided in Note 37.

#### Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event with 90 days or more in arrears;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group and the Bank assess whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group and the Bank consider factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Group and the Bank do not have purchased or originated credit impaired financial assets.

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### **Definition of default**

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the PD which affects both the measurement of ECLs and the identification of a SICR (see Note 37 (b)).

The Group and the Bank consider the following as constituting an event of default when:

- the borrower is in arrears for 90 days or more on any material credit obligation to the Group and the Bank; or
- the borrower is unlikely to pay its credit obligations to the Group and the Bank in full.

This definition of default is used by the Group and the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Group and the Bank consider both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. For other qualitative criteria, refer to SICR below. The Bank applies these criteria for both Stage 2 or Stage 3 classification, depending on magnitude of such events. Of note, a non-performing credit facility, initially under Stage 1 is straightaway classified to Stage 3 in cases of serious signs of credit impairment.

The Group and the Bank use a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 37. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

#### Curing

It is the Bank's policy to consider a financial instrument as 'cured' and therefore reclassified out of Stage 3 to Stage 2 or from Stage 2 to Stage 1 when none of the default criteria or SICR triggers have been present for at least 6 consecutive months. This is carried out in line with IFRS 9 policy and Credit Impairment Policy. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit rating, at the time of the cure, and whether this indicates there has been a SICR compared to initial recognition.

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

The Group and the Bank monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a SICR since initial recognition. If there has been a SICR the Group and the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's and the Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a SICR. As a result, the Group and the Bank monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for SICR.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

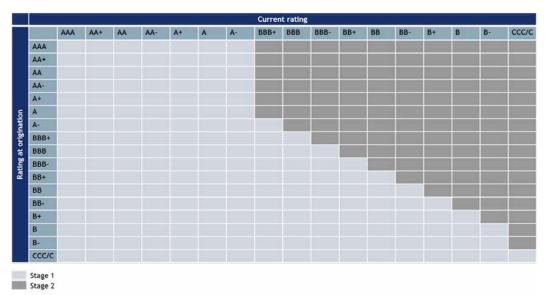
#### Significant increase in credit risk (SICR) (continued)

The Group and the Bank objectively uses the days past due (DPD) information as part of its staging framework. This is implemented as follows:

- Accounts where DPD is 31 days or more is considered a SICR trigger. Of note, accounts where DPD is 91 days
  or more are assigned to stage 3.
- When one obligor has multiple accounts with the Bank, each account is assigned the worst DPD from all the accounts of the respective obligor.

The Group and the Bank has developed a number of objective and subjective factors to consider when evaluating whether an account exhibits SICR:

- · Negative market information (including court orders/fraudulent activities)
- Changes in credit worthiness/ratings. Refer to table below.



- Adverse changes in economic/business environment
- Restructuring due to potential/future financial stress
- Significant financial difficulty/adverse financial information indicative of inability to meet financial obligations
- Sector of operation negatively impacted by unforeseen events
- Significant country downgrade
- Decline in share price /profitability

Additionally, timely review of file (entailing update of credit rating) has been included as a criterion for identification of assets as showing signs of SICR.

SICR Files are monitored regularly and assessed quarterly prior to reclassification to Stage 1, in line with the Bank's IFRS 9 policy.

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

Restructured loan is defined as a loan whose underlying terms and conditions have been reviewed and which constitutes a concession granted to a borrower for economic or legal reasons related to his financial condition. Restructured facilities remain classified as impaired if when, in the aggregate, the period of time the loan is in arrears before restructuring and after restructuring is 90 days or more. A facility that has been classified as impaired shall continue to be classified as impaired until repayments have been received by the financial institution, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan. If the facility is restructured more than once it shall continue to be classified as impaired until repayments have been received by the financial institution, in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

Modification to loan contract other than restructuring are done through derecognition of existing loan and accounting for a new loan contract at amortised cost.

The Group and the Bank renegotiate loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Bank has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group and the Bank assess whether this modification results in derecognition. In accordance with the Group's and the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Group and the Bank consider the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or
  when rights to cash flows between the original counterparties expire because a new debtor replaces the
  original debtor (unless both debtors are under common control), the extent of change in interest rates, and
  maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Modification and derecognition of financial assets (continued)

When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the entity considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation. In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group and the Bank monitor credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group and the Bank perform an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous SICR. Where a modification does not lead to derecognition, the Group and the Bank calculate the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group and the Bank measure ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group and the Bank derecognise 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 Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Modification and derecognition of financial assets (continued)

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 Group and the Bank retain an option to repurchase part of a transferred asset), the Group and the Bank allocate 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.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

#### Write-off

Loans and debt securities are written off when the Group and the Bank have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The bank may write off financial assets partially that are still subject to enforcement actions and efforts to recover the debts and have not yet been concluded where bank's recovery action is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation for full recovery. Write-off requirements in IFRS 9 are considered at each reporting date and are not delayed until some arbitrary past due date has been reached.

A write-off constitutes a derecognition event. The Group and the Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's and the Bank's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statements of profit or loss.

#### Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECLs are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the entity cannot identify
  the ECL on the loan commitment component separately from those on the drawn component: the entity
  presents a combined loss allowance for both components. The combined amount is presented as a deduction
  from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross
  amount of the drawn component is presented as a provision.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's and the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Bank's own equity instruments. Ordinary shares are classified as equity. The Bank's Class A shares are classified as equity as they are callable at the option of the Bank. These shares carry non-cumulative dividends which are payable at the discretion of the Board. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

#### Financial liabilities

Financial liabilities include deposits from banks, deposits from customers, due to banks, debts issued and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. The Group has financial liabilities held for trading which are measured at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### Derecognition and modification of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and 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 entity 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 entity 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.

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Financial instruments (continued)

#### Derecognition and modification of financial liabilities (continued)

If the modification is not substantial, the Group and the Bank recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original EIR. The Group and the Bank recognise 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 Group and the Bank. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

#### (f) Derivative financial instruments

The Group and the Bank enter into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivative held include forward contracts, spot position, Option linked notes, Index linked notes, swaps and option contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### (g) Equity reserves

The reserves recorded in equity on the statements of financial position include:

- 'Fair value reserve' relates to the gain or loss arising from changes in the fair value of equity and debt instruments measured at FVTOCI:
- 'Statutory reserve' which represents 15% of the net profit transferred in accordance with the Banking Act 2004 until the amount equals the stated capital of the Group and the Bank;
- 'General banking reserve' which comprises amounts set aside for general banking risks including country risk;
- 'Provision reserve' which represents the incremental regulatory provision required by the Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and 'Additional Macroprudential Measures for the Banking Sector (January 2015)', for instances whereby provisioning as per IFRS 9 requirements is lower than the minimum portfolio provision.

#### (h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (i) Dividend payable

Dividends on ordinary shares and Class A shares are recognised as a liability and deducted from equity when they are approved by the Bank's directors and the Bank of Mauritius. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

#### (j) Fair value measurement

The Group and the Bank measure 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 32 (b).

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

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

The principal or the most advantageous market must be accessible to the Group and 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 Group and the Bank use 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. Please refer to note 32 (a) for more details on the fair value hierarchy used by the Group and the Bank.

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

For the purpose of fair value disclosures, the Group and the Bank have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 32 (a).

#### (k) Property and equipment

Property and equipment are stated at cost excluding the costs of day-to-day servicing, less subsequent accumulated depreciation and subsequent accumulated impairment in value. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Residual values and useful lives are reviewed at least at each financial year end and are as follows:

	Rate
Renovations and improvement to buildings	10%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Motor vehicles	14.29% - 20%
Computer equipment	25% - 33.33%

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (I) Intangible assets (excluding goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives and are as follows:

Rate

Computer software 25%
Banking software 14.29%
Customer relation 13% - 20%
Cards Related Assets 33.33%

#### (m) Leases

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 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

#### (n) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (o) Provisions and other contingent liabilities

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Group and the Bank operate in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Group's and the Bank's business. When the Group and Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group and the Bank record a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group and the Bank are of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group and the Bank do not include detailed, case-specific disclosures in their financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group and the Bank take into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

#### (p) Pension benefits

#### (i) Defined contribution pension plan

The Group and the Bank operate a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to the Group and the Bank by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

#### (ii) Retirement and other benefit obligations

The present value of retirement gratuities under The Workers' Rights Act 2019 is recognised in the statements of financial position as a liability. Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. 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 Group and the Bank present the first two components of defined benefit costs in profit or loss in the line item personnel expenses. Curtailment gains and losses are accounted for as past service costs.

State plan Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (q) Taxation

#### (i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends. The Bank is subject to the Advance Payment System (APS) whereby it pays income tax on a quarterly basis. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### (ii) Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences,

- except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a
  transaction that is not a business combination and, at the time of the transaction, affects neither the accounting
  profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are
  recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable
  future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

for the year ended 30 June 2024

#### 3A. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (q) Taxation (continued)

#### (iii) Corporate Social Responsibility

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate a percentage of its chargeable income of the preceding financial year under Segment A. The required CSR fund for the year is recognised in tax expense in the statements of profit or loss and other comprehensive income. The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statements of financial position.

#### (iv) Special Levy

The Bank is liable to pay a special levy as a percentage of its leviable income from residents, other than companies holding a Global Business Licence (GBLs) under the Financial Services Act. The special levy expense for the year is recognised in tax expense in the statements of profit or loss and other comprehensive income. The amount of Special Levy payable to the taxation authority is included in current tax liabilities in the statements of financial position.

#### (r) Reverse repurchase agreements

Reverse repurchase agreements ("reverse repos") refers to a collateral type of money market transaction in which cash is placed/lent in exchange for collateral, which may be in the form of money market securities or bonds, usually government issued. These are included in amount due from banks in the statement of financial position. The income under this structure is accrued over the life time of the agreements using the effective interest method.

#### (s) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments. 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 Segment A and Segment B banking businesses.

#### Segment A

Segment A activity relates to all banking business other than Segment B activity. The financial services provided under Segment A may be funded and/or non-fund based. Segment A business will essentially consist of transactions with residents of Mauritius, both on the liability side and asset side.

#### Segment B

Segment B activity essentially relates to the provision of international financial services that give rise to 'foreign source income'. Such services may be fund based and/or non-fund based. Segment B assets will generally consist of placements with and advances to foreign resident companies, institutions as well as individuals including stocks and debt instruments and claims on non-resident and/or entities holding GBLs. Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs.

for the year ended 30 June 2024

#### **3B. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and re based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Judgements**

#### Going concern

Directors have made an assessment of the Group's and the Bank's ability to continue as a going concern and are satisfied that the Group and the Bank have the resources to continue in business for the foreseeable future. Furthermore, directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

#### **Determination of functional currency**

The determination of the functional currency of the Group and the Bank is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Group and Bank as Mauritian Rupees (MUR).

#### <u>Deferred tax assets</u>

Recognition of deferred tax assets depends on management's intention of the Group and the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

#### **Business model assessment**

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Group and the Bank determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the manager of the assets are compensated.

For financial assets whereby, the cash flows under the contract vary depending on certain metric or measure, such as sustainability-linked loans which depending on certain ESG metric, these are assessed on a case-by-case basis to determine if they satisfy the SPPI and business model test. These are determined to have passed the SPPI test if the variation in the interest rate reflects a change in the instrument's credit risk, and whereby the change in the interest rate is commensurate with the change in the credit risk of that instrument. Based on the size of the portfolio of these products held by the Bank at 30 June 2024, the impact of the ESG features was assessed to be immaterial.

#### **3B. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**

#### **Judgements (continued)**

#### Calculation of ECL allowance

- Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or
  lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly
  since initial recognition. IFRS 9 does not define what constitutes a SICR. In assessing whether the credit risk of an
  asset has significantly increased the Group and the Bank consider 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 3 for details of the characteristics considered in this judgement. The Group and the Bank monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a SICR (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 Group and the Bank use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. The Bank makes use of a series of macroeconomic regression models to predict the default rates. The predicted default rates are then used to calculate a forward-looking macroeconomic regression scalar, which is then used to calculate the point-in-time PDs. Historical external data is sourced from the S&P credit rating agency. These external data relate to global macroeconomic variables that are updated on a quarterly basis to recalibrate the models with the latest forward-looking information and same are loaded into the PDs.

#### **Estimates and assumptions**

#### 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.

#### Useful lives of property and equipment and intangible assets

The Group and the Bank review the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors

for the year ended 30 June 2024

#### 3B. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### **Estimates and assumptions (continued)**

#### Provision for retirement benefit

Retirement benefit obligation has been valued by Actuary on accounting estimates and as per provision of the Workers' Rights Act 2019. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may be different from their estimates.

#### Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Group and the Bank have 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 judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

#### Impairment losses on financial assets

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

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered as a combination of using accounting judgements, quantitative methodologies based on historical and forward-looking data and estimates includes:

- The Group's and the Bank's credit grading model, which assigns PDs to the individual grades. Refer to Note 37(b)
- The Group's and the Bank's criteria for assessing if there has been a SICR and so allowances for financial assets should be measured on a lifetime basis and the qualitative assessment.
- Consideration of specific obligors' probability of failing to repay their obligations in response to changes in forward-looking information.
- Development of ECL models, including the various formulas and the choice of model parameters.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, GDP growth, inflation rates, CPI and collateral values, and their relative effect on PD, EAD and LGD.
- Choice of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- Sectorial adjustment incorporated in the PD estimates for Segment A exposures, reflecting Management's view of the health and prospects of the different economic sectors of the local economy.

The Bank incorporates forward looking information ("FLI") that is available without undue cost and effort in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in its measurement of ECL.

The Bank asset book is split into two segments, namely, Segment A for local exposures and Segment B for Cross border exposures. The Segment A portfolio is further split between Corporate and Non-Corporate (Retail).

for the year ended 30 June 2024

#### **3B. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**

#### **Estimates and assumptions (continued)**

#### <u>Impairment losses on financial assets (continued)</u>

For both Corporate and Retail portfolios, the long-run average PDs are adjusted into forward-looking point-in-time PD via regression models to adequately reflect underlying market and macroeconomic conditions. These models were developed by considering both the Bank's historical experience on its portfolios, as well as external information. External information used includes historical global default rates from S&P Global Ratings (S&P Global) and macroeconomic indicators from the International Monetary fund (IMF). Macroeconomic variables that are included in the models are GDP growth rates (for the Corporate Portfolio) and Inflation Rate (for the Retail Portfolio).

It has been the Group's and the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary. For the year ended 30 June 2024, the major change brought in the ECL model is:

• Update in the Corporate PD FLI model

A macroeconomic regression model has been developed to calculate the forward-looking adjustment to convert the TTC PDs to PiT PDs, replacing the CDS methodology previously used by the Bank in order to enhance the robustness of the ECL estimates. The forward-looking adjustments are calculated for the following country groups, based on the GDP forecasts for the country or region:

- Africa
- Asia
- Europe
- Mauritius
- United States
- Global

The bank has considered three economic scenarios (baseline, upside, downside) and forward-looking adjustment are calculated by scenario and are probability weighted in the final ECL estimate.

The impact of the change in the ECL model resulted in an increase of MUR 94.0m in the impairment figures for the year ended 30 June 2024. The impact in future periods is impracticable and hence not disclosed accordingly.

for the year ended 30 June 2024

#### 4. NET INTEREST INCOME

#### 4(a) INTEREST INCOME

	THE GROUP			THE BANK		
	2024	<b>2024</b> 2023 2022			2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income on financial instruments measured at amortised cost:						
- Due from banks (includes cash and balances with banks)	2,514,186	2,109,307	355,045	2,514,186	2,109,307	355,045
- Placements with the Central Bank	120,382	19,614	-	120,382	19,614	-
- Loans and advances to banks	923,446	672,617	203,365	923,446	672,617	203,365
- Loans and advances to customers	3,053,218	1,854,536	685,792	3,053,218	1,854,536	685,792
- Investment securities	4,791,186	2,636,852	765,523	4,791,186	2,636,852	765,523
Total interest income calculated using EIR	11,402,418	7,292,926	2,009,725	11,402,418	7,292,926	2,009,725

#### 4(b) INTEREST EXPENSE

) INTEREST EXPENSE							
	THE GROUP			THE BANK			
	2024	2023	2022	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Interest expense on financial instruments measured at							
amortised cost:							
- Due to banks	7,459	26,509	119,123	7,459	26,509	120,925	
- Deposits from banks	21,891	23,067	4,741	21,891	23,067	4,741	
- Deposits from customers	4,226,075	1,527,001	389,203	4,226,075	1,527,001	389,203	
- Lease liabilities	2,600	4,167	2,738	2,600	4,167	2,738	
Total interest expense calculated using EIR	4,258,025	1,580,744	515,805	4,258,025	1,580,744	517,607	
NET INTEREST INCOME	7,144,393	5,712,182	1,493,920	7,144,393	5,712,182	1,492,118	

#### 5. NET FEE AND COMMISSION INCOME

#### 5(a) FEE AND COMMISSION INCOME

	THE GROUP			THE BANK		
_	<b>2024</b> 2023 2022			2024	2023	2022
-	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Commission income	772,193	710,964	611,946	772,193	710,964	611,946
Fee income	87,469	82,389	47,864	87,469	82,389	47,864
Card income	199,937	171,617	114,535	199,937	171,617	114,535
Custody fees income	217,837	179,516	181,839	217,837	179,516	181,839
Others	135,375	96,529	93,465	135,375	96,529	93,465
Total fee and commission income	1,412,811	1,241,015	1,049,649	1,412,811	1,241,015	1,049,649

#### 5(b) FEE AND COMMISSION EXPENSE

2023	2022
ססטיחוו	
UK 000	MUR'000
178,580	157,356
136,652	98,944
56,060	67,333
26,307	21,834
789	1,646
398,388	347,113
842,627	702,536
	136,652 56,060 26,307 789 398,388

All fees are recognised at a point in time.

Comparatives have been amended to conform to current year's presentation.

for the year ended 30 June 2024

#### 6. NET TRADING INCOME

	THE GROUP			THE BANK		
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net gain on debt instruments measured at fair value						
through profit or loss	687,567	295,200	187,776	687,567	295,200	187,776
Gain on other derivatives held for trading	33,506	30,851	109,806	33,506	30,851	109,806
Gain on foreign exchange*	1,108,918	1,163,454	870,484	1,108,913	1,163,451	868,912
	1,829,991	1,489,505	1,168,066	1,829,986	1,489,502	1,166,494

Net gain on debt instruments measured at fair value through profit or loss includes exchange gains of MUR 211.6m (2023: MUR 50.4m and 2022: MUR 91.5m) and interest income of MUR 405.9m (2023: MUR 236.4m and 2022: MUR 67.7m).

#### 7(a) OTHER GAINS/(LOSSES)

	ITEGR	THE GROUP AND THE BANK			
	2024	2023	2022		
	MUR'000	MUR'000	MUR'000		
Fair value gain/(loss) on equity investment measured at fair value through profit or loss	1,187	391	(1,191)		
	1,187	391	(1,191)		

#### 7(b) OTHER OPERATING INCOME

	THE C	THE GROUP AND THE BANK		
	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	
Transaction and other related fees	4,069	629	-	
	4,069	629	-	

<sup>\*</sup>Comparatives have been amended to conform to current year's presentation. "Gain on foreign exchange derivatives" and "Gain on foreign exchange" have been regrouped under "Gain on foreign exchange".

for the year ended 30 June 2024

#### 8. NET IMPAIRMENT (CREDIT)/LOSS ON FINANCIAL ASSETS

	THE GROUP			THE BANK		
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net allowance for (credit)/loss impairment on:						
Cash and balances with banks (Note 13)	(119)	1,169	(10)	(119)	1,169	(10)
Due from banks (Note 14)	(13,385)	9,545	1,838	(13,385)	9,545	1,838
Loans and advances to banks (Note 16(a))	8,071	10,808	3,062	8,071	10,808	3,062
Loans and advances to customers (Note 16(b))	6,066	(215,738)	135,801	6,066	(215,738)	135,801
Debt instruments measured at amortised cost (Note 17(b))	6,043	16,968	(22,117)	6,043	16,968	(22,117)
Financial guarantee contracts and loan commitments (Note						
37(b))	4,881	32,351	(18,956)	4,881	32,351	(18,956)
Other receivables (Note 22)	19,044	-	-	19,044	-	-
	30,601	(144,897)	99,618	30,601	(144,897)	99,618
Bad debts recovered	(79,916)	(98,748)	(33,800)	(79,916)	(98,748)	(33,800)
	(49,315)	(243,645)	65,818	(49,315)	(243,645)	65,818

#### 9. PERSONNEL EXPENSES

	THE GROUP			THE BANK		
	2024	2023	2022	2024	2022	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Salaries	501,789	427,839	415,716	501,789	427,839	415,716
Staff benefits	445,333	462,881	341,291	445,333	462,881	341,291
Retirement benefit (Note 30)	(24,098)	35,410	11,265	(24,098)	35,410	11,265
Pension cost - defined contribution scheme	36,836	30,812	28,579	36,836	30,812	28,579
Training expenses	8,400	2,133	4,878	8,400	2,133	4,878
	968,260	959,075	801,729	968,260	959,075	801,729

#### 10. OTHER OPERATING EXPENSES

		THE GROUP			THE BANK	
	2024	<b>2024</b> 2023 2022			2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Advertising and marketing expenses	93,999	74,210	23,997	93,999	74,210	23,997
Administrative expenses	530,880	401,030	324,863	530,870	401,021	324,842
Equipment and intangibles written off	82,688	4,125	2,424	82,688	4,125	2,424
Professional and legal costs	(83,531)	76,149	325,845	(83,941)	75,756	324,966
	624,036	555,514	677,129	623,616	555,112	676,229

Included in Administrative expenses are costs relating to short term leases amounting to MUR 16.7m (2023 and 2022: Nil) and a provision of MUR 33.3m was accounted in respect of the initial contribution to the Mauritius Deposit Insurance Scheme expected in Financial year 2025.

Included in Professional and legal costs are reversal of legal provision in the current year. Refer to Note 27 for more details.

for the year ended 30 June 2024

#### 11. TAXATION

The tax regime of Banks has been subject to changes with the removal of the reduced tax incentive of 5% for banks having chargeable income exceeding their base year.

As from the financial year ended 30 June 2022, the Bank is subject to income tax at the rate of 5% for chargeable income up to MUR 1.5bn and chargeable income exceeding MUR 1.5bn is taxed at the rate of 15%.

Taxable income	Rate of income tax
Up to MUR 1.5bn	5%
Exceeding MUR 1.5bn	15%

Income tax of the subsidiary is calculated at the rate of 15% (2023 and 2022: 15%).

Subsequent to year end, there has been an introduction of 2% Corporate Climate Responsibility Levy. Refer to Note 39 for more details.

#### **Corporate Social Responsibility fund**

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income under Segment A ('Resident') of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.

#### Special levy

Special levy on banks was amended under the Finance Act 2018 and 2019 and is now governed under the Value Added Tax Act. From 1 July 2023, following the enactment of the Finance Act 2023, special levy is calculated as the lower of 5.5% of leviable income or 1.5 times the special levy amount of the base year (YOA 2017/2018). As per the Value Added Tax Act, leviable income relates to banking transactions of Segment A and is defined as the sum of net interest income and other income before the deduction of expenses. In prior year, special levy was computed at lower of 1.5 times levy payable in year of assessment (YOA) 2017/2018 or 5.5% where leviable income did not exceed MUR 1.2bn and 4.5% if leviable income exceeded MUR 1.2bn.

#### **Deferred tax**

The deferred tax asset is computed at the effective tax rate (inclusive of 2% CSR) representing the rate at which the asset will be utilised in future years.

#### 11(a) Statements of financial position

	Т	HE GROUP		THE BANK			
	<b>2024</b> 2023 2022			2024	2022		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
At 1 July	821,973	182,700	85,647	821,973	182,700	85,647	
Current income tax	1,077,369	801,769	162,004	1,077,369	801,769	162,004	
CSR expense	37,443	19,076	19,393	37,443	19,076	19,393	
Special levy	98,049	98,049	74,323	98,049	98,049	74,323	
(Over)/under provision in prior years	(267)	(7,225)	505	(267)	(7,225)	505	
Tax payments	(1,511,846)	(272,396)	(159,172)	(1,511,846)	(272,396)	(159,172)	
Current tax liabilities	522,721	821,973	182,700	522,721	821,973	182,700	

During the financial year ended 30 June 2024, tax payments reported in the Statement of Cash Flows are net of tax refunds amounting to MUR'000 12,791 and tax payments of MUR'000 1,897 made for assessments in the current year, for which no tax asset or provision was previously accounted for. For FY23 and FY22, tax payments in the Statement of Cash Flows also include the Tax Deducted at Source (TDS) claimed during the year. (2023: MUR'000 42, 2022: MUR'000 78).

for the year ended 30 June 2024

#### 11. TAXATION (CONTINUED)

#### 11(b) Statements of profit or loss and other comprehensive income

The components of income tax expense for the years ended 30 June 2024, 2023 and 2022 are as follows:

		THE GROUP		THE BANK				
	2024	2023	2022	2024	2023	2022		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		
Current income tax	1,077,369	801,769	162,004	1,077,369	801,769	162,004		
CSR expense	37,443	19,076	19,393	37,443	19,076	19,393		
Special levy	98,049	98,049	74,323	98,049	98,049	74,323		
(Over)/under provision in income tax in prior years	(267)	(7,225)	505	(267)	(7,225)	505		
Under provision in deferred tax in prior years	-	-	5	-	-	5		
Amount paid under tax assessment review	1,897	-	-	1,897	-	-		
Withholding tax	-	1,135	-	-	1,135	-		
MRA refund on assessment	(12,791)	-	-	(12,791)	-	-		
Deferred tax movement (Note 11(d))	(281)	(141,388)	9,191	(281)	(141,388)	9,191		
Tax expense	1,201,419	771,416	265,421	1,201,419	771,416	265,421		

#### 11(c) Reconciliation of the total tax expense

A reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate for the years ended 30 June 2024, 2023 and 2022 is as follows:

		THE GROUP		THE BANK				
	2024	2023	2022	2024	2023	2022		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		
Accounting profit before tax	8,225,944	6,649,986	1,694,687	8,226,360	6,650,386	1,702,038		
Tax on accounting profit at applicable tax rates	1,241,896	934,777	118,628	1,241,896	934,777	119,143		
Under provision in deferred tax in prior years	-	-	5	-	-	5		
(Over)/under provision in income tax in prior years	(267)	(7,225)	505	(267)	(7,225)	505		
Amount paid under tax assessment review	1,897	-	-	1,897	-	-		
Non deductible expenses	19,675	7,535	2,732	19,675	7,535	2,217		
Bad debt written off subject to tax	-	-	39,990	-	-	39,990		
Non taxable income	(4,627)	(16,890)	(2,283)	(4,627)	(16,890)	(2,283)		
Withholding tax	-	1,135	-	-	1,135	-		
MRA refund on assessment	(12,791)	-	-	(12,791)	-	-		
CSR adjustment	(5,876)	(18,366)	335	(5,876)	(18,366)	335		
Tax rate differential	(136,537)	(227,599)	31,186	(136,537)	(227,599)	31,186		
Special levy	98,049	98,049	74,323	98,049	98,049	74,323		
Tax expense	1,201,419	771,416	265,421	1,201,419	771,416	265,421		

#### 11(d) Deferred tax

		THE BANK				
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	(280,787)	(140,092)	(149,593)	(280,787)	(140,092)	(149,593)
Charge to profit or loss:						
Under provision in deferred tax in prior years	-	-	5	-	-	5
Movement for the year	(281)	(141,388)	9,191	(281)	(141,388)	9,191
Charge to other comprehensive income:						
Movement for the year	(13,151)	693	305	(13,151)	693	305
At 30 June	(294,219)	(280,787)	(140,092)	(294,219)	(280,787)	(140,092)

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2024

# TAXATION (CONTINUED) Deferred tax (continued)

At 30 June 2024	MUR'000	(264,993)	(11,744)	_	(14,781)	(316,931)	22,712	(294 219)	,	MUR'000	(264,993)	(11,744)		(14,781)	(316,931)	22,712	(294,219)
Credit to OCI	MUR'000	'	•	(13,151)	-	(13,151)	•	(13 151)	Credit to OCI	MUR'000	'	•	(13,151)	•	(13,151)	•	(13,151)
(Credit)/charge to profit or loss	MUR'000	(15,753)	(411)	1,804	18,453	4,093	(4,374)	(281)	(Credit)/charge to profit or loss	MUR'000	(15,753)	(411)	1,804	18,453	4,093	(4,374)	(281)
At 30 June 2023	MUR'000	(249,240)	(11,333)	(14,066)	(33,234)	(307,873)	27,086	(787 086)	At 30 June 2023	MUR'000	(249,240)	(11,333)	(14,066)	(33,234)	(307,873)	27,086	(280,787)
Charge to OCI	MUR'000	1	1	693	1	693	•	693	Charge to OCI	MUR'000		1	693	1	669	•	693
(Credit)/charge to profit or loss	MUR'000	(114,304)	(10,923)	(10,062)	(19,988)	(155,277)	13,889	(141 388)	(Credit)/charge to profit or loss	MUR'000	(114,304)	(10,923)	(10,062)	(19,988)	(155,277)	13,889	(141,388)
At 30 June 2022	MUR'000	(134,936)	(410)	(4,697)	(13,246)	(153,289)	13,197	(140.092)	At 30 June 2022	MUR'000	(134,936)	(410)	(4,697)	(13,246)	(153,289)	13,197	(140.092)
Charge to OCI	MUR'000	1	1	305	-	305	,	305	Charge to OCI	MUR'000	1	ı	305	ı	305	1	305
Charge/(credit) to profit or loss	MUR'000	18,407	2,823	(538)	(13,246)	7,446	1,750	9 196	Charge/(credit) to profit or loss	MUR'000	18,407	2,823	(538)	(13,246)	7,446	1,750	9,196
At 1 July 2021	MUR'000	(153,343)	(3,233)	(4,464)	1	(161,040)	11,447	(149 593)	At 1 July 2021	MUR'000	(153,343)	(3,233)	(4,464)	1	(161,040)	11,447	(149,593)
THE GROUP	Deferred tax assets	Impairment loss on loans and advances to banks and customers	Impairment loss on other financial assets	Employee benefits	Provision		<b>Deferred tax liability</b> Accelerated capital allowances	Not deferred to accets	THE BANK	Deferred tax assets	Impairment loss on loans and advances to banks and customers	Impairment loss on other financial assets	Employee benefits	Provision	Deferred tax liability	Accelerated capital allowances	Net deferred tax assets

for the year ended 30 June 2024

#### 12. DIVIDENDS

THE GF	THE GROUP AND THE BANK				
2024	2023	2022			
MUR'000	MUR'000	MUR'000			
2,815,394	482,413	234,993			
303,830	143,968	65,037			
3,119,224	626,381	300,030			
	2024 MUR'000 2,815,394 303,830	2024       2023         MUR'000       MUR'000         2,815,394       482,413         303,830       143,968			

#### **Ordinary Shares**

During the financial year ended 30 June 2024, the directors proposed that a final dividend of MUR 17.78 (2023: MUR 4.27, 2022: MUR 2.08) per share to be paid to the holders of Ordinary shares with respect to the year ended 30 June 2023 and an interim dividend of MUR 7.14 per share to be paid to the holders of Ordinary shares with respect to the period ended 31 December 2023. The Board of Directors approved the final dividend on 24 October 2023 and it was paid in December 2023. The Board of Directors approved the interim dividend on 13 February 2024 and it was paid in April 2024. Total dividend paid is MUR 2.8bn comprising of MUR 2.0bn for the final dividend and MUR 806.7m for the interim dividend. (2023: MUR 482.0m, 2022: MUR 235.0m).

#### **Class A Shares**

Dividend of MUR 106.2m for the 6 months ended 31 December 2023 was approved by the Board of Directors on 13 February 2024 and payment was effected on 18 April 2024. Dividend of MUR 101.3m for the 6 months ended 30 June 2023 was approved by the Board of Directors on 24 October 2023 and payment was effected on 04 December 2023. Dividend of MUR 96.3m for the 6 months ended 31 December 2022 was approved by the Board of Directors on 14 February 2023 and payment was effected on 16 August 2023. (2023: MUR 76.5m for the 6 months ended 30 June 2022 and MUR 67.5m for the 6 months ended 31 December 2021 and 2022: MUR 65.0m were paid for the 6 months ended 30 June 2021).

Movement in Dividend payable	THE GROUP AND THE BANK						
	2024	2023	2022				
	MUR'000	MUR'000	MUR'000				
Opening balance	344	344	85,102				
Class A dividend payable	1	-	-				
Dividends paid	=	-	(84,758)				
Revaluation	247	-	-				
Closing balance	592	344	344				

#### 13. CASH AND BALANCES WITH BANKS

		THE GROUP		THE BANK			
	<b>2024</b> 2023 2022		<b>2024</b> 2023		2022		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Cash in hand	53,905	46,007	25,911	53,905	46,007	25,911	
Unrestricted balances with the Central Bank (Note 1)	761,519	1,247,661	24,238,165	761,519	1,247,661	24,238,165	
Current accounts with other banks	18,032,869	15,464,801	22,671,601	18,032,869	15,464,794	22,671,592	
	18,848,293	16,758,469	46,935,677	18,848,293	16,758,462	46,935,668	
Less: allowance for impairment losses	(1,066)	(1,185)	(16)	(1,066)	(1,185)	(16)	
	18,847,227	16,757,284	46,935,661	18,847,227	16,757,277	46,935,652	

Note 1: Unrestricted balances with the Central Bank represent amounts above the minimum cash reserve requirement.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

The balances were classified in Stage 1 and 12-month ECL was calculated hereon at 30 June 2024, 2023 and 2022.

		THE GROUP		THE BANK			
	2024	2023	2022	2024	2023	2022	
Credit rating grade	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Performing:							
Credit rating AAA	53,905	46,007	24,264,076	53,905	46,007	24,264,076	
Credit rating AA+ to AA-	12,325,976	9,361,317	14,720,749	12,325,976	9,361,317	14,720,749	
Credit rating A+ to A-	5,434,127	5,921,264	6,673,481	5,434,127	5,921,264	6,673,481	
Credit rating BBB+ to BBB-	1,031,364	1,305,229	1,109,436	1,031,364	1,305,222	1,109,427	
Credit rating BB+ to BB-	597	123,714	166,950	597	123,714	166,950	
Credit rating B+ to B-	105	218	279	105	218	279	
Credit rating CCC+ to C	2,219	720	706	2,219	720	706	
Total gross carrying amount	18,848,293	16,758,469	46,935,677	18,848,293	16,758,462	46,935,668	
Less: allowance for impairment losses	(1,066)	(1,185)	(16)	(1,066)	(1,185)	(16)	
Carrying amount at 30 June	18,847,227	16,757,284	46,935,661	18,847,227	16,757,277	46,935,652	

Please refer to note 37 (b) for the key inputs into the measurement of ECL.

for the year ended 30 June 2024

#### 13. CASH AND BALANCES WITH BANKS (CONTINUED)

	Allowance for impairment losses	THE GROUP AND THE BAN					
		2024	2023	2022			
		MUR'000	MUR'000	MUR'000			
	At 1 July	1,185	16	26			
	Movement in ECL during the year	(119)	1,169	(10)			
	At 30 June	1,066	1,185	16			
14.	. DUE FROM BANKS	THE G	ROUP AND THE B	ANK			
		2024	2023	2022			
		MUR'000	MUR'000	MUR'000			
	At amortised cost:						
	Short term placements with the Central Bank	800,197	2,000,192	-			
	Short term placements with other banks	24,546,919	31,793,540	28,180,618			
	Medium term collateralised placements	4,818,753	11,542,587	8,992,114			
	Medium term placements with other banks	8,351,152	2,364,636	10,169,739			
		38,517,021	47,700,955	47,342,471			
	Less: allowance for impairment losses - Short term placements	(946)	(5,291)	(2,229)			
	Less: allowance for impairment losses - Others	(4,508)	(13,548)	(7,065)			
		38,511,567	47,682,116	47,333,177			

The collateralised placements relate to reverse repurchase agreement (Repo) with banks, with government securities held as collateral. The fair value of the collateral at 30 June 2024 was MUR 7.1bn (2023: MUR 16.7bn, 2022: MUR 12.7bn).

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

The financial assets were classified in Stage 1 and 12-month ECL was calculated hereon at 30 June 2024, 2023 and 2022.

	THE G	THE GROUP AND THE BANK					
		STAGE 1					
	2024	2023	2022				
Credit rating grade	MUR'000	MUR'000	MUR'000				
Performing:							
Credit rating AA+ to AA-	11,075,553	6,843,861	224,146				
Credit rating A+ to A-	13,892,819	22,069,965	28,827,276				
Credit rating BBB+ to BBB-	12,714,084	14,961,104	10,606,477				
Credit rating BB+ to BB-	834,565	1,542,256	5,439,968				
Credit rating B+ to B-		2,283,769	2,244,604				
Total gross carrying amount	38,517,021	47,700,955	47,342,471				
Less: allowance for impairment losses	(5,454)	(18,839)	(9,294)				
Carrying amount at 30 June	38,511,567	47,682,116	47,333,177				

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

		THE GROUP AND THE BANK									
		STAGE 1									
	GROSS	CARRYING AMOL	ALLOWANCI	FOR IMPAIRME	NT LOSSES						
	2024	2023	2022	2024	2023	2022					
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000					
At 1 July	47,700,955	47,342,471	61,289,970	18,839	9,294	7,456					
Net remeasurement of loss allowance	-	-	-	(6,084)	4,512	-					
New assets originated or purchased	3,075,561,634	2,181,144,064	870,634,751	22,142	25,203	16,813					
Payments and assets derecognised	(3,084,745,568)	(2,180,785,580)	(884,582,250)	(29,443)	(20,170)	(14,975)					
At 30 June	38,517,021	47,700,955	47,342,471	5,454	18,839	9,294					

for the year ended 30 June 2024

#### 15. DERIVATIVE FINANCIAL INSTRUMENTS

#### THE GROUP AND THE BANK

	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
	2024	2024	2023	2023	2022	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Foreign exchange option contracts	9,894	(9,346)	2,307	(2,487)	855	(1,125)
Foreign exchange contracts	4,893	(3,634)	8,768	(6,187)	17,164	(7,633)
Cross currency interest rate swap	155,969	-	183,625	-	195,873	-
Interest rate swaps	11,426	(27,309)	18,088	(23,523)	10,040	(10,040)
Options contracts (structured deposits)	184,482	(184,482)	172,762	(172,762)	145,749	(145,749)
Accumulators/Decumulators	-	-	-	-	2,298	(2,298)
	366,664	(224,771)	385,550	(204,959)	371,979	(166,845)

The Group and the Bank have positions in the following types of derivatives:

#### **Forward contracts**

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forward are customised contracts transacted in the over-the-counter market.

#### Spot position

The current balance on spot position account reflect the bought/sold amounts (FX deals) in original currencies and equivalent amounts corresponding to the prevailing FX spot 'Accounting' rate as of the settlement date.

#### Swaps

Swaps are derivatives in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved.

#### **Option contracts**

Option contracts give the buyer the right, but not the obligation, to buy (in the case of a call) or sell (in the case of a put) the underlying asset at a specific price on or before a certain date.

#### Structured deposit

A structured deposit combines a normal deposit with a derivative product. The return on those structured deposits depends on the performance of the derivative's underlying asset. These underlying assets may include market indices, shares, interest rates, bonds, foreign exchange rates, or a combination of these. The derivative portion of the investment may involve the purchase/sale of options from/to the Bank's clients immediately followed by the sale/purchase of the same options to/from the Bank's financial institutions counterparties. Since the derivative portion is fully back to back there are no options open position in the Bank's books.

#### **Accumulators/Decumulators**

An accumulator/decumulator is a combination of barrier call options and barrier put options. An accumulator allows an investor to accumulate the underlying asset (typically an individual equity or currency) at a strike price lower than the initial spot price, subject to a knockout event that terminates the contract immediately.

A decumulator is the reverse of an accumulator—an investor sells, or "decumulates," the underlying asset instead of buying or accumulating it. A leveraged accumulator/decumulator is usually offered at two or three times the underlying asset. An investor is obligated to accumulate or decumulate two or three times the underlying asset if the fixing price is lower than the strike price on any fixing date (accumulator) or if the fixing price is higher than the strike price on any fixing date (decumulator). A leveraged accumulator/decumulator enables investors to enjoy a more attractive strike price, but the downside risk is higher.

for the year ended 30 June 2024

#### 16(a) LOANS AND ADVANCES TO BANKS

	THE GI	ROUP AND THE	BANK
	2024	2023	2022
	MUR'000	MUR'000	MUR'000
Banks:			
Segment A*	1,385,387	1,826,311	894,252
Segment B*	13,313,451	11,406,629	11,128,767
Total gross carrying amount loans and advances to banks	14,698,838	13,232,940	12,023,019
Less: allowance for impairment losses	(51,422)	(43,351)	(32,543)
	14,647,416	13,189,589	11,990,476

<sup>\*</sup> Segment A relates to loans and advances to banks "in Mauritius" and segment B relates to loans and advances to banks "outside Mauritius".

All the loans and advances to banks are classified in stage 1 and 12-months ECL calculated thereon.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

		THE GI	ROUP AND TH	E BANK	
Credit rating grade	·	2024		2023	2022
	STAGE 1	STAGE 2	TOTAL	STAGE 1	STAGE 1
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Performing:					
Credit rating A+ to A-	6,151,557	-	6,151,557	5,234,025	2,548,586
Credit rating BBB+ to BBB-	4,662,236	-	4,662,236	3,649,094	4,926,146
Credit rating BB+ to BB-	1,850,960	-	1,850,960	2,960,967	2,295,062
Credit rating B+ to B-	2,034,082	-	2,034,082	1,388,854	2,253,225
Credit rating CCC+ to C	-	3	3	-	-
Total gross carrying amount	14,698,835	3	14,698,838	13,232,940	12,023,019
Less: allowance for impairment losses	(51,422)	-	(51,422)	(43,351)	(32,543)
Carrying amount at 30 June	14,647,413	3	14,647,416	13,189,589	11,990,476

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

#### THE GROUP AND THE BANK

		GROSS	CARRYING A	ALLOWANCE FOR IMPAIRMENT LOSSES				
	2024			2023	2022	2024	2023	2022
	STAGE 1	STAGE 2	TOTAL	STAGE 1	STAGE 1	STAGE 1	STAGE 1	STAGE 1
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	13,232,940	_	13,232,940	12,023,019	6,668,316	43,351	32,543	29,481
Net remeasurement of loss allowance	-	-	-	-	-	(1,701)	7,703	(3,390)
Changes in the amount								
Transfer to stage 2	(3)	3	-	-	-	-	-	-
New assets originated or purchased	10,365,268	-	10,365,268	5,965,698	8,458,364	42,668	9,460	32,920
Payments and assets derecognised	(8,899,370)	-	(8,899,370)	(4,755,777)	(3,103,661)	(32,896)	(6,355)	(26,468)
At 30 June	14,698,835	3	14,698,838	13,232,940	12,023,019	51,422	43,351	32,543

#### 16(b) LOANS AND ADVANCES TO CUSTOMERS

Comparatives have been amended to conform to current year's presentation.

	2024	2023	2022
	MUR'000	MUR'000	MUR'000
Retail and personal	4,508,477	3,602,114	3,165,635
Business	17,634,253	12,368,649	9,106,065
Government and parastatal bodies	5,272,908	8,222,096	3,572,835
Entities outside Mauritius	22,196,734	16,853,797	13,569,717
Credit cards	148,176	150,422	130,961
Total gross carrying amount loans and advances to customers	49,760,548	41,197,078	29,545,213
Less: allowance for impairment losses	(1,903,062)	(1,930,097)	(2,288,589)
	47,857,486	39,266,981	27,256,624

243

THE GROUP AND THE BANK

for the year ended 30 June 2024

#### 16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

An analysis of risk concentration in gross carrying amounts and corresponding ECL in the loans and advances to customers by type of lending is presented as per below:

#### THE GROUP AND THE BANK

GI	GROSS CARRYING AMOUNT ALLOWANCE FOR IMPAIRMENT LOSSI					SSES			
2024									
STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL		
				12-months ECL	Lifetime ECL	Lifetime ECL	_		
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		
4,185,625	278,093	44,759	4,508,477	11,043	6,528	10,054	27,625		
15,786,863	1,589,854	257,536	17,634,253	64,544	67,470	187,037	319,051		
5,272,908	-	-	5,272,908	23,496	-	-	23,496		
17,954,652	2,869,126	1,372,956	22,196,734	121,788	78,103	1,324,063	1,523,954		
135,652	5,137	7,387	148,176	2,271	109	6,556	8,936		
43,335,700	4,742,210	1,682,638	49,760,548	223,142	152,210	1,527,710	1,903,062		

Retail and personal Business Government and parastatal bodies Entities outside Mauritius Credit cards

#### THE GROUP AND THE BANK

	GROSS CARRYING AMOUNT					ANCE FOR IMP	PAIRMENT LOS	SES
2023								
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
					12-months ECL	Lifetime ECL	Lifetime ECL	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	2,616,591	880,265	105,258	3,602,114	25,664	50,510	77,966	154,140
	9,678,204	2,486,724	203,721	12,368,649	52,288	79,345	177,021	308,654
	8,222,096	-	-	8,222,096	25,303	-	-	25,303
1	13,826,557	1,661,648	1,365,592	16,853,797	75,811	39,486	1,315,899	1,431,196
	129,525	11,877	9,020	150,422	3,356	495	6,953	10,804
3	34,472,973	5,040,514	1,683,591	41,197,078	182,422	169,836	1,577,839	1,930,097

Retail and personal Business Government and parastatal bodies Entities outside Mauritius Credit cards

#### THE GROUP AND THE BANK

	G	GROSS CARRYING AMOUNT				ALLOWANCE FOR IMPAIRMENT LOSSES			
		2022							
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL	
					12-months ECL	Lifetime ECL	Lifetime ECL		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Retail and personal	2,909,498	170,926	85,211	3,165,635	30,523	18,433	57,297	106,253	
Business	4,664,255	4,066,547	375,263	9,106,065	21,974	370,386	340,440	732,800	
Government and parastatal bodies	3,572,835	-	-	3,572,835	2,143	-	-	2,143	
Entities outside Mauritius	11,300,251	787,368	1,482,098	13,569,717	50,598	41,831	1,344,398	1,436,827	
Credit cards	117,790	5,866	7,305	130,961	4,205	197	6,164	10,566	
	22,564,629	5,030,707	1,949,877	29,545,213	109,443	430,847	1,748,299	2,288,589	

#### 16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	TI	THE GROUP AND THE BANK							
	2024								
Credit rating grade	STAGE 1	STAGE 2	STAGE 3	TOTAL					
	MUR'000	MUR'000	MUR'000	MUR'000					
Performing:									
Credit rating AAA	-	35	-	35					
Credit rating AA+ to AA-	91,767	29,516	-	121,283					
Credit rating A+ to A-	1,276,666	7,733	-	1,284,399					
Credit rating BBB+ to BBB-	5,245,172	87	-	5,245,259					
Credit rating BB+ to BB-	27,404,299	872,026	-	28,276,325					
Credit rating B+ to B-	8,768,151	3,116,797	-	11,884,948					
Credit rating CCC+ to C	549,645	716,016	-	1,265,661					
Non performing:									
Credit rating D	-	-	1,682,638	1,682,638					
Total gross carrying amount	43,335,700	4,742,210	1,682,638	49,760,548					
Less: allowance for impairment losses	(223,142)	(152,210)	(1,527,710)	(1,903,062)					
Carrying amount at 30 June	43,112,558	4,590,000	154,928	47,857,486					

	THE GROUP AND THE BANK							
	2023							
Credit rating grade	STAGE 1	STAGE 2	STAGE 3	TOTAL				
	MUR'000	MUR'000	MUR'000	MUR'000				
Performing:								
Credit rating AAA	477,873	87,559	-	565,432				
Credit rating AA+ to AA-	1,627,297	185,580	-	1,812,877				
Credit rating A+ to A-	16,498,970	159,910	-	16,658,880				
Credit rating BBB+ to BBB-	11,917,340	2,892,359	-	14,809,699				
Credit rating BB+ to BB-	2,696,055	714,070	-	3,410,125				
Credit rating B+ to B-	1,255,438	987,575	-	2,243,013				
Credit rating CCC+ to C	-	13,461	-	13,461				
Non performing:								
Credit rating D	-	-	1,683,591	1,683,591				
Total gross carrying amount	34,472,973	5,040,514	1,683,591	41,197,078				
Less: allowance for impairment losses	(182,422)	(169,836)	(1,577,839)	(1,930,097)				
Carrying amount at 30 June	34,290,551	4,870,678	105,752	39,266,981				

STAGE 1 MUR'000	202 STAGE 2 MUR'000	STAGE 3 MUR'000	TOTAL
MUR'000	MUR'000	MUR'000	
			MUR'000
103,865	-	-	103,865
6,403,072	-	-	6,403,072
324,104	-	-	324,104
10,602,848	4,835,210	-	15,438,058
479,837	157,958	-	637,795
4,635,919	37,539	-	4,673,458
14,984	-	-	14,984
-	-	1,949,877	1,949,877
22,564,629	5,030,707	1,949,877	29,545,213
(109,443)	(430,847)	(1,748,299)	(2,288,589)
22,455,186	4,599,860	201,578	27,256,624
	6,403,072 324,104 10,602,848 479,837 4,635,919 14,984	6,403,072 - 324,104 - 10,602,848 4,835,210 479,837 157,958 4,635,919 37,539 14,984 -  22,564,629 5,030,707 (109,443) (430,847)	6,403,072

for the year ended 30 June 2024

#### 16(b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

#### THE GROUP AND THE BANK

•		GROSS CARRYI	NG AMOUNT		ALLOW	ANCE FOR IMP	PAIRMENT LO	SSES
				2024				
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
					12-months ECL	Lifetime ECL	Lifetime ECL	_
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	34,472,973	5,040,514	1,683,591	41,197,078	182,422	169,836	1,577,839	1,930,097
Changes in the amount								
Transfer to stage 1	1,160,908	(1,125,342)	(35,566)	-	64,019	(47,805)	(16,214)	-
Transfer to stage 2	(2,089,638)	2,094,091	(4,453)	-	(17,309)	17,443	(134)	-
Transfer to stage 3	(98,350)	(61,777)	160,127	-	(2,321)	(4,416)	6,737	-
Net remeasurement of loss allowance	-	-	-	-	(74,148)	34,265	62,345	22,462
New assets originated or purchased	67,594,157	-	-	67,594,157	139,510	-	-	139,510
Payments and assets derecognised	(57,704,350)	(1,205,276)	(37,163)	(58,946,789)	(69,031)	(17,113)	(18,965)	(105,109)
Write-offs	-	-	(83,898)	(83,898)	-	-	(83,898)	(83,898)
At 30 June	43,335,700	4,742,210	1,682,638	49,760,548	223,142	152,210	1,527,710	1,903,062

Out of MUR 83.9m write offs during the financial year ended 30 June 2024 (2023: MUR 174.1m), MUR 76.2m (2023: 159.3m) pertain to exposures which are subject to enforcement action by the Bank. There were no such cases for the financial year ended 30 June 2022.

Allowance for impairment losses include both capital and interest on non-performing loans. Interest provision amounts to MUR 234.2m at 30 June 2024 (2023: MUR 249.1m and 2022: MUR 274.2m) on non-performing loans which are in arrears for more than 90 days (included in stage 3).

The interest suspended for the year ended 30 June 2024 amounts to MUR 19.8m (2023: MUR 16.2m and 2022: MUR 41.7m).

Foreign exchange differences on ECL of MUR 31.0m (2023: MUR 15.2m and 2022: MUR 44.2m) have been accounted under Note 6 'Gain on foreign exchange'.

#### THE GROUP AND THE BANK

		THE GROOT AND THE BANK							
		GROSS CARRYII	NG AMOUNT		ALLOW	ANCE FOR IMI	PAIRMENT LOS	SSES	
				2023					
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL	
					12-months ECL	Lifetime ECL	Lifetime ECL		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
At 1 July	22,564,629	5,030,707	1,949,877	29,545,213	109,443	430,847	1,748,299	2,288,589	
Changes in the amount									
Transfer to stage 1	2,798,229	(2,797,597)	(632)	-	301,144	(301,144)	-	-	
Transfer to stage 2	(4,081,372)	4,081,372	-	-	(48,331)	48,331	-	-	
Transfer to stage 3	(120,025)	(3,822)	123,847	-	(2,191)	(1,337)	3,528	-	
Net remeasurement of loss allowance	_	-	-	-	(288,966)	7,348	142,551	(139,067)	
New assets originated or purchased	60,318,632	-	-	60,318,632	178,140	-	-	178,140	
Payments and assets derecognised	(47,007,120)	(1,270,146)	(215,441)	(48,492,707)	(66,817)	(14,209)	(142,479)	(223,505)	
Write-offs	-	-	(174,060)	(174,060)	-	-	(174,060)	(174,060)	
At 30 June	34,472,973	5,040,514	1,683,591	41,197,078	182,422	169,836	1,577,839	1,930,097	
		•		•	•				

The net impairment credit on financial assets is mainly driven by an ECL reversal upon transfers of exposures in Stage 2 attracting a higher ECL as at 30 June 2022 to Stage 1 during the financial year ended 30 June 2023. Exposures transferred to Stage 2 during the current year bear lower ECL percentage.

THE	GROUP	AND	THE	BANK

		THE GROUP AND THE BANK							
		GROSS CARRYII	NG AMOUNT	ALLOW	ANCE FOR IMI	PAIRMENT LOS	SSES		
				2022					
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL	
					12-months ECL	Lifetime ECL	Lifetime ECL		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
At 1 July	11,457,867	7,157,832	2,817,098	21,432,797	97,929	298,653	2,286,286	2,682,868	
Changes in the amount									
Transfer to stage 1	1,485,142	(1,485,142)	-	-	10,350	(10,350)	-	-	
Transfer to stage 2	(2,389,645)	2,397,244	(7,599)	-	(327,748)	329,307	(1,559)	-	
Transfer to stage 3	(151,068)	(85)	151,153	-	(234,724)	(85)	234,809	-	
Net remeasurement of loss allowance	-	-	-	-	24,720	(48,261)	399	(23,142)	
New assets originated or purchased	42,744,142	-	-	42,744,142	649,062	-	-	649,062	
Payments and assets derecognised	(30,581,809)	(3,039,142)	(360,280)	(33,981,231)	(110,146)	(138,417)	(121,141)	(369,704)	
Write-offs		-	(650,495)	(650,495)	-	-	(650,495)	(650,495)	
At 30 June	22,564,629	5,030,707	1,949,877	29,545,213	109,443	430,847	1,748,299	2,288,589	
			•			•			

Higher ECL in the financial year ended 30 June 2022 due to rating downgrade on some specific accounts.

THE GROUP AND THE BANK

#### 17. INVESTMENT SECURITIES

	THE GROUP			THE BANK		
-	2024	2023	2022	2024	2023	2022
-	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets held for trading measured at fair value through profit or loss (Note 17(a))	9,086,277	4,993,012	5,679,750	9,086,277	4,993,012	5,679,750
Debt instruments measured at amortised cost (Note 17(b))	125,588,785	103,674,862	65,269,752	125,588,785	103,674,862	65,269,752
Equity investments designated at fair value through other comprehensive income (Note 17(c))	20,233	16,956	15,283	20,233	16,956	15,283
Equity investment measured at fair value through profit or loss (Note 17(d))	2,092	905	514	2,092	905	514
	134,697,387	108,685,735	70,965,299	134,697,387	108,685,735	70,965,299
-						

#### (a) FINANCIAL ASSETS HELD FOR TRADING MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP			THE BANK		
	<b>2024</b> 2023 2022		2024	2023	2022	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Trading assets:						
Government of Mauritius debt securities	3,724,871	1,338,846	611,184	3,724,871	1,338,846	611,184
Bank of Mauritius bonds and notes	997,923	1,608,617	3,038,348	997,923	1,608,617	3,038,348
Foreign securities: corporate bonds and notes	3,211,245	2,045,549	2,030,218	3,211,245	2,045,549	2,030,218
Foreign securities: sovereign bills, bonds and notes	1,152,238	-	-	1,152,238	-	-
	9,086,277	4,993,012	5,679,750	9,086,277	4,993,012	5,679,750

#### (b) DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	2024	2023	2022
	MUR'000	MUR'000	MUR'000
Government of Mauritius treasury bills and bonds	12,893,779	12,032,395	11,073,356
Bank of Mauritius bonds and notes	4,752,881	5,491,485	5,749,250
Local securities: corporate bonds and notes	3,141,557	2,779,373	1,950,499
Foreign securities: corporate bonds and notes	24,035,846	15,881,805	12,217,706
Foreign securities: sovereign bills, bonds and notes	80,806,820	67,525,859	34,298,028
	125,630,883	103,710,917	65,288,839
Less: allowance for impairment losses	(42,098)	(36,055)	(19,087)
	125,588,785	103,674,862	65,269,752
· · · · · · · · · · · · · · · · · · ·			

An analysis of risk concentration in gross carrying amounts and corresponding ECL in the debt instruments measured at amortised cost by type of investment is presented as per below:

			THE GROUP A	ND THE BANK					
	GROSS CARRYING AMOUNT ALLOWANCE FOR IMPAIRMENT LOS								
			20	024					
	STAGE 1 STAGE 2 TOTAL STAGE 1 STAGE 2 TOTAL								
				12-months ECL	Lifetime ECL				
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000			
Government of Mauritius treasury bills and bonds	12,893,779	-	12,893,779	15,243	-	15,243			
Bank of Mauritius bonds and notes	4,752,881	-	4,752,881	2,214	-	2,214			
Local securities: corporate bonds and notes	3,141,557	-	3,141,557	12,075	-	12,075			
Foreign securities: corporate bonds and notes	24,035,846	-	24,035,846	10,797	-	10,797			
Foreign securities: sovereign bills, bonds and notes	80,806,820	-	80,806,820	1,769	-	1,769			
	125,630,883	-	125,630,883	42,098	-	42,098			

for the year ended 30 June 2024

#### 17. INVESTMENT SECURITIES (CONTINUED)

#### (b) DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

THE GROUP AND THE BANK							
GROSS CARRYING AMOUNT ALLOWANCE FOR IMPAIRMENT LOSSES							
		2	.023		_		
STAGE 1	STAGE 2	TOTAL	STAGE 1	STAGE 2	TOTAL		
			12-months ECL	Lifetime ECL			
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		
12,032,395	-	12,032,395	859	-	859		
5,491,485	-	5,491,485	1,856	-	1,856		
2,779,373	-	2,779,373	19,044	-	19,044		
14,841,241	1,040,564	15,881,805	4,522	6,892	11,414		
67,525,859	-	67,525,859	2,882	-	2,882		
102,670,353	1,040,564	103,710,917	29,163	6,892	36,055		

THE COOLID AND THE DANK

Government of Mauritius treasury bills and bonds Bank of Mauritius bonds and notes Local securities: corporate bonds and notes Foreign securities: corporate bonds and notes Foreign securities: sovereign bills, bonds and notes

	THE GROUP AND THE BANK						
	GROSS	CARRYING AN	/OUNT	ALLOWANCE	FOR IMPAIRM	ENT LOSSES	
	2022						
	STAGE 1	STAGE 2	TOTAL	STAGE 1	STAGE 2	TOTAL	
				12-months ECL	Lifetime ECL		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Government of Mauritius treasury bills and bonds	11,073,356	-	11,073,356	-	-	-	
Bank of Mauritius bonds and notes	5,749,250	-	5,749,250	-	-	-	
Local securities: corporate bonds and notes	1,643,072	307,427	1,950,499	3,589	10,834	14,423	
Foreign securities: corporate bonds and notes	12,217,706	-	12,217,706	4,664	-	4,664	
Foreign securities: sovereign bills, bonds and notes	34,298,028	-	34,298,028	-	-	-	
	64,981,412	307,427	65,288,839	8,253	10,834	19,087	

The table below shows the credit quality and the maximum exposure to credit risk based on the credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	THE GRO	UP AND THE	BANK
		2024	
Credit rating grade	STAGE 1	STAGE 2	TOTAL
	MUR'000	MUR'000	MUR'000
Performing:			
Credit rating AAA	72,163,834	-	72,163,834
Credit rating AA+ to AA-	22,055,866	-	22,055,866
Credit rating A+ to A-	6,312,072	-	6,312,072
Credit rating BBB+ to BBB-	20,938,300	-	20,938,300
Credit rating BB+ to BB-	3,503,933	-	3,503,933
Credit rating B+ to B-	656,878	-	656,878
Total gross carrying amount	125,630,883	-	125,630,883
Less: allowance for impairment losses	(42,098)	-	(42,098)
Carrying amount at 30 June	125,588,785	-	125,588,785
	THE GRO	OUP AND THE I	BANK
		2023	
Credit rating grade	STAGE 1	STAGE 2	TOTAL
	MUR'000	MUR'000	MUR'000
Performing:			
Credit rating AAA	61,364,141	-	61,364,141
Credit rating AA+ to AA-	10,714,035	-	10,714,035
Credit rating A+ to A-	9,145,778	-	9,145,778
Credit rating BBB+ to BBB-	18,667,026	-	18,667,026
Credit rating BB+ to BB-	1,972,752	1,040,564	3,013,316
Credit rating B+ to B-	806,621	-	806,621
Total gross carrying amount	102,670,353	1,040,564	103,710,917
Less: allowance for impairment losses	(29,163)	(6,892)	(36,055)
Carrying amount at 30 June	102,641,190	1,033,672	103,674,862

#### 17. INVESTMENT SECURITIES (CONTINUED)

#### (b) DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

	THE GR	OUP AND THE B	ANK
		2022	
Credit rating grade	STAGE 1	STAGE 2	TOTAL
	MUR'000	MUR'000	MUR'000
Performing:			
Credit rating AAA	52,421,570	-	52,421,570
Credit rating AA+ to AA-	2,077,569	-	2,077,569
Credit rating A+ to A-	6,711,987	-	6,711,987
Credit rating BBB+ to BBB-	1,145,181	-	1,145,181
Credit rating BB+ to BB-	2,625,105	-	2,625,105
Credit rating B+ to B-	-	307,427	307,427
Total gross carrying amount	64,981,412	307,427	65,288,839
Less: allowance for impairment losses	(8,253)	(10,834)	(19,087)
Carrying amount at 30 June	64,973,159	296,593	65,269,752

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

#### THE GROUP AND THE BANK

	2024								
	STAGE 1	STAGE 2	TOTAL	STAGE 1	STAGE 2	TOTAL			
				12-months ECL	Lifetime ECL				
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000			
At 1 July	102,670,353	1,040,564	103,710,917	29,163	6,892	36,055			
Changes in the amount									
Transfer to stage 1	1,040,564	(1,040,564)	-	6,892	(6,892)	-			
Net remeasurement of loss allowance	-	-	-	(3)	-	(3)			
New assets originated or purchased	1,081,636,855	-	1,081,636,855	18,302	-	18,302			
Payments and assets derecognised	(1,059,716,889)	-	(1,059,716,889)	(12,256)	-	(12,256)			
At 30 June	125,630,883	-	125,630,883	42,098	-	42,098			

#### THE GROUP AND THE BANK

	2023						
	STAGE 1	E 1 STAGE 2 TOTAL STAGE 1 STAGE 2			TOTAL		
				12-months ECL	Lifetime ECL		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
At 1 July	64,981,412	307,427	65,288,839	8,253	10,834	19,087	
Changes in the gross carrying amount							
Transfer to stage 1	307,427	(307,427)	-	10,834	(10,834)	-	
Transfer to stage 2	(1,040,564)	1,040,564	-	(2,074)	2,074	-	
Net remeasurement of loss allowance	-	-	-	(4,815)	4,818	3	
New assets originated or purchased	689,163,396	-	689,163,396	23,163	-	23,163	
Payments and assets derecognised	(650,741,318)	-	(650,741,318)	(6,198)	-	(6,198)	
At 30 June	102,670,353	1,040,564	103,710,917	29,163	6,892	36,055	
		•	•				

The net impairment credit on financial assets is mainly driven by an ECL reversal upon transfers of exposures in Stage 2 attracting a higher ECL as at 30 June 2022 to Stage 1 during the year ended 30 June 2023. Exposures transferred to Stage 2 during the current year bear lower ECL percentage.

#### THE GROUP AND THE BANK

	2022						
	STAGE 1 STAGE 2 TOTAL STAGE 1 STAGE 2				STAGE 2	TOTAL	
				12-months ECL	Lifetime ECL		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
At 1 July	39,567,916	333,161	39,901,077	17,121	24,083	41,204	
Net remeasurement of loss allowance	-	-	-	(10,164)	(13,249)	(23,413)	
New assets originated or purchased	257,859,028	-	257,859,028	4,753	-	4,753	
Payments and assets derecognised	(232,445,532)	(25,734)	(232,471,266)	(3,457)	-	(3,457)	
At 30 June	64,981,412	307,427	65,288,839	8,253	10,834	19,087	

for the year ended 30 June 2024

#### 17. INVESTMENT SECURITIES (CONTINUED)

#### (c) EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP			THE BANK		
	2024	<b>2024</b> 2023 2022		<b>2024</b> 2023		2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Equity securities:						
At 1 July	16,956	15,283	13,804	16,956	15,283	13,804
Additions	2,316	-	-	2,316	-	-
Fair value movement	631	917	2,381	631	917	2,381
Exchange gain/(loss)	330	756	(902)	330	756	(902)
At 30 June	20,233	16,956	15,283	20,233	16,956	15,283

The investments are expected to be held for the long term for strategic purposes and have been designated at FVTOCI. There was no disposal during the year. No dividend income was recognised on these investments during the year under review (2023 and 2022: Nil).

#### (d) EQUITY INVESTMENT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GR	THE GROUP AND THE BANK			
	2024	2023	2022		
	MUR'000	MUR'000	MUR'000		
At 1 July	905	514	1,705		
Fair value movement	1,187	391	(1,191)		
At 30 June	2,092	905	514		
	· · · · · · · · · · · · · · · · · · ·				

#### 18. INVESTMENT IN SUBSIDIARY

The details of the direct subsidiary are as follows:

	Country of	Class of	Effective % Holdings			
	Incorporation	Shares	2024	2023	2022	
			%	%	%	
Direct subsidiary						
AfrAsia Investments Limited	Mauritius	Ordinary	100	100	100	

The balance of the investment in subsidiary was written off during the year 2019.

#### 19. PROPERTY AND EQUIPMENT

(a)	THE GROUP	Improvement to buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Assets in progress	Total
	COST	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	At 1 July 2021	59,614	83,571	20,093	124	142,146	14,816	320,364
	Reclassification of assets	-	-	413	-	(413)	-	-
	Additions for the year	-	112	840	-	12,337	9,961	23,250
	Capitalisation of assets in progress	_	-	1,198	-	8,010	(9,208)	_
	Assets written off	(922)	(264)	(677)	_	(3,036)	-	(4,899)
	At 30 June 2022	58,692	83,419	21,867	124	159,044	15,569	338,715
	At 1 July 2022	58,692	83,419	21,867	124	159,044	15,569	338,715
	Additions for the year	-	863	1,260	-	10,526	56,452	69,101
	Capitalisation of assets in progress	-	-	669	-	367	(1,036)	-
	Assets written off	(107)	(1,459)	(1,050)	-	(4,389)	-	(7,005)
	At 30 June 2023	58,585	82,823	22,746	124	165,548	70,985	400,811
	At 1 July 2023	58,585	82,823	22,746	124	165,548	70,985	400,811
	Additions for the year	-	1,525	1,450	148	17,085	455,492	475,700
	Capitalisation of assets in progress	-	-	-	-	16,895	(16,895)	-
	Assets written off	-	(42)	(1,254)	-	(6,880)	-	(8,176)
	At 30 June 2024	58,585	84,306	22,942	272	192,648	509,582	868,335
	ACCUMULATED DEPRECIATION							
	At 1 July 2021	31,007	42,948	15,018	106	93,848	-	182,927
	Reclassification of assets	-	_	331	-	(331)	-	-
	Charge for the year	13,875	13,149	1,993	6	11,039	-	40,062
	Assets written off	(415)	(159)	(527)	-	(2,379)	-	(3,480)
	At 30 June 2022	44,467	55,938	16,815	112	102,177	-	219,509
	At 1 July 2022	44,467	55,938	16,815	112	102,177	_	219,509
	Charge for the year	6,784	8,932	1,497	_	11,386	_	28,599
	Assets written off	(106)	(1,316)	(940)	-	(4,096)	-	(6,458)
	At 30 June 2023	51,145	63,554	17,372	112	109,467	-	241,650
	At 1 July 2023	51,145	63,554	17,372	112	109,467	_	241,650
	Charge for the year	5,922	7,709	1,687	1	15,100	_	30,419
	Assets written off	-	(42)	(1,254)	-	(6,880)	_	(8,176)
	At 30 June 2024	57,067	71,221	17,805	113	117,687	-	263,893
	CARRYING AMOUNT							
	At 30 June 2024	1,518	13,085	5,137	159	74,961	509,582	604,442
	At 30 June 2023	7,440	19,269	5,374	12	56,081	70,985	159,161
	At 30 June 2022	14,225	27,481	5,052	12	56,867	15,569	119,206
		-	•	•		•	•	

The directors have reviewed the carrying amount of the Group's property and equipment and are of the opinion that no impairment is required at the reporting date (2023 and 2022: Nil)

Included in Property and Equipment are costs relating to building in the course of construction.

for the year ended 30 June 2024

### 19. PROPERTY AND EQUIPMENT (CONTINUED)

b) THE BANK	Improvement to buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Assets in progress	Total
COST	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2021	59,614	83,560	20,093	124	142,115	14,816	320,322
Reclassification of assets	-	-	413	-	(413)	-	-
Additions for the year	-	112	840	-	12,337	9,961	23,250
Capitalisation of assets in progress	-	-	1,198	-	8,010	(9,208)	-
Assets written off	(922)	(264)	(677)	=	(3,036)	-	(4,899)
At 30 June 2022	58,692	83,408	21,867	124	159,013	15,569	338,673
At 1 July 2022	58,692	83,408	21,867	124	159,013	15,569	338,673
Additions for the year	-	863	1,260	-	10,526	56,452	69,101
Capitalisation of assets in progress	-	-	669	-	367	(1,036)	-
Assets written off	(107)	(1,459)	(1,050)	-	(4,389)	-	(7,005)
At 30 June 2023	58,585	82,812	22,746	124	165,517	70,985	400,769
At 1 July 2023	58,585	82,812	22,746	124	165,517	70,985	400,769
Additions for the year	-	1,525	1,450	148	17,085	455,492	475,700
Capitalisation of assets in progress	-	-	-	-	16,895	(16,895)	-
Assets written off	-	(42)	(1,254)	-	(6,880)	-	(8,176)
At 30 June 2024	58,585	84,295	22,942	272	192,617	509,582	868,293
ACCUMULATED DEPRECIATION							
At 1 July 2021	31,007	42,937	15,018	106	93,817	-	182,885
Reclassification of assets	-	-	331	-	(331)	_	-
Charge for the year	13,875	13,149	1,993	6	11,039	-	40,062
Assets written off	(415)	(159)	(527)	-	(2,379)	-	(3,480)
At 30 June 2022	44,467	55,927	16,815	112	102,146	-	219,467
At 1 July 2022	44,467	55,927	16,815	112	102,146	-	219,467
Charge for the year	6,784	8,932	1,497	-	11,386	-	28,599
Assets written off	(106)	(1,316)	(940)	-	(4,096)	-	(6,458)
At 30 June 2023	51,145	63,543	17,372	112	109,436	-	241,608
At 1 July 2023	51,145	63,543	17,372	112	109,436	-	241,608
Charge for the year	5,922	7,709	1,687	1	15,100	-	30,419
Assets written off	-	(42)	(1,254)	-	(6,880)	-	(8,176)
At 30 June 2024	57,067	71,210	17,805	113	117,656	-	263,851
CARRYING AMOUNT							
At 30 June 2024	1,518	13,085	5,137	159	74,961	509,582	604,442
At 30 June 2023	7,440	19,269	5,374	12	56,081	70,985	159,161
At 30 June 2022	14,225	27,481	5,052	12	56,867	15,569	119,206
NET BOOK VALUE AT 30 JUNE 2024							
SEGMENT A	397	3,425	1,344	42	19,619	133,369	158,196
SEGMENT B	1,121	9,660	3,793	117	55,342	376,213	446,246
	1,518	13,085	5,137	159	74,961	509,582	604,442
NET BOOK VALUE AT 30 JUNE 2023							
SEGMENT A	2,325	6,021	1,679	4	17,523	22,180	49,732
SEGMENT B	5,115	13,248	3,695	8	38,558	48,805	109,429
	7,440	19,269	5,374	12	56,081	70,985	159,161
NET BOOK VALUE AT 30 JUNE 2022							
SEGMENT A	6,614	12,778	2,349	6	26,442	7,239	55,428
SEGMENT B	7,611	14,703	2,703	6	30,425	8,330	63,778
	14,225	27,481	5,052	12	56,867	15,569	119,206

The directors have reviewed the carrying amount of the Bank's property and equipment and are of the opinion that no impairment is required at the reporting date (2023 and 2022: Nil)

Included in Property and Equipment are costs relating to building in the course of construction.

### 20. INTANGIBLE ASSETS

(a)	THE GROUP	Computer software	Other	Assets in progress	Total
	COST	MUR'000	MUR'000	MUR'000	MUR'000
	At 1 July 2021	355,186	9,313	128,254	492,753
	Reclassification of assets	(9,646)	9,646	-	-
	Additions for the year	84,934	2,816	39,245	126,995
	Capitalisation of assets in progress	105,258	543	(105,801)	-
	Assets written off	(4,387)	-	-	(4,387)
	At 30 June 2022	531,345	22,318	61,698	615,361
	At 1 July 2022	531,345	22,318	61,698	615,361
	Additions for the year	16,534	99	47,782	64,415
	Capitalisation of assets in progress	4,220	94	(4,314)	-
	Assets written off	(37,391)	(5,031)	-	(42,422)
	At 30 June 2023	514,708	17,480	105,166	637,354
	At 1 July 2023	514,708	17,480	105,166	637,354
	Additions for the year	14,496	96	63,844	78,436
	Capitalisation of assets in progress	11,350	94	(11,444)	-
	Assets written off		(615)	(82,688)	(83,303)
	At 30 June 2024	540,554	17,055	74,878	632,487
	ACCUMULATED AMORTISATION				
	At 1 July 2021	195,391	8,683	-	204,074
	Reclassification of assets	(5,148)	5,148	-	-
	Charge for the year	48,388	3,848	-	52,236
	Assets written off	(3,385)	-	-	(3,385)
	At 30 June 2022	235,246	17,679	-	252,925
	At 1 July 2022	235,246	17,679	-	252,925
	Charge for the year	59,471	1,024	-	60,495
	Assets written off	(34,013)	(4,831)	-	(38,844)
	At 30 June 2023	260,704	13,872	-	274,576
	At 1 July 2023	260,704	13,872	-	274,576
	Charge for the year	91,814	1,167	-	92,981
	Assets written off	-	(615)	-	(615)
	At 30 June 2024	352,518	14,424	-	366,942
	CARRYING AMOUNT				
	NET BOOK VALUE AT 30 JUNE 2024	188,036	2,631	74,878	265,545
	NET BOOK VALUE AT 30 JUNE 2023	254,004	3,608	105,166	362,778
	NET BOOK VALUE AT 30 JUNE 2022	296,099	4,639	61,698	362,436

As at 30 June 2024, the directors reviewed the carrying amount of the Group's intangible assets. The Bank applied accelerated depreciation to a specific project with a capitalised cost of MUR 51.4m to better reflect its economic use, resulting in an additional depreciation charge of MUR 38.5m, contributing to a total depreciation charge of MUR 91.8m for computer software for the year. Additionally, the directors decided to discontinue the same project, leading to the write-off of intangible assets in progress amounting to MUR 82.7m.

Included in Intangible assets are costs relating to development of software not yet available for use.

for the year ended 30 June 2024

### 20. INTANGIBLE ASSETS (CONTINUED)

b) THE BANK	Computer		Assets in	
D) THE DANK	software	Other	progress	Total
COST	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2021	355,189	9,310	128,254	492,753
Reclassification of assets	(9,646)	9,646	-	-
Additions for the year	84,934	2,816	39,245	126,995
Capitalisation of assets in progress	105,258	543	(105,801)	-
Assets written off	(4,387)	-	-	(4,387)
At 30 June 2022	531,348	22,315	61,698	615,361
At 1 July 2022	531,348	22,315	61,698	615,361
Additions for the year	16,534	99	47,782	64,415
Capitalisation of assets in progress	4,220	94	(4,314)	-
Assets written off	(37,391)		-	(42,422)
At 30 June 2023	(57,532)	17,477	105,166	637,354
At 1 July 2023	514,711	17,477	105,166	637,354
Additions for the year	14,496	96	63,844	78,436
Capitalisation of assets in progress	11,350	94	(11,444)	-
Assets written off	,	(615)	(82,688)	(83,303)
At 30 June 2024	540,557	17,052	74,878	632,487
ACCUMULATED AMORTISATION				
At 1 July 2021	195,391	8,683	-	204,074
Reclassification of assets	(5,148)		_	, -
Charge for the year	48,388	3,848	_	52,236
Assets written off	(3,385)	5,51.5	_	(3,385)
At 30 June 2022	235,246	17,679	-	252,925
At 1 July 2022	235,246	17,679	-	252,925
Charge for the year	59,471	1,024	-	60,495
Assets written off	(34,013)	(4,831)	_	(38,844)
At 30 June 2023	260,704	13,872	-	274,576
At 1 July 2023	260,704	13,872	-	274,576
Charge for the year	91,814	1,167	-	92,981
Assets written off	-	(615)	-	(615)
At 30 June 2024	352,518	14,424	-	366,942
CARRYING AMOUNT				
At 30 June 2024	188,039	2,628	74,878	265,545
At 30 June 2023	254,007	3,605	105,166	362,778
At 30 June 2022	296,102	4,636	61,698	362,436
NET BOOK VALUE AT 30 JUNE 2024				
SEGMENT A	49,214	688	19,597	69,499
SEGMENT B	138,825	1,940	55,281	196,046
	188,039	2,628	74,878	265,545
NET BOOK VALUE AT 30 JUNE 2023				
SEGMENT A	79,367	1,126	32,861	113,354
SEGMENT B	174,640	2,479	72,305	249,424
	254,007	3,605	105,166	362,778
NET BOOK VALUE AT 30 JUNE 2022		<b>a</b> :==		4
SEGMENT A	137,679	2,156	28,689	168,524
SEGMENT B	158,423	2,480	33,009	193,912
	296,102	4,636	61,698	362,436

As at 30 June 2024, the directors reviewed the carrying amount of the Bank's intangible assets. The Bank applied accelerated depreciation to a specific project with a capitalised cost of MUR 51.4m to better reflect its economic use, resulting in an additional depreciation charge of MUR 38.5m, contributing to a total depreciation charge of MUR 91.8m for computer software for the year. Additionally, the directors decided to discontinue the same project, leading to the write-off of intangible assets in progress amounting to MUR 82.7m.

Included in Intangible assets are costs relating to development of software not yet available for use.

### 21. LEASE

The Group and the Bank lease property. The average lease term is 2 years. The Group and the Bank do not have the option to purchase the leased assets at the end of the lease term. The Group and the Bank's obligations are secured by the lessor's title to the leased assets for such leases.

RIGHT OF USE ASSETS	THE GROUP AND THE BANK				
	2024	2023	2022		
COST	MUR'000	MUR'000	MUR'000		
At 1 July	142,496	142,496	100,501		
Additions	-	-	88,019		
Remeasurement of right of use assets	3,228	-	220		
Lease expired	(63,966)	-	(46,244)		
At 30 June	81,758	142,496	142,496		
ACCUMULATED DEPRECIATION					
At 1 July	76,717	41,408	55,983		
Charge for the year	23,586	35,309	31,669		
Lease expired	(63,966)	-	(46,244)		
At 30 June	36,337	76,717	41,408		
CARRYING AMOUNT					
At 30 June	45,421	65,779	101,088		

During the financial year under review, some lease contracts were expired. The remeasurement to the lease contracts relate to the CPI adjustments to the rental payments.

There are no variable lease payments in the lease contracts of the Group and the Bank.

LEASE LIABILITIES	THE GROUP AND THE BANK			
	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	
Analysed as:				
Non-current	29,783	41,717	65,304	
Current	14,799	22,946	35,074	
	44,582	64,663	100,378	
Disclosure required by IFRS 16				
Maturity analysis				
Year 1	16,582	25,463	39,264	
Year 2	16,709	15,521	25,622	
Year 3	14,368	15,642	15,751	
Year 4	-	13,436	15,889	
Year 5	-	-	13,542	
	47,659	70,062	110,068	
Less: Unearned Interest	(3,077)	(5,399)	(9,690)	
	44,582	64,663	100,378	

The Group and the Bank do not face a significant liquidity risk with regard to its lease liabilities. The leases are denominated in MUR, USD and ZAR.

for the year ended 30 June 2024

### 21. LEASE (CONTINUED)

**LEASE LIABILITIES (CONTINUED)** 

RECONCILIATION OF FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES	THE GROUP AND THE BANK			
	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	
At 1 July	64,663	100,378	47,658	
Financing cash flows:				
Additions	-	-	88,019	
Lease repayments	(23,589)	(34,999)	(35,309)	
Non-Cash changes:				
Remeasurement of lease liabilities	3,228	-	220	
Exchange loss	280	(716)	(210)	
At 30 June	44,582	64,663	100,378	
AMOUNTS RECOGNISED IN PROFIT OR LOSS	THE GROUP AND THE BANK			
	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	
Depreciation expense on right of use assets	23,586	35,309	31,669	
Interest expense on lease liabilities (Note 4(b))	2,600	4,167	2,738	
Short term leases (Note 10)	16,736	· -	-	
	42,922	39,476	34,407	

### 22. OTHER ASSETS

	THE GROUP			THE BANK			
	<b>2024</b> 2023 2022		2022	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Mandatory balances with the Central Bank	5,288,053	4,441,107	3,189,239	5,288,053	4,441,107	3,189,239	
Indirect and other taxes receivable	202,800	136,686	115,505	202,800	136,686	115,505	
Prepaid expenses	89,132	94,360	89,401	89,126	94,353	89,401	
Other receivables	28,843	79,816	29,506	28,843	79,816	29,506	
	5,608,828	4,751,969	3,423,651	5,608,822	4,751,962	3,423,651	

Mandatory balances relate to the minimum amount of cash that banks must keep at the Central Bank in accordance with the Bank of Mauritius Guideline on Cash Reserve Requirement. Mandatory balances are subject to certain restrictions and limitations levelled by the Bank of Mauritius. They are not available to finance the Bank's day—to—day operations and therefore, are not part of cash and cash equivalents.

The Bank has assessed ECL on other receivables and out of MUR 47.8m, an amount MUR 19.0m has been provided for 30 June 2024 (2023 and 2022: Nil).

### 23. DUE TO BANKS

	THE GRO	THE GROUP AND THE BANK			
	2024	2023	2022		
	MUR'000	MUR'000	MUR'000		
At amortised cost:					
Bank overdrafts	868	-	1,644		
	868	-	1,644		

### 24. DEPOSITS FROM BANKS

		THE GROUP			THE BANK			
	2024	<b>2024</b> 2023 2022			2023	2022		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		
At amortised cost:								
- Current accounts	16,202	16,268	16,101	16,202	16,268	16,101		
- Savings accounts	318,849	342,455	353,486	318,849	342,455	353,486		
	335,051	358,723	369,587	335,051	358,723	369,587		

### 25. DEPOSITS FROM CUSTOMERS

		THE GROUP			THE BANK			
	2024	2023	2022	2024	2023	2022		
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		
At amortised cost:								
Personal								
- Current accounts	23,754,595	22,891,061	26,066,123	23,754,595	22,891,061	26,066,123		
- Savings accounts	7,544,809	4,942,197	4,728,640	7,544,809	4,942,197	4,728,640		
- Term deposits	24,974,525	15,535,096	8,530,050	24,974,525	15,535,096	8,530,050		
Business								
- Current accounts	106,599,537	115,841,455	132,618,517	106,602,001	115,808,635	132,025,518		
- Savings accounts	983,488	547,126	707,396	983,488	547,126	707,396		
- Term deposits	71,491,078	51,804,274	22,145,207	71,491,078	48,872,235	20,094,188		
Government institutions								
- Current accounts	840,430	557,556	770,487	840,430	593,377	1,366,869		
- Savings accounts	19,127	18,349	17,873	19,127	18,349	17,873		
- Term deposits	3,703,360	1,092,353	1,488,043	3,703,360	4,024,392	3,539,062		
	239,910,949	213,229,467	197,072,336	239,913,413	213,232,468	197,075,719		

Included in 'Deposits from customers' are deposits of MUR 1.8bn (2023 and 2022: MUR 1.8bn) held as collateral against loans and advances to the respective customers.

### 26. BORROWINGS FROM FINANCIAL INSTITUTION

	THE GROUP AND THE BANK			
	<b>2024</b> 2023		2022	
	MUR'000	MUR'000	MUR'000	
At amortised cost:				
Borrowings from financial institution	167,183	150,918	140,547	

Long term borrowings from financial institution as at 30 June 2024 was EUR 3.2m (2023 and 2022: EUR 3m) at floating interest rate of 6 months EURIBOR plus 0.55% margin per annum with tenor from 11 to 13 years. The repayment frequency for the interest payable and the capital portion is semi annually.

for the year ended 30 June 2024

### 27. OTHER LIABILITIES

	TI	THE GROUP			THE BANK	
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Dividend payable	592	344	344	592	344	344
Accruals for expenses	130,184	100,299	96,965	129,317	99,303	95,992
Settlement clearing accounts	388,045	426,941	100,545	388,045	426,941	100,545
Personnel expenses related accruals	392,183	348,644	209,374	392,183	348,644	209,374
Provisions	156,703	317,750	280,596	156,703	317,750	280,596
Other payables	14,715	3,354	6,370	14,715	3,354	6,370
	1,082,422	1,197,332	694,194	1,081,555	1,196,336	693,221

Included in personnel expenses related accruals are staffs' bonus.

The movement in provisions is as follows:

	THE GRO	OUP AND THE BAN	١K
	ECL on Financial guarantee contracts and loan commitments	Other	Total
	MUR'000	MUR'000	MUR'000
At 1 July 2021	29,576	5,000	34,576
Net remeasurement of loss allowance	(306)	-	(306)
Additions	6,708	264,977	271,685
Payments and assets derecognised	(25,359)	-	(25,359)
At 30 June 2022	10,619	269,977	280,596
At 1 July 2022	10,619	269,977	280,596
Net remeasurement of loss allowance	1,762	-	1,762
Additions	35,124	-	35,124
Payments and assets derecognised	(4,535)	-	(4,535)
Exchange loss	-	4,803	4,803
At 30 June 2023	42,970	274,780	317,750
At 1 July 2023	42,970	274,780	317,750
Net remeasurement of loss allowance	(12,461)	-	(12,461)
Additions	30,415	82,537	112,952
Payments and assets derecognised	(13,073)	-	(13,073)
Reversal	-	(250,265)	(250,265)
Exchange loss		1,800	1,800
At 30 June 2024	47,851	108,852	156,703

### OTHER PROVISIONS

Other provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties. The Group and the Bank are of the opinion that if disclosing these events on a case-by-case basis would prejudice their outcome, then such detailed disclosures have not been included in these financial statements.

for the year ended 30 June 2024

THE GROUP AND THE BANK

### 28. ORDINARY SHARES

				<del>-</del>	2024	2023	2022
				_	MUR'000	MUR'000	MUR'000
C	Ordinary shares of no par value						
	•				3,641,049	3,641,049	3,641,049
				=			
A	Analysed as follows:			THE GROUP AND	THE BANK		
	•	2024		2023		2022	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
			MUR'000		MUR'000		MUR'000
A	At 30 June	112,977,210	3,641,049	112,977,210	3,641,049	112,977,210	3,641,049
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,- ,-	,- , -			
29. C	CLASS A SHARES						
				THE GROUP AND	THE BANK		
		2024		2023		2022	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
			MUR'000		MUR'000		MUR'000
	ICD 20 000 000 Class A Carias 4 Charas			2 222 222	504.500	2 000 000	604 500
	JSD 20,000,000 Class A Series 1 Shares	2,000,000	604,580	2,000,000	604,580	2,000,000	604,580
	MUR 800,000,000 Class A Series 2 Shares	8,000,000	800,000	8,000,000	800,000	8,000,000	800,000
Т	Transaction costs		(18,812)	<u> </u>	(18,812)		(18,812)
		10,000,000	1,385,768	10,000,000	1,385,768	10,000,000	1,385,768
,	Analysed as follows:	2024		2023		2022	
•	Analyseu as follows.	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
		Number of shares		Nulliber of shares		Number of shares	
			MUR'000		MUR'000		MUR'000
	JSD 20,000,000 Class A Series 1 Shares						
P	At 30 June	2,000,000	604,580	2,000,000	604,580	2,000,000	604,580
		2024		2023		2022	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
			MUR'000		MUR'000		MUR'000
N	MUR 800,000,000 Class A Series 2 Shares						
	At 30 June	8,000,000	800,000	8,000,000	800,000	8,000,000	800,000
•		2,222,000	,	2,222,300	222,200	2,222,300	

The Class A shares do not carry any general voting right at any shareholders meeting of the Bank other than an irrevocable right to vote on any proposal to amend the Class A shares Terms and Conditions.

The shares are callable, at the option of the issuer, six years after the issue date (30 June 2014), with the prior approval of the Bank of Mauritius. The Bank has not exercised the option to redeem the shares as at 30 June 2024.

Dividends are payable at the discretion of the Board of Directors of AfrAsia Bank Limited and subject to the prior approval of Bank of Mauritius.

for the year ended 30 June 2024

### **30. EMPLOYEE BENEFITS**

	1	THE GROUP	)		THE BANK	
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Retirement Benefit Obligations (a)	183,293	110,936	79,240	183,293	110,936	79,240
Other Long Term Employee Incentive (b)	3,306	-	-	3,306	-	-
	186,599	110,936	79,240	186,599	110,936	79,240
3 (,,	3,306	-	-	3,306	-	

### (a) Retirement Benefit Obligations

The Group and the Bank have a defined contribution (DC) scheme which is a funded obligation administered by Swan Pension Ltd.

The liability relates to retirement gratuities payable under The Workers' Rights Act 2019 which is unfunded.

The actuarial valuation was carried out at 30 June 2024 by Swan Actuarial Services Ltd.

The plan expose the Group and the Bank to normal risks associated with defined benefit pension plans such as interest risk and salary risk.

Interest risk: If the bond/bill yields decrease, the liabilities would be calculated using a lower discount rate, and would therefore increase.

THE GROUP

2023

2022

2024

2024

**THE BANK** 

2023

2022

Salary risk: If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Present value of obligations	183,293	110,936	79,240	183,293	110,936	79,240
Movement in liability recognised in statements of financial position:						
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net liability at start of year	110,936	79,240	73,189	110,936	79,240	73,189
Amount recognised in profit or loss	(24,098)	35,410	11,265	(24,098)	35,410	11,265
Amount recognised in other comprehensive income	97,115	(3,371)	(5,114)	97,115	(3,371)	(5,114)
Payment of pension and gratuity	(660)	(343)	(100)	(660)	(343)	(100)
Net liability at end of the year	183,293	110,936	79,240	183,293	110,936	79,240

Amounts recognised in statements of profit or loss and other comprehensive income

	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Current service cost	12,334	8,683	7,532	12,334	8,683	7,532
Past service cost	(42,405)	22,853	-	(42,405)	22,853	-
Net interest cost	5,973	3,874	3,733	5,973	3,874	3,733
Components of amount recognised in profit or loss	(24,098)	35,410	11,265	(24,098)	35,410	11,265
Remeasurement of defined benefit obligations:						
Liability experience loss/(gain)	24,782	5,219	(6,819)	24,782	5,219	(6,819)
Loss on plan assets	33	13	-	33	13	-
Liability loss/(gain) due to change in financial assumptions	72,300	(8,603)	1,705	72,300	(8,603)	1,705
Components of amount recognised in other comprehensive income	97,115	(3,371)	(5,114)	97,115	(3,371)	(5,114)
	73,017	32,039	6,151	73,017	32,039	6,151

The Finance Act 2022, applicable for the year ended 30 June 2023, has brought an amendment to the calculation of retirement gratuity under the Workers' Rights Act 2019. This change has been accounted as Past Service Cost. The Finance Act 2023, applicable for the year ended 30 June 2024, has brought amendment to the calculation of retirement gratuity under the Workers' Rights Act 2019. This new change has been accounted as a negative Past Service Cost.

### 30. EMPLOYEE BENEFITS (CONTINUED)

### (a) Retirement Benefit Obligations (continued)

Changes in the present value of the defined benefit obligations:

	1	THE GROUP	•		THE BANK	
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	110,936	79,240	73,189	110,936	79,240	73,189
Interest cost	5,973	3,874	3,733	5,973	3,874	3,733
Current service cost	12,334	8,683	7,532	12,334	8,683	7,532
Past service cost	(42,405)	22,853	-	(42,405)	22,853	-
Liability experience loss/(gain)	24,782	5,219	(6,819)	24,782	5,219	(6,819)
Loss on plan assets	33	13	-	33	13	-
Liability loss/(gain) due to change in financial assumptions	72,300	(8,603)	1,705	72,300	(8,603)	1,705
Payment of pension and gratuity	(660)	(343)	(100)	(660)	(343)	(100)
At 30 June	183,293	110,936	79,240	183,293	110,936	79,240

### Future cash flows:

The funding policy is to pay benefits out of the Group's and the Bank's cash flow as and when due.

The weighted average duration of the defined benefit obligation is 13 years (2023: 12 years and 2022: 13 years).

	•	THE GROUP	•		THE BANK	
	2024	2023	2022	2024	2023	2022
Sensitivity analysis:	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Increase in defined benefit obligation due to 1% decrease in discount rate	31,610	18,353	15,276	31,610	18,353	15,276
Decrease in defined benefit obligation due to 1% increase in discount rate	26,405	15,466	12,774	26,405	15,466	12,774
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	31,060	18,524	15,339	31,060	18,524	15,339
Decrease in defined benefit obligation due to 1% decrease in future long-term	26,473	15,866	13,046	26,473	15,866	13,046
salary assumption						

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 GROUI	•		THE BANK	(
The principal actuarial assumptions used for accounting purposes are:	2024	2023	2022	2024	2023	2022
Discount rate	5.30%	5.40%	4.90%	5.30%	5.40%	4.90%
Salary increases	6.00%	3.50%	3.50%	6.00%	3.50%	3.50%
Average retirement age	60 years	60 years	60 years	60 years	60 years	60 years
Mortality Rate	A67/70	A67/70	A67/70	A67/70	A67/70	A67/70
Annuity rates at retirement	Swa	n Annuity F	lates	Sv	van Annuity	Rates

The rate per annum of withdrawal from service before retirement for the Bank is between 10% and 15% for age up to 30, reducing to 0% after 50

The discount rate is determined by reference to the yield on available local government bonds of duration equivalent to the duration of liabilities.

### (b) Other Long Term Employee Incentive

Included in other long term employee incentive is provision for vacation leaves. This provision relates to employees who are entitled to vacation leaves prescribed under part V of the Workers' Rights Act 2019. The latter provides vacation leaves of not more than 30 days.

The actuarial valuation was carried out at 30 June 2024 by Swan Actuarial Services Ltd.	
	THE GROUP
	AND THE
	BANK
	2024
	MUR'000
Present Value of Plan liability	3,306
The principal actuarial assumptions used for accounting purposes are:	
Discount rate	3.50%
Salary increases	6.00%

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2024

## 31. RETAINED EARNINGS AND OTHER RESERVES

				T	THE GROUP							<b>THE BANK</b>		
	Retained Earnings	Net OCI movement on RBO	Fair value reserve	Statutory reserve	General banking reserve	Provision reserve	Total	Retained Earnings	Net OCI movement on RBO	Fair value reserve	Statutory reserve	General banking reserve	Provision reserve	Total
1	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2021	2,694,077	(1,002)	(14,538)	1,051,915	299,425	•	1,336,802	2,665,889	(1,095)	3,973	1,051,915	299,425	,	1,355,313
Profit for the year	1,429,266	•	•	•	•	•	•	1,436,617	•	•	•	•	•	•
Remeasurement of employee benefits	•	4,809	•	•	•	•		'	4,809	•	•	•	•	1
Appropriation of reserves	(258,410)		•	215,492	42,918	•	258,410	(258,410)		•	215,492	42,918	•	258,410
Dividends	(300,030)	'	•	•	'	•	•	(300,030)	•	'	•	•	•	•
Fair value gain on equity instruments designated at fair value														
through other comprehensive income	•	-	1,479	•	•		1,479	-	-	1,479	-			1,479
At 30 June 2022	3,564,903	3,807	(13,059)	1,267,407	342,343		1,596,691	3,544,066	3,714	5,452	1,267,407	342,343	•	1,615,202
At 1 July 2022	3,564,903	3,807	(13,059)	1,267,407	342,343	,	1,596,691	3,544,066	3,714	5,452	1,267,407	342,343	,	1,615,202
Profit for the year	5,878,570					٠	•	5,878,970					•	•
Remeasurement of employee benefits	•	2,678	•	•	•	٠	•	'	2,678	•	•	•	•	'
Appropriation of reserves	(897,820)		•	881,845	15,975	٠	897,820	(897,820)		•	881,845	15,975	•	897,820
Additional provision in relation to Bank of Mauritius Guideline	(201,039)	'	•	•	•	201,039	201,039	(201,039)	'	•	•	•	201,039	201,039
Dividends	(626,381)	•	•	•	•	•	•	(626,381)			•	•	•	•
Fair value gain on equity instruments designated at fair value														
through other comprehensive income	•	-	1,673	•	•	1	1,673	'	-	1,673	1	1	•	1,673
At 30 June 2023	7,718,233	6,485	(11,386)	2,149,252	358,318	201,039	2,697,223	7,697,796	6,392	7,125	2,149,252	358,318	201,039	2,715,734
At 1 July 2023	7,718,233	6,485	(11,386)	2,149,252	358,318	201,039	2,697,223	7,697,796	6,392	7,125	2,149,252	358,318	201,039	2,715,734
Profit for the year	7,024,525	•	•	•	•	•	•	7,024,941	•	•	•	•	•	•
Remeasurement of employee benefits	•	(83,964)	•	•	•	•	•	•	(83,964)	•	•	•	•	•
Appropriation of reserves	(1,087,670)	•	•	1,053,742	33,928	•	1,087,670	(1,087,670)	•	•	1,053,742	33,928	•	1,087,670
Additional provision in relation to Bank of Mauritius Guideline	(79,209)	•	•	•	•	79,209	79,209	(79,209)	•	•	•	•	79,209	79,209
Dividends	(3,119,224)	•	•	•	•	•	•	(3,119,224)	-	•	•	•	•	1
Fair value gain on equity instruments designated at fair value through other comprehensive income	•	•	961	'	•		961	,	,	961	'	•	•	961
At 30 June 2024	10,456,655	(77,479)	(10,425)	3,202,994	392,246	280,248	3,865,063	10,436,634	(77,572)	8,086	3,202,994	392,246	280,248	3,883,574

Total retained earnings reported under Statements of Changes in Equity include retained earnings and net OCI movement on RBO.

Refer to Note 3A(g) for the composition of other reserves.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2024

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

## (a) Financial instruments measured at fair value

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

TUE GOODIN						CCUC				00	7,000	
		7	170			707				20	77	
	Quoted prices	Significant	Significant		Quoted prices in	Significant	Significant		Quoted prices in		Significant	
	in active	observable	unobservable		active markets	observable	unobservable		active markets	observable	unobservable	
	markets	sınduı	sindui			sindui	sindui			Inputs	sindui	
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments												
Foreign exchange option contracts	•	9,894	•	9,894	•	2,307	'	2,307	•	855	'	855
Foreign exchange contracts	•	4,893	'	4,893	•	8,768	'	8,768	•	17,164	'	17,164
Cross currency interest rate swap	•	155,969	•	155,969	•	183,625	'	183,625	•	195,873	'	195,873
Interest rate swaps	•	11,426	•	11,426	•	18,088	•	18,088	•	10,040	•	10,040
Options contracts (structured deposits)	•	184,482	•	184,482	•	172,762	'	172,762	•	145,749	'	145,749
Accumulators/Decumulators	•	•	•	•	•	•		•	•	2,298	•	2,298
	'	366,664	•	366,664	•	385,550	1	385,550	1	371,979	•	371,979
Financial assets held for trading measured at fair	_											
value through profit or loss												
Government of Mauritius debts securities	•	3,724,871	•	3,724,871	•	1,338,846	•	1,338,846	•	611,184	•	611,184
Bank of Mauritius bonds and notes	•	997,923	•	997,923	•	1,608,617	•	1,608,617	•	3,038,348	•	3,038,348
Corporate bonds and notes	2,968,717	242,528	'	3,211,245	2,045,549	•	•	2,045,549	1,787,780	242,438	•	2,030,218
Sovereign bills, bonds and notes	1,152,238	•	•	1,152,238	•	•	•	•	•	•	•	•
	4,120,955	4,965,322	•	9,086,277	2,045,549	2,947,463	•	4,993,012	1,787,780	3,891,970		5,679,750
Equity investments designated at fair value through other comprehensive income												
Equity investments	•	-	20,233	20,233	-	-	16,956	16,956	-	-	15,283	15,283
	•	•	20,233	20,233	1	1	16,956	16,956	1		15,283	15,283
Equity investments measured at fair value through profit or loss Equity investments	2,092	•	,	2,092	908	,	,	905	514	ı	ı	514
	2,092	•		2,092	905		-	902	514		-	514
Financial liabilities	4,123,047	5,331,986	20,233	9,475,266	2,046,454	3,333,013	16,956	5,396,423	1,788,294	4,263,949	15,283	6,067,526
Derivative financial instruments												
Foreign exchange option contracts	•	9,346	'	9,346	•	2,487	•	2,487	•	1,125	'	1,125
Foreign exchange contracts	•	3,634	•	3,634	•	6,187	•	6,187	•	7,633	•	7,633
Interest rate swaps	•	27,309	•	27,309	•	23,523	•	23,523	•	10,040	•	10,040
Options contracts (structured deposits)	•	184,482	•	184,482	•	172,762	•	172,762	•	145,749	•	145,749
Accumulators/Decumulators	•	•	•	•	•	•	•	•	•	2,298		2,298
	•	224,771	•	224,771		204,959	•	204,959		166,845	•	166,845

for the year ended 30 June 2024

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

Total fair value MUR'000

855 17,164 195,873 10,040 145,749 2,298 371,979

611,184 3,038,348 2,030,218

5,679,750

15,283 15,283

6,067,526

1,125 7,633 10,040 145,749 2,298 166,845

THE BANK		2	2024				2023			2	2022
	Quoted prices	Significant	Significant		Quoted prices in Significant	Significant	Significant		Quoted prices in	Significant	Significant
	in acuve markets	observable	unobservable inputs		active markets		unobservable inputs		active markets	observable	unobservabii inputs
Financial assets	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Derivative financial instruments											
Foreign exchange option contracts	•	9,894	•	9,894	•	2,307	•	2,307	•	855	
Foreign exchange contracts	•	4,893	•	4,893	•	8,768	'	8,768	•	17,164	
Cross currency interest rate swap	•	155,969	•	155,969	•	183,625	1	183,625	•	195,873	
Interest rate swaps	•	11,426	•	11,426	•	18,088	1	18,088	1	10,040	
Options contracts (structured deposits)	•	184,482	•	184,482	•	172,762	,	172,762	•	145,749	
Accumulators/ Decumulators	•	-	-		-	•	•	-	•	2,298	
	•	366,664	•	366,664	-	385,550	1	385,550	•	371,979	
Financial assets held for trading measured at fair value through profit or loss											
Government of Mauritius debts securities	•	3,724,871	•	3,724,871	•	1,338,846	'	1,338,846	•	611,184	
Bank of Mauritius bonds and notes	•	997,923	•	997,923	•	1,608,617	•	1,608,617	•	3,038,348	
Corporate bonds and notes	2,968,717	242,528	•	3,211,245	2,045,549	1	•	2,045,549	1,787,780	242,438	
Sovereign bills, bonds and notes	1,152,238	•	•	1,152,238	•	•	•	•	•	•	
	4,120,955	4,965,322	•	9,086,277	2,045,549	2,947,463	-	4,993,012	1,787,780	3,891,970	
Equity investments designated at fair value through other comprehensive income Equity investments			20,233	20,233			16,956	16,956	•	•	15,28
		•	20,233	20,233		•	16,956	16,956		٠	15,28
Equity investments measured at fair value through profit or loss Equity investments	2,092		,	2,092	902		,	902	514		
	2,092		•	2,092	902			902	514		
	4,123,047	5,331,986	20,233	9,475,266	2,046,454	3,333,013	16,956	5,396,423	1,788,294	4,263,949	15,28
Financial liabilities											
Derivative financial instruments											
Foreign exchange option contracts	•	9,346	•	9,346	'	2,487	•	2,487	•	1,125	
Foreign exchange contracts	•	3,634	•	3,634	'	6,187	'	6,187	•	7,633	
Interest rate swaps	•	27,309	•	27,309	•	23,523	•	23,523	•	10,040	
Options contracts (structured deposits)	•	184,482	•	184,482	•	172,762	•	172,762	•	145,749	
Accumulators/ Decumulators	•	•		•	-	-				2,298	
	•	224,771		224,771	-	204,959		204,959	-	166,845	

The table below sets out information about valuation techniques and significant observable inputs used in measuring financial instruments categorised as Level 2 in the fair value hierarchy.

Description	Level	Valuation techniques	Significant observable inputs
Financial assets held for trading measured at fair value through profit or loss			
(i) Government of Mauritius debts securities and Bank of Mauritius bonds and notes	٠	Those investments are valued based on the weighted bond yield curve of similar instruments as made publicly available by the Risk adjusted yield curves. local regulator.	Risk adjusted yield curves.
(ii) Corporate bonds and notes	N	Those investments are valued based on the weighted bond yield curve of similar instruments as made publicly available by the Risk adjusted yield curves. local regulator.	Risk adjusted yield curves.
(iii) Derivative Financial Instruments		Derivative products valued using a valuation technique with market observable inputs include forward foreign exchange contracts and option contracts across several asset classes, including but not limited to Funds, commodities, indices and equities. In The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves, volatility curves and/or feeds from appointed valuation/calculation agents.	Interest rate curves, repurchase agreements, money market curves and/or volatility.

The Equity investments designated at FVOCI has been fair valued by using the share price as listed on the company's website. We determine that in the ordinary course of business, the share price is considered to be the most appropriate to determine the fair value. A 10% increase/decrease in share price will lead to an increase/decrease in fair value of investment of MUR 1.8m for 2024 (2023: MUR 1.5m and 2022: MUR 1.3m).

The reconciliation for level 3 has been disclosed in note 17(c).

Transfers between hierarchy There was no transfer between fair value hierarchy during the year under review.

for the year ended 30 June 2024

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial assets and liabilities not measured at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not measured at fair value in the financial statements:

### Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than one year), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

### Fixed and floating rate financial instruments

The fair value of fixed and floating rate financial assets and liabilities carried at amortised cost is estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. The estimated fair value of fixed and floating interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining terms to maturity and credit soreads.

The fair value of the below financial assets and financial liabilities are classified in level 3 in the fair value hierarchy.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's and the Bank's financial instruments that are not carried at fair value in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

THE GROUP	2024		2023		2022		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Financial assets for which amortised cost							
approximates fair value							
Cash and balances with banks	18,847,227	18,847,227	16,757,284	16,757,284	46,935,661	46,935,661	
Due from banks	38,511,567	38,511,567	47,682,116	47,682,116	47,333,177	47,333,177	
Loans and advances to banks	14,647,416	14,647,416	13,189,589	13,189,589	11,990,476	11,990,476	
Other assets (excluding prepayments,							
accrued income, inventory and taxes)	5,332,090	5,332,090	4,508,784	4,508,784	3,213,671	3,213,671	
Fixed and floating rate financial assets							
Loans and advances to customers	47,857,486	47,810,584	39,266,981	39,201,998	27,256,624	27,250,251	
Debt instruments measured at amortised cost		124,614,987	103,674,862	101,861,020	65,269,752	62,108,045	
	250,784,571	249,763,871	225,079,616	223,200,791	201,999,361	198,831,281	
	2024		2023		2022		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Financial liabilities	WION 000	WOROO	WION 000	WON 000	WION 000	WOR 000	
Financial liabilities for which amortised cost approximates fair value							
Due to banks	868	868	-	-	1,644	1,644	
Deposits from banks	335,051	335,051	358,723	358,723	369,587	369,587	
Borrowings from financial institution	167,183	167,183	150,918	150,918	140,547	140,547	
Lease liabilities	44,582	44,582	64,663	64,663	100,378	100,378	
Other liabilities (excluding advance							
commission and taxes)	906,946	906,946	869,416	869,416	400,150	400,150	
Fixed and floating rate financial liabilities							
Deposits from customers	239,910,949	239,616,396	213,229,467	212,711,820	197,072,336	196,865,522	

for the year ended 30 June 2024

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial assets and liabilities not measured at fair value (continued)

THE BANK	2024		2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets for which amortised cost approximates fair value						
Cash and balances with banks	18,847,227	18,847,227	16,757,277	16,757,277	46,935,652	46,935,652
Due from banks	38,511,567	38,511,567	47,682,116	47,682,116	47,333,177	47,333,177
Loans and advances to banks	14,647,416	14,647,416	13,189,589	13,189,589	11,990,476	11,990,476
Other assets (excluding prepayments,	, , ,	, ,	-,,	-,,	,,	,,
accrued income, inventory and taxes)	5,332,084	5,332,084	4,508,777	4,508,777	3,213,671	3,213,671
Fixed and floating rate financial assets						
Loans and advances to customers	47,857,486	47,810,584	39,266,981	39,201,998	27,256,624	27,250,251
Debt instruments measured at amortised cost	125,588,785	124,614,987	103,674,862	101,861,020	65,269,752	62,108,045
	250,784,565	249,763,865	225,079,602	223,200,777	201,999,352	198,831,272
	2024		2023		2022	
	2024 Carrying amount	Fair value	2023 Carrying amount	Fair value	2022 Carrying amount	Fair value
Financial liabilities						
Financial liabilities  Financial liabilities for which amortised cost approximates fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities for which amortised cost	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities for which amortised cost approximates fair value	Carrying amount MUR'000	Fair value MUR'000	Carrying amount	Fair value	Carrying amount MUR'000	Fair value MUR'000
Financial liabilities for which amortised cost approximates fair value  Due to banks Deposits from banks	Carrying amount MUR'000	Fair value MUR'000	Carrying amount MUR'000	Fair value MUR'000	Carrying amount MUR'000	Fair value MUR'000
Financial liabilities for which amortised cost approximates fair value  Due to banks	Carrying amount MUR'000 868 335,051	Fair value MUR'000 868 335,051	Carrying amount MUR'000	Fair value MUR'000	Carrying amount MUR'000 1,644 369,587	Fair value MUR'000 1,644 369,587
Financial liabilities for which amortised cost approximates fair value  Due to banks Deposits from banks Borrowings from financial institution	Carrying amount MUR'000  868 335,051 167,183	Fair value MUR'000 868 335,051 167,183	Carrying amount MUR'000	Fair value MUR'000	Carrying amount MUR'000  1,644 369,587 140,547	Fair value MUR'000 1,644 369,587 140,547
Financial liabilities for which amortised cost approximates fair value  Due to banks Deposits from banks Borrowings from financial institution Lease liabilities	Carrying amount MUR'000  868 335,051 167,183	Fair value MUR'000 868 335,051 167,183	Carrying amount MUR'000	Fair value MUR'000	Carrying amount MUR'000  1,644 369,587 140,547	Fair value MUR'000 1,644 369,587 140,547
Financial liabilities for which amortised cost approximates fair value  Due to banks Deposits from banks Borrowings from financial institution Lease liabilities Other liabilities (excluding advance	Carrying amount MUR'000  868 335,051 167,183 44,582	868 335,051 167,183 44,582	Carrying amount MUR'000  358,723 150,918 64,663	Fair value MUR'000	1,644 369,587 140,547 100,378	1,644 369,587 140,547 100,378
Financial liabilities for which amortised cost approximates fair value  Due to banks Deposits from banks Borrowings from financial institution Lease liabilities Other liabilities (excluding advance commission and taxes)	Carrying amount MUR'000  868 335,051 167,183 44,582	868 335,051 167,183 44,582	Carrying amount MUR'000  358,723 150,918 64,663	Fair value MUR'000	1,644 369,587 140,547 100,378	1,644 369,587 140,547 100,378
Financial liabilities for which amortised cost approximates fair value  Due to banks Deposits from banks Borrowings from financial institution Lease liabilities Other liabilities (excluding advance commission and taxes)  Fixed and floating rate financial liabilities	Rose September 1	868 335,051 167,183 44,582 906,079	Carrying amount MUR'000  358,723 150,918 64,663 868,417	Fair value MUR'000 - 358,723 150,918 64,663 868,417	1,644 369,587 140,547 100,378 399,177	1,644 369,587 140,547 100,378 399,177

for the year ended 30 June 2024

### 33. ADDITIONAL CASH FLOW INFORMATION

				THE GROUP			THE BANK	
			2024	2023	2022	2024	2023	2022
(a)	Cash and cash equivalents	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Cash in hand	13	53,905	46,007	25,911	53,905	46,007	25,911
	Unrestricted balances with the Central Bank	13	761,519	1,247,661	24,238,165	761,519	1,247,661	24,238,165
	Current accounts with other banks	13	18,032,869	15,464,801	22,671,601	18,032,869	15,464,794	22,671,592
	Short term placements with the Central Bank	14	800,197	2,000,192	-	800,197	2,000,192	-
	Short term placements with other banks	14	24,546,919	31,793,540	28,180,618	24,546,919	31,793,540	28,180,618
	Bank overdrafts	23	(868)	-	(1,644)	(868)	-	(1,644)
			44,194,541	50,552,201	75,114,651	44,194,541	50,552,194	75,114,642
(b)	Operating activities							
	Profit before tax		8,225,944	6,649,986	1,694,687	8,226,360	6,650,386	1,702,038
	Adjustments for:							
	Change in operating assets		(29,227,903)	(43,407,322)	(33,325,940)	(29,227,902)	(43,407,315)	(33,325,940)
	Change in operating liabilities		18,067,942	11,593,237	17,715,339	18,067,532	11,592,832	17,707,991
	Change in employee benefits	30(a)	(660)	(343)	(100)	(660)	(343)	(100)
	Non-cash items included in profit before tax		165,686	(86,868)	185,595	165,686	(86,868)	185,595
	Cash flows used in operating activities		(2,768,991)	(25,251,310)	(13,730,419)	(2,768,984)	(25,251,308)	(13,730,416)
(c)	Change in operating assets							
(-)	Net change in mandatory balances with the Central Bank		(846,946)	(1,251,868)	(912,309)	(846,946)	(1,251,868)	(912,309)
	Net change in placement with the other banks		1,274,689	5,503,201	7,067,173	1,274,689	5,503,201	7,067,173
	Net change in derivative financial instruments		(9,556)	(35,442)	77,578	(9,556)	(35,442)	7,007,173
	Net change in loans and advances to banks		(854,216)	(1,209,921)	(5,354,703)	(854,216)	(1,209,921)	(5,354,703)
	Net change in loans and advances to customers		(7,247,060)	(10,442,701)	(8,608,696)	(7,247,060)	(10,442,701)	(8,608,696)
	Net change in investment securities		(21,517,120)	(35,893,271)	(25,565,341)	(21,517,120)	(35,893,271)	(25,565,341)
	Net change in other assets		(27,694)	(77,320)	(29,642)	(27,693)	(77,313)	(29,642)
			(29,227,903)	(43,407,322)	(33,325,940)	(29,227,902)	(43,407,315)	(33,325,940)
(4)	Change in operating liabilities							
(α)	Net change in due to banks		_	_	(1,000,025)	_	_	(1,000,025)
	Net change in deposits from banks		(31,294)	(10,864)	4,861	(31,294)	(10,864)	4,861
	Net change in deposits from customers		18,198,758	11,102,436	18,240,050	18,198,222	11,102,053	18,229,161
	Net change in borrowings from financial institutions		11,120	2,260	140,547	11,120	2,260	140,547
	Net change in derivative financial instruments		19,839	38,109	(43,547)	19,839	38,109	(43,547)
	Net change in other liabilities		(130,481)	461,296	373,453	(130,355)	461,274	376,994
	Net change in other nabilities		18,067,942	11,593,237	17,715,339	18,067,532	11,592,832	17,707,991
			10,007,542	11,000,207	17,713,333	10,007,552	11,332,032	17,707,331
(e)	Non-cash items included in profit before tax	40	20.440	20 500	40.052	20.440	20 500	40.063
	Depreciation of property and equipment	19	30,419	28,599	40,062	30,419	28,599	40,062
	Depreciation of right of use assets	21 20	23,586	35,309	31,669	23,586	35,309	31,669
	Amortisation of intangible assets		92,981	60,495	52,236	92,981	60,495	52,236
	Tangible and intangible assets written off Employee benefits	19,20	82,688 (20,792)	4,125 35,410	2,424 11,265	82,688 (20,792)	4,125 35,410	2,424 11,265
	Net impairment (credit)/loss on financial assets	8	(49,315)	(243,645)	65,818	(49,315)	(243,645)	65,818
	Impairment on receivable from subsidiary		(43,313)	(243,043)	(9,824)	(49,313)	(243,043)	(9,824)
	Fair value movement on derivative financial instruments		36,794	22,185	(41,677)	36,794	22,185	(41,677)
	Fair value movement on investment securities (HFT)		(5,466)	(11,462)	33,832	(5,466)	(11,462)	33,832
	Net foreign exchange difference		(25,209)	(17,884)	(210)	(25,209)	(17,884)	(210)
	The Foreign exertange unreferred		165,686	(86,868)	185,595	165,686	(86,868)	185,595
/£\	Operational cash flows from interest			(30,000)	_55,555		(30,000)	
(1)	Interest paid *		(3,714,948)	(1,070,560)	(555,555)	(3,714,948)	(1,070,560)	(555,555)
	Interest received		11,411,415	7,797,881	2,108,902	11,411,415	7,797,881	2,108,902
					• •			

<sup>\*</sup> Also include interest paid on lease.

for the year ended 30 June 2024

## 34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group and the Bank classify an asset or liability as current when:

- · they expect to realise the asset/settle the liability within 12 months after the reporting period;
  - · they expect to settle the liability in its normal operating cycle;
- · they hold the asset or liability primarily for the purpose of trading;
- · they expect to realise the asset, or intend to sell or consume it, in its normal operating cycle;
- · the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; or
- · they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Bank classify all other assets and liabilities as non-current.

### (a) THE GROUP

THE GROUP									
		2024			2023			2022	
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
ASSETS	MUR'000								
Cash and balances with banks	18,847,227	Ī	18,847,227	16,757,284	•	16,757,284	46,935,661	İ	46,935,661
Due from banks	38,511,567	•	38,511,567	43,048,995	4,633,121	47,682,116	40,593,783	6,739,394	47,333,177
Derivative financial instruments	81,973	284,691	366,664	30,460	355,090	385,550	29,870	342,109	371,979
Loans and advances to banks	3,354,440	11,292,976	14,647,416	6,135,789	7,053,800	13,189,589	4,066,415	7,924,061	11,990,476
Loans and advances to customers	14,344,743	33,512,743	47,857,486	12,489,564	26,777,417	39,266,981	12,002,366	15,254,258	27,256,624
Investment securities	93,558,148	41,139,239	134,697,387	65,903,546	42,782,189	108,685,735	41,675,862	29,289,437	70,965,299
Other assets	5,608,828	•	5,608,828	4,751,969	1	4,751,969	3,423,651	1	3,423,651
Property and equipment	•	604,442	604,442	1	159,161	159,161	1	119,206	119,206
Right of use assets	1	45,421	45,421	1	62,779	62,779	ı	101,088	101,088
Intangible assets	•	265,545	265,545	1	362,778	362,778	1	362,436	362,436
Deferred tax assets	1	294,219	294,219	1	280,787	280,787	ı	140,092	140,092
TOTAL ASSETS	174,306,926	87,439,276	261,746,202	149,117,607	82,470,122	231,587,729	148,727,608	60,272,081	208,999,689
LIABILITIES									
Due to banks	898	İ	898	ı	•	1	1,644	•	1,644
Deposits from banks	335,051	•	335,051	358,723	1	358,723	369,587	1	369,587
Deposits from customers	235,991,688	3,919,261	239,910,949	205,621,699	7,607,768	213,229,467	189,775,941	7,296,395	197,072,336
Borrowings from financial institution	•	167,183	167,183	1	150,918	150,918	ı	140,547	140,547
Derivative financial instruments	80,166	144,605	224,771	28,059	176,900	204,959	20,608	146,237	166,845
Current tax liabilities	522,721	•	522,721	821,973	1	821,973	182,700	1	182,700
Lease liabilities	14,799	29,783	44,582	22,946	41,717	64,663	35,074	65,304	100,378
Other liabilities	1,082,422	•	1,082,422	1,197,332	•	1,197,332	694,194	•	694,194
Employee benefits	2,480	184,119	186,599	•	110,936	110,936	1	79,240	79,240
TOTAL LIABILITIES	238,030,195	4,444,951	242,475,146	208,050,732	8,088,239	216,138,971	191,079,748	7,727,723	198,807,471

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2024

## 34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

	THE BANK		2024			2023			2022	
		Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
AS	ASSETS	MUR'000								
S	Cash and balances with banks	18,847,227	•	18,847,227	16,757,277	•	16,757,277	46,935,652		46,935,652
D	Due from banks	38,511,567	•	38,511,567	43,048,995	4,633,121	47,682,116	40,593,783	6,739,394	47,333,177
De	Derivative financial instruments	81,973	284,691	366,664	30,460	355,090	385,550	29,870	342,109	371,979
9	Loans and advances to banks	3,354,440	11,292,976	14,647,416	6,135,789	7,053,800	13,189,589	4,066,415	7,924,061	11,990,476
2	Loans and advances to customers	14,344,743	33,512,743	47,857,486	12,489,564	26,777,417	39,266,981	12,002,366	15,254,258	27,256,624
ū	Investment securities	93,558,148	41,139,239	134,697,387	65,903,546	42,782,189	108,685,735	41,675,862	29,289,437	70,965,299
ŏ	Other assets	5,608,822	•	5,608,822	4,751,962	1	4,751,962	3,423,651	1	3,423,651
Pr	Property and equipment	•	604,442	604,442	1	159,161	159,161	1	119,206	119,206
Riš	Right of use assets	•	45,421	45,421	•	62,779	62,779	1	101,088	101,088
Ξ	Intangible assets	•	265,545	265,545	•	362,778	362,778	•	362,436	362,436
De	Deferred tax assets	•	294,219	294,219	1	280,787	280,787	1	140,092	140,092
7	TOTAL ASSETS	174,306,920	87,439,276	261,746,196	149,117,593	82,470,122	231,587,715	148,727,599	60,272,081	208,999,680
Ì	LIABILITIES									
Õ	Due to banks	898	•	898	•	,	•	1.644	,	1.644
De	Deposits from banks	335,051	1	335,051	358,723	ı	358,723	369,587	1	369,587
De	Deposits from customers	235,994,152	3,919,261	239,913,413	205,621,699	7,610,769	213,232,468	189,779,324	7,296,395	197,075,719
Bc	Borrowings from financial institution	•	167,183	167,183	•	150,918	150,918	1	140,547	140,547
DE	Derivative financial instruments	80,166	144,605	224,771	28,059	176,900	204,959	20,608	146,237	166,845
J	Current tax liabilities	522,721	•	522,721	821,973	1	821,973	182,700	ı	182,700
Le	Lease liabilities	14,799	29,783	44,582	22,946	41,717	64,663	35,074	65,304	100,378
ŏ	Other liabilities	1,081,555	•	1,081,555	1,196,336	1	1,196,336	693,221	ı	693,221
En	Employee benefits	2,480	184,119	186,599	-	110,936	110,936	-	79,240	79,240
7	TOTAL LIABILITIES	238,031,792	4,444,951	242,476,743	208,049,736	8,091,240	216,140,976	191,082,158	7,727,723	198,809,881

for the year ended 30 June 2024

### 35. CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though the obligations may not be recognised on the statements of financial position they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

	THE G	ROUP AND THE	BANK
	2024	2023	2022
	MUR'000	MUR'000	MUR'000
Financial guarantees	2,682,571	2,186,633	497,209
Letters of credit	91,995	259,900	248,571
Bills for collection	1,673,387	2,634,936	2,109,488
	4,447,953	5,081,469	2,855,268
Commitments			
Undrawn commitments to lend	12,879,837	10,747,656	6,057,265
Total gross carrying amount	17,327,790	15,829,125	8,912,533

### **Contingent liabilities**

Financial guarantees and letters of credit (including standby letters of credit) commit the Group and the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods.

### Undrawn commitments to lend

Undrawn Commitment refers to credit facilities that the Bank has agreed to be made available to the Borrower, upon receiving signed Facility offer Letter under a committed Revolving Credit Facility or a Delayed Draw Term Facility that the Borrower has either not drawn, or has partly drawn and repaid. For such facilities, the date that the Bank becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying impairment requirements.

### **Capital Commitment**

### The Group and the Bank

Authorised by the Board of Directors for the next 12 months but contracted for:

Commitments for the acquisition of plant and equipment amounts to MUR 403.2m (2023: MUR 442.1m and 2022: MUR 747.0m) and intangible assets amounts to MUR 267.7m (2023: MUR 203.4m and 2022: MUR 186.9m).

for the year ended 30 June 2024

### 36. RELATED PARTY DISCLOSURES

		THE GROUP			THE BANK	
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Compensation to key management personnel						
Salaries and short-term employee benefits	129,695	116,580	117,119	129,695	116,580	117,119

The liability in relation to post employment benefit obligations of the Group and the Bank pertaining to key management personnel amount to MUR 55.0m (2023: MUR 48.1m; 2022: MUR 31.9m)

The following tables provide the total amount of transactions, which have been entered into with key management personnel and all identified related parties and the corresponding balances for the relevant financial year:

### THE GROUP

Balances:	Cash and cash equivalents	Due from banks	Derivative financial assets	Loans and advances	Investment securities	Other assets	Derivative financial liabilities	Deposits	Other liabilities
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Subsidiary	<u> </u>								
30 June 2024		-	-	-	-	-	-	(2,306)	-
30 June 2023	-	-	-	-	-	-	-	(2,848)	-
30 June 2022	-	-	-	-	-	-	-	(3,228)	-
Key management personnel	<del></del>								
30 June 2024		-	-	58,756	740	-	(159)	(516,608)	(972)
30 June 2023	-	-	-	27,105	-	-	(420)	(212,243)	(1,288)
30 June 2022	-	-	-	43,071	-	241	(203)	(112,729)	(1,015)
Entities with significant influence *	<del></del>								
30 June 2024	62,700	5,489,450	11,426	429,456	100,025	4,217	-	(60,223)	-
30 June 2023	79,480	12,397,212	18,088	495,303	100,029	4,590	-	(59,233)	-
30 June 2022	95,881	6,721,147	12,334	492,112	99,796	1,651	-	(100,926)	-
Entities within the same group *									
30 June 2024		-	-	1,321,390	-	40,639	(11,426)	(1,158,325)	(44,110)
30 June 2023	-	2,283,768	-	741,957	-	48,724	(18,088)	(243,852)	(51,410)
30 June 2022	-	2,241,429	-	428,434	-	60,804	(10,040)	(600,208)	(62,042)
Other related parties *									
30 June 2024	-	-	-	27,219	-	-	-	(35,063)	(65)
30 June 2023	-	-	-	28,746	-	-	-	(63,246)	-
30 June 2022	-	-	-	25,814	-	-	-	(144,729)	(60)
Transactions:					Interest	Interest	Net fee and commission	Other income	Othor Evnanca

Transactions:	Interest income	Interest Expense	commission income	Other income	Other Expense
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Subsidiary					
30 June 2024	-	-	1	-	-
30 June 2023	-	-	-	-	-
30 June 2022	25	-	2	-	-
Key management personnel					
30 June 2024	2,176	(11,342)	336	75	(5,601)
30 June 2023	1,330	(3,069)	251	-	(3,577)
30 June 2022	597	(1,057)	224	-	(4,123)
Entities with significant influence *					
30 June 2024	276,390	-	45	787	(7,127)
30 June 2023	279,854	-	118	-	(1,952)
30 June 2022	35,910	-	121	5,473	(3,921)
Entities within the same group *					
30 June 2024	68,267	(17,863)	5,813	(787)	(34,859)
30 June 2023	28,801	(5,364)	2,543	808	(38,445)
30 June 2022	10,213	(2,209)	1,452	21,016	(52,202)
Other related parties *					
30 June 2024	993	(770)	390	-	(26)
30 June 2023	1,772	(460)	393	-	(198)
30 June 2022	1,241	(65)	(7,600)	-	(11)

<sup>\*</sup> Shareholders having more than 20% shareholding are considered to have significant influence over the Group and the Bank and are categorised as "Entities with significant influence". "Entities within the same group" consists of subsidiaries of those shareholders having significant influence over the Group and the Bank. "Other related parties" include close family members of KMP and entities controlled by KMP.

In the current year, the related party disclosures have been amended to show fairer presentation of the "Entities with significant influence" and to align the presentation for related party transactions and balances disclosed for both KMP and other related parties.

Comparatives have been amended to conform to current year's presentation.

Directors' fees paid during the year amount to MUR 22.8m (2023: MUR 24.2m; 2022:MUR 26.3m).

The dividend paid to related parties on Ordinary Shares is MUR 1.5bn (2023: MUR 259.2m, 2022: MUR 129.4m).

The dividend paid to related parties on Class A Shares is MUR 5.8m (2023: MUR 2.4m, 2022: MUR 2.3m).

for the year ended 30 June 2024

### 36. RELATED PARTY DISCLOSURES (CONTINUED)

### THE BANK

Other liabilities MUR'000
MUR'000
6) -
8) -
8) -
6) (972)
0) (1,288)
9) (1,015)
3) -
3) -
6) -
5) (44,110)
2) (51,410)
8) (62,042)
3) (65)
8) -
5) (60)
223 233 926

Fransactions:	Interest income MUR'000	Interest Expense MUR'000	Net fee and commission income MUR'000	Other income	Other Expense
ubsidiary					
30 June 2024	_	_	1	_	_
30 June 2023	_	_	-	_	_
30 June 2022	25	_	2	_	_
ey management personnel	25		-		
30 June 2024	2,110	(4,535)	73	34	(5,574)
30 June 2023	1,102	(1,739)	39	-	(3,577)
30 June 2022	333	(806)	41	-	(4,123)
ntities with significant influence *					
30 June 2024	276,390	-	45	787	(7,127)
30 June 2023	279,854	-	118	-	(1,952)
30 June 2022	35,910	-	121	5,473	(3,921)
ntities within the same group *					
30 June 2024	68,267	(17,863)	5,813	(787)	(34,859)
30 June 2023	28,801	(5,364)	2,543	808	(38,445)
30 June 2022	10,213	(2,209)	1,452	21,016	(52,202)
ther related parties *					
30 June 2024	992	(750)	42	-	(23)
30 June 2023	317	(452)	110	=	(198)
30 June 2022	39	(5)	60	-	(11)

<sup>\*</sup> Shareholders having more than 20% shareholding are considered to have significant influence over the Group and the Bank and are categorised as "Entities with significant influence". "Entities within the same group" consists of subsidiaries of those shareholders having significant influence over the Group and the Bank. "Other related parties" include close family members of KMP and entities controlled by KMP.

In the current year, the related party disclosures have been amended to show fairer presentation of the "Entities with significant influence" and to align the presentation for related party transactions and balances disclosed for both KMP and other related parties.

Comparatives have been amended to conform to current year's presentation.

### Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose in the normal course of business. For the year ended 30 June 2024, the Group and the Bank have raised expected credit losses for doubtful debts relating to amounts owed by relating parties as per ECL model currently being applied on financial assets. At 30 June 2024, none of the facilities to related parties was non-performing (2023 and 2022: MUR Nil). In addition, for the year ended 30 June 2024 the Bank has not written off any amount owed by related party (2023: MUR Nil and 2022: MUR 41.9m).

### Amount due to/from related parties

The related party transactions were carried out under market terms and conditions with the exception of loans to Key Management Personnel who benefitted from preferential rates as applicable to staffs. The above balances were partly secured and unsecured.

for the year ended 30 June 2024

### **37. FINANCIAL RISK MANAGEMENT**

### Introduction

Risk is inherent in the Group's and the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's and the Bank's continuing profitability and each individual within the Group and the Bank is accountable for the risk exposures relating to his or her responsibilities. The Group and the Bank are exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

In general, risk involves uncertainty about the outcome of a particular situation or venture. It often arises when there are multiple possible outcomes, some of which may be unfavourable or undesirable. The severity of the risk is typically measured by considering the probability of occurrence and the potential impact it may have.

Managing risk involves identifying, assessing, and mitigating potential risks to minimize their negative effects. This process typically involves:

Risk Identification: Identifying and understanding the risks associated with a particular situation or decision. This can be done through careful analysis, historical data. expert opinions, and other relevant sources.

Risk Assessment: Evaluating the likelihood and potential impact of identified risks. This step involves analyzing the probability of occurrence and estimating the potential consequences on objectives, resources, or individuals.

Risk Mitigation: Developing strategies and measures to reduce or eliminate risks. This can involve implementing preventive measures, creating contingency plans, transferring risk to others through insurance or contracts, or accepting certain risks if their impact is considered acceptable.

Risk Monitoring and Review: Continuously monitoring the situation to detect any new risks, assessing the effectiveness of risk mitigation measures, and adjusting strategies as needed. Regular reviews and updates are essential to adapt to changing circumstances.

It is important to note that risk cannot always be completely eliminated, and some level of risk may be necessary to achieve certain goals or outcomes. Effective risk management involves finding the right balance between risk and reward, considering both the potential benefits and the potential negative consequences of a decision or action.

It's worth mentioning that risk perception can vary from person to person. What may be perceived as risky by one individual may not be seen as significant by another. Factors such as personal experiences, cultural background, and individual tolerance for uncertainty can influence how individuals perceive and respond to risks.

### Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

### Board of Directors

The Board of Directors as well as the Group's and the Bank's senior management are responsible for understanding both the nature and level of risks taken by the institution and how the risks relate to adequate capital level. The Board is also responsible for the overall risk management approach and frameworks as well as for approving the risk strategies and principles.

### **Risk Committee**

The Committee has the overall responsibility for the development of the risk strategy and implementing principles, policies and limits. The Committee is responsible for monitoring risk levels and make relevant recommendations to the Board.

### **Asset and Liability Management**

The Bank's Asset and Liability Management is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Bank. Refer to the Liquidity and Funding Risk section of the Risk Management Report for Liquidity Coverage Ratio (LCR).

### Internal Audit

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures, using a risk based approach. Internal Audit discusses the results of all assessments with management, and reports its main findings and recommendations to the Audit Committee.

### (a) Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group and the Bank. These limits reflect the business strategy and market environment of the Group and the Bank as well as the level of risk that the Group and the Bank are willing to accept, with additional emphasis on selected industries. In addition, the Group's and the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the Risk Committee and the Head of each business division. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis.

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Risk measurement and reporting systems (continued)

### **Risk mitigation**

As part of its overall risk management, the Group and the Bank uses derivatives and other instruments to manage exposures resulting from changes in foreign currencies.

### **Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

During the financial year ended 30 June 2024, the Bank has taken active steps in prudently managing its exposures and ensuring that its loan book is adequately diversified in line with the policy of the Bank, while periodically conducting stress tests to assess the resilience of its portfolio in case of unfavourable events. The Bank's credit concentration ratio for both single and group obligors are well within regulatory limit. Furthermore, the credit concentration ratio for large exposures above 10% was 139.13% as at 30 June 2024, is also well within the regulatory limit of 800%. The maximum credit exposure to any single consumer was 11.59% of the Bank's Tier 1 Capital within a regulatory limit of 25%. The maximum credit exposure to any group of closely related customers were 21.91% of the Bank's Tier 1 within a regulatory limit of 40%. The key focus of the Bank's credit risk management approach is to avoid any undue concentration in its credit portfolio, whether in terms of counterparty, group, portfolio, and country. The Bank has always kept its large exposures within the regulatory limits. Refer to "Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements" below for the maximum exposure to credit risk for the components of the statements of financial position, including derivatives, by geography and by industry before the effect of mitigation through the use of master netting and collateral agreements. Loans and advances to banks and customers increased by 19%, or MUR 10.0bn, predominantly to financial and business services in line with the Bank's risk appetite. Loans to the manufacturing sector were also on the rise during the financial year. This prudent lending approach resulted in a drop in the allowance for impairment losses. The credit concentration of risk in the loan book remained dominated by Financial and Business Services (40%) and followed by Traders (14%). Credit concentration of risk is also analysed by segments (refer to note 41) and by type of lending and investment (refer to note 16(b) and 17(b)).

From a market risk perspective, position limits are used at the Bank to limit concentration risk by restricting the maximum exposure to one particular market, sector or instrument. These limits are carefully set so as to ensure appropriate diversification among the different portfolios but at the same time are not overly restrictive to prevent the generation of absolute returns. Position limits complement the other types of risk management tools used at the Bank as they are easily understood, implemented and monitored. The Group and the Bank classify exposures to market risk into either trading or non-trading portfolios and manage these portfolios separately. Except for the concentrations within foreign currency, the Group and the Bank have no significant concentration of market risk. Refer to note 37 (d)(i) for interest rate risk concentration and sensitivity.

As per the principles outlined in the Bank's liquidity risk policy, depositor concentration is monitored against internal limits and ensuring sufficient marketable assets are held against the bank's deposit base. The Bank aims to maintain an adequate balance of its funding base through appropriate diversification of its funding sources. The Bank also diversifies its funding by currency, geography and maturity. Management's objective is to achieve an optimal balance between demand and term deposits in line with the Bank's asset deployment strategy. As of the end of the current financial year, the Bank does not foresee any event, commitment or demand that might have a significant impact on its funding and liquidity risk position. The Bank's short-term depositor concentration ratios were as follows:

- Single depositor/ Group of related counterparties 2.3% (MUR deposits) 1.9% (FCY deposits); and
- Top 10 depositors/ Group of related counterparties 12.8% (MUR deposits) 8.1% (FCY deposits).

For more information about concentration of risk, kindly refer to Risk Management report as depicted below:

- A description of how management determines concentrations refer to section concentration of risk; and
- A description of the shared characteristic that identifies each concentration and the amount of the risk exposure associated with all financial instruments sharing that characteristic refer to section concentration by geography and industry.

### (b) Credit risk

Credit risk is the risk of suffering financial loss should any customer or counterpart fail to fulfil its contractual obligations to the Bank. One of the key income generating activities of the Bank is advancing credit to customers thereby making credit risk a principal risk factor whose effective management is of critical importance. Credit risk arises principally from direct lending, financing of working capital requirements, participation in syndicated credit facilities, trade finance, investment in debt securities, and also from other lending products such non fund based facilities including but not limited to guarantees, derivatives and letters of credit. The Bank takes a holistic approach with credit risk management by considering all elements of credit risk exposure such as counterparty default risk, financial risk, geographical, political and industry risk, for an effective risk management approach.

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### Credit risk management

The Bank's approach to credit risk management comprises of three main pillars which includes i) Policies ii) Risk methodologies iii) Processes, systems and reports. The systematically driven credit risk management framework involves maintaining a culture of responsible lending complemented by a well-defined credit risk appetite and internal policies duly supported by robust control systems. Independently of the business functions, it is ensured that there is expert scrutiny and approval of credit risk with ongoing monitoring of exposure relative to the set appetite, limits and quality of assets and counterparty. The Bank has set up a delegated lending authority whereby credit files are being approved at different approval authority level depending on the amount being requested. It is also ensured that there is independent oversight and reporting to the governance committees in respect of breaches of limits, policies/procedures and comply with the approved risk appetite. The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL.

The Bank uses a combination of credit rating (internal and external) and statistical regression analysis to determine the probability of default. Internal credit ratings are mapped to S&P table on default rates to arrive at the Bank's probability of default (PD) for each customer. Statistical Regression is derived using an analysis of historical data, whereby the Bank has estimated relationships between macro-economic variables, credit risk and credit losses. Country rating is also factored in our ECL computation for non-resident counterparties.

### **Credit Risk Ratings**

All customers and counterparties of the Bank are assigned a credit rating by CRISIL system based on quantitative and qualitative information received and fed into the model thereby providing a Through The Cycle (TTC) ratings based on historical data. Ratings are revised based on updated information on a frequent basis.

As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposures. The following data are typically used to monitor the Bank's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures internally, generated data of customer behaviour or other metrics; and
- Changes in credit worthiness/ratings: if the external/internal rating on the borrower drops to below A- and has dropped by two or more notches.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The below tables demonstrate changes in credit worthiness/ratings and the mapping of the Bank's credit risk grades to external ratings.

For the purpose of the below table, ODR refers to observable default rates.

		FY 2024 and FY 2023	
Internal Rating	External Rating Equivalent	Description	1 Yr ODR
AAA	AA-	Prime	0.03%
AA+	A+	Llanor Madium Crado	0.04%
AA	A-	Upper Medium Grade	0.07%
AA-	BBB	Lower Medium Grade	0.14%
A+	BBB-	Lower Medium Grade	0.22%
Α	BB+		0.29%
A-	ВВ	Non-Investment Grade Speculative	0.45%
BBB+	DD	Non-investment Grade Speculative	0.43%
BBB	BB-		0.91%
BBB-	B+		1.91%
BB+	В	Highly Speculative	2.85%
BB	Б	rigilly speculative	2.63/6
BB-	B-		5.53%
B+	CCC+	Substantial Risk	7.59%
В	CCC+	Substantial Risk	7.59%
B-	CCC	Extremely Speculative	12.85%
С	CCC-	Default imminent with little prospect	21 720/
CC	CCC-	for recovery	21.73%
D	D	In default	100.00%

		FY 2022	
Internal Rating	External Rating Equivalent	Description	Average 1YR PD Range
-	AAA	Prime	-
AAA	AA-	High Grade	0.03%-0.03%
AA+	A+	Upper Medium Grade	0.04%-0.05%
AA	A-	Opper Medium Grade	0.05%-0.05%
AA-	BBB	Lower Medium Grade	0.07%-0.14%
A+	BB+	_	0.23%-0.31%
A A-	ВВ	Non-Investment Grade	0.40%-0.46%
BBB+ BBB	BB-	Speculative	0.50%-0.92%
BBB-	B+		0.96%-1.94%
BB+ BB	В		2.00%-2.99%
BB-		Highly Speculative	
B+	1 .		2 000/ 5 000/
В	B-		3.00%-5.89%
B-	1		
CCC/C	CCC/C	Highly Vulnerable	26.55%
D	D	In Default	100%

								Currer	t rating	ř.							
	AAA	AA+	AA	AA-	A+	A	A-	838+	888	888	BB+	88	88	8+	8	В	CCC/C
AAA																	
AA+																	
AA																	
AA-																	
A+																	
A																3	
A BBB+ BBB- BB+																	
BBB+																	
888																	
BBB-																	
BB+																	
BB																	
BB-																	
B+																	
В																	
B-																	
CCCAC																	

Stage 1 Stage 2

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### Significant Increase in Credit Risk (SICR)

The Group and the Bank monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a SICR since initial recognition. If there has been a SICR the Group and the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's and the Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a SICR. As a result, the Group and the Bank monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for SICR.

The Group and the Bank objectively uses the days past due (DPD) information as part of its staging framework. This is implemented as follows:

- Accounts where DPD is 31 days or more is considered a SICR trigger. Of note, accounts where DPD is 91 days or more are assigned to stage 3.
- When one obligor has multiple accounts with the Bank, each account is assigned the worst DPD from all the accounts of the respective obligor.

The Group and the Bank has developed a number of objective and subjective factors to consider when evaluating whether an account exhibits SICR:

- Negative market information (including court orders/fraudulent activities)
- Changes in credit worthiness/ratings
- Adverse changes in economic/business environment
- Restructuring due to potential/future financial stress
- Significant financial difficulty/adverse financial information indicative of inability to meet financial obligations
- Sector of operation negatively impacted by unforeseen events
- Significant country downgrade
- Decline in share price /profitability

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

The Bank has put in place strong monitoring procedures to identify early warning signs and ensure that the qualitative and quantitative criteria used to identify SICR are effective, which implies that SICR is identified before the exposure goes in default or when the asset becomes 30 days past due.

For accounts regularized under stage 3, a cooling period of 6 months in stage 3 will be applied. Account will then be classified as stage 2 for further 3 months under monitoring.

SICR files are reviewed/assessed on a quarterly basis and are upgraded to stage 1 post 6-months good behavior period after ascertaining that all SICR triggers have been addressed and resolved.

### Incorporation of forward looking information

The Bank incorporates forward looking information ("FLI") that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

More details on the FLI incorporated by the Bank is provided under Note 3(B) of these financial statements.

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### **ECL Measurement**

The key inputs into the measurement of ECL are the following:

- (i) probability of default (PD);
- (ii) loss given default (LGD); and
- (iii) exposure at default (EAD).

These parameters are derived as detailed below and they are adjusted to reflect forward-looking information as described in the previous section.

The IFRS 9 ECL is calculated every quarter, or as frequently as required. Separate IFRS9 ECL calculations are performed for Stage 1, Stage 2 and Stage 3 accounts.

### Probability of default ("PD")

The PD is a key input in measuring the ECL. The PD is an estimate of the likelihood of default over a given time horizon. PDs are estimated considering the contractual maturities of exposures and the estimation is based on current conditions, adjusted to consider estimates of future conditions that will potentially impact PD.

For financial instruments in Stage 1 the PD is limited to a 12-month time horizon. For financial instruments in Stage 2 the PD is limited to the remaining lifetime of the contract. For financial instruments with an undrawn facility, the behavioural lifetime is used. The PD assumption is calculated using internal data for Segment A Retail portfolio, where available and external data for Segment A and B Corporate portfolio. Where internal data is lacking, benchmark assumptions are used. The PD assumption is calibrated using all available information, including historical experience and expectations of future conditions (as explained in the FLI section).

### Loss given default ("LGD")

The LGD is an estimate of the expected loss on the balance outstanding in default. The LGD is calibrated after considering the expected recoveries on defaulted exposures. Internal data is used to calibrate the LGD assumption. Where internal data is unavailable, benchmark data is used to supplement the available data.

LGD for performing accounts is dependent on the collateral held against the exposure. The Bank derives the LGD based on the type of collateral rather than the estimated collateral value, as prescribed by BASEL II. The LGD for non-performing accounts is prudently calculated under the assumption that the Bank will take possession of and liquidate the collateral.

Setting the LGD assumption for future periods is an area of significant judgement. Where internal data is not sufficient for the purpose of calculating the LGD assumption, external benchmark data is used to supplement internal estimates.

### Exposure at default ("EAD")

EAD represents the expected exposure owned to the Group and the Bank by the obligor at the time of default. The EAD of a financial asset is the amount of risk at the time the Bank expect the default to occur. For overdraft, credit card and financial guarantees, the EAD includes the current outstanding amount, as well as potential future amounts that may be drawn under the contract. The Bank measures ECL considering the risk of default over the contractual period over which it is exposed to credit risk. The contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The Bank measures ECL considering the risk of default over the contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated considering the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as Instrument type, Sector/sub-sector and Geographic location. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogeneous exposures.

### Individually assessed allowances

The Group and the Bank determine the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral, the timing of the expected cash flows, likelihood of experiencing a loss event and current/future macro-economic conditions. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

### Regulatory provision

As at 30 June 2024, the Bank accounted for the incremental regulatory provision through a charge to the equity as allowed in Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and 'Additional Macroprudential Measures For the Banking Sector (January 2015)' in the provision reserve since provisioning as per IFRS 9 is lower than the minimum portfolio provision. This reserve is non-distributable.

### Credit-related commitments risks

The Bank make available for its customers guarantees which may require that the Bank make payments on their behalf and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control process and policies.

### Country risk

Country risk, also known as sovereign risk or political risk, refers to the potential economic and financial losses that can arise from investing or conducting business activities in a particular country. It encompasses various factors that can affect the stability and profitability of investments, including political, economic, legal, and social conditions.

Here are some key components of country risk:

- 1. Political Stability: The stability of a country's government and political institutions plays a crucial role in determining country risk. Factors such as political unrest, regime changes, corruption, and the rule of law can impact investment confidence and business operations.
- 2. Economic Performance: A country's economic indicators, such as GDP growth, inflation rates, fiscal and monetary policies, and employment levels, are important considerations for assessing country risk. Economic instability, high levels of public debt, or excessive government intervention can increase the risk for investors.
- 3. Legal and Regulatory Environment: The strength and effectiveness of a country's legal and regulatory framework are essential for protecting property rights, enforcing contracts, and providing a transparent business environment. Weak rule of law, ambiguous regulations, and inconsistent enforcement can contribute to higher country risk.
- 4. Financial Stability: The stability of a country's banking system and financial institutions is critical for investor confidence. Factors such as the health of the banking sector, currency stability, foreign exchange controls, and capital controls can impact the risk profile of a country.
- 5. Socioeconomic Factors: Social factors, such as income inequality, social unrest, labor market conditions, and demographic trends, can influence country risk. Social instability and disparities can affect business operations and long-term sustainability.
- 6. Geopolitical Risks: Geopolitical factors, including conflicts, trade disputes, sanctions, and geopolitical tensions, can significantly impact country risk. These risks can disrupt economic activities, trade relationships, and overall stability.

Assessing country risk is essential for businesses and investors to make informed decisions and mitigate potential losses. Rating agencies, financial institutions, and international banks often provide country risk ratings and reports to help evaluate the risk associated with different countries. It's important to note that country risk assessments are subjective and can vary depending on the perspective and methodology used.

Transfer Risk - Where a country suffers economic, political or social problems, leading to a drainage in its foreign currency reserves, the borrowers in that country may not be able to convert their funds from local currency into foreign currency to repay their external obligations.

Sovereign Risk - This risk denotes a foreign government's capacity and willingness to repay its direct and indirect (i.e., guaranteed) foreign currency obligations. It arises as a result of a bank having any type of lending, extension of credit, or advance to a country's government.

Currency Risk - The risk that a borrower's domestic currency holdings and cash flow become inadequate to service its foreign currency obligations because of devaluation.

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### Country risk (continued)

Contagion Risk - The risk that adverse developments in one country may, for instance, lead to a downgrade of rating or credit squeeze not only for that country but also for other countries in the region, notwithstanding the fact that those countries may be more creditworthy and that the adverse developments do not apply.

Indirect Country Risk - The risk that the repayment ability of a domestic borrower is endangered owing to the deterioration of the economic, political or social conditions in a foreign country where the borrower has substantial business relationship or interest.

Macroeconomic Risk - The risk that the borrower in a country may, for example, suffer from the impact of high interest rates due to measures taken by the government of that country to defend its currency.

According to the Bank of Mauritius 'guideline on country risk management', the Bank is required to prudently make provisions on country risk. A provision of MUR 51.5m was raised for the year ended 30 June 2017. No incremental provisioning was required as at 30 June 2024. This is posted in the general banking reserve, which comprises amounts set aside for general banking risks, including future losses and other unforeseen risks. Country risk is also embedded in the IFRS 9 framework of the Bank.

Conferring to the Bank's country risk policy, the Bank would set exposure limits for individual countries to manage and monitor Country risk. Country exposure limits should apply to all on and off balance sheet exposures to foreign borrowers. While it is the responsibility of the Board Risk Committee (BRC) to approve the proposed structure of limits and/or any increase in current country limit, investment strategy and the related limits with regards to the Bank's risk appetite, the Board of Directors is also responsible for setting the Bank's tolerance for country risks.

### Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk for the components of the statements of financial position, including derivatives, by geography and by industry before the effect of mitigation through the use of master netting and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

	GROSS MAXIMUM EXPOSURE					
	THE GROUP				THE BANK	
_	2024	2023	2022	2024	2023	2022
Financial assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	18,848,293	16,758,469	46,935,677	18,848,293	16,758,462	46,935,668
Due from banks	38,517,021	47,700,955	47,342,471	38,517,021	47,700,955	47,342,471
Loans and advances to banks	14,698,838	13,232,940	12,023,019	14,698,838	13,232,940	12,023,019
Loans and advances to customers	49,760,548	41,197,078	29,545,213	49,760,548	41,197,078	29,545,213
Debt instruments measured at amortised cost	125,630,883	103,710,917	65,288,839	125,630,883	103,710,917	65,288,839
Other assets (excluding prepayments, accrued						
income, inventory and taxes)	5,332,090	4,508,784	3,213,671	5,332,084	4,508,777	3,213,671
Financial assets at amortised cost	252,787,673	227,109,143	204,348,890	252,787,667	227,109,129	204,348,881
Derivative financial instruments	366,664	385,550	371,979	366,664	385,550	371,979
Financial assets held for trading measured at fair						
value through profit or loss	9,086,277	4,993,012	5,679,750	9,086,277	4,993,012	5,679,750
Equity Investments designated at fair value						
through other comprehensive income	20,233	16,956	15,283	20,233	16,956	15,283
Equity Investment measured at fair value						
through profit or loss	2,092	905	514	2,092	905	514
Financial assets at fair value	9,475,266	5,396,423	6,067,526	9,475,266	5,396,423	6,067,526
Total Financial assets	262,262,939	232,505,566	210,416,416	262,262,933	232,505,552	210,416,407
<del>-</del>	·		·			•
Commitments and guarantees	15,654,403	13,194,189	6,803,045	15,654,403	13,194,189	6,803,045

Refer to note 37(b) for more details on commitments and guarantees.

The Group's and the Bank's financial assets before taking into account any collateral held or other credit enhancements, can be analysed as follows by the following geographical regions:

		GROSS MAXIMUM EXPOSURE					
	·	THE GROUP					
	2024	2023	2022	2024	2023	2022	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Africa							
Mauritius	68,568,166	71,008,102	76,719,303	68,568,160	71,008,088	76,719,294	
Other African countries	16,175,490	11,929,781	13,674,578	16,175,490	11,929,781	13,674,578	
North America	94,035,411	85,956,628	63,026,805	94,035,411	85,956,628	63,026,805	
Asia	44,540,782	39,530,574	40,626,973	44,540,782	39,530,574	40,626,973	
Europe	37,464,522	22,682,471	15,633,737	37,464,522	22,682,471	15,633,737	
Others	1,478,568	1,398,010	735,020	1,478,568	1,398,010	735,020	
	262,262,939	232,505,566	210,416,416	262,262,933	232,505,552	210,416,407	

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (continued)

An industry analysis of the Group's and the Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

	GROSS MAXIMUM EXPOSURE					
_	THE GROUP					
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture	866,048	1,505,616	1,676,528	866,048	1,505,616	1,676,528
Construction, infrastructure and real estate	7,110,366	4,676,206	2,667,479	7,110,366	4,676,206	2,667,479
Financial and business services	114,133,429	110,549,972	129,870,708	114,133,423	110,549,958	129,870,699
Government and parastatal bodies	101,591,260	82,918,042	46,434,949	101,591,260	82,918,042	46,434,949
Information, communication and technology	2,204,663	1,882,903	2,657,904	2,204,663	1,882,903	2,657,904
Manufacturing	9,149,793	7,273,551	5,386,136	9,149,793	7,273,551	5,386,136
Personal	4,659,236	3,752,881	3,292,231	4,659,236	3,752,881	3,292,231
Tourism	4,107,144	4,082,530	4,274,417	4,107,144	4,082,530	4,274,417
Traders	11,159,836	10,797,006	8,563,746	11,159,836	10,797,006	8,563,746
Others	7,281,164	5,066,859	5,592,318	7,281,164	5,066,859	5,592,318
_	262,262,939	232,505,566	210,416,416	262,262,933	232,505,552	210,416,407

### Collateral and other credit enhancements

The amount and types of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- Floating charges for commercial lending;
- Fixed charges for retail lending and for commercial lending;
- Cash deposits held under lien; and
- Pledge of quoted shares.

The Group and the Bank also request for personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

The value of collateralised and other credit enhancements received on loans and advances as at 30 June 2024 is MUR 31.5bn (2023: MUR 20.4bn and 2022: MUR 16.1bn). All other financial assets are unsecured except for collateralised placements.

### Collateral repossessed

During the year, the Group and the Bank did not take possession of any collateral (2023 and 2022: Nil).

### Analysis of loans and advances to customers by past due status:

	THE GROUP AND THE BANK								
	20	24	202	23	2022				
<u>Loans and advances to customers</u>	Gross carrying amount	Allowance for impairment losses	Gross carrying amount	Allowance for impairment losses	Gross carrying amount	Allowance for impairment losses			
	MUR 000	MUR 000	MUR 000	MUR 000	MUR 000	MUR 000			
0-29 days	47,632,227	365,287	39,153,899	363,400	27,592,292	553,456			
30-59 days	123,419	11,897	402,205	2,734	31,068	3,607			
60-89 days	57,411	9,843	19,652	3,975	3,838	510			
90-180 days	405,831	24,695	21,650	12,139	5,600	661			
More than 181 days	1,541,660	1,491,340	1,599,672	1,547,849	1,912,415	1,730,355			
Total	49,760,548	1,903,062	41,197,078	1,930,097	29,545,213	2,288,589			

See Note 16 (b) for more detailed information with respect to the allowance for impairment losses on loans and advances to customers.

The maximum exposure of loans for Stage 1 and Stage 2 having day(s) past due not exceeding 90 days amount to MUR 1.8bn (2023: MUR 879.5m and 2022: MUR 584.8m) and of which MUR 857.2m (2023: MUR 463.7m and 2022: MUR 583.0m) are collateralised by tangible security.

THE GROUP AND THE BANK

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### **Commitments and guarantees**

Financial guarantees and unutilised commitments are assessed and provision made in similar manner as for loans.

The table below shows the Group's and the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group and the Bank could have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statements of financial position.

	THE GR	THE GROUP AND THE BANK			
	2024	2023	2022		
	MUR'000	MUR'000	MUR'000		
Financial guarantees	2,682,571	2,186,633	497,209		
Letters of credit	91,995	259,900	248,571		
Undrawn commitments to lend	12,879,837	10,747,656	6,057,265		
	15,654,403	13,194,189	6,803,045		

### Financial guarantee contracts and loan commitments

The allowance for impairment losses on off balance sheet items has been calculated on financial guarantees, letters of credit and undrawn commitments. The allowance for impairment losses have been classified under other liabilities.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

		202	4					
Credit rating grade	STAGE 1	STAGE 2	STAGE 3	TOTAL				
	MUR'000	MUR'000	MUR'000	MUR'000				
Performing:								
Credit rating AA+ to AA-	96,310	719	-	97,029				
Credit rating A+ to A-	278,837	-	-	278,837				
Credit rating BBB+ to BBB-	1,187,336	742	-	1,188,078				
Credit rating BB+ to BB-	10,912,038	374,260	-	11,286,298				
Credit rating B+ to B-	1,690,874	135,052	-	1,825,926				
Credit rating CCC+ to C	949,343	14,885	-	964,228				
Non performing:								
Credit rating D	-	-	14,007	14,007				
Total gross carrying amount	15,114,738	525,658	14,007	15,654,403				
Less: allowance for impairment losses	(47,156)	(695)	-	(47,851)				
Carrying amount	15,067,582	524,963	14,007	15,606,552				

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### Financial guarantee contracts and loan commitments (continued)

THE GR	OUP AN	D THE	BANK

	2023							
STAGE 1	STAGE 2	STAGE 3	TOTAL					
MUR'000	MUR'000	MUR'000	MUR'000					
189,406	69,106	-	258,512					
339,551	2,507	-	342,058					
4,039,281	45,623	-	4,084,904					
2,515,591	104,202	-	2,619,793					
3,167,856	67,268	-	3,235,124					
2,562,873	41,703	-	2,604,576					
12,124	17,896	-	30,020					
-	-	19,202	19,202					
12,826,682	348,305	19,202	13,194,189					
(30,824)	(8,622)	(3,524)	(42,970)					
12,795,858	339,683	15,678	13,151,219					
	MUR'000  189,406 339,551 4,039,281 2,515,591 3,167,856 2,562,873 12,124  12,826,682 (30,824)	MUR'000 MUR'000  189,406 69,106 339,551 2,507 4,039,281 45,623 2,515,591 104,202 3,167,856 67,268 2,562,873 41,703 12,124 17,896	MUR'000 MUR'000 MUR'000  189,406 69,106 - 339,551 2,507 - 4,039,281 45,623 - 2,515,591 104,202 - 3,167,856 67,268 - 2,562,873 41,703 - 12,124 17,896 -  19,202  12,826,682 348,305 19,202 (30,824) (8,622) (3,524)					

### THE GROUP AND THE BANK

	5							
		2022	2					
Credit rating grade	STAGE 1	STAGE 2	STAGE 3	TOTAL				
	MUR'000	MUR'000	MUR'000	MUR'000				
Performing:								
Credit rating AAA	6,471	-	-	6,471				
Credit rating AA+ to AA-	179,136	-	-	179,136				
Credit rating A+ to A-	1,275,959	-	-	1,275,959				
Credit rating BBB+ to BBB-	1,253,626	-	-	1,253,626				
Credit rating BB+ to BB-	1,207,116	468	-	1,207,584				
Credit rating B+ to B-	2,749,010	128,844	-	2,877,854				
Non performing:								
Credit rating D	250	-	2,165	2,415				
Total gross carrying amount	6,671,568	129,312	2,165	6,803,045				
Less: allowance for impairment losses	(9,600)	(669)	(350)	(10,619)				
Carrying amount	6,661,968	128,643	1,815	6,792,426				

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

### Financial guarantee contracts and loan commitments (continued)

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

### THE GROUP AND THE BANK

GR	OSS CARRY	ING AMOU	NT	ALLOWA	NCE FOR IMP	AIRMENT LOS	SES
				2024			
STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
				12-months ECL	Lifetime ECL	Lifetime ECL	
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
12,826,682	348,305	19,202	13,194,189	30,824	8,622	3,524	42,970
105,247	(105,131)	(116)	-	2,829	(2,829)	-	_
(905,409)	905,409	-	-	(747)	747	-	-
(5,598)	-	5,598	-	-	-	-	-
-	-	-	-	(3,368)	(5,569)	(3,524)	(12,461)
9,556,533	-	-	9,556,533	30,415	-	-	30,415
(6,462,717)	(622,925)	(10,677)	(7,096,319)	(12,797)	(276)	-	(13,073)
15,114,738	525,658	14,007	15,654,403	47,156	695	-	47,851

At 1 July
Changes in the amount
Transfer to stage 1
Transfer to stage 2
Transfer to stage 3
Net remeasurement of loss allowance
New assets originated or purchased
Payments and assets derecognised
At 30 June

### THE GROUP AND THE BANK

	GR	OSS CARRYI	NG AMOU	NT	ALLOWA	NCE FOR IMPA	AIRMENT LOSS	SES
					2023			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
					12-months ECL	Lifetime ECL	Lifetime ECL	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	6,671,568	129,312	2,165	6,803,045	9,600	669	350	10,619
	22,972	(22,972)	-	-	178	(178)	-	-
	(432,623)	432,623	-	-	(6,572)	6,572	-	-
	(19,218)	(234)	19,452	-	(3,524)	-	3,524	-
loss allowance	-	-	-	-	(288)	2,050	-	1,762
r purchased	9,064,138	-	-	9,064,138	35,124	-	-	35,124
recognised	(2,480,155)	(190,424)	(2,415)	(2,672,994)	(3,694)	(491)	(350)	(4,535)
	12,826,682	348,305	19,202	13,194,189	30,824	8,622	3,524	42,970

At 1 July
Changes in the amount
Transfer to stage 1
Transfer to stage 2
Transfer to stage 3
Net remeasurement of loss allowance
New assets originated or purchased
Payments and assets derecognised
At 30 June

### THE GROUP AND THE BANK

	GR	OSS CARRYI	NG AMOUN	NT	ALLOWA	NCE FOR IMPA	AIRMENT LOS	SES
					2022			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
					12-months ECL	Lifetime ECL	Lifetime ECL	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	8,116,798	33,507	4,954	8,155,259	28,666	910	-	29,576
Changes in the amount								
Transfer to stage 1	9,375	(9,375)	-	-	-	-	-	-
Transfer to stage 2	(132,912)	132,928	(16)	-	(174)	174	-	-
Transfer to stage 3	(2,320)	(120)	2,440	-	(350)	-	350	-
Net remeasurement of loss allowance	-	-	-	-	(306)	-	-	(306)
New assets originated or purchased	3,727,087	-	-	3,727,087	6,708	-	-	6,708
Payments and assets derecognised	(5,046,460)	(27,628)	(5,213)	(5,079,301)	(24,944)	(415)	-	(25,359)
At 30 June	6,671,568	129,312	2,165	6,803,045	9,600	669	350	10,619

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk and funding management

Liquidity risk is the risk that the Group and the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Sources of liquidity risk include unforeseen withdrawal of demand deposit, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset in a timely manner with minimum risk of capital loss, unpredicted non payment of a loan obligation and a sudden increased demand for loans.

The Bank's Asset and Liability Management Committee (ALCO) is responsible for managing the Bank's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

The Group and the Bank maintain a portfolio of highly marketable and diverse unencumbered assets that can be easily liquidated or used as collateral in repurchase transactions in the event of an unforeseen interruption of cash flow. The Group and the Bank also have committed lines of credit that they can access to meet liquidity needs. In addition, the Group and the Bank maintain a statutory deposit with the Bank of Mauritius. The liquidity position is assessed and managed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and specifically to the Group and the Bank. Finally, the Group and the Bank also maintains a Liquidity Contingency plan which can be invoked in the remote event of a liquidity crisis. The Plan is tested from times to times to ensure it is operationally robust and valid.

### Analysis of financial assets and liabilities by remaining contractual maturities

The tables in the next pages summarise the maturity profiles of the Group and the Bank where financial assets have been disclosed based on discounted contractual terms while financial liabilities based on undiscounted contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group and the Bank expect that many customers will not request repayment on the earliest date the Group and the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Group's and the Bank's deposit retention history. In addition to the contractual terms, the bank also monitors its maturity profile on a behavioural basis. The behavioural pattern indicates a significant proportion of current accounts are regarded as sticky in nature and have a longer actuarial maturity than exhibited by the overnight term. All derivatives are shown by maturity, based on their contractual undiscounted payment obligations. Gross settled, non-trading derivatives are shown separately, by contractual maturity.

for the year ended 30 June 2024

37. FINANCIAL RISK MANAGEMENT (CONTINUED)
(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities

2024

					2024				
THE GROUP	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	18,847,227	•	•	•	18,847,227	•	•	•	18,847,227
Due from banks	•	34,094,866	4,416,701	•	38,511,567	•	•	•	38,511,567
Net settled derivative financial instruments	•	81,454	144	375	81,973	117,296	•	117,296	199,269
Loans and advances to banks	8	482,820	1,780,019	1,091,598	3,354,440	11,292,976	•	11,292,976	14,647,416
Loans and advances to customers	3,087,880	5,844,105	4,015,289	1,397,469	14,344,743	20,464,145	13,048,598	33,512,743	47,857,486
Investment securities	•	62,286,724	11,546,289	19,725,135	93,558,148	34,151,254	6,987,985	41,139,239	134,697,387
Other assets (excluding prepayments, accrued income, inventory and taxes)	5,288,059	32,000	12,031	•	5,332,090	•	•	•	5,332,090
Total	27,223,169	102,821,969	21,770,473	22,214,577	174,030,188	66,025,671	20,036,583	86,062,254	260,092,442
Liabilities									
Due from banks	898	•	•	•	898	•	•	•	898
Deposits from banks:									
-Current accounts	16,202	•	•	•	16,202	•	•	•	16,202
-Savings accounts	318,849	•	•	•	318,849	•	•	•	318,849
	335,051	•	•	•	335,051	•	•	•	335,051
Deposits from customers:	***								
-Current accounts		•	1	'	131,194,562	•	•	•	131,194,562
savings accounts	8,547,424	. 200 000 32	- 27 000 77	- 064 100	8,547,424	. 644 455	' ' ' '	, 20,000	8,547,424
-ierm deposits	- 000 141 001	56,300,962	17,984,638	21,964,102	36,249,702	5,844,734	14,220	5,858,954	102,108,656
	139,741,986	20,300,962	17,984,638	21,964,102	235,991,688	5,844,734	14,220	5,858,954	241,850,642
Borrowings from financial institution	•	•	•	•	•	•	239,827	239,827	239,827
Net settled derivative financial instruments	•	79,647	144	375	80,166	117,296	•	117,296	197,462
Lease liabilities	•	3,614	3,669	7,516	14,799	31,077	•	31,077	45,876
Other liabilities	133,158	261,728	382,488	100,167	877,541	29,405		29,405	906,946
Total	140,211,063	56,645,951	18,370,939	22,072,160	237,300,113	6,022,512	254,047	6,276,559	243,576,672
Net liquidity gap	(112,987,894)	46,176,018	3,399,534	142,417	(63,269,925)	60,003,159	19,782,536	79,785,695	16,515,770
Gross settled derivatives									
Financial assets									
Contractual amounts receivable	•	1,551	143,173	139,151	283,875	433,125	•	433,125	717,000
Contractual amounts payable	•	(3,300)	(109,280)	(108,912)	(221,492)	(347,063)	•	(347,063)	(568,555)
		(1,749)	33,893	30,239	62,383	86,062		86,062	148,445
Financial liabilities									
Contractual amounts receivable	•	9,149	14,461	19,110	42,720	58,509	•	58,509	101,229
Contractual amounts payable	•	(7,541)	(13,660)	(18,885)	(40,086)	(66,642)	•	(66,642)	(106,728)
	•	1,608	801	225	2,634	(8,133)	•	(8,133)	(5,499)
Total gross settled derivatives assets/(liabilities)		(141)	34,694	30,464	65,017	77,929	•	77,929	142,946
Total not financial accore (/liabilities)	(112 987 894)	46 175 877	3 434 228	177 881	(63 204 908)	60.081.088	19 787 536	79 863 674	16 658 716
	(100,000,011)	10001101	033,454,5	1,2,001	(000,404,00)	000,100,00	200,200,00	130,000,00	10,000,11

Derivatives assets and liabilities were previously disclosed at fair value. In the current year, these financial instruments have been categorised as net settled and gross settled disclosed at contractual undiscounted cash flows. Accordingly, comparatives have been amended to conform to current year's presentation.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2024

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

I HE GROUP	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	16,757,284	•	1	1	16,757,284	1	•	1	16,757,284
Due from banks		38,482,494	4,566,501	•	43,048,995	4,633,121	•	4,633,121	47,682,116
Net settled derivative financial instruments	•	9,421	1,353	19,686	30,460	142,942	10,435	153,377	183,837
Loans and advances to banks	•	869,139	692,372	4,574,278	6,135,789	7,053,800	1	7,053,800	13,189,589
Loans and advances to customers	1,686,834	7,252,228	2,387,011	1,163,491	12,489,564	16,641,992	10,135,425	26,777,417	39,266,981
Investment securities	•	50,817,470	3,763,747	11,322,329	65,903,546	35,542,222	7,239,967	42,782,189	108,685,735
Other assets (excluding prepayments, accrued income, inventory and taxes)	4,508,784	•	•	•	4,508,784	1	•		4,508,784
lotal Liabilities	22,352,302	97,430,752	11,410,984	17,079,784	148,874,422	64,U14,U//	17,385,827	81,399,904	230,274,326
Pomocite from boules									
-Current accounts	16.268	1		•	16.268	1	•	•	16.268
-Savings accounts	342,455	•	1	ı	342,455		'	i	342,455
	358,723		•	•	358,723	•		1	358,723
Deposits from customers: -Current accounts	139, 293, 073	•	,	,	139,293,073	1	•	•	139.293.073
-Savings accounts	5,507,672	•	,	,	5,507,672	1	,	1	5,507,672
-Term deposits		32,598,948	13,292,586	14,929,420	60,820,954	7,805,709	454,464	8,260,173	69,081,127
	144,800,745	32,598,948	13,292,586	14,929,420	205,621,699	7,805,709	454,464	8,260,173	213,881,872
Borrowings from financial institution		1	1	1	i	İ	153,275	153,275	153,275
Net settled derivative financial instruments		799,7	376	19,686	28,059	142,942	10,435	153,377	181,436
Lease liabilities		8,271	4,928	9,747	22,946	44,599	•	44,599	67,545
Other liabilities	429,796	928	25,308	413,384	869,416	•	•		869,416
Total	145,589,264	32,616,144	13,323,198	15,372,237	206,900,843	7,993,250	618,174	8,611,424	215,512,267
Net liquidity gap	(122,636,362)	64,814,608	(1,912,214)	1,707,547	(58,026,421)	56,020,827	16,767,653	72,788,480	14,762,059
Gross settled derivatives									
Financial assets									
Contractual amounts receivable	•	3,836	136,490	153,720	294,046	712,318	•	712,318	1,006,364
Contractual amounts payable	•	(1,900)	(108,430)	(115,822)	(226,152)	(564,405)	•	(564,405)	(790,557)
		1,936	28,060	37,898	67,894	147,913	•	147,913	215,807
Financial liabilities	,	7 7/8	7 960	15 605	31 403	54 628	•	54 628	86.031
Contractual amounts navable	•	(10.107)	(866.6)	(19 432)	(39,532)	(72.255)	,	(72,255)	(111,787)
		(2,359)	(2,033)	(3,737)	(8,129)	(17,627)		(17,627)	(25,756)
Total gross settled derivatives assets/(liabilities)	•	(423)	26,027	34,161	59,765	130,286		130,286	190,051
Total net financial assets/(liabilities)	(122,636,362)	64,814,185	(1,886,187)	1,741,708	(57,966,656)	56,151,113	16,767,653	72,918,766	14,952,110

for the year ended 30 June 2024

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Analysis of financial assets and liabilities by remaining contractual maturities (continued) (c) Liquidity risk and funding management (continued)

THE GROUP

Assets

Cash and balances with banks Due from banks Net settled derivative financial instruments

Loans and advances to banks

Loans and advances to customers Investment securities

Other assets (excluding prepayments, accrued income, inventory and taxes) Total

Liabilities

Due to banks

Deposits from banks: -Current accounts -Savings accounts Deposits from customers:

-Current accounts Savings accounts

-Term deposits

Net settled derivative financial instruments Borrowings from financial institution Lease liabilities Other liabilities

Net liquidity gap

Total

Gross settled derivatives

Contractual amounts receivable Contractual amounts payable Financial assets

Contractual amounts receivable Contractual amounts payable Financial liabilities

Total gross settled derivatives assets/(liabilities)

Total net financial assets/(liabilities)

		, - 14	6	Sub total less than	1		Sub total over	H
on demand	Less than 3 months 3 to 6 months 6 to 12 months	3 to 6 months (	to 12 months	12 months	I to 5 years	I to 5 years Over 5 years	12 months	lotal
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
46,935,661	1	•		46,935,661	•	•	•	46,935,661
•	39,234,757	673,104	685,922	40,593,783	6,739,394	•	6,739,394	47,333,177
1	17,414	2,155	10,301	29,870	132,087	4,109	136,196	166,066
•	2,429,462	671,897	962,056	4,066,415	7,924,061	•	7,924,061	11,990,476
1,517,134	6,206,479	2,819,661	1,459,092	12,002,366	8,752,372	6,501,886	15,254,258	27,256,624
'	33,341,770	2,471,730	5,862,362	41,675,862	22,825,006	6,464,431	29,289,437	70,965,299
3,213,671	•	1	1	3,213,671	1	•	•	3,213,671
51,666,466	81,229,882	6,638,547	8,982,733	148,517,628		46,372,920 12,970,426	59,343,346	207,860,974

16,101	353,486	369,587	159,455,127
1	'	-	ı
-	•	1	1
-	'	-	•
16,101	353,486	369,587	159,455,127
-	'	-	ı
1	'	-	ı
-	•	•	
16,101	353,486	369,587	159,455,127

1,644

1,644

1,644

_ F AES 900	000,001,0	019,569 24,866,905 7,666,252 218,682 7,884,934	019,569 189,775,941 7,666,252 218,682 7,884,934 197,660,875	140,717 140,717	10,301 20,609 132,087 4,109 136,196	19,338 35,074 70,803 - 70,803	400,150	347,172 190,603,005 7,869,142 363,508 8,232,650 198,835,655	635,561 (42,085,377) 38,503,778 12,606,918 51,110,696
	_					•	_	7,869,1	38,503,77
	5,453,909	24,866,905	189,775,941	•	20,609	35,074	400,150	190,603,005	(42,085,377
	1	6,019,569	6,019,569	1	10,301	19,338	297,964	6,347,172	2,635,561
	•	3,974,122	3,974,122	•	2,358	10,563	1	3,987,043	2,651,504
	•	14,873,214	14,873,214	•	7,950	5,173	1,297	14,887,634	66,342,248
_	5,453,909	•	164,909,036	1	•	•	100,889	165,381,156	(113,714,690)

	, ,			7	2 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5		000	4 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
	1,//6	22,435	149,236	1/3,44/	9///498	888	9/8,380	1,151,833
	(1,346)	(18,421)	(118,127)	(137,894)	(806,612)	(1,484)	(960'808)	(945,990)
•	430	4,014	31,109	35,553	170,886	(969)	170,290	205,843
•	1,346	1,954	2,896	9,196	33,099	1,484	34,583	43,779
	(1,776)	(1,776)	(3,552)	(7,104)	(17,843)	(888)	(18,731)	(25,835)
•	(430)	178	2,344	2,092	15,256	296	15,852	17,944
1		4,192	33,453	37,645	186,142		186,142	223,787
(113,714,690)	66,342,248	2,655,696	2,669,014	(42,047,732)	38,689,920	(42,047,732) 38,689,920 12,606,918 51,296,838	51,296,838	9,249,106

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk and funding management (continued) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

					+707				
THE BANK	On demand	Less than 3 months 3 to 6 months		6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	18,847,227	•		٠	18,847,227	•	٠	٠	18,847,227
Due from banks		34,094,866	4,416,701	•	38,511,567	'	•	•	38,511,567
Net settled derivative financial instruments	•	81,454	144	375	81,973	117,296	•	117,296	199,269
Loans and advances to banks	e	482,820	1,780,019	1,091,598	3,354,440	11,292,976	•	11,292,976	14,647,416
Loans and advances to customers	3,087,880	5,844,105	4,015,289	1,397,469	14,344,743	20,464,145	13,048,598	33,512,743	47,857,486
Investment securities	•	62,286,724	11,546,289	19,725,135	93,558,148	34,151,254	6,987,985	41,139,239	134,697,387
Other assets (excluding prepayments, accrued income, inventory and taxes)	5,288,053	32,000	12,031	•	5,332,084	'	•	•	5,332,084
Total	27,223,163	102,821,969	21,770,473	22,214,577	174,030,182	66,025,671	20,036,583	86,062,254	260,092,436
Liabilities									
Due from banks	898	•	•	•	898	'	•	•	898
Deposits from banks:									
-Current accounts	16,202	•	•	•	16,202	•	•	•	16,202
-Savings accounts	318,849	•	•	•	318,849	•	•	•	318,849
	335,051	•	•	•	335,051	•	•	•	335,051
Deposits from customers:			-					-	
-Current accounts	131,197,026	•	•	•	131,197,026	•	•	•	131,197,026
-Savings accounts	8,547,424	' "	' (	' '	8,547,424	' '	' '	' '	8,547,424
-Term deposits		56,300,962	17,984,638	21,964,102	96,249,702	5,844,734	14,220	5,858,954	102,108,656
	139,744,450	56,300,962	17,984,638	21,964,102	235,994,152	5,844,734	14,220	5,858,954	241,853,106
Borrowings from financial institution	•	•	•	•	'	•	239,827	239,827	239,827
Net settled derivative financial instruments	•	79,647	144	375	80,166	117,296	•	117,296	197,462
Lease liabilities	•	3,614	3,669	7,516	14,799	31,077	•	31,077	45,876
Other liabilities	132,291	261,728	382,488	100,167	876,674	29,405	•	29,405	906,079
Total	140,212,660	56,645,951	18,370,939	22,072,160	237,301,710	6,022,512	254,047	6,276,559	243,578,269
Net liquidity gap	(112,989,497)	46,176,018	3,399,534	142,417	(63,271,528)	60,003,159	19,782,536	79,785,695	16,514,167
Gross settled derivatives									
Financial assets		ļ							
Contractual amounts receivable Contractual amounts navable		(3.300)	143,1/3	139,151	283,875 (221.492)	(347,063)		(347,063)	(568.555)
		(1,749)	33,893	30,239	62,383	86,062		86,062	148,445
Financial liabilities Contractual amounts receivable		9 149	14 461	19 110	027.720	58 509		58 509	101 229
Contractual amounts payable	•	(7,541)	(13,660)	(18,885)	(40,086)	(66,642)	•	(66,642)	(106,728)
		1,608	801	225	2,634	(8,133)	•	(8,133)	(5,499)
Total gross settled derivatives assets/(liabilities)	•	(141)	34,694	30,464	65,017	77,929	•	77,929	142,946

Derivatives assets and liabilities were previously disclosed at fair value. In the current year, these financial instruments have been categorised as net settled and gross settled disclosed at contractual undiscounted cash flows. Accordingly, comparatives have been amended to conform to current year's presentation.

46,175,877

(112,989,497)

Total net financial assets/(liabilities)

19,782,536

60,081,088

(63,206,511)

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)
Analysis of financial assets and liabilities by remaining contractual maturities (continued)

					2023				
THE BANK	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	16,757,277	•	1	1	16,757,277	•	1	•	16,757,277
Due from banks	•	38,482,494	4,566,501	•	43,048,995	4,633,121	•	4,633,121	47,682,116
Net settled derivative financial instruments	•	9,421	1,353	19,686	30,460	142,942	10,435	153,377	183,837
Loans and advances to banks	•	869,139	692,372	4,574,278	6,135,789	7,053,800	•	7,053,800	13,189,589
Loans and advances to customers	1,686,834	7,252,228	2,387,011	1,163,491	12,489,564	16,641,992	10,135,425	26,777,417	39,266,981
Investment securities	•	50,817,470	3,763,747	11,322,329	65,903,546	35,542,222	7,239,967	42,782,189	108,685,735
Other assets (excluding prepayments, accrued income, inventory and taxes)	4,508,777	1	•	1	4,508,777	1	1		4,508,777
Total	22,952,888	97,430,752	11,410,984	17,079,784	148,874,408	64,014,077	17,385,827	81,399,904	230,274,312
Deposits from banks:	920 31				926 21				926.31
-current accounts -Savings accounts	342,455	' '	' '	' '	342,455		' '		342,455
	358,723	-			358,723	-			358,723
Deposits from customers:				_			_		
-Current accounts	139,293,0/3	1	•	1	139,293,073	•	1	•	139,293,073
-bavings accounts -Term denocits	z/a//0c/c	32 598 948	13 292 586	- 14 929 420	5,507,672	7 805 709	- 454 464	8 260 173	5,507,672
	144 800 745	32 598 948	13 292 586	14,929,420	205,621,699	7 805 709	454 464	8 260 173	213 881 872
	144,000,145	32,330,340	13,232,300	024,626,41	203,021,033	607,000,7	t	6,200,1/3	7,001,00,7
Borrowings from financial institution		1	•	1	1	1	153,275	153,275	153,275
Net settled derivative financial instruments	•	7,997	376	19,686	28,059	142,942	10,435	153,377	181,436
Lease liabilities		8,271	4,928	9,747	22,946	44,599	1	44,599	67,545
Other liabilities	428,797	928	25,308	413,384	868,417	•	•		868,417
Total	145,588,265	32,616,144	13,323,198	15,372,237	206,899,844	7,993,250	618,174	8,611,424	215,511,268
Net liquidity gap	(122,635,377)	64,814,608	(1,912,214)	1,707,547	(58,025,436)	56,020,827	16,767,653	72,788,480	14,763,044
Gross settled derivatives									
Financial assets									
Contractual amounts receivable	•	3,836	136,490	153,720	294,046	712,318	•	712,318	1,006,364
Contractual amounts payable	•	(1,900)	(108,430)	(115,822)	(226,152)	(564,405)	1	(564,405)	(790,557)
		1,936	28,060	37,898	67,894	147,913	•	147,913	215,807
Financial liabilities Contractual amounts receivable	,	7 748	096 2	15 695	31.403	54 628		54 628	86.031
Contractual amounts payable	•	(10,107)	(66'6)	(19,432)	(39,532)	(72,255)	'	(72,255)	(111,787)
	•	(2,359)	(2,033)	(3,737)	(8,129)	(17,627)	•	(17,627)	(25,756)
Total gross settled derivatives assets/(liabilities)	•	(423)	26,027	34,161	59,765	130,286	•	130,286	190,051
Total net financial assets/(liabilities)	(122,635,377)	64,814,185	(1,886,187)	1,741,708	(57,965,671)	56,151,113	16,767,653	72,918,766	14,953,095

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (continued)
Analysis of financial assets and liabilities by remaining contractual maturities (continued)

2022

Assets

Cash and balances with banks

Due from banks

Net settled derivative financial instruments

Loans and advances to banks

Loans and advances to customers

Investment securities

Other assets (excluding prepayments, accrued income, inventory and taxes)

Total

Liabilities

Due to banks

Deposits from banks:

-Current accounts
-Savings accounts

Deposits from customers:
-Current accounts
-Savings accounts
-Term deposits

Borrowings from financial institution
Net settled derivative financial instruments
Lease liabilities
Other liabilities
Total

Net liquidity gap

Gross settled derivatives Financial assets Contractual amounts receivable Contractual amounts payable Financial liabilities Contractual amounts receivable Contractual amounts payable Total gross settled derivatives assets/(liabilities)

Total net financial assets/(liabilities)

On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Sub total over 12 months	Total
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
46,935,652	•			46,935,652		,		46,935,652
•	39,234,757	673,104	685,922	40,593,783	6,739,394	•	6,739,394	47,333,177
•	17,414	2,155	10,301	29,870	132,087	4,109	136,196	166,066
•	2,429,462	671,897	962,056	4,066,415	7,924,061	•	7,924,061	11,990,476
1,517,134	6,206,479	2,819,661	1,459,092	12,002,366	8,752,372	6,501,886	15,254,258	27,256,624
'	33,341,770	2,471,730	5,862,362	41,675,862	22,825,006	6,464,431	29,289,437	70,965,299
3,213,671	•	•	•	3,213,671	•	•	•	3,213,671
51,666,457	81,229,882	6,638,547	8,982,733	148,517,619	46,372,920	12,970,426	59,343,346	207,860,965
1,644	•	1	•	1,644	•	1	,	1,644
16,101	•	•	-	16,101	•	•	1	16,101
353,486	'	•	,	353,486	,	•	1	353,486
369,587	•	•	•	369,587	•	•	•	369,587
159,458,510		•	•	159,458,510		•	•	159,458,510
5,453,909	1	•	•	5,453,909	İ	•	•	5,453,909
-	14,873,214	3,974,122	6,019,569	24,866,905	7,666,252	218,682	7,884,934	32,751,839
164,912,419	14,873,214	3,974,122	6,019,569	189,779,324	7,666,252	218,682	7,884,934	197,664,258
•	•	•	•	•	•	140,717	140,717	140,717
•	7,950	2,358	10,301	20,609	132,087	4,109	136,196	156,805
1	5,173	10,563	19,338	35,074	70,804	•	70,804	105,878
100,889	1,297	'	296,991	399,177	'	'		399,177
165,384,539	14,887,634	3,987,043	6,346,199	190,605,415	7,869,143	363,508	8,232,651	198,838,066
(113,718,082)	66,342,248	2,651,504	2,636,534	(42,087,796)	38,503,777	12,606,918	51,110,695	9,022,899
1	1,776	22,435	149,236	173,447	977,498	888	978,386	1,151,833
•	(1,346)	(18,421)	(118,127)	(137,894)	(806,612)	(1,484)	(808,096)	(945,990)
	430	4,014	31,109	35,553	170,886	(965)	170,290	205,843
1	1,346	1,954	5,896	9,196	33,099	1,484	34,583	43,779
•	(1,776)	(1,776)	(3,552)	(7,104)	(17,843)	(888)	(18,731)	(22,835)
1	(430)	178	2,344	2,092	15,256	296	15,852	17,944
•	,	4,192	33,453	37,645	186,142	,	186,142	223,787
(000 011 011)		100		2010	0.00	0.00	7	000
(113,718,082) 66,342,248		2,655,696	2,669,987	(42,050,151)	38,689,919	38,689,919 12,606,918	51,296,837	9,246,686

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk and funding management (continued)

The table below shows the contractual expiry by maturity of the Group's and the Bank's commitments.

### THE GROUP AND THE BANK

	Less than 3 months MUR'000	3 to 12 months MUR'000	1 to 5 years MUR'000	More than 5 Years MUR'000	Total MUR'000
30 June 2024	MOK 000	IVIOR OOO	WOK 000	WICK OOU	WOK OOO
Contingent liabilities	2,332,503	1,104,209	955,212	56,029	4,447,953
Commitments	4,892,563	4,634,854	2,001,963	1,350,457	12,879,837
Total	7,225,066	5,739,063	2,957,175	1,406,486	17,327,790
30 June 2023					
Contingent liabilities	2,934,555	1,357,506	745,032	44,376	5,081,469
Commitments	4,034,587	4,587,574	2,125,495	-	10,747,656
Total	6,969,142	5,945,080	2,870,527	44,376	15,829,125
30 June 2022					
Contingent liabilities	2,407,546	360,627	42,979	44,116	2,855,268
Commitments	3,070,199	1,631,247	882,312	473,507	6,057,265
Total	5,477,745	1,991,874	925,291	517,623	8,912,533

Refer to Note 35 for more details.

The Group and the Bank do not expect all the contingent liabilities or commitments to be drawn before expiry of commitments.

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Group and the Bank classify exposures to market risk into either trading or non trading portfolios and manage these portfolios separately. Except for the concentrations within foreign currency, the Group and the Bank have no significant concentration of market risk.

### (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Management has established limits on the maximum adverse volatility on its future net interest income.

The Group's and the Bank's main exposure to interest rate risk stems from a variety of sources: Yield curve risk, which refers to changes in the level, slope and shape of the yield curve; Repricing risk, which arises from timing differences in the maturity and repricing of balance-sheet items; Basis risk that is caused by imperfect correlation between different yield curves.

The following tables demonstrate the sensitivity to a Day 1 100 basis points shock (2023 and 2022: 100 basis points) on the Group's and the Bank's net interest income. The net interest income sensitivity is the effect of the assumed changes in interest rates, based on the financial assets and financial liabilities held at 30 lune.

THE GROUP	2024	2023	2022	2024	2023	2022
	Change in	Change in	Change in	Sensitivity of	Sensitivity of	Sensitivity of
Currency	Basis points	Basis points	Basis points	profit or loss	profit or loss	profit or loss
				MUR'000	MUR'000	MUR'000
AUD	+100	+100	+100	6,332	5,842	8,174
	- 100	- 100	- 100	(6,332)	(5,842)	(902)
EUR	+100	+100	+100	203,367	268,833	291,727
	- 100	- 100	- 100	(203,367)	(268,833)	(272,738)
GBP	+100	+100	+100	46,377	51,125	53,948
	- 100	- 100	- 100	(46,377)	(51,125)	(38,966)
MUR	+100	+100	+100	78,834	74,760	17,983
	- 100	- 100	- 100	(80,261)	(77,526)	(38,617)
USD	+100	+100	+100	515,359	469,904	816,238
	- 100	- 100	- 100	(515,359)	(469,904)	(692 <i>,</i> 377)
THE BANK	2024	2023	2022	2024	2023	2022
	Change in	Change in	Change in	Sensitivity of	Sensitivity of	Sensitivity of
Currency	Basis points	Basis points	Basis points	profit or loss	profit or loss	profit or loss
				MUR'000	MUR'000	MUR'000
AUD	+100	+100	+100	6,332	5,842	8,174
	- 100	- 100	- 100	(6,332)	(5,842)	(902)
EUR	+100	+100	+100	203,367	268,833	291,727
	- 100	- 100	- 100	(203,367)	(268,833)	(272,738)
GBP	+100	+100	+100	46,377	51,125	53,948
	- 100	- 100	- 100	(46,377)	(51,125)	(38,966)
MUR	+100	+100	+100	78,834	74,760	17,983
	- 100	- 100	- 100	(80,261)	(77,526)	(38,617)
USD	+100	+100	+100	515,359	469,904	816,238
	- 100	- 100	- 100	(515,359)	(469,904)	(692,377)

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED) (d) Market risk (continued)

(i) Interest rate risk (continued)
The table below analyses the Group's and the Bank's interest rate risk exposure on non-trading financial assets and liabilities. The Group's and the Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual reportions or maturity dates.

contractual repricing or maturity dates.				2024				
THE GROUP	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	18,847,227	18,031,803	•	•	•	•	•	815,424
Due from banks	38,511,567	•	34,094,866	4,416,701	•	•	•	
Derivative financial instruments	366,664	•	•	•	•	167,395	•	199,269
Loans and advances to banks	14,647,416	m	482,820	1,780,019	1,091,598	11,292,976	•	•
Loans and advances to customers	47,857,486	3,087,880	5,844,105	4,015,289	1,397,469	20,464,145	13,048,598	•
Debt instruments measured at amortised cost	125,588,785	•	60,302,916	9,694,694	18,341,876	30,282,395	6,966,904	•
Other assets (excluding prepayments, accrued income and inventory)	5,332,090	•	32,006	12,031	•	•	•	5,288,053
Total assets	251,151,235	21,119,686	100,756,713	19,918,734	20,830,943	62,206,911	20,015,502	6,302,746
Liabilities								
Due to banks	898	898	•	•	•	•	•	
Deposits from banks	335,051	318,849	•	•	•	•	•	16,202
Deposits from customers	239,910,949	10,766,737	56,104,513	17,642,649	21,074,287	5,337,394	10,120	128,975,249
Borrowings from financial institution	167,183	•	•	•	•	•	167,183	
Derivative financial instruments	224,771	•	•			27,309	•	197,462
Lease liabilities	44,582	•	3,614	3,669	7,516	29,783	•	•
Other liabilities	906,946	867	•	•	•	•	•	906,079
Total liabilities	241,590,350	11,087,321	56,108,127	17,646,318	21,081,803	5,394,486	177,303	130,094,992
Total interest sensitivity gap	9,560,885	10,032,365	44,648,586	2,272,416	(250,860)	56,812,425	19,838,199	(123,792,246)
				2023				
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000
Cash and halances with banks	16.757.284	15.463.616	•	'	•	•	,	1.293.668
Due from banks	47.682.116	'	38.482.494	4.566.501	•	4.633.121	•	•
Derivative financial instruments	385,550	٠		'	•	201,713	,	183,837
Loans and advances to banks	13,189,589	•	869,139	692,372	4,574,278	7,053,800	•	
Loans and advances to customers	39,266,981	1,686,834	7,252,228	2,387,011	1,163,491	16,641,992	10,135,425	•
Debt instruments measured at amortised cost	103,674,862	•	48,533,327	3,342,186	10,270,952	34,305,386	7,223,011	
Equity Investment designated at fair value through other comprehensive income	•	•	'	'	•	•		•
Other assets (excluding prepayments, accrued income and inventory)	4,508,784	7			'	•	•	4,508,777
Total assets	225,465,166	17,150,457	95,137,188	10,988,070	16,008,721	62,836,012	17,358,436	5,986,282
Liabilities								
Deposits from banks	358,723	343,457	•	•	•	•	•	15,266
Deposits from customers	213,229,467	11,888,883	32,491,759	13,202,173	14,753,366	6,853,063	360,803	133,679,420
Borrowings from financial institution	150,918	1	•	•	•	•	150,918	•
Derivative financial instruments	204,959	•	•	•	•	23,523	•	181,436
Lease liabilities	64,663	i	8,271	4,928	9,747	41,717	•	•
Other liabilities	869,416	1	•	'	•	•	1	869,416
Total liabilities	214,878,146	12,232,340	32,500,030	13,207,101	14,763,113	6,918,303	511,721	134,745,538
Total interest sensitivity gap	10,587,020	4,918,117	62,637,158	(2,219,031)	1,245,608	55,917,709	16,846,715	(128,759,256)

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Market risk (continued)(i) Interest rate risk (continued)

				2	2022			
THE GROUP	Carrying		Less than	3 to 6	6 to 12	1 to 5	Over 5	5012 CON +2020+01 CON
	amonnt	On demand	3 months	months	months	years	years	ואסוו-ווונבו באר מעשווווא
Assets	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and balances with banks	46,935,661	22,671,585	•				,	24,264,076
Due from banks	47,333,177	•	39,234,757	673,104	685,922	6,739,394	•	
Derivative financial instruments	371,979	•	•	•	•	195,873	10,040	166,066
Loans and advances to banks	11,990,476	1	2,429,462	671,897	965,056	7,924,061	•	
Loans and advances to customers	27,256,624	1,517,134	6,206,479	2,819,661	1,459,092	8,752,372	6,501,886	
Debt instruments measured at amortised cost	65,269,752	•	30,118,716	1,502,115	4,885,247	22,315,041	6,448,633	
Other assets (excluding prepayments, accrued income and inventory)	3,213,671	1,540,222	•	•	•	•	•	1,673,449
Total assets	202,371,340	25,728,941	77,989,414	5,666,777	7,995,317	45,926,741	12,960,559	26,103,591
Liabilities								
Due to banks	1,644	1,644	ı	1	ı	1	•	•
Deposits from banks	369,587	353,486	•	•	•	•	•	16,101
Deposits from customers	197,072,336	8,422,689	14,530,965	3,672,700	5,797,219	6,735,435	181,566	157,731,762
Borrowings from financial institution	140,547	•	•	•	•	•	140,547	
Derivative financial instruments	166,845	•	•	•	•	•	10,040	156,805
Lease liabilities	100,378	•	5,173	10,563	19,338	65,304	1	•
Other liabilities	400,150	-	•	•	•	•	-	400,150
Total liabilities	198,251,487	8,777,819	14,536,138	3,683,263	5,816,557	6,800,739	332,153	158,304,818
Total interest sensitivity gap	4,119,853	16,951,122	63,453,276	1,983,514	2,178,760	39,126,002	12,628,406	(132,201,227)

### FINANCIAL RISK MANAGEMENT (CONTINUED) 37. (d)

Market risk (continued) (i) Interest rate risk (continued)

(i) Interest rate risk (continued)				2024	4			
THE BANK	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	18,847,227	18,031,803	•	•	•	•	•	815,424
Due from banks	38,511,567	•	34,094,866	4,416,701	•	'	•	•
Derivative financial instruments	366,664	•	•	•	•	167,395	•	199,269
Loans and advances to banks	14,647,416	e	482,820	1,780,019	1,091,598	11,292,976	•	•
Loans and advances to customers	47,857,486	3,087,880	5,844,105	4,015,289	1,397,469	20,464,145	13,048,598	•
Debt instruments measured at amortised cost	125,588,785	•	60,302,916	9,694,694	18,341,876	30,282,395	6,966,904	
Other assets (excluding prepayments, accrued income and inventory)	5,332,084	•	32,000	12,031	•	•	•	5,288,053
Total assets	251,151,229	21,119,686	100,756,707	19,918,734	20,830,943	62,206,911	20,015,502	6,302,746
Liabilities								
Due to banks	868	868	•	•	'	'	•	•
Denosits from banks	335.051	318.849	•	•	'	,	•	16.202
Deposits from customers	239,913,413	10.769.201	56.104.513	17.642.649	21.074.287	5,337,394	10.120	128,975,249
Borrowings from financial institution	167,183	•	•	•	•	•	167,183	•
Derivative financial instruments	224,771	•	•	•	•	27,309	•	197,462
Lease liabilities	44,582	•	3,614	3,669	7,516	29,783	•	•
Other liabilities	620'906	•	•	•	•	•	•	620'906
Total liabilities	241,591,947	11,088,918	56,108,127	17,646,318	21,081,803	5,394,486	177,303	130,094,992
Total interest sensitivity gap	9,559,282	10,030,768	44,648,580	2,272,416	(250,860)	56,812,425	19,838,199	(123,792,246)
				2023	çı			
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and balances with banks	16,757,277	15,463,609	•	•	•	•	•	1,293,668
Due from banks	47,682,116	•	38,482,494	4,566,501	'	4,633,121	•	•
Derivative financial instruments	385,550	1	•	•	•	201,713	•	183,837
Loans and advances to banks	13,189,589	•	869,139	692,372	4,574,278	7,053,800	•	•
Loans and advances to customers	39,266,981	1,686,834	7,252,228	2,387,011	1,163,491	16,641,992	10,135,425	•
Debt instruments measured at amortised cost	103,674,862		48,533,327	3,342,186	10,270,952	34,305,386	7,223,011	•
Other assets (excluding prepayments, accrued income and inventory)	4,508,777	1	•	•	•	•	•	4,508,777
Total assets	225,465,152	17,150,443	95,137,188	10,988,070	16,008,721	62,836,012	17,358,436	5,986,282
Liabilities								
Deposits from banks	358,723	343,457	•	•	•	1	•	15,266
Deposits from customers	213,232,468	11,891,884	32,491,759	13,202,173	14,753,366	6,853,063	360,803	133,679,420
Borrowings from financial institution	150,918	1		•	1	1	150,918	•
Derivative financial instruments	204,959	•	•	•	•	23,523	•	181,436
Lease liabilities	64,663	•	8,271	4,928	9,747	41,717	•	•
Other liabilities	868,417	-	-	-	-	-	-	868,417
Total liabilities	214,880,148	12,235,341	32,500,030	13,207,101	14,763,113	6,918,303	511,721	134,744,539
Total interact concitivity gan	10 585 004	4 915 102	62 637 158	(12 219 031)	1 245 608	55 917 709	16 846 715	(128.758.257)
יסומו ווויכן כמן מכוימיניז מתא	/ - ) ) / )			·				

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Market risk (continued)(i) Interest rate risk (continued)

THE BANK	Carrying		Less than	3 to 6	6 to 12	1 to 5	Over 5	Non-interest
	amonnt	On demand	3 months	months	months	years	years	bearing
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and halances with hanks	46 935 652	22 671 576	,	,	,	,	,	24.264.076
	771 000 77	5,5,4	777 1000	101 020	ננט בסט	700000		
Due from banks	4/,333,1//		39,234,757	6/3,104	685,922	6,/39,394		•
Derivative financial instruments	371,979	•	•	1	•	195,873	10,040	166,066
Loans and advances to banks	11,990,476	•	2,429,462	671,897	962,056	7,924,061	•	•
Loans and advances to customers	27,256,624	1,517,134	6,206,479	2,819,661	1,459,092	8,752,372	6,501,886	•
Debt instruments measured at amortised cost	65,269,752	•	30,118,716	1,502,115	4,885,247	22,315,041	6,448,633	•
Other assets (excluding prepayments, accrued income and inventory)	3,213,671	1,540,222	•	•	•	•	•	1,673,449
Total assets	202,371,331	25,728,932	77,989,414	5,666,777	7,995,317	45,926,741	12,960,559	26,103,591
Liabilities								
Due to banks	1.644	1.644	,	•	,	,	1	1
Deposits from banks	369,587	353,486	1	•	,	,	•	16,101
Deposits from customers	197,075,719	8,426,072	14,530,965	3,672,700	5,797,219	6,735,435	181,566	157,731,762
Borrowings from financial institution	140,547	•	•	•	•	•	140,547	•
Derivative financial instruments	166,845	•	•	•	•	•	10,040	156,805
Lease liabilities	100,378	•	5,173	10,563	19,338	65,304	•	•
Other liabilities	399,177	•	•	•	•	•	•	399,177
Total liabilities	198,253,897	8,781,202	14,536,138	3,683,263	5,816,557	6,800,739	332,153	158,303,845
Total interest sensitivity gap	4,117,434	16,947,730	63,453,276	1,983,514	2.178.760	39.126.002	12,628,406	(132,200,254)

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Market risk (continued)

### (ii) Currency risk

THE COOLID

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The table below indicates the currencies to which the Group and the Bank had significant exposure at 30 June on all its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the MUR, with all other variables held constant on the statements of profit or loss (due to the fair value of currency sensitive non trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in the statements of profit or loss, while a positive amount reflects a net potential increase.

2024

THE GROUP			2024	
	% Change in	Effect of change	in currency on	Sensitivity of
Currency	Currency rate	Assets	Liabilities	profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	46,534	(46,457)	77
	-5%	(46,534)	46,457	(77)
EUR	+5%	1,805,359	(1,811,828)	(6,469)
	-5%	(1,805,359)	1,811,828	6,469
GBP	+5%	562,964	(562,768)	196
	-5%	(562,964)	562,768	(196)
USD	+5%	8,200,306	(8,204,061)	(3,755)
	-5%	(8,200,306)	8,204,061	3,755
			2023	
	% Change in	Effect of change i	in currency on	Sensitivity of
Currency	Currency rate	Assets	Liabilities	profit or loss
-		MUR'000	MUR'000	MUR'000
AUD	+5%	68,350	(68,374)	(24)
	-5%	(68,350)	68,374	24
EUR	+5%	1,874,796	(1,873,855)	941
	-5%	(1,874,796)	1,873,855	(941)
GBP	+5%	431,955	(432,108)	(153)
	-5%	(431,955)	432,108	153
USD	+5%	7,221,075	(7,224,396)	(3,321)
	-5%	(7,221,075)	7,224,396	3,321
			2022	
	% Change in	Effect of change i	in currency on	Sensitivity of
Currency	Currency rate	Assets	Liabilities	profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	51,421	(51,336)	85
	-5%	(51,421)	51,336	(85)
EUR	+5%	1,752,881	(1,748,900)	3,981
	-5%	(1,752,881)	1,748,900	(3,981)
GBP	+5%	356,777	(356,266)	511
	-5%	(356,777)	356,266	(511)
USD	+5%	6,601,395	(6,616,707)	(15,312)
	-5%	(6,601,395)	6,616,707	15,312

for the year ended 30 June 2024

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Market risk (continued)

(ii) Currency risk (continued)

THE BANK	_		2024	
	% Change in Currency rate	Effect of change in	currency on	Sensitivity of
Currency		Assets	Liabilities	profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	46,534	(46,457)	77
	-5%	(46,534)	46,457	(77)
EUR	+5%	1,805,359	(1,811,828)	(6,469)
	-5%	(1,805,359)	1,811,828	6,469
GBP	+5%	562,964	(562,768)	196
	-5%	(562,964)	562,768	(196)
USD	+5%	8,200,306	(8,204,061)	(3,755)
	-5%	(8,200,306)	8,204,061	3,755
	_		2023	
	% Change in Currency rate	Effect of change in	currency on	Sensitivity of
Currency	_	Assets	Liabilities	profit or loss
		MUR'000	MUR'000	MUR'000
AUD	+5%	68,350	(68,374)	(24)
	-5%	(68,350)	68,374	24
EUR	+5%	1,874,796	(1,873,855)	941
	-5%	(1,874,796)	1,873,855	(941)
GBP	+5%	431,955	(432,108)	(153)
	-5%	(431,955)	432,108	153
USD	+5%	7,221,075	(7,224,396)	(3,321)
	-5%	(7,221,075)	7,224,396	3,321
	_		2022	
	% Change in Currency rate	Effect of change in	currency on	Sensitivity of
Currency	_	Assets	Liabilities	profit or loss
currency		MUR'000	MUR'000	MUR'000
AUD	+5%	51,421	(51,336)	85
	-5%	(51,421)	51,336	(85)
EUR	+5%	1,752,881	(1,748,900)	3,981
	-5%	(1,752,881)	1,748,900	(3,981)
GBP	+5%	356,777	(356,266)	511
	-5%	(356,777)	356,266	(511)
USD	+5%	6,601,395	(6,616,707)	(15,312)
	-5%	(6,601,395)	6,616,707	15,312
	<del>-</del>	(-,,,)	-,,	==,0==

### (e) Other price risk

Other price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices. The non-trading equity price risk exposure arises from debt instrument measured at fair value through other comprehensive income.

for the year ended 30 June 2024

### 38. CAPITAL

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's and the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Mauritius in supervising the Group and the Bank. The Group and the Bank have complied fully with all its externally imposed capital requirements.

### **Capital management**

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

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

### **ELIGIBLE RISK-WEIGHTED CAPITAL**

		THE GROUP			THE BANK	
	Basel III	Basel III	Basel III	Basel III	Basel III	Basel III
	2024	2023	2022	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Tier 1 capital	18,363,168	14,536,651	9,618,788	18,361,569	14,534,636	9,616,371
Tier 2 capital	854,999	743,680	663,008	854,999	743,680	663,008
Total capital	19,218,167	15,280,331	10,281,796	19,216,568	15,278,316	10,279,379
Risk-weighted assets	93,510,768	78,744,254	65,237,534	93,509,073	78,741,696	65,217,648
	%	%	%	%	%	%
Capital adequacy ratio	20.55	19.40	15.76	20.55	19.40	15.76

Regulatory capital is the sum of Tier 1 capital and Tier 2 capital. Tier 1 Capital is further divided between Common Equity Tier 1 Capital which comprises of share capital, retained earnings, other reserves net of regulatory adjustments and Additional Tier 1 Capital comprised of Class A shares. The other component of regulatory capital is Tier 2 capital which includes stage 1 and stage 2 provisions, country risk reserves and additional provision above IFRS 9 provisions.

### 39. EVENTS AFTER REPORTING DATE

In his National Budget on 7 June 2024, the Mauritian Finance Minister announced the introduction of a Corporate Climate Responsibility Levy ("CCRL"), equivalent to 2% of a company's profits, for companies with a yearly turnover of more than MUR 50m.

Section 41(iii) of the Finance (Miscellaneous Provisions) Act 2024 ("FMPA 2024") gave effect to the CCRL and its effective date is the year of assessment 2024/2025 so that it applies to any company with a financial year that terminated on any date during the period from 1 January 2024 to 30 June 2024. The CCRL is computed on the taxable profit of the Bank and is specifically considered to be an income tax under section 41(a)(i)(A) of the FMPA 2024.

According to IAS 12 Income Taxes, changes in tax rates and laws should be recognized in financial statements when the legislation is substantively enacted, which is when it can no longer be amended. The 2% CCRL had not reached the point of substantive enactment by the end of the reporting period as the possibility of further amendments to the legislation still existed.

In accordance with IAS 10, "Events After the Reporting Period," the introduction of the CCRL is considered a non-adjusting event. Therefore, no adjustment has been made to the current income tax and deferred tax balances in the financial statements as of 30 June 2024, even if it had a retrospective effect.

The Bank has quantified the impact of this non adjusting event as follows:

	Year of assessm	nent 2024/2025
Impact of 2% CCRL	Statement of profit or loss and other comprehensive income	Statement of financial position
	MUR'000	MUR'000
Deferred tax asset		41,797
Income tax liability		163,649
Income tax expense	121,852	

### 40. OFFSETTING FINANCIAL INSTRUMENTS

The Group's and the Bank's offsetting financial arrangement is summarised below.

### Derivatives and loans and advances to customers

The Group and the Bank uses master netting agreements and holds cash collateral and marketable securities to mitigate the credit risk of derivatives, repurchase agreements and securities lending. The below refers to netting potential not recognised in the statement of financial position.

The Group and the Bank enter into derivatives with central counterparty clearing houses (CCPs) or bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Group and the Bank execute a credit support annex in conjunction with each ISDA agreement, which requires the Group and the Bank and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of derivatives transacted on exchanges and with CCPs. The collateral posted with regards to open derivatives is cash or marketable securities.

The Group's and the Bank's repurchase, and reverse repurchase, transactions and securities borrowing and lending are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

Effect of stetstwstromen of state week to final amount of a	THE GROUP					
ASSETS         Gross Amount and Sofie and Mark and	2024	Effec	t of offsetting	g on		
ASSETS         amount MUR'000         offset MUR'000         reported MUR'000         collateral MUR'000         MUR'000		statemen	t of financial	position	Related amou	ints not offset
ASSETS         MUR'000         A 366,664         3 38,666         4 7,857,486         4 7,857,486         (1,772,810)         46,084,676         46,084,670         46,084,670         46,084,670         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084         47,084,084 <th< th=""><th></th><th>Gross</th><th>Amount</th><th>Net amount</th><th>Cash</th><th>Net</th></th<>		Gross	Amount	Net amount	Cash	Net
Derivative financial instruments         366,664         - 366,664         (318,849)         47,817,816         47,857,486         - 47,857,486         (1,772,810)         46,084,676         46,084,676         48,224,150         (2091,659)         46,084,676         46,084,676         48,224,150         (2091,659)         46,084,676         46,084,676         48,224,150         (2091,659)         46,084,676 <th></th> <th>amount</th> <th>offset</th> <th>reported</th> <th>collateral</th> <th>amount</th>		amount	offset	reported	collateral	amount
Loans and advances to customers         47,857,486 (48,224,150 (2,091,659) (2,091,659) (46,032,401)         46,084,676 (48,224,150) (2,091,659) (2,091,659) (4,072,810)         46,084,676 (4,092,450) (2,091,659) (4,072,810)         46,084,676 (4,092,450) (2,091,659) (4,072,810)         46,084,676 (2,091,639)	ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to customers         47,857,486 (48,224,150 (2,091,659) (2,091,659) (46,084,676) (48,224,150 (2,091,659) (40,132,491)         46,084,676 (48,224,150 (2,091,659) (2,091,659) (40,132,491)         46,084,676 (48,224,150 (2,091,659) (2,091,659) (40,132,491)         46,084,676 (2,091,639) (						
Page	Derivative financial instruments	366,664	-	366,664	(318,849)	47,815
LIABILITIES           Deposits from banks         335,051 (239,910,49) (239,910,49) (1,772,810) (239,138,149) (240,46,000) (2,091,659) (238,138,149) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (2,091,659) (238,154,341) (240,46,000) (240,4	Loans and advances to customers	47,857,486	-	47,857,486	(1,772,810)	46,084,676
Deposits from banks people is from customers         335,051 (239,910,949) (239,910,949) (1,777,810) (238,138,139,130) (240,246,000) (290,659) (239,154,343,130) (240,246,000) (290,659) (239,154,343,130) (240,246,000) (290,659) (239,154,343,130) (240,246,000) (290,659) (239,154,343,130) (240,246,000) (290,659) (239,154,343,140) (240,246,000) (240		48,224,150	-	48,224,150	(2,091,659)	46,132,491
Deposits from banks peopsits from customers         335,051 (239,910,949)         - 335,051 (239,910,949)         (1,777,810)         281,318,139 (240,400)         239,910,949 (279,400)         239,910,949 (279,400)         (239,105,949)         238,138,139 (240,400)         240,246,000 (299,659)         238,138,139 (240,400)         240,246,000 (299,659)         238,158,139 (240,400)         240,246,000 (299,659)         238,158,139 (240,400)         240,246,000 (299,659)         238,158,139 (240,400)         240,246,000 (299,659)						
Deposits from customers         239,910,949 (240,000)         2 33,910,949 (2,091,659)         238,138,138,134           2023         Statew - In succession of the second	LIABILITIES					
240,246,000   240,246,000   240,246,000   26,091,659   238,154,341	Deposits from banks	335,051	-	335,051	(318,849)	16,202
SEFF   STANDHONE   STANDHON	Deposits from customers	239,910,949	-	239,910,949	(1,772,810)	238,138,139
State—Final—		240,246,000	-	240,246,000	(2,091,659)	238,154,341
Amount amount amount offset amount offset amount offset reported amount offset reported collateral amount offset reported collateral amount offset reported collateral amount offset reported collateral amount offset reported collateral amount offset offsetting offsetting offset offsetting offset offsetting offset offsetting offsetting offset offsett	2023	Effec	t of offsetting	gon		
Amount amount amount offset amount offset amount offset reported amount offset reported collateral amount offset reported collateral amount offset reported collateral amount offset reported collateral amount offset reported collateral amount offset offsetting offsetting offset offsetting offset offsetting offset offsetting offsetting offset offsett		statemer	nt of financial	position	Related amou	ints not offset
ASSETS         MUR'000         MUR'000 <t< td=""><td></td><td></td><td></td><td>•</td><td></td><td></td></t<>				•		
Derivative financial instruments         385,550         -         385,550         (191,368)         194,182           Loans and advances to customers         39,266,981         -         39,266,981         (1,823,569)         37,443,412           39,652,531         -         39,652,531         (2,014,937)         37,637,594           LIABILITIES           Deposits from banks         358,723         -         358,723         (191,368)         167,355           Deposits from customers         213,229,467         -         213,229,467         (1,823,569)         211,405,898           Deposits from customers         213,2588,190         -         213,588,190         (2,014,937)         211,573,253           Statement of instruments         Statement of instruments         Related amount         Cash         Net           ASSETS         MUR'000		amount	offset	reported	collateral	amount
Loans and advances to customers         39,266,981         - 39,266,981         (1,823,569)         37,443,412           LIABILITIES           Deposits from banks         358,723         - 358,723         (191,368)         167,355           Deposits from customers         213,229,467         - 213,229,467         (1,823,569)         211,405,898           2022         Effect of offsetting on statements         Related amount offset         Related amount offset           ASSETS         MUR'000         25,449,164         27,256,624         - 27,256,624         (1,807,460)         25,449,164         27,628,603         - 27,628,603         (2,014,381)         25,614,222         LIABILITIES         Deposits from banks         369,587         - 369,587         (206,921)         162,666         Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876         Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876         - 197,072,336         (1,807,460)         195,264,876         - 197,072,336         (1,807,460)         19	ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to customers         39,266,981         - 39,266,981         (1,823,569)         37,443,412           LIABILITIES           Deposits from banks         358,723         - 358,723         (191,368)         167,355           Deposits from customers         213,229,467         - 213,229,467         (1,823,569)         211,405,898           2022         Effect of offsetting on statements         Related amount offset         Related amount offset           ASSETS         MUR'000         25,449,164         27,256,624         - 27,256,624         (1,807,460)         25,449,164         27,628,603         - 27,628,603         (2,014,381)         25,614,222         LIABILITIES         Deposits from banks         369,587         - 369,587         (206,921)         162,666         Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876         Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876         - 197,072,336         (1,807,460)         195,264,876         - 197,072,336         (1,807,460)         19						
Deposits from banks   358,723   - 39,652,531   (2,014,937)   37,637,594	Derivative financial instruments	385,550	_	385,550	(191,368)	194,182
39,652,531         - 39,652,531         (2,014,937)         37,637,594           LIABILITIES           Deposits from banks         358,723         - 358,723         (191,368)         167,355           Deposits from customers         213,229,467         - 213,229,467         (1,823,569)         211,405,898           Effect of offsetting of statement of financial position         Related amounts not offset           Statement of financial position         Related amount offset         Net amount offset           ASSETS         MUR'000         25,449,164         27,256,624         1,807,460         25,449,164         27,628,603         2,014,381         25,614,222         LIABILITIES         27,628,603         2,014,381         25,614,222         LIABILITIES         1,807,460         295,264,876         1,807,460         195,264,876         1,807,460	Loans and advances to customers	39,266,981	_	39,266,981	(1,823,569)	37,443,412
Deposits from banks         358,723         - 358,723         (191,368)         167,355           Deposits from customers         213,229,467         - 213,229,467         (1,823,569)         211,405,898           2022         Effect of offsetting on statement of financial position         Related amounts not offset           ASSETS         Amount offset         Net amount reported collateral amount         Cash Net amount offset         Net amount         MUR'000         25,449,164         27,256,624         (1,807,460)         25,449,164         27,628,603         (2,014,381)         25,614,222         LIABILITIES         LIABILITIES         369,587         - 369,587         (206,921)         162,666         Deposits from banks         369,587         - 369,587         (206,921)         162,666         Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876		39,652,531	-	39,652,531	(2,014,937)	37,637,594
Deposits from customers         213,229,467         - 213,229,467         (1,823,569)         211,405,898           2022         Effect of offsetting on statement of financial position         Related amounts not offset           Gross Amount amount offset         Net amount reported collateral amount         Cash Net amount collateral amount           ASSETS         MUR'000         25,449,164         27,256,624         - 27,256,624         (1,807,460)         25,449,164         27,628,603         - 27,628,603         (2,014,381)         25,614,222         LIABILITIES           Deposits from banks         369,587         - 369,587         (206,921)         162,666         197,072,336         - 197,072,336         (1,807,460)         195,264,876         195,264,876         197,072,336         (1,807,460)         195,264,876	LIABILITIES				·	
Deposits from customers         213,229,467   - 213,229,467   (1,823,569)   211,405,898   213,588,190   - 213,588,190   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   211,573,253   (2,014,937)   (2,						
213,588,190   - 213,588,190   (2,014,937)   211,573,253	•	,	-	•		
Statement of financial position   Related amounts not offset	Deposits from customers					
Statement of financial position   Related amounts not offset   Gross   Amount   Net amount   Cash   Met amount   offset   reported   collateral   amount   amount   Offset   reported   collateral   amount   Offset   reported   collateral   amount   Offset   reported   collateral   amount   Offset   reported   collateral   offset   reported   collateral   offset   reported   collateral   offset   offset   reported   collateral   offset   offset   reported   collateral   offset   offset   offset   offset   reported   collateral   offset		213,588,190		213,588,190	(2,014,937)	211,5/3,253
Statement   Financial   Desirition   Related amount   Not offset	2022	Effec	t of offsetting	gon		
Gross amount amount offset amount offset amount offset reported collateral amount off			_		Related amou	ints not offset
ASSETS MUR'000 MUR'000 MUR'000 MUR'000 MUR'000 MUR'000 MUR'000  Derivative financial instruments Loans and advances to customers  27,256,624 - 27,256,624 (1,807,460) 25,449,164 27,628,603 - 27,628,603 (2,014,381) 25,614,222  LIABILITIES  Deposits from banks Deposits from customers  369,587 - 369,587 (206,921) 162,666 Deposits from customers  197,072,336 - 197,072,336 (1,807,460) 195,264,876					Cash	Net
Derivative financial instruments         371,979         -         371,979         (206,921)         165,058           Loans and advances to customers         27,256,624         -         27,256,624         (1,807,460)         25,449,164           27,628,603         -         27,628,603         (2,014,381)         25,614,222           LIABILITIES           Deposits from banks         369,587         -         369,587         (206,921)         162,666           Deposits from customers         197,072,336         -         197,072,336         (1,807,460)         195,264,876		amount	offset	reported	collateral	amount
Loans and advances to customers         27,256,624         - 27,256,624         (1,807,460)         25,449,164           27,628,603         - 27,628,603         - 27,628,603         (2,014,381)         25,614,222           LIABILITIES           Deposits from banks         369,587         - 369,587         (206,921)         162,666           Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876	ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to customers         27,256,624         - 27,256,624         (1,807,460)         25,449,164           27,628,603         - 27,628,603         (2,014,381)         25,614,222           LIABILITIES           Deposits from banks         369,587         - 369,587         (206,921)         162,666           Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876						
LIABILITIES         27,628,603         - 27,628,603         (2,014,381)         25,614,222           Deposits from banks         369,587         - 369,587         (206,921)         162,666           Deposits from customers         197,072,336         - 197,072,336         (1,807,460)         195,264,876	Derivative financial instruments	371,979	-	371,979	(206,921)	165,058
LIABILITIES         Deposits from banks       369,587       -       369,587       (206,921)       162,666         Deposits from customers       197,072,336       -       197,072,336       (1,807,460)       195,264,876	Loans and advances to customers	27,256,624	-	27,256,624		25,449,164
Deposits from banks         369,587         -         369,587         (206,921)         162,666           Deposits from customers         197,072,336         -         197,072,336         (1,807,460)         195,264,876		27,628,603	-	27,628,603	(2,014,381)	25,614,222
Deposits from customers 197,072,336 - 197,072,336 (1,807,460) 195,264,876	LIABILITIES					
Deposits from customers 197,072,336 - 197,072,336 (1,807,460) 195,264,876	Deposits from banks	369,587	-	369,587	(206,921)	162,666
197 //11 923 - 197 //11 923 (2.01//.381) 195 //27 5//2	Deposits from customers	197,072,336	-	197,072,336	(1,807,460)	195,264,876
137,441,323 (2,014,301) 133,427,342		197,441,923	-	197,441,923	(2,014,381)	195,427,542

for the year ended 30 June 2024

### 40. OFFSETTING FINANCIAL INSTRUMENTS (CONITNUED)

Derivatives and loans and advances to customers (continued)

THE BANK

Statement   Financial   Fin	2024	Effec	t of offsetting	g on		
ASSETS   ABBOUND   ABBO		statemer	nt of financial	position	Related amou	nts not offset
MUR'000   MUR		Gross	Amount	Net amount		Net
Derivative financial instruments Loans and advances to customers         366,664 47,857,486 (1,772,810) 46,084,676 (48,224,150) 2,091,659) 46,132,491         47,857,486 (1,772,810) 46,084,676 (48,224,150) 2,091,659) 46,132,491           LABILITIES           Deposits from banks         335,051 239,913,413 2 239,913,413 (1,772,810) 238,140,603 (240,248,464 2,091,659) 238,156,805         239,913,413 2 240,248,464 2,091,659) 238,156,805         239,913,413 2 240,248,464 2,091,659) 238,156,805           2023         Effect of offsetting or statement of financial position offset amount offset amount offset amount offset reported amount offset amo		amount	offset	reported	collateral	amount
Loans and advances to customers         47,857,486 (48,224,150	ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
48,224,150         2,091,659         46,132,401           LABILITIES           Deposits from banks         335,051         239,913,413         239,913,413         (1,772,810)         238,140,600           2023         Effect offsetting of statement of financial instruments         Belated amount offset           ASSETS         MUR7000         MUR000						

The Group and the Bank receive cash collaterals as security on various loan arrangements. The Group and the Bank have a right to offset these cash collaterals against the loan amounts on default of the Group's and the Bank's clients.

**41. SEGMENTAL REPORTING**The following table presents income and profit information regarding the Bank's operating segments.

			2024			2023			2022	
	Segment A		Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
N	Notes MUR	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income	1 2,89	2,893,179	8,509,239	11,402,418	2,345,742	4,947,184	7,292,926	1,075,901	933,824	2,009,725
Interest expense	1,25	1,255,114)	(3,002,911)	(4,258,025)	(626,932)	(953,812)	(1,580,744)	(336,318)	(181,289)	(517,607)
Net interest income, calculated using EIR method	1,63	.,638,065	5,506,328	7,144,393	1,718,810	3,993,372	5,712,182	739,583	752,535	1,492,118
Fee and commission income	11 43	434,133	878,678	1,412,811	339,962	901,053	1,241,015	254,097	795,552	1,049,649
Fee and commission expense	5)	(96,561)	(379,978)	(476,539)	(82,008)	(313,380)	(398,388)	(89,348)	(257,765)	(347,113)
Net fee and commission income	33	337,572	598,700	936,272	254,954	587,673	842,627	164,749	537,787	702,536
Net trading income	III 61	615,505	1,214,481	1,829,986	539,440	950,062	1,489,502	657,951	508,543	1,166,494
Other gains/(losses)	IV (a)	•	1,187	1,187	•	391	391	1	(1,191)	(1,191)
	(p) (l)	4,069		4,069	629	•	629	•	•	•
Total operating income	2,59	,595,211	7,320,696	9,915,907	2,513,833	5,531,498	8,045,331	1,562,283	1,797,674	3,359,957
Net impairment credit/(loss) on financial assets	13	135,457	(86,142)	49,315	171,336	72,309	243,645	(19,156)	(46,662)	(65,818)
Net operating income	2,73	,730,668	7,234,554	9,965,222	2,685,169	5,603,807	8,288,976	1,543,127	1,751,012	3,294,139
Personnel expenses	(24	(249,197)	(719,063)	(968,260)	(294,314)	(664, 761)	(929,075)	(363,630)	(438,099)	(801,729)
Depreciation of property and equipment		(1,961)	(22,458)	(30,419)	(8,936)	(19,663)	(28,599)	(18,628)	(21,434)	(40,062)
Depreciation on right of use assets		(6,173)	(17,413)	(23,586)	(11,033)	(24,276)	(32,309)	(14,725)	(16,944)	(31,669)
Amortisation of intangible assets	2	(24,335)	(68,646)	(92,981)	(18,902)	(41,593)	(60,495)	(24,288)	(27,948)	(52,236)
Other operating expenses	(2)	(215,954)	(407,662)	(623,616)	(173,449)	(381,663)	(555,112)	(200,509)	(475,720)	(676,229)
Total operating expenses	(20	(503,620)	(1,235,242)	(1,738,862)	(506,634)	(1,131,956)	(1,638,590)	(621,780)	(980,145)	(1,601,925)
Operating profit	2,22	,227,048	5,999,312	8,226,360	2,178,535	4,471,851	6,650,386	921,347	770,867	1,692,214
Impairment on receivable from subsidiary				•	1	•	•	9,824	•	9,824
Profit before tax	2,22	,227,048	5,999,312	8,226,360	2,178,535	4,471,851	6,650,386	931,171	770,867	1,702,038
Tax expense	(43	(431,480)	(169,939)	(1,201,419)	(335,167)	(436,249)	(771,416)	(166,722)	(669'86)	(265,421)
Profit for the year	1,79	,795,568	5,229,373	7,024,941	1,843,368	4,035,602	5,878,970	764,449	672,168	1,436,617
Other comprehensive (loss)/income that will not be reclassified to profit or loss:	:3									
Remeasurement of employee benefits	2	(25,417)	(71,698)	(97,115)	1,053	2,318	3,371	2,378	2,736	5,114
Deferred tax on remeasurement of employee benefits		3,814	9,337	13,151	(189)	(504)	(693)	(173)	(132)	(302)
Fair value gain on equity investments designated at fair value through other										
comprehensive income		∞	623	631	3	914	917	209	2,172	2,381
Revaluation gain/(loss) on equity investments designated at fair value			;				ļ			
through other comprehensive income		•	330	330	1	756	756	•	(305)	(905)
Other comprehensive (loss)/income for the year	2	(21,595)	(61,408)	(83,003)	867	3,484	4,351	2,414	3,874	6,288
iotal comprenensive income for the year attributable to equity noiders of the parent	1,77	.,773,973	5,167,965	6,941,938	1,844,235	4,039,086	5,883,321	766,863	676,042	1,442,905

**41. SEGMENTAL REPORTING (CONTINUED)**The following table presents asset and liability information regarding the Bank's operating segments.

			2024			2023			2022	
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	Notes	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ASSETS										
Cash and balances with banks	>	829,882	18,017,345	18,847,227	1,306,952	15,450,325	16,757,277	24,278,280	22,657,372	46,935,652
Due from banks	<b>=</b>	6,451,103	32,060,464	38,511,567	14,948,388	32,733,728	47,682,116	8,992,114	38,341,063	47,333,177
Derivative financial instruments	II/	167,178	199,486	366,664	212,788	172,762	385,550	223,204	148,775	371,979
Loans and advances to banks	X(a)	1,383,019	13,264,397	14,647,416	1,823,178	11,366,411	13,189,589	893,141	11,097,335	11,990,476
Loans and advances to customers	(q)x	23,900,058	23,957,428	47,857,486	20,926,023	18,340,958	39,266,981	14,249,145	13,007,479	27,256,624
Investment securities	×	25,483,824	109,213,563	134,697,387	23,231,294	85,454,441	108,685,735	22,410,548	48,554,751	70,965,299
Other assets	₹	5,543,926	64,896	5,608,822	4,628,481	123,481	4,751,962	3,374,197	49,454	3,423,651
Property and equipment		158,196	446,246	604,442	49,732	109,429	159,161	55,428	63,778	119,206
Right of use assets		11,888	33,533	45,421	20,553	45,226	62,779	47,003	54,085	101,088
Intangible assets		69,499	196,046	265,545	113,354	249,424	362,778	168,524	193,912	362,436
Deferred tax assets		66,136	228,083	294,219	71,535	209,252	280,787	26,566	83,526	140,092
TOTAL ASSETS	ı <b>1</b> 1	64,064,709	197,681,487	261,746,196	67,332,278	164,255,437	231,587,715	74,748,150	134,251,530	208,999,680
EQUITY AND LIABILITIES										
LIABILITIES										
Due to banks	Ξ	•	898	898	•	•	1	•	1,644	1,644
Deposits from banks	XIII(a)	152,088	182,963	335,051	191,380	167,343	358,723	206,933	162,654	369,587
Deposits from customers	(q)IIIX	55,728,880	184,184,533	239,913,413	48,049,555	165,182,913	213,232,468	44,156,917	152,918,802	197,075,719
Borrowings from financial institution		•	167,183	167,183	1	150,918	150,918	•	140,547	140,547
Derivative financial instruments	<b>II</b> /	185,645	39,126	224,771	171,715	33,244	204,959	154,686	12,159	166,845
Current tax liabilities		252,449	270,272	522,721	325,874	496,099	821,973	124,911	57,789	182,700
Lease liabilities		11,668	32,914	44,582	20,205	44,458	64,663	46,673	53,705	100,378
Other liabilities	ΧIX	422,429	659,126	1,081,555	279,256	917,080	1,196,336	216,276	476,945	693,221
Employee benefits	ļ	48,837	137,762	186,599	34,663	76,273	110,936	36,844	42,396	79,240
TOTAL LIABILITIES	11	56,801,996	185,674,747	242,476,743	49,072,648	167,068,328	216,140,976	44,943,240	153,866,641	198,809,881
EQUITY ATTRIBUTABLE TO EQUITY										
HOLDERS OF THE PARENT										
Ordinary shares				3,641,049			3,641,049			3,641,049
Class A shares				1,385,768			1,385,768			1,385,768
Retained earnings				10,359,062			7,704,188			3,547,780
Other reserves				3,883,574			2,715,734			1,615,202
TOTAL EQUITY				19,269,453			15,446,739			10,189,799
TOTAL EQUITY AND LIABILITIES			1	261,746,196			231,587,715			208,999,680

_
UED
≒
ź
፰
Ż
0
ဎ
G
ž
F
쏫
2
핇
Œ
₹
Ė
ᆱ
₹
ច
ŭ
S
ij
=

. SEGMENTAL REPORTING (CONTINUED)		2024			2023			2022	
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
INTEREST INCOME	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income on financial instruments measured at amortised cost:									
- Due from banks (includes cash and balances with banks)	504,055	2,010,131	2,514,186	710,100	1,399,207	2,109,307	151,751	203,294	355,045
- Placements with the Central Bank	120,382	•	120,382	19,614	ı	19,614	•	•	ı
- Loans and advances to banks	81,774	841,672	923,446	100,125	572,492	672,617	12,934	190,431	203,365
- Loans and advances to customers	1,420,236	1,632,982	3,053,218	898,788	955,748	1,854,536	377,860	307,932	685,792
- Investment securities	766,732	4,024,454	4,791,186	617,115	2,019,737	2,636,852	533,356	232,167	765,523
Total interest income calculated using EIR	2,893,179	8,509,239	11,402,418	2,345,742	4,947,184	7,292,926	1,075,901	933,824	2,009,725
INTEREST EXPENSE									
Interest expense on financial instruments measured at amortised cost:									
- Due to banks	1,264	6,195	7,459	16,885	9,624	26,509	62,413	58,512	120,925
- Deposits from banks	6,948	14,943	21,891	13,044	10,023	23,067	3,404	1,337	4,741
- Deposits from customers	1,246,242	2,979,833	4,226,075	595,663	931,338	1,527,001	269,035	120,168	389,203
- Lease liabilities	099	1,940	2,600	1,340	2,827	4,167	1,466	1,272	2,738
Total interest expense calculated using EIR	1,255,114	3,002,911	4,258,025	626,932	953,812	1,580,744	336,318	181,289	517,607
NET INTEREST INCOME	1,638,065	5,506,328	7,144,393	1,718,810	3,993,372	5,712,182	739,583	752,535	1,492,118
NET FEE AND COMMISSION INCOME									
FEE AND COMMISSION INCOME									
Commission income	126,734	645,459	772,193	101,638	609,326	710,964	79,384	532,562	611,946
Fee income	25,792	61,677	87,469	27,804	54,585	82,389	10,412	37,452	47,864
Card income	145,558	54,379	199,937	119,633	51,984	171,617	62,484	52,051	114,535
Custody fees income	56,238	161,599	217,837	41,922	137,594	179,516	47,339	134,500	181,839
Others	79,811	55,564	135,375	48,965	47,564	96,529	54,478	38,987	93,465
Total fee and commission income	434,133	978,678	1,412,811	339,962	901,053	1,241,015	254,097	795,552	1,049,649
FEE AND COMMISSION EXPENSE									
Commission paid to other banks	28,801	168,892	197,693	19,813	158,767	178,580	15,416	141,940	157,356
Card expense	36,630	114,634	151,264	40,461	96,191	136,652	38,681	60,263	98,944
Custody fees expense	17,971	56,241	74,212	16,599	39,461	26,060	26,323	41,010	67,333
Retrocession fees	10,657	33,352	44,009	7,789	18,518	26,307	8,536	13,298	21,834
Others	2,502	6,859	9,361	346	443	789	392	1,254	1,646
Total fee and commission expense	96,561	379,978	476,539	82,008	313,380	398,388	89,348	257,765	347,113
NET FEE AND COMMISSION INCOME	337,572	598,700	936,272	254,954	587,673	842,627	164,749	537,787	702,536
All fees are recognised at a point in time.									

Comparatives have been amended to conform to current year's presentation.

# THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 AFRASIA BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS** 

**YEAR ENDED 30 JUNE 2024** 

SEGMENTAL REPORTING (CONTINUED) 41.

Segment A Segment B MUR'000 MUR'000 139,273 109,806 408,872 657,951 MUR'000 30,851 295,200 1,489,502 1,163,451 Total MUR'000 MUR'000 Segment A Segment B 789,064 950,062 160,998 374,387 134,202 539,440 30,851 1,108,913 1,829,986 687,567 33,506 MUR'000 Total 404,313 810,168 1,214,481 Segment B MUR'000 2024 33,506 298,745 615,505 283,254 Segment A MUR'000 Net gain on debt instruments measured at fair value through profit or loss Gain on other derivatives held for trading Gain on foreign exchange\* **NET TRADING INCOME** ≡

187,776 109,806 868,912 1,166,494

48,503

460,040 508,543

MUR'000

\*Comparatives have been amended to conform to current year's presentation. "Gain on foreign exchange derivatives" and "Gain on foreign exchange" have been regrouped under "Gain on foreign exchange"

### IV (a) OTHER GAINS/(LOSSES)

Fair value gain/(loss) on equity Investment measured at fair value through profit or loss

(1,191)

(1,191)

391

391

1,187

1,187

### IV (b) OTHER OPERATING INCOME

Transaction and other related fees Other operating income:

### **NET IMPAIRMENT (CREDIT)/LOSS ON FINANCIAL ASSETS** >

Financial guarantee contracts and loan commitments Debt instruments measured at amortised cost Loan and advances to customers Cash and balances with banks Loans and advances to banks Bad debts recovered Net impairment loss Other receivable Due from banks

.	1,187	1,187		391	391	•	(1,191)	_1
4,069		4,069	629	1	629	1	1	
4,069	•	4,069	629	1	629	1	1	
(101)	(18)	(119)	802	367	1.169		(10)	
(10,304)	(3,081)	(13,385)	12,716	(3,171)	9,545	(209)	2,347	
(262)	8,836	8,071	2,022	8,786	10,808	1,111	1,951	
(47,524)	53,590	990'9	(218,169)	2,431	(215,738)	93,830	41,971	
7,773	(1,730)	6,043	7,336	9,632	16,968	(25,046)	2,929	
(11,459)	16,340	4,881	25,798	6,553	32,351	(17,497)	(1,459)	_
3,401	15,643	19,044	1	•	•	ı	'	
(58,979)	89,580	30,601	(169,495)	24,598	(144,897)	51,889	47,729	
(76,478)	(3,438)	(79,916)	(1,841)	(206'96)	(98,748)	(32,733)	(1,067)	
(135,457)	86,142	(49,315)	(171,336)	(72,309)	(243,645)	19,156	46,662	

### 41. SEGMENTAL REPORTING (CONTINUED)

41.	SEGIMENTAL REPORTING (CONTINUED)									
>	CASH AND BALANCES WITH BANKS		2024			2023			2022	
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Cash in hand	53,905	•	53,905	46,007	•	46,007	25,911	•	25,911
	Unrestricted balances with the Central Bank	761,519	•	761,519	1,247,661	1	1,247,661	24,238,165	1	24,238,165
	Current accounts with other banks	15,158	18,017,711	18,032,869	14,086	15,450,708	15,464,794	14,204	22,657,388	22,671,592
		830,582	18,017,711	18,848,293	1,307,754	15,450,708	16,758,462	24,278,280	22,657,388	46,935,668
	Less: allowance for impairment losses	(200)	(396)	(1,066)	(802)	(383)	(1,185)	1	(16)	(16)
		829,882	18,017,345	18,847,227	1,306,952	15,450,325	16,757,277	24,278,280	22,657,372	46,935,652
7	DUE FROM BANKS									
	At amortised cost:									
	Short term placements with the Central Bank	800,197	•	800,197	2,000,192	1	2,000,192	1	Ī	1
	Short term placements with other banks	•	24,546,919	24,546,919	1	31,793,540	31,793,540	•	28,180,618	28,180,618
	Medium term collateralised placements	4,818,753	•	4,818,753	11,542,587	•	11,542,587	8,992,114	1	8,992,114
	Medium term placements with other banks	834,565	7,516,587	8,351,152	1,418,325	946,311	2,364,636	1	10,169,739	10,169,739
		6,453,515	32,063,506	38,517,021	14,961,104	32,739,851	47,700,955	8,992,114	38,350,357	47,342,471
	Less: allowance for impairment losses - Short term placements	(95)	(854)	(946)	(13)	(5,278)	(5,291)	•	(2,229)	(2,229)
	Less: allowance for impairment losses - Others	(2,320)	(2,188)	(4,508)	(12,703)	(845)	(13,548)	1	(2,065)	(2,065)
		6,451,103	32,060,464	38,511,567	14,948,388	32,733,728	47,682,116	8,992,114	38,341,063	47,333,177
₹	I DERIVATIVE FINANCIAL INSTRUMENTS									
	ASSETS									
	Derivative financial instruments									
	Foreign exchange option contracts	6,316	3,578	9,894	2,307	•	2,307	127	728	855
	Foreign exchange contracts	4,893	•	4,893	8,768	1	8,768	17,164	1	17,164
	Cross currency interest rate swap	155,969	•	155,969	183,625	1	183,625	195,873	1	195,873
	Interest rate swaps	•	11,426	11,426	18,088	•	18,088	10,040	1	10,040
	Options contracts (structured deposits)	•	184,482	184,482	1	172,762	172,762	•	145,749	145,749
	Accumulators/Decumulators	•	•	•	1	1	1	1	2,298	2,298
		167,178	199,486	366,664	212,788	172,762	385,550	223,204	148,775	371,979
	LIABILITIES									
	Derivative financial instruments									
	Foreign exchange option contracts	•	(9,346)	(9,346)	(14)	(2,473)	(2,487)	(20)	(1,075)	(1,125)
	Foreign exchange contracts	(3,634)	•	(3,634)	(6,187)	•	(6,187)	(7,633)	1	(7,633)
	Interest rate swaps	(11,426)	(15,883)	(27,309)	(18,088)	(5,435)	(23,523)	(10,040)	ı	(10,040)
	Options contracts (structured deposits)	(170,585)	(13,897)	(184,482)	(147,426)	(25,336)	(172,762)	(136,963)	(8,786)	(145,749)
	Accumulators/Decumulators								(2,298)	(2,298)
		(185,645)	(39,126)	(224,771)	(171,715)	(33,244)	(204,959)	(154,686)	(12,159)	(166,845)

for the year ended 30 June 2024

### 41. SEGMENTAL REPORTING (CONTINUED)

### IX INVESTMENT SECURITIES

Financial assets held for trading measured at fair value through profit or loss (a)
Debt instruments measured at amortised cost (b)
Equity investments designated at fair value through other comprehensive income (c)
Equity investment measured at fair value through profit or loss (d)

15,283 514 70,965,299

12,949 514 48,554,751

18,758,682 2,334 22,410,548

108,685,735

23,231,294

2,092 134,697,387

25,483,824

2,092

905

905

5,679,750 65,269,752

3,649,532

4,993,012

2,045,549

2,947,463

9,086,277

4,363,483

4,722,794

2,030,218 46,511,070

> 103,674,862 16,956

> 83,393,368 14,619

> 20,281,494 2,337

125,588,785

104,830,100

20,758,685 2,345

20,233

17,888

MUR'000

Segment B MUR'000

Segment A MUR'000

Total MUR'000

Segment B MUR'000

Segment A

MUR'000

Total MUR'000

Segment B MUR'000

Segment A MUR'000

# (a) FINANCIAL ASSETS HELD FOR TRADING MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Trading assets:

Government of Mauritius debt securities
Bank of Mauritius bonds and notes
Foreign securities: corporate bonds and notes
Foreign securities: sovereign bills, bonds and notes

### (b) DEBT INSTRUMENTS MEASURED AT AMORTISED COST

Government of Mauritius treasury bills and bonds
Bank of Mauritius bonds and notes
Local securities: corporate bonds and notes
Foreign securities: corporate bonds and notes
Foreign securities: sovereign bills, bonds and notes

Less: allowance for impairment losses

# (c) EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE

Equities securities:
At 1 July
Additions
Fair value movement
Exchange gain/(loss)
At 30 June

### (d) EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

At 1 July Fair value movement At 30 June

	3,724,871	•	3,724,871	1,338,846	•	1,338,846	611,184	•	611,184
	997,923	•	997,923	1,608,617	1	1,608,617	3,038,348	1	3,038,348
	•	3,211,245	3,211,245	1	2,045,549	2,045,549	1	2,030,218	2,030,218
	•	1,152,238	1,152,238	1	1	1	1	1	1
	4,722,794	4,363,483	9,086,277	2,947,463	2,045,549	4,993,012	3,649,532	2,030,218	5,679,750
	12,893,779	•	12,893,779	12,032,395	٠	12,032,395	11,073,356	•	11,073,356
	4,752,881	•	4,752,881	5,491,485	•	5,491,485	5,749,250	•	5,749,250
	3,141,557	•	3,141,557	2,779,373	•	2,779,373	1,950,499	•	1,950,499
	•	24,035,846	24,035,846	1	15,881,805	15,881,805	1	12,217,706	12,217,706
	•	80,806,820	80,806,820	1	67,525,859	67,525,859	1	34,298,028	34,298,028
	20,788,217	104,842,666	125,630,883	20,303,253	83,407,664	103,710,917	18,773,105	46,515,734	65,288,839
	(29,532)	(12,566)	(42,098)	(21,759)	(14,296)	(36,055)	(14,423)	(4,664)	(19,087)
	20,758,685	104,830,100	125,588,785	20,281,494	83,393,368	103,674,862	18,758,682	46,511,070	65,269,752
INCOME									
	2,337	14,619	16,956	2,334	12,949	15,283	2,125	11,679	13,804
	•	2,316	2,316	•	•	•	•	•	•
	00	623	631	3	914	917	209	2,172	2,381
	•	330	330	-	756	756	-	(905)	(905)
	2,345	17,888	20,233	2,337	14,619	16,956	2,334	12,949	15,283
	•	905	905	1	514	514	1	1,705	1,705
	•	1,187	1,187	1	391	391	•	(1,191)	(1,191)
	•	2,092	2,092	•	905	902	•	514	514

41. SEGMENTAL REPORTING (CONTINUED)									
		2024			2023			2022	
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
SAINA OT SANCES TO BANKS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
A(d) LOAINS AIND ADVAINCES TO BAINNS									
Remaining term to maturity									
Within 3 months	•	483,623	483,623	456,170	414,546	870,716	1	2,434,017	2,434,017
Over 3 to 6 months	•	1,784,317	1,784,317	•	692,981	692,981	1	672,276	672,276
Over 6 to 12 months	378,878	713,859	1,092,737	913,017	3,685,238	4,598,255	•	966,352	966,352
Over 1 to 5 years	1,006,509	10,331,652	11,338,161	457,124	6,613,864	7,070,988	894,252	7,056,122	7,950,374
Gross loans and advances to banks	1,385,387	13,313,451	14,698,838	1,826,311	11,406,629	13,232,940	894,252	11,128,767	12,023,019
Less: Allowance for impairment losses	(2,368)	(49,054)	(51,422)	(3,133)	(40,218)	(43,351)	(1,111)	(31,432)	(32,543)
Net loans and advances to banks	1,383,019	13,264,397	14,647,416	1,823,178	11,366,411	13,189,589	893,141	11,097,335	11,990,476
				2024			•	Total provision	
		Gross amount of loans	Non performing loans	Stage 1	Stage 2	Stage 3	2024	2023	2022
Loss allowance by sector		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial and business services		14,698,838	•	51,422	•	•	51,422	43,351	32,543
	1								
				2024				Total provision	
Analysed by Segments:		Gross amount of loans	Non performing loans	STAGE 1	STAGE 2	STAGE 3	2024	2023	2022
Segment A		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial and business services	<b>II</b>	1,385,387	1	2,368	•	•	2,368	3,133	1,111
Segment B									
Financial and business services	I	13,313,451	•	49,054		•	49,054	40,218	31,432

7	•
-	
=	
-	,
2	2
-	-
5	
~	_
c	3
ō	3
-	5
•	_
2	_
~	_
-	
7	_
-	
C	)
	L
ш	Ц
0	2
_	
=	2
.5	Ļ
2	2
ū	Ц
5	=
<	_
Ľ	7
(CENTAL PEDOPTINE (CONTINUED)	ú
ū	ń
7	:
2	2
-	3

41. SEGINIEINI AL NEPONI ING (CONTINOED)									
		2024			2023			2022	
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
X (b) LOANS AND ADVANCES TO CUSTOMERS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Remaining term to maturity									
Within 3 months	5,670,865	3,411,405	9,082,270	7,252,354	2,682,409	9,934,763	5,683,059	3,121,746	8,804,805
Over 3 to 6 months	1,574,694	3,424,716	4,999,410	1,182,198	1,215,882	2,398,080	232,166	2,807,112	3,039,278
Over 6 to 12 months	272,738	1,425,839	1,698,577	599,279	571,890	1,171,169	166,907	1,297,938	1,464,845
Over 1 to 5 years	6,108,777	14,688,185	20,796,962	4,844,072	12,525,696	17,369,768	3,165,615	6,854,613	10,020,228
Over 5 years	10,625,629	2,557,700	13,183,329	7,514,929	2,808,369	10,323,298	5,848,137	367,920	6,216,057
Gross loans and advances to customers	24,252,703	25,507,845	49,760,548	21,392,832	19,804,246	41,197,078	15,095,884	14,449,329	29,545,213
Less: Allowances for impairment losses	(352,645)	(1,550,417)	(1,903,062)	(466,809)	(1,463,288)	(1,930,097)	(846,739)	(1,441,850)	(2,288,589)
Net loans and advances to customers	23,900,058	23,957,428	47,857,486	20,926,023	18,340,958	39,266,981	14,249,145	13,007,479	27,256,624

### (b) Credit concentration of risk by industry sectors

Agriculture and fishing	122,391	573,747	696,138	198,397	987,416	1,185,813	155,473	977,115	1,132,588
Manufacturing	643,079	5,031,886	5,674,965	849,468	3,818,469	4,667,937	637,827	2,182,600	2,820,427
Tourism	3,234,438	540,859	3,775,297	3,196,725	560,439	3,757,164	3,418,574	548,416	3,966,990
Transport	42,222	704,698	746,920	146,122	790,327	936,449	32,159	466,561	498,720
Construction, infrastructure and real estate	4,285,294	1,861,594	6,146,888	2,345,798	1,389,002	3,734,800	1,149,663	1,517,816	2,667,479
Financial and business services	4,926,132	6,302,980	11,229,112	2,912,667	5,465,100	8,377,767	533,758	3,573,129	4,106,887
Traders	3,349,225	5,777,682	9,126,907	6,409,658	2,552,247	8,961,905	4,002,103	3,591,693	7,593,796
Personal	3,923,385	733,269	4,656,654	3,089,069	663,467	3,752,536	2,664,471	632,125	3,296,596
Professional	566,220	690,304	1,256,524	481,611	908,839	1,390,450	1	72,587	72,587
Information, communication and technology	936,149	709,326	1,645,475	748,237	647,739	1,395,976	627,668	877,817	1,505,485
Government and parastatal bodies	•	2,577,842	2,577,842	•	2,020,943	2,020,943	185,349	1	185,349
Other entities	2,224,168	3,658	2,227,826	1,015,080	258	1,015,338	1,688,839	9,470	1,698,309
	207 535 162	3E EO7 9AE	913 03C 91	11 207 627	315 100 01	970 701 11	1E OOE 994	00000111	20 5 4 5 7 1 3

41. SEGMENTAL REPORTING (CONTINUED)

X (b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Credit concentration of risk by industry sectors (continued)

Loss allowance by sector			2024			Total	<b>Total provision</b>	
	Gross amount of Ioans	Non performing Ioans	Stage 1	Stage 2	Stage 3	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	696,138	573,747	280	1	573,747	574,027	559,992	466,205
Manufacturing	5,674,965	•	24,798	49,101	•	73,899	37,414	178,849
Tourism	3,775,297	•	8,725	26,960	•	65,685	62,818	346,879
Transport	746,920	237,797	2,960	45	215,009	218,011	219,878	3,454
Construction, infrastructure and real estate	6,146,888	52,749	25,129	22,537	1,989	49,655	55,958	271,618
Financial and business services	11,229,112	552,818	56,117	5,740	525,492	587,349	586,844	695,845
Traders	9,126,907	1,415	48,893	738	1,415	51,046	43,610	24,921
Personal	4,656,654	52,146	13,314	6,637	16,610	36,561	164,945	116,819
Professional	1,256,524	44,220	4,487	10,160	25,702	40,349	20,138	21
Information, communication and technology	1,645,475	167,310	5,202	272	167,310	172,784	157,265	158,984
Government and parastatal bodies	2,577,842	•	20,177	•	•	20,177	17,247	641
Other entities	2,227,826	436	13,060	23	436	13,519	3,988	24,353
	49,760,548	1,682,638	223,142	152,210	1,527,710	1,903,062	1,930,097	2,288,589

### 41. SEGMENTAL REPORTING (CONTINUED)

### X (b) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Credit concentration of risk by industry sectors (continued)

Loss allowance by sector (continued)			2024			Tota	Total provision	
Analysed by Segments:	Gross amount of loans	Non performing loans	Stage 1	Stage 2	Stage 3	2024	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Segment A								
Agriculture and fishing	122,391	1	280	1	•	280	2,249	209
Manufacturing	643,079	•	1,945	40	•	1,985	2,333	158,595
Tourism	3,234,438	•	8,725	32,110	•	40,835	50,528	310,250
Transport	42,222	•	445	42	•	487	2,272	529
Construction, infrastructure and real estate	4,285,294	52,749	17,696	22,537	1,989	42,222	50,809	55,317
Financial and business services	4,926,132	1,584	12,669	2,200	363	15,232	7,004	10,023
Traders	3,349,225	1,415	3,783	142	1,415	5,340	18,794	15,391
Personal	3,923,385	49,790	10,636	4,580	15,060	30,276	153,606	113,183
Professional	566,220	34,474	4,184	10,105	15,956	30,245	18,658	1
Information, communication and technology	936,149	167,310	5,075	272	167,310	172,657	156,569	158,074
Government and parastatal bodies	•	•	•	•	•	•	ı	417
Others entities	2,224,168	4	13,060	22	4	13,086	3,987	24,353
	24,252,703	307,326	78,498	72,050	202,097	352,645	466,809	846,739
Segment B								
Agriculture and fishing	573,747	573,747	1	1	573,747	573,747	557,743	465,598
Manufacturing	5,031,886	•	22,853	49,061	•	71,914	35,081	20,254
Tourism	540,859	•	•	24,850	•	24,850	12,290	36,629
Transport	704,698	237,797	2,515	•	215,009	217,524	217,606	2,925
Construction, infrastructure and real estate	1,861,594	•	7,433	•	•	7,433	5,149	216,301
Financial and business services	6,302,980	551,234	43,448	3,540	525,129	572,117	579,840	685,822
Traders	5,777,682	•	45,110	296	•	45,706	24,816	9,530
Personal	733,269	2,356	2,678	2,057	1,550	6,285	11,339	3,636
Professional	690,304	9,746	303	55	9,746	10,104	1,480	21
Information, communication and technology	709,326	•	127	•	•	127	969	910
Government and parastatal bodies	2,577,842	•	20,177	•	•	20,177	17,247	224
Others entities	3,658	432	•	1	432	433	1	•
	25,507,845	1,375,312	144,644	80,160	1,325,613	1,550,417	1,463,288	1,441,850

41.	SEGMENTAL REPORTING (CONTINUED)		2024			2023			2022	
×	OTHER ASSETS	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
		MUR'000		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Mandatory balances with the Central Bank	5,288,053	•	5,288,053	4,441,107	•	4,441,107	3,189,239	1	3,189,239
	Indirect and other taxes receivable	202,800	•	202,800	136,686	1	136,686	115,505	•	115,505
	Prepaid expenses	25,326	63,800	89,126	31,972	62,381	94,353	43,649	45,752	89,401
	Other receivables	27,747	1,096	28,843	18,716	61,100	79,816	25,804	3,702	29,506
		5,543,926	64,896	5,608,822	4,628,481	123,481	4,751,962	3,374,197	49,454	3,423,651
×	DUE TO BANKS									
	At amortised cost: Bank overdraft		898	898	1				1,644	1,644
			898	898	1	ı	ı	ı	1,644	1,644
)IIIX	XIII(a) DEPOSITS FROM BANKS									
	At amortised cost:		16 190	16.202	Ç	16.256	16.260	,	080	16 101
	- Savings accounts	152,076	166,773	318,849	191,368	151,087	342,455	206,921	146,565	353,486
		152,088	182,963	335,051	191,380	167,343	358,723	206,933	162,654	369,587
1) IIX	XIII(b) DEPOSITS FROM CUSTOMERS									
	At amortised cost:									
	Personal									
	- Current accounts	5,514,720	18,239,875	23,754,595	4,581,456	18,309,605	22,891,061	6,179,815	19,886,308	26,066,123
	- Savings accounts	6,569,157	975,652	7,544,809	4,035,562	906,635	4,942,197	3,895,800	832,840	4,728,640
	- Term deposits	10,656,522	14,318,003	24,974,525	7,831,132	7,703,964	15,535,096	5,219,966	3,310,084	8,530,050
	Business	!				!			!	
	- Current accounts	17,153,569	89,448,432	106,602,001	20,066,455	95,742,180	115,808,635	20,581,878	111,443,640	132,025,518
	- Savings accounts	970,737	12,751	983,488	536,316	10,810	547,126	698,913	8,483	707,396
	- Term deposits	11,414,073	60,077,005	71,491,078	7,317,517	41,554,718	48,872,235	2,841,610	17,252,578	20,094,188
	Government institutions	!			1			1	1	
	- Current accounts	793,777	46,653	840,430	592,733	644	593,377	1,351,277	15,592	1,366,869
	- Savings accounts	19,127	•	19,127	18,349	1	18,349	17,873	•	17,873
	- Term deposits	2,637,198	1,066,162	3,703,360	3,070,035	954,357	4,024,392	3,369,785	169,277	3,539,062
		55,728,880	184,184,533	239,913,413	48,049,555	165,182,913	213,232,468	44,156,917	152,918,802	197,075,719
×IX	OTHER LIABILITIES									
	Dividend payable	417	175	592	225	119	344	225	119	344
	Accruals for expenses	97,733	31,584	129,317	57,658	41,645	66,303	42,799	53,193	95,992
	Settlement clearing accounts	155,555	232,490	388,045	269'29	359,244	426,941	54,349	46,196	100,545
	Personnel expenses related accruals	108,849	283,334	392,183	114,584	234,060	348,644	101,807	107,567	209,374
	Provisions	45,239	111,464	156,703	35,797	281,953	317,750	12,468	268,128	280,596
	Other payables	14,636	79	14,715	3,295	59	3,354	4,628	1,742	6,370
		422,429	659,126	1,081,555	279,256	917,080	1,196,336	216,276	476,945	693,221

693,221

# NOTES



### AfrAsia Bank Limited

Bowen Square, 10 Dr Ferrière Street, Port Louis, Mauritius Tel: (230) 208 5500 Fax: (230) 213 8850 Email: afrasia@afrasiabank.com

www.afrasiahank.com