

**DEVELOPMENT BANK OF MAURITIUS LTD.**  
**YEAR ENDED 30 JUNE 2024**  
**ANNUAL REPORT**

**DEVELOPMENT BANK OF MAURITIUS LTD.**

Notes to the consolidated financial statements

For the year ended 30 June 2024

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**CORPORATE INFORMATION****DIRECTORS:**

	<b>Appointed on</b>	<b>Resigned on</b>
Mr Ishwarlall Bonomaully	15/May/2012	-
Mr Gurushunkur Akash Goojha	11/Mar/2015	26/Nov/2024
Mr Jean Daniel Henry	11/Mar/2015	26/Nov/2024
Mr Premchand Tanakoor	11/Mar/2015	9/Dec/2024
Mr Neil Radhakrishna Chedumbarum Pillay	29/May/2018	21/Nov/2024
Mr Muhammad Azeem Salehmohamed	16/Mar/2020	15/Nov/2024
Mr Rama Krishna Veeramundar	16/Mar/2020	11/Nov/2024
Mr Somduth Dulthumun	16/Mar/2020	9/Dec/2024
Mr Jaywant Pandoo (Chief Executive Officer)	20/Apr/2020	9/Dec/2024
Dr Jairajsing Luchoo (Chairman)	1/Jul/2020	9/Dec/2024
Mrs Chandanee Jhowry	2/Apr/2023	-
Mrs Bibi Fatwma Abdool Raman-Ahmed	9/Dec/2024	-
Mrs Hilda Chelmiah	9/Dec/2024	-
Mr Vikraj Ramkelawon	9/Dec/2024	-

**CHIEF EXECUTIVE OFFICER**

	<b>Appointed on</b>	<b>Resigned on</b>
Mr Jaywant Pandoo	20/Apr/2020	5/Dec/2024

**COMPANY SECRETARY**

Mr Dewraz Hosanee	La Chaussée Street P.O Box 157 Port Louis Republic of Mauritius
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**REGISTERED OFFICE:**

La Chaussée Street  
P.O Box 157  
Port Louis  
Republic of Mauritius

**DEVELOPMENT BANK OF MAURITIUS LTD.**

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**LEGAL ADVISERS:** Me Rajeshwar Bucktowonsing  
Me Anas Moussa Ismael Rawat

**AUDITORS:** MOORE (Mauritius) LLP  
6th Floor, Newton Tower  
Sir William Newton Street  
Port Louis  
Republic of Mauritius

**BANKERS:** Bank of Mauritius Ltd  
Bank of Baroda Ltd  
Bank One Limited  
Absa Bank (Mauritius) Limited  
Habib Bank Limited  
Hong Kong and Shanghai Banking Corporation Limited  
MauBank Ltd  
SBI (Mauritius) Ltd  
SBM Bank (Mauritius) Ltd  
Mauritius Commercial Bank Limited

**Annual Report**

The Board of Directors, the “Board”, of the Development Bank of Mauritius Ltd., the “Bank” or “DBM” or the “Company”, is pleased to submit the Annual Report including the Corporate Governance Report, together with the audited consolidated financial statements of the Bank and its subsidiaries for the financial year ended 30 June 2024.

The Bank and its subsidiaries are together referred to as the “Group”.

**Principal Activity**

The Bank has been at the forefront of the socio-economic development by providing:

- 1) finance to Micro, Small and Medium Enterprises (“MSMEs”) through tailor-made products since its creation in 1963; and
- 2) industrial space to entrepreneurs at concessionary rates for setting up their enterprises.

**Results and Dividends**

The results for the year are as shown on pages 10 to 11.

No dividend was paid or declared during the last ten years.

**Directors’ Remuneration and Interest**

The directors’ remuneration and interest are detailed in the Corporate Governance Report.

**Directors’ Service Contracts**

The Bank did not have any service contract with its directors, except for an employment contract with the Chief Executive Officer.

**Directors’ Responsibilities in respect of the Consolidated Financial Statements**

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

- select suitable accounting policies and then apply them consistently;
  - make judgements and estimates that are reasonable and prudent;
  - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
  - prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.
- design, implement and maintain internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Annual Report (Contd)**

**Directors' Responsibilities in respect of the Consolidated Financial Statements (Contd)**

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Bank and to enable them to ensure that the consolidated financial statements comply with the Mauritius Companies Act 2001, International Financial Reporting Standards ("IFRS") and the Financial Reporting Act 2004.

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

**Auditors**

MOORE (Mauritius) LLP acted as the External Auditor of the Bank and remuneration for audit and other services have been disclosed in the Corporate Governance Report.



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**Mr Ishwarlall Bonomaully**  
Chairman

Date: 03 MAR 2025

## **Directors' Report**

The Board of Directors of the Development Bank of Mauritius Ltd, the “Bank” or “DBM” or the “Company”, is pleased to submit the Annual Report including the Corporate Governance Report, together with the audited consolidated financial statements of the Bank and its subsidiaries for the financial year ended 30 June 2024. The Bank and its subsidiaries and associates are together referred to as the “Group”.

**Corporate Mission:** Since its creation in 1964, the Bank has been at the forefront of the socio-economic development of the Republic of Mauritius by engaging in the:

1. provision of project finance to enterprises and entrepreneurs through tailor-made loan schemes;
2. provision of industrial space i.e. lands and/or buildings on long-term lease, to enterprises and entrepreneurs to develop or house their businesses, at subsidized rates;
3. development and implementation of sustainable government-funded projects such as solar water heater and water tank grant schemes and provision of subsidized loans for the implementation of green projects and thereafter; engaging in the
4. provision of leasing, debt collection facilities and acting as insurance agent through its subsidiary, DBM Financial Services Ltd
5. production of solar energy from PV Systems installed on the rooftops of DBM and Government buildings, thereby contributing to the Government objective to produce 60% of the country's energy consumption from renewable sources by 2030.

## **Overview of Economic Fundamentals and Challenges**

The recent general elections in November 2024 ushered in a new government, which commissioned a detailed report on the state of the economy. This comprehensive assessment highlighted significant weaknesses in the nation's economic fundamentals, underscoring a slower-than-expected recovery trajectory and a series of mounting challenges.

## **Directors' Report**

### Economic Fundamentals

The report identified critical issues across key macroeconomic indicators:

- **Economic Growth:** Revised real GDP growth forecasts for 2023 and 2024 stand at 5.6% and 5.1%, significantly lower than previous estimates of 7% and 6.5%. This decline underscores the urgent need for strategies to reinvigorate economic dynamism.
- **Investment and Trade:** Investment remained heavily concentrated in real estate, hindering diversification efforts towards productive activities. Simultaneously, declining goods exports have widened the trade deficit, exposing vulnerabilities in the external trade environment.
- **Monetary Policy and Reserves:** Misaligned policies have fueled rupee depreciation and inflation. The Mauritius Investment Corporation Ltd (MIC) was established during the COVID-19 crisis to support companies in need and help them navigate the pandemic. However, the MIC relied solely on money printing, which exacerbated inflation and, in turn, increased the credit risk of its sole shareholder, the Bank of Mauritius. A re-evaluation of the monetary framework is therefore now deemed as imperative.
- **Inflation:** Although inflation moderated from 10.8% in 2022 to 3.7% by November 2024, high prices for essential goods continue to erode household purchasing power. The initial failure to effectively contain surging inflationary pressures led to significant salary compensation awards and the introduction of various financing schemes. While these measures aimed to provide relief, they strained public finances and triggered a price spiral, disproportionately affecting vulnerable groups and middle-income households.
- **Labour Market:** Unemployment remains at 6.3%, with significant underemployment and skills mismatches. High female and youth unemployment further highlight the need for inclusive labour market reforms.

## **Directors' Report**

- **Productivity:** Capital and multifactor productivity remain below pre-pandemic levels, hampering economic efficiency and growth prospects.
- **Budget Deficit:** The fiscal deficit reached 5.7% of GDP for FY 2023-2024 and is projected to rise to 6.7% in FY 2024-2025. Disciplined fiscal management is critical to address this imbalance.
- **Public Debt:** Gross public debt rose to Rs559.1 billion (83.4% of GDP) by mid-2024, raising serious concerns about fiscal sustainability.
- **Contingent Liabilities:** Financial instability in public entities and special-purpose vehicles presents additional risks, demanding greater oversight and transparency.

### **Constraints and Challenges**

The report also identified key structural and external barriers:

- **Structural Constraints:** Labour market inefficiencies, heavy reliance on imported energy, low port productivity, insufficient water supply, and underdeveloped digital infrastructure hinder economic progress.
- **Climate Change:** Rising sea levels, cyclones, and erratic rainfall threaten agriculture, biodiversity, and infrastructure. Mauritius must accelerate its commitments to reducing greenhouse gas emissions and increasing renewable energy adoption.
- **Sectoral Challenges:** High production costs, labour shortages, and slow technological adoption continue to impede critical sectors such as agriculture, the ocean economy, manufacturing, tourism, financial services, ICT, and renewable energy.
- **Social Issues:** An ageing population, outdated education systems, and inadequacies in healthcare infrastructure demand urgent reforms to secure the nation's socio-economic future.

## **Directors' Report**

### Conclusion

Mauritius stands at a critical juncture, facing internal inefficiencies and external vulnerabilities that require immediate attention. To navigate these challenges, comprehensive policy interventions are vital to revitalize growth, promote economic diversification, and restore institutional credibility. Structural reforms, environmental sustainability, and social equity must be prioritized to build a resilient and progressive economy that honors the nation's achievements and ensures future prosperity.

### **Loan Operations of the Bank**

The Development Bank of Mauritius (DBM) continued to support local entrepreneurs through various initiatives aimed at SMEs, agriculture, fishers, breeders, green energy, and small contractors.

Both the SME interest-free loan scheme and the Covid-19 Special Support Scheme was extended for a third time up to end June 2024. The long-outstanding loans of over 20 years and those of deceased micro-entrepreneurs, planters and fishermen were written off.

In terms of agriculture support, the DBM introduced a new agricultural loan scheme at a 3.5% interest rate with a maximum loan of Rs10 million. In the sugar sector the Bank helped Planters by providing loans under the Cane Replantation Revolving Loan Scheme which had allowed the replantation of 7000 arpents of land over the last two years.

The Development Bank Mauritius implemented several schemes to promote green energy and help the country to meet the target of 60% of renewable sources by 2030. In addition to the PV loans for households, the Bank also introduced a PV Loan Scheme for SMEs where a maximum amount of Rs1M has been earmarked per project.

As regards the subsidiary DBM Energy Ltd, the three projects are nearing completion and the Bank has been mandated to install PV panels on the rooftops of Government

## **Directors' Report**

Educational Institutions to produce some 6MW of electricity. This project is partially being financed through a grant from the Green Climate Fund/UNDP.

From July 2023 to June 2024, the Bank sanctioned approximately Rs789 Million under its current loan schemes and disbursed around Rs938 Million. Unlike previous years, where Covid Loan Schemes dominated, the focus shifted toward agricultural activities. Loans for agriculture took the largest share, with sanctions totalling Rs360 Million and disbursements reaching approximately Rs544 Million. This strong performance was largely driven by the Belal Rehabilitation Loan Scheme, implemented in the aftermath of Cyclone Belal in January 2024.

Additionally, the Cane Revolving Loan Scheme and the revamped New Agricultural Loan Scheme contributed to this success. MSME Loan Schemes followed closely, with sanctions amounting to Rs262 million. Other loan categories, including Covid Loans, Women Entrepreneurs Loans, and loans for household and domestic purposes, accounted for the remaining sanctioned amounts.

In summary, DBM's success can be attributed to its favourable interest rates and its relatively easy terms which have been reflected across all loan schemes. It was thus able to effectively help sectors that were either badly affected or in need of genuine assistance.

**DEVELOPMENT BANK OF MAURITIUS LTD.**

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**Directors' Report**Financial Year 30 June 2024

Schemes	Application Approved		Disbursement
	No of cases	Amount (Rs)	Amount (Rs)
<b>Loan Schemes for Agricultural Activities</b>			
Belal Rehabilitation Loan Scheme	752	180,108,900	170,884,060
New Agricultural Loan (Budget 2023/2024)	119	83,917,000	45,097,812
Revolving Loan Scheme for the Replantation of sugar cane	10	83,300,480	298,033,000
New Agricultural Loan	3	10,500,000	28,737,000
Bee Keeping	15	1,450,000	1,350,000
Construction of water tank and purchase of irrigation system	4	325,000	260,000
Sugar Cane Replantation Loan Scheme under the Agricultural Land Management System (ALMS)	1	132,000	132,000
SAINT ANTOINE COOPERATIVE TRUST FUND	1	35,000	35,000
<b>Total 1</b>	<b>905</b>	<b>359,768,380</b>	<b>544,528,872</b>
<b>MSME Loan Schemes</b>			
Business Loan (new)	75	89,922,000	85,104,553
Special Loan Scheme for Retailers	115	83,979,000	73,034,000
MSME Financing	59	75,878,000	53,910,000
Tourism Business Continuity Scheme	1	6,000,000	10,450,000
Micro Credit Scheme ( New )	18	4,440,000	2,155,000
Acquisition of PV Systems for SMEs	3	1,770,000	520,000
<b>Total 2</b>	<b>271</b>	<b>261,989,000</b>	<b>225,173,553</b>
<b>Loan Schemes for Women Entrepreneurs</b>			
Women Entrepreneur	86	25,373,800	21,259,000
New Backyard Gardening (Rs 100,000)	5	453,000	253,000
<b>Total 3</b>	<b>91</b>	<b>25,826,800</b>	<b>21,512,000</b>
<b>COVID LAON SCHEMES</b>			
SME INT FREE (GIFS)	638	63,800,000	66,810,000
COVID SPECIAL SCHEME (GSCV)	111	60,534,000	63,815,000
<b>Total 4</b>	<b>749</b>	<b>124,334,000</b>	<b>130,625,000</b>
<b>Loan Schemes for Households, Particulars and Educational Institutions</b>			
Acquisition of PV Systems for Domestic Cosumers	56	12,894,000	13,140,000
Upgrade of Infrastructure Private Aided College	1	2,000,000	2,000,000
Computer	30	1,424,800	984,900

## DEVELOPMENT BANK OF MAURITIUS LTD.

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### Directors' Report

Rainwater Harvesting System	8	399,900	349,900
Multi-Purpose Loan	1	200,000	200,000
Total 5	96	16,918,700	16,674,800
GRAND TOTAL	2,112	788,836,880	938,514,225

### Industrial Estates Activities

The Group continues to focus on consolidation of the industrial estates activities through upgrading and renovation of existing industrial buildings, greenfield projects and construction of new SME parks which is in line with the Government vision to support the development of SMEs. Furthermore, the Bank is using the rooftops of its buildings to produce electricity from photovoltaic systems (PV) as this will assist the Government in achieving its sustainable goals.

The SME Park at Vuillemin, comprising of 10 building blocks housing in total 40 SME Units, has been completed and is fully operational. As at end of June 2024, some 90% of the 40 available Units have been leased to SMEs.

The Bank has enlisted the services of consultancy firm Mega Design Ltd for project management consultancy for construction of an industrial park for SMEs at Solferino. As at end of June 2024, geotechnical investigation works have been completed and the project is at the preliminary design stage.

The Group is pursuing its plan to renovate, refurbish and embellish its industrial estates which will enable it to increase its rental income in the coming years. The upgrading programme received a government grant of Rs200 Million from the Covid 19 Projects Development Fund. This funding aimed to renovate, enhance fire safety and upgrade the infrastructures at the DBM Industrial Estates especially the buildings of over some 40 – 50 years. The focus areas included Plaine Lauzun, Coromandel, Valentina-Phoenix and Triolet Industrial Estates as well as DBM's main office in Port Louis.

## **Directors' Report**

The Group has completed the installation of the fire safety equipment at Coromandel, Plaine Lauzun, Valentina-Phoenix, Bassin-Quatre Bornes and Solferino industrial buildings. The application for fire certificates with the Mauritius Fire Rescue Service for these buildings is under process.

The installation of the fire safety equipment at Bonair – Triolet industrial buildings is nearing completion.

The Group embarked in the process of restructuring and has consolidated the technical team and site maintenance team of the Industrial Estate department through recruitment of additional Technical Officers, Site Supervisors and Handy Workers. Provision of in-house security services at few industrial sites has also been made during the same period.

The Group, with the implementation of the New IT infrastructure, is concentrating on recovery of unpaid rentals and cleaning of the long outstanding dues.

The Group will also pursue its strategy to sell its seized properties so as to unlock financial resources to be invested in the upgrading of its industrial buildings, with a view to increase the rental income.

Rental income from the industrial estates activities continues to be a major source of income for the Group. Rental income for the year was Rs187 M for 2024 compared to Rs185.5M in the financial year 2023. Rental collections for financial year 2024 stood at Rs 159 M.

## **Loan Recovery**

Recovery of dues is the lifeblood of the company.

For the financial year collections stood at Rs768M compared to Rs740M in 2023. Despite the slight increase in loan collection, recovery of past dues is still a major cause of concern for the Bank.

## **Directors' Report**

As announced in Budget 2024-2025, the Bank will maintain the New Amnesty Scheme announced in the previous Budget 2023-2024, under which small planters, breeders, fishermen and micro enterprises will be eligible for full write-off of their loans which are outstanding for more than 20 years.

Management is in the process of restructuring the Collections Department and hence will review the current loan collection strategies with a view to increase loan collections.

## **DBM Pension Fund**

The DBM Group Pension Fund remains a major cause of concern given the substantial and growing deficit in the Defined Benefits Pension Fund which is due to the fact that outflows are higher than the inflows mainly on account of the increased number of beneficiaries amidst the VRS Scheme implemented in 2013 and the constant decline in the return of the investments. The Fund is and will not be sustainable in the future despite the additional annual contribution of Rs25M. The Directors understand their fiduciary duty to make the fund sustainable. In this respect, discussions have been engaged with SICOM on ways and means to address the issue. The contribution towards the Scheme is 6% for the Employee and 12% for the Employer. To this end, the Bank had since 01 March 2024, increased its contribution from 12% to 14% towards the Scheme.

## **Human Resource**

DBM had been facing a major challenge with its Human Resource Capital amongst others Succession Planning, retirement of staff, recruitment and retention of talented people to deliver in the new economic environment post Covid 19 Pandemic.

## **Directors' Report**

To ensure that the Bank is equipped with appropriate manpower in terms of quality and to enable a proper execution and implementation of its Corporate Plan & Goals, Board approved the appointment of a Salary Commissioner.

The DBM's Management and DBM Staff Association, after negotiations reached an Agreement in August 2023 on the "Review of Pay & Grading Structures and Conditions of Employment". This augurs well for the prevailing of good industrial relations and a workable harmony at the Bank in the foreseeable future.

To this end a major restructure exercise has been implemented since 2023 and the operations of the Bank have been streamlined and clustered under four Departments thus ensuring operational efficiency and effectiveness.

Three Units namely Risk Unit, Compliance and Data Protection Unit & Internal audit Unit which are considered to be the 3 lines of defense of an Organization have been created and are fully operational.

The operation of our Industrial Estates has been strengthened with the recruitment of additional personnel in the grades of Engineer, Technical/ Senior Technical Officers, Site Supervisors, Handy Workers, and Security Guards.

With the merging/restyling of different grades, operational Staff devolves around 3 level cadres namely Bank Executive, Bank Officers & Bank Support Assistants.

Employee performance is critical to any Organization's success to meet existing and future challenges. The performance of each staff has to be assessed and measures. To this end, the Board has appointed a Consultant to implement a Performance Management System within the DBM group. The Administration & HR Unit is working closely with other Business Units of the Bank and the Consultant to align individual & organizational goals.

It is also to be stressed that the safety and health of Employees, Customers and other Stakeholders is a top priority for DBM. In this vein, the Bank has recruited a full time Safety & Health Officer.

## **Directors' Report**

### **Sustainable Development**

Since the takeover of the Water Tank Grant Scheme in February 2022 which provided for a sum of Rs5,000 for water tank and Rs3,000 for a water pump , the Bank has processed 30,082 applications resulting in a disbursement of Rs227.7 M .

Following the enactment of the new Budget 2023/2024 the grant has been revised to Rs15,000 as follows: Rs10,000 for a water tank; Rs5,000 for a water pump and Rs1,000 for fittings and the household income threshold to be eligible for the grant has been increased from Rs50,000 to Rs60,000.

### **The Mentoring & Hand Holding Unit**

In the fiscal year spanning July 2023 to June 2024, the mentoring program experienced additional growth, with 29 new mentees joining and successful completion of mentoring programs for 24 individuals. This brings the total number of ongoing mentoring programs to 121.

Mentees hail from diverse sectors across the entire island, participating in mentoring programs while holding loans under various schemes offered by the Development Bank of Mauritius (DBM).

As for previous years, every month, one of our mentees is featured in the prestigious international online magazine, Newstyle. This exposure has provided DBM with highly positive feedback and media coverage, further enhancing our reputation and impact for the forthcoming year.

**Directors' Report****MENTORING PROGRAMME SEPTEMBER 2019 TO JUNE 2024**

<b>PERIOD</b>	<b>APPLICATIONS</b>	<b>COMPLETED</b>	<b>CONTINUING</b>
SEP 2019 – JUN 2020	136	-	136
JUL 2020 – JUN 2021	9	-	145
JUL 2021 – JUN 2022	20	60	105
JUL 2022 – JUN 2023	59	48	116
<b>JUL 2023 – JUN 2024</b>	<b>29</b>	<b>24</b>	<b>121</b>
	<b>253</b>	<b>132</b>	

The Bank is gearing up to host an enriching networking workshop focusing on the basics of Financial Management tailored specifically for the mentees who have successfully completed the DBM's Mentoring Program. This initiative aims to equip participants with essential knowledge and skills through engaging sessions and interactive discussions it is expected that the, attendees will delve into key aspects of basic financial management, DBM's Mentor shall eventually lead the workshop, offering insights and practical tips to empower Mentees in making informed financial decisions.

This workshop is expected not only to serve as a platform for knowledge enhancement but also would signify the Bank's ongoing commitment to nurturing talent and fostering development within the community of small entrepreneurs.

**Consolidation of the activities of Subsidiaries****DBM Financial Services Ltd**

DBM Financial Services Ltd (DBMFS) is a wholly owned subsidiary of DBM Ltd (incorporated on 29 July 2002) whose initial main activity was to recover debts of the EX-MCCB Ltd (in liquidation).

DBMFS is also duly licensed by the Financial Services Commission to act as insurance agent for four major insurance companies namely SICOM, SWAN, MUA and NIC.

**Directors' Report**

DBMFS is also acting as debt collector for the Mauritius Business & Growth Scheme (MBGS) portfolio which has been assigned by the Ministry of Finance, Economic Planning & Development in November 2018.

For the financial year ending 30 June 2024, the total income generated from the insurance activities amounted to Rs2.17M and income from debt collection (Ex-MCCB & MBGS) amounted to Rs5.55M.

**DBM Leasing**

DBM Leasing is the trade name under which the DBMFS market its leasing products. DBM Leasing is regulated by the Financial Services Commission (FSC) under Licence Number LC19000007 to conduct leasing activities as from 10 June 2019.

The implementation of a new leasing unit in the DBM group is a direct government Budgetary Measure (Budget 2018-2019) to enable the DBMFS to provide leasing facilities to Micro, Small & Medium Enterprises (MSMEs) and finance equipment & vehicles under a financial lease to support the businesses. A lessee utilizes the financed asset against payment of a monthly rental and, upon expiry of the lease there is an option of becoming the asset's owner against payment of a residual sum (usually of a nominal amount). DBM Leasing at present offers competitive rates on the market.

DBM Leasing also initiated the Green Lease Financing Scheme as part of its commitment to align with the Government's efforts to achieve a cleaner environment and reduce carbon emissions. This scheme aims to embrace DBM's measures enabling any entrepreneur to benefit financial support at a rate starting from 5% p.a to finance acquisition of a hybrid or electric vehicle.

**Directors' Report****DBM Leasing portfolio review**

- From August 2019 to 30 June 2024, DBM Leasing sanctioned and disbursed a total of MUR676.2Million for leasing activities, benefitting 1,079 lessees as follows:

<b>Year ending</b>	<b>New Lease (Rs)</b>	<b>Cumulative Disbursement (Y/E) (Rs)</b>	<b>No. of New Clients</b>	<b>Cumulative No. of Clients (Y/E)</b>
30 Jun-20	37,319,071	37,319,071	67	67
30 Jun-21	55,983,879	93,302,950	100	167
30 Jun-22	78,957,877	172,260,827	142	309
30 Jun-23	128,511,531	300,772,358	222	531
30 Jun-24	375,432,055	676,204,413	548	1,079
<b>Total</b>	<b>676,204,413</b>		<b>1,079</b>	

- As of 30 June 2024, the outstanding balance on leased assets amounted to MUR522,262,540.00. Aggregate Collections of MUR153,941,873.00 since the operation of the Leasing Unit have been reinvested into the leasing activity to reduce the funding requirements from DBM.
- For the financial year ending 30 June 2024, the expected interest income is MUR29.9 Million, compared to MUR12.4 Million for the same period last year, representing a 141% increase.

**DBM Energy Ltd**

DBM Energy Ltd was incorporated in 2019 to undertake the production of electricity from PV panels installed on DBM Industrial buildings and Government buildings. The services of a consultant have been enlisted to assist DBM Energy Ltd to implement the projects.

During the course of the present year, following tenders launched, the DBM Energy Ltd awarded three contracts to implement the projects of supply, installation, testing and commissioning of a photovoltaic power plant on the rooftops of buildings at:

## **Directors' Report**

(i) DBM Triolet Industrial Estate for a 0.95 MWp plant; (ii) Jawaharlal Nehru Hospital at Rose Belle for a 0.68 MWp plant; and (iii) DBM Coromandel Industrial Estate for a 2.9 MWp plant. Works at the three sites are ongoing.

Discussions have also been held with the concerned authorities for installation of PV panels on the roof tops of other selected hospitals and educational institution buildings.

## **Rodrigues Business Park Development Co Ltd**

The Bank, together with the Rodrigues Regional Assembly, have incorporated a company namely the Rodrigues Business Park Development Co Ltd with the objective to undertake the construction and management of a Technopark at Baladirou, Rodrigues. This project aims at pioneering the development of the ICT Sector in Rodrigues subsequent to the advent of the Mauritius-Rodrigues Submarine Cable (MARS) in Rodrigues and it shall provide the necessary ICT infrastructure and facilities to potential service providers in the ICT sector.

Construction works for the Technopark started in 2021 but due to the unprecedented Covid-19 pandemics and the closure of borders and air flights, there have been significant delays in the completion date. The work is ongoing and it is now expected that the Technopark will be ready before the end of Financial Year ended 2025.

## **DBM Properties Development Ltd**

### **Principal Activity**

The main activity of the company is to manage its investment in the high-rise building known as Garden Tower at La Poudrière Street, Port Louis.

Garden Tower is a 17-storey co-owned building. The co-proprietors are Government of Mauritius (77.12%) and DBM Properties Development Ltd (DBMPD Ltd) (22.88%). The shareholders of DBMPD Ltd are the Development Bank of Mauritius Ltd (80%) and Municipal Council of Port Louis (20%).

## **Directors' Report**

Government of Mauritius owns part of 5<sup>th</sup> floor and 11 other floors (6<sup>th</sup> to 16<sup>th</sup> floors), and four parking levels (basement and 2<sup>nd</sup> to 4<sup>th</sup> floor parking level). DBMPD Ltd, for its part, owns part of 5<sup>th</sup> floor, ground floor level, mezzanine level and 1<sup>st</sup> floor parking level.

The Company's main income is from rental of ground floor and mezzanine floor and car parks at Level 1.

**The Company also acts as Syndic for the operation of Garden Tower Building.** Based on the Syndic Agreement, the Government reimburses 77.12% of the operating expenses.

## **The Way Forward**

In light of the findings from the recently released report on the state of the economy, it is clear that the path forward will be fraught with challenges. However, despite the gravity of the situation, we remain confident in the resilience and determination of the DBM personnel.

After multiple extensions over the past three years, the previous government has decided to discontinue both the Covid SME Interest-Free Loan and the Covid Special Support Loan schemes. As the grace period granted to DBM clients draws to a close in the coming years, the focus for DBM staff should shift towards loan recovery, as well as the promotion and marketing of facilities available under general loan schemes.

On the other hand, the objective of the Bank is to consolidate its activities as a Development Finance Institution and also expand in its new lines of businesses such as Leasing and Production of Green Energy.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report

#### Compliance Statement

Development Bank of Mauritius Ltd., the “Bank”, or the “Company”, or “DBM”, and its subsidiaries, together referred to as the “Group”. The Group is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Group are managed ethically and responsibly. As an essential part of this commitment, the Board of Directors, the “Board”, subscribes to and is fully committed to complying with the requirements and provisions set out in the National Code of Corporate Governance for Mauritius (2016) (the “Code”).

#### Group’s Governance Philosophy

The Group prioritizes strong corporate governance as fundamental to achieving sustainable growth and maintaining stakeholder confidence. The Board of Directors acknowledges the National Code of Corporate Governance for Mauritius (2016) as best practice and ensures that the Group’s operations embody the Code's characteristics of good governance, including discipline, transparency, independence, accountability, fairness, social responsibility, and professionalism. The Board adapts the Code to the Group’s specific circumstances, size, and complexity, as well as the risks and challenges it faces.

DBM’s Board is a unitary board that collectively assumes accountability and responsibility for the Group’s long-term success, reputation, and governance. Each Director is appointed with the understanding of the amount of time and care that they will have to devote to the Board and the Company.

<h4>Principle 1: Governance Structure</h4>
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*“All organizations should be headed by an effective Board. Responsibilities and accountabilities within the organization should be clearly identified.”*

DBM, a company incorporated in the Republic of Mauritius, is a Public Interest Entity as defined by the Financial Reporting Act 2004. The Board and management are committed to ensuring and maintaining a high standard of corporate governance within the Bank and its subsidiaries.

DBM and the Group is headed by an effective Board of Directors. The Board is collectively accountable for the overall corporate governance of the Company and the Group. The Board is aware of its responsibility to maintain a high standard of corporate governance to ensure protection and transparency of its shareholders and stakeholders at large.

The Group operates with a clearly defined governance framework where accountability and transparency throughout the Group are the cornerstones of the organisation. The Board also determines the Group’s mission, vision, values and strategy.

#### Key governance documents

This report describes, amongst others, the main corporate governance framework and compliance requirements of the Group which are laid down in the following:

- DBM’s Constitution;
- Subsidiaries’ Constitutions;
- Board Charter; and
- the Financial Reporting Act 2004.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 1: Governance Structure (Contd)

The Board is of the view that the Board Charter, the Company's and subsidiaries respective Constitution, and the various rules and regulations issued by the Bank of Mauritius and the DBM's own internal policies which apply to the Group are sufficiently detailed and elaborate to serve as benchmark and terms of reference.

As part of its obligations under the Code, the following documents have been posted on the Bank's website:

- Constitution of the Bank
- Directors' Profile
- Board Charter

#### Board Charter

The Board Charter outlines the roles, responsibilities, and authorities of the Company's Board of Directors. It serves as a guide for the board's decision-making processes, establishes a framework for governance, and helps to ensure the board operates in an effective and efficient manner, while maintaining transparency and accountability.

#### Code of Ethics

The Company commits itself to the highest standards in the conduct of its activities on a daily basis. Some of the core principles and values adopted by the Board and management are: honesty, impartiality, transparency, integrity, confidentiality, the creation of value for shareholders, and service quality to its customers.

Additionally, the Group has in place a written job description/position statement for each senior governance position, a written description of the major accountabilities within the organisation as well as the organisational chart. The organisation chart has been revamped to enable the Group to streamline its processes in order to meet the challenges unfolding in the aftermath of the Covid-19 pandemic and other business challenges. The Group deems it is sufficient that the information is available upon request in writing to the Company Secretary for consultation and has not published same on its website.

#### Key Governance functions of the Board

The Company operates within a well-defined governance framework that provides for clear delegation of authority and responsibility while allowing the Board to retain effective control over the entire Group. Ultimately, the Board is accountable and responsible for the Group's performance and affairs.

The key functions of the Board include *inter alia*:

- providing direction for the Group
- assuming responsibility for leading and controlling the Group and meeting all legal and regulatory requirements
- monitoring the effectiveness of the Group's governance practices and making changes as needed
- reviewing, and where appropriate, approving risk policy, financial statements, annual budgets, business plans and Committees reports
- overseeing the conduct of the Group's business, to evaluate whether the business is being properly managed at all levels;
- ensuring that the appropriate systems of control are in place to prevent any malpractice.
- Ensuring that the principles of corporate governance policies are adhered by all subsidiaries under the supervision of the internal auditor.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 1: Governance Structure (Contd)

##### Key Governance Positions

The Board of Directors of DBM approves all key governance positions and defines the responsibilities associated with them. They lead and oversee the Company, ensuring compliance with all legal and regulatory requirements. The profile of the Chairperson, the CEO and all other Directors are outlined in the company's official website.

The Board operates according to its Constitution and Board Charter along with established practices, policies, and goals. Meetings are regularly held as per the Board's charter, where significant matters are discussed and according to a predetermined agenda.

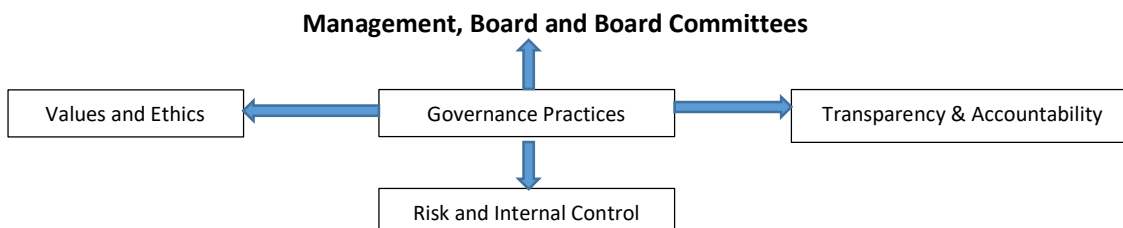
##### Role and Functions of the Chairperson

The Chairman presides over board meetings and ensures the smooth functioning of the Board. The Chairman ensures that the Board operates in an effective manner with the contribution of each and every Director to promote efficiency, transparency and ethical functioning within the Company. He also has the responsibility that all relevant information and facts are placed before the Board to enable the Directors to reach informed decisions.

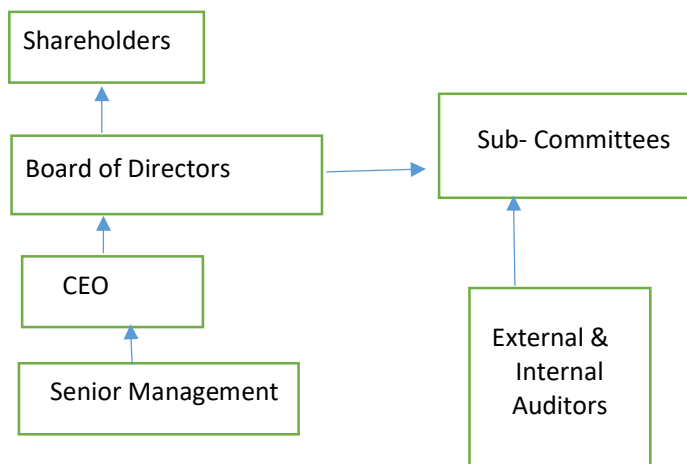
##### Role and Functions of the Chief Executive Officer

Mr. Jaywant Pandoo was appointed as the Managing Director on 20 April 2020 and the post was restyled as Chief Executive Officer in December 2022. The CEO is responsible for the implementation of policies and decisions reached at the Board level. Leading the Management team, the CEO oversees the daily operations of the company and Group, ensuring effective management and supervision. Additionally, the CEO acts as a bridge between the Board of Directors and the Management team.

The main governance practices of the DBM are summarised below:



##### Corporate Governance Structure Chart



**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees**

“The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board’s decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duty.”

**Board Structure**

The Board has a unitary structure.

The Board of Directors represents the shareholders’ interests and is collectively responsible for the long-term success of the Group, its reputation and governance. The board is responsible to all its shareholders and to its stakeholders for leading and controlling the organization and meeting all legal and regulatory requirements and is also accountable for determining that the Group is managed in a way to achieve its objectives.

The Board is of the view that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly.

Besides, members of the sub-committees of the Board have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties as evidenced by their profiles.

**Board Size**

The DBM’s Constitution provides that the Board of Directors shall consist of not less than five (5) and not more than twelve (12) Directors.

**(i) Holding structure and common director**

The holding structure of the Bank is as illustrated:

<b>Subsidiaries</b>	<b>% Holding</b>
DBM Financial Services Ltd (“DBMFS”)	100
DBM Venture Capital Fund Ltd (“DBMVCF”)	100
DBM Energy Ltd (“DBM ENERGY”)	100
DBM Properties Development Ltd (“DBM PROPERTIES”)	80
Rodrigues Business Park Development Co Ltd (“RBPDC”)	50

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board Size (Contd)****(ii) Directors**

The names of common directors at each level are:

	DBM	DBMFS	DBMVCF	DBM Energy	DBM Properties	RBPDCL
Mr Jairajsing Luchoo	√			√	√	
Mr Jaywant Pandoo	√	√	√	√	√	√
Mr Ishwarlall Bonomaully	√		√	√		
Mr Gurushunkur Akash Goojha	√	√				√
Mr Jean Daniel Henry	√	√				√
Mr Premchand Tanakoor	√				√	
Mr Neil Radhakrishna Chedumbarum Pillay	√	√				
Mr Somduth Dulthumun	√	√				
Mr Rama Krishna Veeramundar	√			√		

**(iii) Shareholding of the Bank is as follows:**

	% Holding	Number of Shares
Government of Mauritius	96.3	4,861,500
State Investment Corp. Ltd	3.7	187,500
	<b>100.00</b>	<b>5,049,000</b>

**Powers of the Board**

The role and responsibilities of the Board of Directors is as per the company's Constitution and in compliance with the Companies Act 2001 and other relevant legislation. The Board also follows the principle of good governance as recommended by the NCCG.

Both Executive and Non-Executive directors are entrusted with same responsibilities in respect of corporate strategic decisions and monitoring of corporate performance and activities. The Directors are well aware of their legal duties.

**Board Composition**

As at 30 June 2024, the Board was composed as follows:

Directors	Category
Mr Jairajsing Luchoo	Independent Non-Executive Director
Mr Ishwarlall Bonomaully	Non-Executive Director
Mr Jaywant Pandoo	Executive Director
Mr Gurushunkur Akash Goojha	Independent Non-Executive Director
Mr Jean Daniel Henry	Independent Non-Executive Director
Mr Premchand Tanakoor	Independent Non-Executive Director
Mr Neil Radhakrishna Chedumbarum Pillay	Independent Non-Executive Director
Mr Muhammad Azeem Salehmohamed	Non-Executive Director
Mr Rama Krishna Veeramundar	Independent Non-Executive Director
Mr Somduth Dulthumun	Independent Non-Executive Director
Mrs Chandanee Jhowry	Non-Executive Director

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board Size (Contd)**

As at 30 June 2024, the Board comprised of eleven (11) members as follows:

- One (1) Executive Director;
- Three (3) Non-Executive Directors; and
- Seven (7) Independent Non-Executive Directors.

-

The following Board members subsequently resigned as Directors on the Board of the DBM.

<b>Name</b>	<b>Resigned on</b>
Dr Jairajsing Luchoo, MD, PhD	09.12.2024
Mr Gurushunkur Akash Goojha	26.11.2024
Mr Jean Daniel Henry	26.11.2024
Mr Premchand Tanakoor	09.12.2024
Me. Neil Radhakrishna Chedumbarum Pillay	21.11.2024
Mr Muhammad Azeem Salehmohamed	15.11.2024
Mr Rama Krishna Veeramundar	11.11.2024
Mr Somduth Dulthumun, OSK	09.12.2024
Mr Jaywant Pandoo (Chief Executive Officer)	09.12.2024

New Board members were appointed by the shareholders as reproduced below:

- Mrs Bibi F Abdool Raman-Ahmed
- Mrs Hilda Chelmiah
- Mr Vikraj Ramkelawon

**Board Diversity**

Diversity of Board Members is important to ensure that the Board has the requisite expertise, professional background to optimise the decision-making process.

As at 30 June 2024, the Board members were all ordinarily resident of Mauritius.

**Board of Directors**

The Board of Directors is the main decision-making level in the organisation and it exercises leadership, entrepreneurship, integrity and sound judgement so as to achieve continuing prosperity for the organisation while ensuring both performance and compliance.

The Board also ensures that the activities of the Bank and its subsidiaries comply with all legal and regulatory requirements as well as with their Constitutions from which the Board derives its authority to act.

The Board is ultimately accountable and responsible for the performance and affairs of the Group through the review and adoption of strategic plans, the overview of business performance, adoption of appropriate risk management systems and establishment of proper internal control and compliance systems.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 2: The Structure of the Board and its Committees (Contd)

##### Board of Directors (Contd)

All directors are aware of the key discussions and decisions of the sub-committees as the Chairman of each sub-committee provides a summary to the directors at the main Board meeting following the relevant sub-committee meetings where these decisions are ratified/approved.

The Board of Directors assesses the Terms of Reference of the Board Committees on a regular basis to ensure that same are being applied correctly and that the said Terms of Reference are still compliant with the various regulations.

Besides, it is also the Board's responsibility to apply effective corporate governance principles and to be the focal point of the corporate governance system. The non-executive Directors provide objective oversight, independent of the Executive Director to contribute to effective decision-making at Board level.

##### Directors' Profiles

The names of all directors, their profile and qualifications are uploaded on the DBM's website and same are reproduced below:

**Mr Jairajsing Luchoo** was appointed director and Chairperson on 01 July 2020. He is a medical Consultant (Cardiology) by profession and has worked in all National State hospitals. He has a strong administrative team leadership and management abilities. He is also adept at cultivating a positive culture focused on cost-effective and culturally sensitive national requirements. He holds a MD and a PhD.

**Mr Ishwarlall Bonomaully** is a director since 15 May 2012 and is currently Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development. Mr Bonomaully is a Fellow of the Association of Chartered Certified Accountants (FCCA) and also holds a MSc Finance. He is director on the Board of several Government-owned institutions.

**Mr Gurushunkur Akash Goojha** is a director since 11 March 2015. He holds a BSc (Honours) Major French/Chemistry from University of Toronto, PGCE from Mauritius Institute of Education and MA Education from University of Brighton, UK. He is presently Deputy Rector. He has some 29 years' experience in the Educational sector.

**Mr Jean Daniel Henry** is a director since 11 March 2015. He was in the past director on the Board of the National Insurance Company and Head of the Mauritius Telecom Foundation from 2016 to 2022. He is also a director on the Board of the Medical Council of Mauritius. He holds a Diploma in Business Management & Marketing from ABE UK University and a Certificate of Masters in Environmental, Social and Governance from the International Institute for Corporate Sustainability & Responsibility (IICSR).

**Mr Premchand Tanakoore** is a director since 11 March 2015. He was the Division Forest Officer at the Ministry of Agro-Industry and Food Security. He holds a Certificate in Seed Production Technology from Kenya Forest Institute. He also holds a Diploma in Association of Business Executive and a Certificate in Forestry. He has been a civil servant since 1978 at the Ministry of Agriculture. He cumulated the post of Officer-in-charge at SSR Botanic Garden from 2015 to 2020.

**Mr Neil Radhakrishna Chedumbarum Pillay** is a director since 29 May 2018. He is a Barrister-at-Law with some 26 years practice at the Mauritius Bar and is the holder of a Masters in Law from University College of London with specialisation in Information Technology, Telecommunication and International Finance Law. He has in the past been the senior legal counsel at the Financial Services Commission and Manager of legal affairs at Information and Communication Technologies Authority (ICTA).

**Mr Somduth Dulthumun, OSK**, is a director since 16 March 2020. He is presently the Chairman of the National Museum Council. He had some 39 years' experience in the Public Sector where he had worked as Chief Valuation Technician. He was director on the Board of DBM and on the Board of IBA from 2005 to 2014. He was the President of the Mauritius Sanatan Dharma Temples Federation for 15 years.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 2: The Structure of the Board and its Committees (Contd)

##### Board of Directors (Contd)

**Mr Muhammad Azeem Salehmohamed** is a director since 16 March 2020 and was an Advisor on Economic Matters to the Ministry of Finance, Economic Planning and Development. He has in the past held the position of Economist at the Mauritius Chamber of Commerce and Industry (MCCI). Mr Salehmohamed is also an Independent Non-Executive Director on the Board of SBM Bank (Mauritius) Ltd.

Mr Salehmohamed has served as Board member for several organisations, including the SADC Business Council, the SADC Private Sector Task Force on Industrialisation, the National Ocean Council, the Mauritius Standards Bureau, the Economic Commission under the aegis of the National Economic and Social Council, and the High-Level Technical Committee on Doing Business Reforms.

Mr Salehmohamed holds a BA (Honours) in Economics, Politics, and International Studies from the University of Warwick, United Kingdom. His fields of expertise include economic planning, policy analysis and strategy development.

**Mr Rama Krishna Veeramundar** is a director since 16 March 2020 and is currently the director of Sola Communications Ltd. He is holder of a “Diplome en Français des Affaires, Chambre de Commerce et D’Industrie de Paris”. He has in the past worked as Director of Government Information Services (GIS), Director of Communication, Prime Minister’s Officer, Senior Adviser – Prime Minister’s Office, Adviser in Information Matter, Ministry of Finance, Economic Planning and Development and Ministry of Technology, Communication and Innovation and Editor in Chief.

**Mrs Chandanee Jhowry** is a director since 02 April 2023. She is a Permanent Secretary and is currently posted to the Ministry of Industrial Development, SMEs and Cooperatives (Cooperatives Division). She has worked in various Ministries and has a long experience as a public administrator. She has also served on the Board of a number of parastatals and Committees. Mrs Jhowry holds a Master of Arts in Public Policy and Administration.

##### Profile of Senior Management Team

###### Mr Jaywant Pandoo

**Mr Jaywant Pandoo** joined DBM on 20 April 2020 as Managing Director after a successful career spanning some 37 years at the Bank of Mauritius. He was subsequently entrusted to spearhead the operations of the DBM Group. His post was restyled as Chief Executive Officer in December 2022. At international level he was, until March 2020, a member of the Board Audit and Risk Committee of the International Islamic Liquidity Management (IILM) Corporation which is headquartered in Malaysia. He has a wide experience in banking and financial matters with particular regard to Foreign Reserve Management, Financial Markets, Accounting and Finance as well as Islamic Finance. He is also a Director on the Board of the SME Equity Fund.

Mr Jaywant Pandoo is a fellow of the Association of the Chartered and Certified Accountants (FCCA), Glasgow, UK and holder of a masters (MSc) in Banking and Finance. He also has a certificate in Banking Studies.

Mr Jaywant Pandoo has also co-authored a paper of the Bank of International Settlements on “Strategic Asset Allocation for the Management of Foreign Exchange Reserves by Central Banks”.

##### Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate and each of them has clearly defined responsibilities. These ensure a proper balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chief Executive Officer is responsible for the day to day running of the Company business, developing and implementing the Company’s strategy as approved by the Board.

## **DEVELOPMENT BANK OF MAURITIUS LTD.**

### **Corporate Governance Report (Contd)**

#### **Principle 2: The Structure of the Board and its Committees (Contd)**

##### **Chairman and Chief Executive Officer (Contd)**

The role of the Chairman is assumed by a Non-Executive director. The Chief Executive Officer reports to Chairman and the Board, giving therefore sufficient segregation of power between the Chairman and the Management.

The Chairman, who is a Non-Executive director, is responsible for leading the Board and ascertaining its effectiveness. He ensures that the corporate strategy and the related execution are aligned together with operational efficiencies. He is also responsible for ensuring that the directors receive accurate, timely and clear information and he encourages the active participation of all Board members in discussions and decisions.

##### **Company Secretary**

The Company Secretary is appointed by the Board.

All directors have access to the advice and services of the Company Secretary who is responsible for providing detailed guidance to the Chairman and the directors as to their fiduciary duties, responsibilities and powers. The Company Secretary also ensures that the Company and its subsidiaries are at all times complying with their Constitutions, applicable laws, rules and regulations.

**Mr. Dewraz Hosanee** is the Company Secretary for the Group. He is a member of the Fellow of the Association of Chartered and Certified Accountant (FCCA) and holds an MSc in Risk Management. He started his career at DBM in 1988 and has been working in many Departments of the Bank at senior position. He is also a member of the Mauritius Institute of Professional Accountants (MIPA). The Company Secretary works closely with the Chairman to ensure effective functioning of the Board and proper recording of Board's meetings.

##### **Board Meetings**

The Bank's Board meetings are conducted in accordance with the Bank's Constitution and the Mauritius Companies Act 2001 and are convened by giving appropriate notice to the directors. Detailed agenda, as determined by the Chairman, together with other supporting documents are circulated in advance to the directors to enable them to participate meaningfully in the decision-making process and make informed deliberations at Board meetings. In order to address specific urgent business needs, meetings are at times called at shorter notice. Furthermore, the directors have the right to request independent professional advice at DBM's expense.

Board meetings are attended by the Board Members. However, when warranted, Officers of the Bank and/or Consultants could also be invited to provide clarifications to the Members on specific matters.

A quorum of six (6) directors is currently required for a Board Meeting of the Bank and in case of equality of votes, the Chairman has a casting vote.

During the year under review, the Board met on 9 occasions. Decisions were also taken by way of resolutions in writing, agreed and signed by all directors and these resolutions are ratified at the next Board meeting.

The minutes of the proceedings of each Board meeting of the Bank are recorded by the Company Secretary and are entered in the minutes book of the Bank. The minutes of each Board meeting are submitted for confirmation at its next meeting and these are then signed by the Chairman and the Company Secretary.

##### **Board Committees**

The Code provides that Board Committees are a mechanism to assist the Board of Directors in discharging their duties and responsibilities through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board Committees (Contd)**

As such, six Board committees have been constituted namely the Corporate Governance Committee, the Audit & Risk Committee, the Credit Committee, the Recovery Committee, the Nomination and Remuneration Committee and the Procurement Committee to assist the Board in the effective performance of its responsibilities. These Committees operate within defined Terms of Reference. The Terms of Reference of the six Committees are amended as required, subject to the approval of the Board.

The Chairman of the Board Committees reports on the proceedings of the Committees at each Board meeting where the minutes of each Committee are considered for approval/ratification. The Committees regularly recommend actions to the Board.

The Board recognises that Board Committees are an effective part of the corporate governance framework of the Group which enable the directors to discharge their duties more effectively by sharing the work of the Board, enhancing Board efficiency and effectiveness and enabling issues to be studied in greater depth. However, the Board also understands that it is ultimately responsible and accountable for the performance of the Bank and its subsidiaries and that delegating authority to Board Committees does not in any way absolve the Board of its duties and responsibilities.

The Company Secretary also acts as secretary to the Board Sub-Committees.

The Board Committees are authorised to obtain, at the DBM's expense, professional advice both within and outside the organisation in order for them to perform their duties.

***(i) Corporate Governance Committee***

At the reporting date, the membership and attendance of the said Committee are as follows:

<b>Members</b>	<b>Category</b>
Mr Premchand Tanakoor	Independent Non-Executive Director
Mr Neil Radhakrishna Chedambarum Pillay	Independent Non-Executive Director
Mr Somduth Dulthumun	Independent Non-Executive Director
Mr Akash Gurushunkur Goojha	Independent Non-Executive Director
<b><i>In attendance</i></b>	
Mr Jaywant Pandoo	Chief Executive Officer

The Corporate Governance Committee operates under the Terms of Reference approved by the Board and a quorum of three (3) members is currently required for a meeting of the said Committee.

In accordance with its Terms of Reference, the Corporate Governance Committee is responsible to provide guidance to the Board on aspects of corporate governance and for recommending the adoption of policies and best practices as appropriate for the Group. The Committee also ascertains that the Corporate Governance Report and disclosures embodied in the DBM's Annual Report are in compliance with the provisions of the National Code of Corporate Governance and applicable legislations.

The Corporate Governance Committee met once during the year under review.

The board has reviewed and recommended the present corporate governance report and confirms that it has met its responsibilities for the year under review, in compliance with its Terms of Reference.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board Committees (Contd)****Audit & Risk Committee**

At the reporting date, the membership of the Audit & Risk Committee is as follows:

<b>Members</b>	<b>Category</b>
Mr Ishwarlall Bonomaully	Non-Executive Director
Mr Jean Daniel Henry	Independent Non-Executive Director
Mr Neil Radhakrishna Chedumbarum Pillay	Independent Non-Executive Director
Mr Muhammad Azeem Salehmohamed	Non-Executive Director
Mr Somduth Dulthumun	Independent Non-Executive Director
<b><i>In attendance</i></b>	
Mr Jaywant Pandoo	Chief Executive Officer
Mrs S Ramchurn	Internal Auditor
Mr M Nunkoo	Risk Officer
Miss K Mooneea	Compliance & Data Protection Officer
	External Auditors when warranted

The Committee operates under the Terms of Reference approved by the Board of Directors.

A quorum of three (3) members is currently required for a meeting of the said Committee. The Audit & Risk Committee confirms that it has fulfilled its responsibilities for the year under review, in accordance with its Terms of Reference and is also focussed on the Bank's risk management.

The Committee is governed by a Charter and is responsible to assist the Board in fulfilling its financial reporting responsibilities. The Committee also reviews the financial reporting process, the internal control system and the management of risks. The approach, scope and timing of the audit field is discussed with the audit team prior to the start of any audit. The Committee is also responsible for the recommendation for appointment of external auditors.

The Committee has delegated authority from the Board for the quality, integrity and reliability of the Bank's risk management. The Committee consists solely of Non-Executive Directors.

The *Terms of Reference* of the Committee in respect of risk matters include:

- review, together with Bank's legal advisor, of any legal matters that could have a significant impact on the Bank's business;
- review of executive management reports detailing the adequacy and overall effectiveness of the Bank's risk management function and its implementation by management, and reports on internal control and any recommendations, and confirm that appropriate action has been taken;
- review of risk philosophy, strategy and policies recommended by executive management and consider reports therefrom;
- ensure compliance with policies, and overall risk profile of the Bank;
- review of risk identification and measurement methodologies;
- monitor procedures to deal with and review the disclosure of information to clients;
- have due regard for principles of governance and codes of best practice; and
- liaise with the Board in relation to the preparation of the Committee's report to shareholders.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board Committees (Contd)**

The Audit & Risk Committee met three (3) times during the financial year ended 30 June 2024 to review principally the consolidated financial statements of the Bank and to receive reports of the work conducted by the Internal Audit team and the Ag. Risk/Underwriting Manager.

The said Audit & Risk Committee met on **03 March 2025** to recommend to the Board the approval of the annual consolidated financial statements for the financial year ended 30 June 2024.

Mr **Ishwarlall Bonomaully**, Non-Executive Director, is the Chairperson of the Audit & Risk Committee. He is a Fellow of the Association of Chartered Certified Accountant and holds an MSc Finance. None of our Independent Directors have the relevant financial experience with a qualification from one of the professional accountancy bodies. Mr Ishwarlall Bonomaully has carried out his work as Chairman of the Audit & Risk Committee in an independent way.

**Other Committees**

The composition of the other Committees is as detailed below:

**Credit Committee**

At the reporting date, the membership and attendance of the Credit Committee is as follows:

<b>Members</b>	<b>Category</b>
Mrs Chandanee Jhowry	Non-Executive Director
Mr Premchand Tanakoor	Independent Non-Executive Director
Mr Gurushunkur Akash Goojha	Independent Non-Executive Director
Mr Rama Krishna Veeramundar	Independent Non-Executive Director
<b><i>In attendance</i></b>	
Mr Jaywant Pandoo	Chief Executive Officer
Mr Danirow Bhiwajee	Head of Credit Administration Department

The Credit Committee was established to consider and approve loan applications as per existing credit policy of the Bank.

The duties of the Credit Committee shall be to:

- assess the credit risk and credit worthiness of the customers;
- ensure compliance with the Credit Policy
- ensure that proper KYC has been done and that due diligence has been exercised;
- review and monitor the effectiveness and application of credit risk management policies;
- ensure that the systems and procedures to identify, assess, manage and monitor the loan facilities are operating effectively.

**Recovery Committee**

Committee was established to boost up the collection and recovery of impaired loan portfolio of the Bank.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board Committees (Contd)****Recovery Committee**

At the reporting date, the membership of the Recovery Committee is as follows:

<b>Members</b>	<b>Category</b>
Mr Jean Daniel Henry	Independent Non-Executive Director
Mr Gurushunkur Akash Goojha	Independent Non-Executive Director
Mr Premchand Tanakoor	Independent Non-Executive Director
Mr Rama Krishna Veeramundar	Independent Non-Executive Director
<b><i>In attendance</i></b>	
Mr Jaywant Pandoo	Chief Executive Officer
Mrs Hoomantee Ramburun	Assistant Head

The Recovery Committee was established to boost up the collection and recovery of impaired loan portfolio of the Bank.

**Nomination and Remuneration Committee**

At the reporting date, the membership of the Nomination and Remuneration Committee is as follows:

<b>Members</b>	<b>Category</b>
Mr Neil Radhakrishna Chedunbarum Pillay	Independent Non-Executive Director
Mr Ishwarlall Bonomaully	Non-Executive Director
Mr Muhammad Azeem Salehmohamed	Non-Executive Director
Mr Somduth Dulthumun	Independent Non-Executive Director
<b><i>In attendance</i></b>	
Mr Jaywant Pandoo	Chief Executive Officer

The Nomination and Remuneration Committee was established to review and make recommendations to the Board on management's proposals concerning:

- changes in Group's organisation structure;
- determination of the remuneration packages for all staff members and new recruits;
- organisational reviews including terms and conditions of employment, salary structures for each category of personnel and the Salary Agreement of the Bank and its subsidiaries;
- the responsibility to act as mediator/negotiator in industrial arbitration;
- approval of Human Resource Policies and Procedures on recruitment and pay; and
- the consideration and approval of the Performance Appraisal System of the Bank and its subsidiaries.

**Procurement Committee**

At the reporting date, the membership and attendance of the Procurement Committee is as follows:

<b>Members</b>	<b>Category</b>
Mr Gurushunkur Akash Goojha	Independent Non-Executive Director
Mr Jean Daniel Henry	Independent Non-Executive Director
Mrs Chandanee Jhowry	Non-Executive Director
Mr Somduth Dulthumun	Independent Non-Executive Director
<b><i>In attendance</i></b>	
Mr Jaywant Pandoo	Chief Executive Officer

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)*****Procurement Committee (Con'd)***

The Procurement Committee was established to review and make recommendations to the Board on management's proposals concerning:

- Procurement plan;
- Registration of suppliers;
- Tender documents;
- Bid openings; and
- Award of procurement.

The members of the Procurement Committee ascertain that goods and services are availed at the best quote, in a cost effective and transparent manner and transactions are concluded with reliable providers offering quality products and services.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Board and Board Committees Attendance**

The following table sets out the attendance of directors at scheduled Board and Committee Meetings during the year under review.

	Status	Board	Recovery Committee	Credit Committee	Procurement Committee	Audit & Risk Committee	Nomination & Remuneration Committee	Corporate Governance Committee
<b>Total Number of Meetings</b>		<b>9</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>1</b>
Mr Jairajsing Luchoo	INED	9/9						
Mr Ishwarlall Bonomaully	NED	7/9				3/3	3/3	
Mr Gurushunkur Akash Goojha	INED	9/9	4/4	6/6	7/7			1/1
Mr Jean Daniel Henry	INED	8/9	4/4		7/7	3/3		
Mr Premchand Tanakoor	INED	9/9	4/4	6/6				1/1
Mr Neil Radhakrishna Chedumbarum Pillay	INED	8/9				1/3	3/3	1/1
Mr Muhammad Azeem Salehmohamed	NED	7/9				1/3	2/3	
Mr Rama Krishna Veeramundar	NED	8/9	4/4	6/6				
Mr Somduth Dulthumun	INED	9/9			7/7	3/3	3/3	1/1
Mr Chandanee Jhowry	NED	5/9		6/6	7/7			
Mr Jaywant Pandoo	ED	9/9						

NED: Non-Executive Director

INED: Independent Non-Executive Director

ED: Executive Director

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 2: The Structure of the Board and its Committees (Contd)****Director's Independence**

With 63% of independent directors on its Board, the members ascertain that all decisions taken are in the interest of the Group. The Board also ensures that directors provide an independent opinion/view on any matter presented at the level of the Board and any potential conflict is brought to the attention of the Board.

**Access to information to the Directors**

All directors receive timely information so that they could contribute effectively in board meetings. All board members have access to the Company Secretary for any further information they require and independent professional advice is available to directors in appropriate circumstances, at the Company's expense. The Company Secretary maintains the Group's and the Company's interests register and which is available for perusal to shareholders or relevant stakeholders upon written request to the Company Secretary. Any related-party transaction and conflict of interest transaction is conducted in accordance with conflict of interest and related party transaction policy of the Group.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 3: Director Appointment Procedures**

“There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.”

**Directors Appointment**

Directors are appointed/re-appointed by the shareholders at the Annual Meeting or by written Shareholders' Resolution and hold office until the next Annual Meeting.

The following factors are carefully considered by the shareholders when recommending directors for appointment.

- Competence & relevant skills
- Previous experience
- Character
- Diligence
- Honesty
- Integrity
- Judgment
- Independence
- Conflict of interest
- Benefits of diversity, including gender

**Director's Induction**

Newly appointed directors receive an '**Induction Pack**' containing information on the Bank and its subsidiaries, duties and responsibilities under the Mauritius Companies Act 2001 and Code of Corporate Governance.

An induction program is organised to introduce newly appointed directors to the Group's businesses and to Senior Executives. The induction program meets the specific needs of both the Bank and its subsidiaries and the newly appointed director and enables any new director to make the maximum contribution as quickly as possible.

The induction provided to the newly appointed Director depends on the past experience of the said Director and same tries to compensate the fields in which the new Director lacks to fully understand the business and operations of the Bank.

During the period under review, no new Director has been appointed to the Board either to fill a casual vacancy or in addition to the existing sole Director.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 3: Director Appointment Procedures (Contd)****Professional Development**

The Group ensures that the necessary resources for developing and updating its directors' knowledge and capabilities are provided as and when required. Continuous training is necessary for directors to keep abreast with the rapidly changing financial environment.

The Group is endeavouring to organise a workshop for its Directors shortly on emerging issues like ESG and Data Governance.

It is important that the directors use reasonable care, skill and diligence to carry out their role. By investing in training and development, the right signal is sent to the effect that continuous learning and development is valued by the DBM Group.

**Succession Planning**

All directors are appointed or re-appointed at the Annual Meeting on the recommendation of the main shareholder and ratified by the Board after evaluation. The directors are appointed based upon their technical and professional skills. New appointed directors are subject to an induction exercise. Furthermore, the appointment of directors is done upon satisfaction of relevant due diligence procedures.

The Board of Directors recognises the importance of continuity/succession planning for directors and senior management team. New Directors are appointed by the shareholders based on qualifications, experience and fitness & propriety for appointment whenever a director resigns or ceases to act. For senior management positions, the Board conducts a rigorous selection process based on qualifications and experience.

With a view to enhance its services to the customers, DBM has set up a **Hand-Holding and Mentoring Unit** and a Mentor is assisting the Bank's entrepreneurs.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 4: Director Duties, Remuneration and Performance

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

All directors are aware of their legal and fiduciary duties and responsibilities.

The fees paid to the directors are agreed by the shareholders. Directors are paid monthly fees for their services to the organisation. They also receive fees agreed by the shareholders for membership to Board Committees.

#### Legal Duties

The Directors of the Company are aware of their legal duties and responsibilities as listed in the Constitution of DBM and its subsidiaries, the *Companies Act 2001*, *FLAMLA 2002*, the *Financial Reporting Act* and other relevant legislation.

The Board confirms that the Directors have exercised their duties with a degree of care, skill and diligence during the year under review.

The Directors are required to:

- **To act in good faith:** at all times, the Directors must act in good faith for the overall interests of the company and the Group.
- **Exercise reasonable care and skill:** A Director must act to exercise reasonable level of care as any prudent person would in the circumstances and on the facts known to him. The required level of knowledge expertise and skill may vary between the Directors be they for instance executive and non-executive. They may rely partially on others when acting collectively for their skills and knowledge in reaching a Board decision. The directors have collectively exercised reasonable care and skill during the year in review.
- **Exercise their powers as a Director for a proper purpose:** The Directors should not abuse any of their executive power to ensure their own position. At all times during the year under review, the Directors have acted in good faith for the interest of the company and the Group as a whole.
- **Conflict of interest and duties:** At all times, Directors must declare any potential conflict of interest. They must not take on any new position that may endanger their existing relationships without the express permission of the Board of the company. There have been no reported conflict of interest during the year under review.

#### Code of Ethics

The Board of Directors is also mindful of the interest of other stakeholders such as suppliers, clients and the public at large when running the Group’s operations and is committed to high standards of integrity and ethical conduct in dealing with them. The Bank has reviewed its reception counter to make it more user-friendly.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 4: Director Duties, Remuneration and Performance (Contd)

Furthermore, all employees must, at all times, comply with all applicable laws and regulations. The Group will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payments for illegal acts, indirect contributions, rebates, and bribery. The Group does not permit any activity that fails to stand the closest possible public scrutiny.

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Group's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice and guidance of officers at the highest level of the Bank's hierarchy.

The Group is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

#### Board and Board Committees' Fees

The remuneration and benefits received by the directors for the year ended 30 June 2024 were as shown below:

Directors' Fee for the DBM Group for the year ended 30 June 2024	
Non-Executive Directors	Rs
Mr Jairajsing Luchoo	1,410,000
Mr Ishwarlall Bonomaully	594,000
Mr Gurushunkar Akash Goojha	933,000
Mr Jean Daniel Henry	890,500
Mr Neil Radakrishna Chedumbarum Pillay	666,500
Mr Premchand Tanakoor	619,000
Mr Muhammad Azeem Salehmohamed	367,500
Mr Rama Krishna Veeramundar	609,000
Mr Somduth Dulthumun	615,500
Mrs Chandanee Jhowry	383,750
<b>Total</b>	<b>7,088,750</b>

<b>Executive Director</b>	
Mr Jaywant Pandoo	7,261,418
<b>Grand Total</b>	<b>14,350,168</b>

#### Remuneration Philosophy

The Board is responsible for the remuneration policy of the Bank and its subsidiaries.

The Group aims at promoting a fair remuneration which is instrumental to better performance and provision has been made to attract and retain professionals amongst others.

#### Conflict of Interest

The Board of Directors strictly believes that a director should make his/her best effort to avoid conflict of interest or situation where others might reasonably perceive such a conflict.

It is the responsibility of each director to ensure that any conflict of interests be disclosed and recorded by the Company Secretary.

The Company Secretary maintains a register of disclosure of any conflict of interest and same is available for consultation to shareholders upon written request to the Company Secretary.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 4: Director Duties, Remuneration and Performance (Contd)****Related Party Transactions**

The Group has adopted a Conflict of Interest and Related Party Transactions Policy which was approved by the Board.

The Bank and its subsidiaries enter into a number of transactions with related parties in the normal course of business i.e, with the major shareholder, fellow subsidiaries, associates and other governmental bodies. Note 28 to these consolidated financial statements show the details of these transactions.

**Board Evaluation**

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has approved that a Board evaluation exercise be carried out on an annual basis and in this regard, a Performance Evaluation/ Matrix Questionnaire has been designed.

During the year under review, the directors have been requested to evaluate their performance by filling the Performance Evaluation/ Matrix Questionnaire.

It is also worth mentioning that the directors have been appointed as members of Board Sub-Committees, in the light of their wide range of skills and competence acquired through several years of working experience and professional background. The Board is of the view that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly, except that there is a deficiency in terms of gender.

Furthermore, Non-Executive directors are chosen for their business experience and acumen as well as their ability to provide a blend of knowledge, skills, objectivity, integrity, experience and commitment to the Board.

These directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement and are critical observers.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 4: Director Duties, Remuneration and Performance (Contd)****Board Information**

All directors receive regular information about the organisation so that they are equipped to play their role fully in Board Meetings. Papers for Board and Committee Meetings are circulated prior to the relevant meeting. All Board Members have access to the Company Secretary for any further information they require. The appointment and removal of the Company Secretary is a matter for the Board. Independent professional advice is available to directors in appropriate circumstances, at the DBM's expense.

The Board members ensure that matters relating to the organisation, learned in their capacity as directors, are strictly confidential and private and shall not be divulged to anyone without the authority of the Board and the directors have an undertaking to that effect.

**Information, Information Technology and Information Security Governance**

The board of Directors is conscious that in today's world of technology, it is important to have a strategic plan for information security aligned with the business strategy to achieve the goals set. The Board is therefore responsible to oversee information governance within the Company and ensures that the performance of information and information technology (IT) systems lead to business benefits and create value. Risks are identified and the company allocates resources to ensure that proper policies are put in place to ensure that it is mitigated to minimise the impact on information resources.

The Board also ensures that the information security policy be regularly reviewed and monitored and that sufficient resources be allocated in the annual budget towards the IT expenditure.

The Company is also investing in IT to have digital information properly secured and safeguarded in different location to ensure business continuity. In addition, the company ensures that access rights are granted to authorised personnel only and passwords changed regularly together with back up of digital information.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 5: Risk Governance and Internal Control**

“The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.”

**Internal Control and Risk Management****(a) Responsibility and application**

The Board is responsible for risk management and for the definition of the overall strategy for risk tolerance. Management and the assurance process on risk management are delegated to the Board Audit & Risk Committee. The Committee is responsible for the design and implementation of the risk management processes and day-to-day management of risk is assigned to management.

The Board also protects and enhances the Bank’s assets for the best interests of its shareholders and other stakeholders.

**(b) Structures and processes for identification of risks and risk management**

The Group’s main entity is DBM (the Bank) and the Bank’s core business is financial intermediation as a Development Finance Institution. Management has with the approval of the Board set up different units to ensure that there is proper segregation of duties, internal control and checks to carry the processes on completion. The different Departments/Units are Sales & Marketing Division, Industrial Estate Division, Underwriting & Loan Administration Unit, Recovery Unit, Legal & Contentieux Unit, IT unit, Finance Division, Administration & HR Unit and Procurement and Supply Section.

The different units are headed by Officers-in-Charge who have the appropriate academic qualifications and experience. The different risks as detailed below are identified and proper procedures are in place to mitigate/eliminate risks.

Management issues instructions to all concerned parties regarding compliance to the established policies and procedures. Outside expert’s services have been solicited to establish the manual for IT risks.

The Bank has also a second core activity which is the leasing of industrial land and buildings. Staff of the Industrial Estate Department are responsible for administration of the industrial buildings, maintenance and cleaning of sites as well as management of tenants regarding rentals, and which duties fall under the supervision of top management.

**(c) Integration of internal control and risk management**

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group’s business objectives will be achieved within the risk tolerance levels defined by the Board.

**(d) Assurance on the effectiveness of the risk management process**

The Board also receives assurance from the *Audit & Risk Committee*, which derives its information in part, from regular internal and external audit reports on risk and internal control throughout the Bank.

## DEVELOPMENT BANK OF MAURITIUS LTD.

### Corporate Governance Report (Contd)

#### Principle 5: Risk Governance and Internal Control (Contd)

#### Internal Control and Risk Management (Contd)

##### (e) Identification of risks

Within the Group, the risk elements are viewed under the following headings:

- *Operational risk:* Operations risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
- *Human resource risk:* Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Compliance risks:* Dishonest or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involve at least one internal party and a third party respectively. The operations of the Company have been fully compliant with all rules, regulations and policies laid down by the Authorities and furthermore the Company regularly reviews its position towards any new regulation as set by the relevant authorities to ensure strict compliance.
- *Physical risks:* Losses due to fire, cyclones, riots, etc.
- *Technology risks:* Includes hardware and software failures, system development and infrastructure issues.
- *Business continuity risks:* Losses from failed transaction processing, and process management.
- *Reputational risks:* Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.
- *Liquidity risks:* Inability to meet financial commitments when they will fall due.
- *Counterparty risks:* Arises when a number of counterparties may default on their contractual obligations.
- *Financial risks:* The identification and management of these risks are further discussed in Note 29 to the consolidated financial statements.

##### (f) Whistle-blowing Policy

The Group has embedded a whistle-blowing policy which sets out the procedures to be followed.

The policy:

- Encourages the staff to feel confident about raising their qualms and to reveal any act that may raise concerns about practices leading to disrepute to the organisation.
- Provides comfort to the staff that they will be protected from possible reprisals.
- Mitigate the Group's exposure to the damage that may occur in the event the staff members circumvent the existing procedures and systems.

##### (g) Anti-Corruption Policy

The Board has approved the **Anti-Corruption Policy** with a view to combat corruption in all its forms at all times including the application of appropriate prevention and detection control measures. The bank is in the process of finalising an AML/CFI policy to be approved by the board.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 5: Risk Governance and Internal Control (Contd)****(h) Information Governance**

The Group lays significant emphasis on the confidentiality, integrity and availability of information. It ascertains that a robust framework is in place to protect its information asset. Circulars are issued to staff members reminding them that information pertaining to the Bank's affairs should be protected.

The Board places great importance on transparency and optimal disclosure within legal parameters and hence ensures that the stakeholders are kept informed on matters affecting the Company or Group. It also aims to keep them updated on a regular basis on all matters affecting the Company or Group through announcements and disclosures in the annual report and at the annual meeting of shareholders.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 6: Reporting with Integrity**

**“The Board should present a fair, balanced and understandable assessment of the organisation’s financial, environmental, social and governance position, performance and outlook in its annual report and on its website.”**

The Board of the Company affirms its responsibilities for preparing the financial statements of the Company. The Board also considers that the financial statements of the Company, taken as a whole, are fair, balanced and understandable and provide the information necessary for the sole shareholder and other key stakeholders to assess the Company’s and the Group’s position, performance and outlook.

The Directors are also responsible for keeping adequate accounting records explaining the Company’s or Group’s transactions and disclosing with reasonable accuracy at any point in time the financial position of the Company. They also have the duty to safeguard the assets of the company and to prevent and detect frauds. The Directors have confirmed same as disclosed in the Statement of Directors’ responsibilities.

The Company demonstrates a commitment to operate in a sustainable global economy. The Company strives as well to make decisions that combine long term profitability with ethical behaviour, social justice and environmental care at all times.

**Statement of Directors’ Responsibilities in respect of the Preparation of Consolidated Financial Statements**

The directors affirm their responsibilities for preparing the annual report and consolidated financial statements of DBM that fairly present the state of affairs of the Bank, and its subsidiaries and the results of their operations.

Any deviation from the above are reported in the Independent Auditor’s Report.

The Statement of Directors’ Responsibilities is found on pages 2(a) to 2(b) of the Annual Report.

**Dividend Policy**

The Group aims to pay stable dividend to the shareholders after carrying out Solvency Test as prescribed.

No dividend was paid or declared during the last ten years.

**Health, Safety and Environmental Issues**

There is a Health and Safety Committee constituted to advise the Chief Executive Officer on the critically important responsibilities for sound management of safety, occupational health and environmental matters in line with existing legislative and regulatory frameworks. Regular meetings are scheduled. The Committee advises the Chief Executive Officer on best practices to be adopted on matters relating to the provisions of the Workers’ Rights Act, the Occupational Safety, Health and Welfare Act, the Environment Protection Act and any other applicable legislations. The Company is committed to sustainable development and endeavours to the extent possible that its operations are conducted in a way that minimises their impact on the environment.

The Bank has on 18 December 2023 recruited a Safety & Health Officer on a full-time basis.

The Group has set up its wellness programme with the primary objective of promoting a healthy balance of mind and spirit among its employees.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 6: Reporting with Integrity (Contd)****Social Issues/ Human Resources Report**

The human capital plays a significant role in the success of the organisation. As part of the human capital strategy the Group endeavours to provide its employees with the requisite support within a sound environment, to continuously encourage a high-performed culture.

The Group aims at giving equal opportunities to all employees. For any new recruitment or promotion exercise, it is advertised both internally and externally. There is also an annual performance appraisal which is carried out and where rewards and merits are provided for. The length of service of employees is also recognised and rewarded through events.

The Group recognises the importance of the role it has to play in society and it actively participates in endeavours to alleviate social and environmental problems. The Group is also committed to creating sustainable value for the social and economic well-being of the society. The Group is also in the process of setting up a Staff Welfare Association.

**Corporate Social Responsibility**

In this post of Covid-19 era, many organisations are turning to Corporate Social Responsibility (CSR) to build a brand around their companies. In this respect DBM has brought some joy in the life of children in need through donation to orphanage and charitable institutions for Christmas since December 2021. This practice has continued during the financial 2023-2024. Further, the Bank has also disbursed an amount of Rs 690,585 under CSR to eligible organisations.

**Charitable & Political Contributions**

During the year, the Group has made the following contributions:

<b>Organisations/Events</b>	<b>Amount (Rs)</b>
Mauritius Athletics Association (MAA) – 11 <sup>th</sup> Indian Ocean Island Games	100,000
Rodrigues Nouvelle Decouverte Judo Club - Sponsorship	25,000
Municipal City Council of Port Louis – Teledon for people of Palestine	15,000
JCI Mauritius Creative – Young Entrepreneur Program	50,000
Small Farmers Welfare Fund – Educational Achiever Award	19,000
	<b>209,000</b>

The contribution for the year 2023 was **Rs 550,000**.

**Donations under CSR**

<b>Organisations</b>	<b>Amount (Rs)</b>
SSR Disability Services Centre	60,000
Human Service Trust	60,000
Social Circus of Cite La Chaux	60,000
Enn Rev Enn Sourir	250,000
Blood Donors Association	65,585
Kanpur Sabha	15,000
Civic Action Team	40,000
Mauritius Heart Foundation	40,000
Mauritius Sanathan Dharma Temples	50,000
Beacon of Hope	35,000
Angels of Petite Riviere	15,000
	<b>690,585</b>

There was no political contribution during the year under review.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 7: Audit**

*“Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation’s internal and external auditors.”*

**Internal Audit****(i) Role and responsibilities**

The Internal Audit Unit assists the Board and management to improve processes and helps the Board in discharging its responsibilities to maintain and strengthen the internal control framework. The internal audit function is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.

The Bank recruited a new Internal Auditor in March 2024 to head the Internal Audit Unit. She has a direct reporting line to the Audit & Risk Committee and also reports administratively to the Chief Executive Officer.

The Board has delegated the responsibility for overseeing the internal audit function and for receiving internal audit reports to the Audit & Risk Committee.

The Audit & Risk Committee has the following duties in respect of the internal audit function:

- advise and approve the appointment or removal of the head of internal audit;
- approve the scope and work plan of the internal audit function;
- receive and consider reports from internal audit;
- advise the Board on significant matters arising from the internal auditors’ work and ensure that appropriate action has been taken following detection of deficiencies within the internal controls and risk management processes;
- coordinate the activities of internal and external auditors to maximise the efficiency of audit effort and avoid omissions in coverage; and
- approve the annual internal audit work plan. The plan is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

**(ii) Reporting and disclosure****Structure & Organisation**

An internal audit charter governs the internal audit activity within the organisation. The internal audit charter, which is reviewed and approved annually by the Board, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the internal audit function.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 7: Audit (Contd)****(ii) Reporting and disclosure (Ctd)****Reporting lines**

The Head of Internal Audit has a direct reporting line to the Audit & Risk Committee and maintains an open and constructive communication with senior and executive management. She also has direct access to the Chairman of the Board. This reporting structure allows the Internal Audit Unit to remain independent and report all items of significance to the Board and the Audit & Risk Committee.

**Coverage and Risk management**

The Internal Audit Unit performs a wide range of audit services including financial audits, compliance audits and operational audits. Audits are performed in accordance with professional standards. These different audits are:

- Financial audits address questions regarding accounting and the propriety of financial transactions.
- Operational audits review information and procedures to determine if any modifications of the operations could result in greater efficiency and effectiveness.
- Investigative audits and fraud assess emergency situations.
- Follow-up on matters raised by the External Auditors in the Management Letters.

**Coverage and Risk management (Contd)**

The Internal Audit plan adopts a risk-based approach and is designed to ensure adequate audit coverage of the Bank's organisational units and processes. The internal audit plan is derived from the risk management assessment, then pre-discussed with the executive management and finally approved by the Audit & Risk Committee.

A typical audit is made up of four stages: planning, fieldwork, reporting, and follow-up. The audit team collects data and documents the procedures, controls and/or activities being reviewed. Based on the risk assessment, the audit team performs various types of tests, concludes and makes recommendations to management to improve these controls based on system testing and control analysis.

**Access to records**

The Internal Audit has unrestricted access to the records, management or employees of the Bank and its subsidiaries.

**Non-audit services**

There were no such services during the year under review.

**External Audit**

The External Auditors meet the members of the Audit & Risk Committee to discuss on the annual consolidated financial statements and the accounting principles and guidelines adopted. They also have discussions with the Internal Audit Team. Moore (Mauritius) LLP was appointed as External Auditors on 16.07.2024 through a tendering process.

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 7: Audit (Contd)****Fees to external Auditors**

The fees payable to the auditors for the year ended 30 June 2024 are as follows:

	Bank		Subsidiaries	
	2024 (Rs'000)	2023 (Rs'000)	2024 (Rs'000)	2023 (Rs'000)
Audit and tax compliance fees	2,340	1,925	885	740

**Audit & Risk Committee**

The Audit & Risk Committee (ARC) reviews and report to the Board on the clarity and accuracy of the Company's financial statements. When conducting its reviews, the ARC considers the following:

- The accounting policies and practices applied
- Material accounting judgements and assumptions made by management or significant issues or audit risks identified by the external auditor
- Compliance with relevant accounting standards

**DEVELOPMENT BANK OF MAURITIUS LTD.****Corporate Governance Report (Contd)****Principle 8: Relations with Shareholders and Other Key Stakeholders**

“The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.”

**Shareholders’ Agreement**

There was no such agreement during the year under review.

**Employee Share Option Plan**

No Employee Share Option Plan is available.

**Third Party Management Agreement**

There was no agreement between third parties and the Bank or its subsidiaries during the year under review.

**Shareholders’ and Stakeholders’ Communication**

The Board aims to properly understand the information needs of the shareholders and places great importance on an open and meaningful dialogue with all those involved with the Group. It ensures that shareholders are kept informed on matters pertaining to the Group.

**Website**

In order to be compliant with the requirements of the Code, the Board will ensure that the DBM’s website, namely [www.dbm.mu](http://www.dbm.mu), is kept up-to-date. All the relevant disclosures will be published therein.

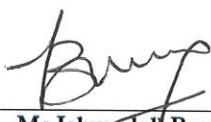
**Important Events**

The Group endeavours to comply with the statutory requirements regarding preparation of consolidated financial statements, completion of audit, review of the consolidated financial statements by the Audit & Risk Committee, approval by the Board and holding of the Annual Meeting within the prescribed period, unless events prevent same to be done.

**STATEMENT OF COMPLIANCE**  
**(Section 75(3) of the Financial Reporting Act 2004)**

We, the Directors of DEVELOPMENT BANK OF MAURITIUS LTD., confirm that, to the best of our knowledge, the Company has complied with its obligations and requirements under the Code of Corporate Governance except for certain sections as described on page 5(b)

Signed by:



Mr Ishwarlal Bonomaully

Director

Date: 03 MAR 2025



Mrs Mrs Bibi Fatwma Abdool Raman  
Ahmed

Director

Date: 03 MAR 2025

**DEVELOPMENT BANK OF MAURITIUS LTD.**

**Partial compliance with the National Code of Corporate Governance for Mauritius 2016**

**Principle 3: Director Appointment Procedures**

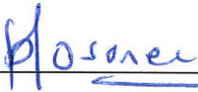
**Succession Plan and Professional Development**

The Company has not developed a formal succession plan for Directors since directors are appointed by the shareholders.

The Company organises in-house training by senior staff. Structured training for senior management and Board particularly on AML/CFT will be arranged soon.

**Certificate from the Secretary under Section 166 (d) of the Mauritius Companies Act 2001**

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

  
\_\_\_\_\_

**Mr Dewraz Hosanee**

**Company Secretary**

**03 MAR 2025**  
Date: \_\_\_\_\_

7 (a)

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
DEVELOPMENT BANK OF MAURITIUS LTD.****Report on the Audit of the Consolidated and Separate Financial Statements*****Our Opinion on the Consolidated and Separate Financial Statements***

We have audited the consolidated and separate financial statements of **DEVELOPMENT BANK OF MAURITIUS LTD.** (the "Bank") and its subsidiaries (together referred to as the "Group") set out on pages 8 to 93, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year ended 30 June 2024, and the notes to the consolidated and separate financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements on pages 8 to 93 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2024 and of their financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 and the 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 *Auditors' 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
DEVELOPMENT BANK OF MAURITIUS LTD.**

**Report on the audit of the Consolidated and Separate Financial Statements (continued)**

***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 disclosed in the Corporate Governance 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 public interest entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code and satisfactory explanation disclosed on the principles of the Code which have not been complied with.

***Responsibilities of Directors and those charged with Governance for the consolidated and separate financial statements***

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of the 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 the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Bank's financial reporting process.

***Auditor's responsibilities for the audit of the consolidated and separate financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
DEVELOPMENT BANK OF MAURITIUS LTD.**

**Report on the audit of the Consolidated and Separate Financial Statements (continued)**

***Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)***

- Conclude on the appropriateness of 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Use of our report**

This report is made solely to the Bank's members, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's members those matters that we are required to state 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, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
DEVELOPMENT BANK OF MAURITIUS LTD.**

**Report on the audit of the Consolidated and Separate Financial Statements (continued)**


**Report on other legal and regulatory requirements**

*Mauritius Companies Act 2001*

We have no relationship with or interests in the Bank or any of its subsidiary other than in our capacity as auditor and tax advisors of the Bank and its subsidiary and dealings in the ordinary course of business.

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

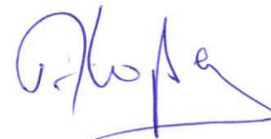
In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.



**MOORE (Mauritius) LLP**  
Chartered Accountants

Port Louis, Republic of Mauritius

Date: 03 March 2025



**Arvin Rogbeer, FCA, FCCA**  
Licensed by FRC


**DEVELOPMENT BANK OF MAURITIUS LTD.**

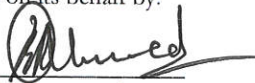
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Consolidated statement of financial position as at 30 June 2024

	Notes	The Group	
		2024	2023
		Rs'000	Rs'000
<b>ASSETS</b>			
Cash and cash equivalents	12	1,261,405	847,363
Loans	6	4,988,651	4,778,997
Investment properties	7(a)	4,245,450	4,042,067
Inventory properties	7(b)	32,259	40,796
Securities	8(a)	489,674	457,016
Intangible assets	9	67,986	74,234
Property, plant and equipment	10	573,675	551,351
Other assets	11	597,292	427,088
Right-of-use assets	13	251,470	259,131
Deferred tax asset	21.4	529,043	483,681
Current tax assets	21.2	4,020	11104
Non-current assets held for sale	14	3,500	3,500
<b>Total assets</b>		<b>13,044,425</b>	<b>11,976,328</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	504,900	504,900
Retained earnings		3,302,294	3,262,428
Other reserves		302,876	400,521
Owners' interest		4,110,070	4,167,849
Non-controlling interests		63,353	59,623
<b>Total equity</b>		<b>4,173,423</b>	<b>4,227,472</b>
<b>LIABILITIES</b>			
Deposits from customers	16	1,224,307	1,136,248
Borrowings	17	5,945,641	5,173,429
Retirement benefit obligations	18	1,017,412	828,434
Current tax liabilities	21.2	354	745
Deferred grant income	20(a)	89,097	-
Lease liabilities	19	278,692	279,109
Trade and other payables	20(b)	315,499	330,891
Liabilities directly associated with non-current assets held for sale	14	-	-
<b>Total liabilities</b>		<b>8,871,002</b>	<b>7,748,856</b>
<b>Total equity and liabilities</b>		<b>13,044,425</b>	<b>11,976,328</b>

Approved by the Board of Directors on 03 MAR 2025 and signed on its behalf by:

  
 Mr Ishwarlal Boodmaully  
 Director

  
 Mrs Bibi Fatwma Abdool Raman-Ahmed  
 Director

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

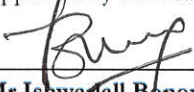
**DEVELOPMENT BANK OF MAURITIUS LTD.**

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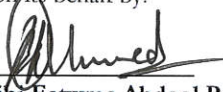
Separate statement of financial position as at 30 June 2024

	Notes	The Bank	
		2024 Rs'000	2023 Rs'000
<b>ASSETS</b>			
Cash and cash equivalents	12	1,123,908	796,803
Loans	6	4,988,651	4,778,997
Investment properties	7(a)	3,779,542	3,757,767
Inventory properties	7(b)	32,259	40,796
Securities	8(a)	489,674	457,016
Investments in subsidiaries	8(c)	208,460	203,460
Intangible assets	9	67,513	73,913
Property, plant and equipment	10	437,339	431,239
Other assets	11	599,901	418,938
Right-of-use assets	13	251,470	259,131
Deferred tax asset	21.4	529,243	499,614
Current tax assets	21.2	3,690	10,980
<b>Total assets</b>		<b>12,511,650</b>	<b>11,728,654</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	504,900	504,900
Retained earnings		3,214,106	3,202,588
Other reserves		299,316	396,961
<b>Total equity</b>		<b>4,018,322</b>	<b>4,104,449</b>
<b>LIABILITIES</b>			
Deposits from customers	16	1,246,807	1,163,006
Borrowings	17	5,646,641	5,028,429
Retirement benefit obligations	18	1,017,412	828,434
Lease liabilities	19	278,692	279,109
Trade and other payables	20	303,776	325,227
<b>Total liabilities</b>		<b>8,493,328</b>	<b>7,624,205</b>
<b>Total equity and liabilities</b>		<b>12,511,650</b>	<b>11,728,654</b>

Approved by the Board of Directors on 03 MAR 2025 and signed on its behalf by:

  
Mr Ishwariall Bonomaully

Director

  
Mrs Bibi Fatwma Abdool Raman-  
Ahmed  
Director

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income for the year ended 30 June 2024

	Notes	The Group		The Bank	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Interest income	22	<b>379,103</b>	303,191	<b>387,755</b>	296,513
Interest expense	23	<b>(81,439)</b>	(75,138)	<b>(80,616)</b>	(74,258)
Net interest income		<b>297,664</b>	228,053	<b>307,139</b>	222,255
Other income	24	<b>319,852</b>	244,372	<b>268,225</b>	222,123
Operating income		<b>617,516</b>	472,425	<b>575,364</b>	444,378
Operating expenses	25	<b>(465,427)</b>	(349,818)	<b>(442,756)</b>	(325,501)
<b>Operating profit</b>		<b>152,089</b>	122,607	<b>132,608</b>	118,877
Movement in provision for credit impairment	27	<b>(94,321)</b>	(264,271)	<b>(94,321)</b>	(264,271)
Fair value gain on revaluation of investment properties	7(a)	-	564,425	-	560,673
Gain on sale of inventory properties	7(b)	-	4,193	<b>799</b>	4,193
Profit before tax		<b>57,768</b>	426,954	<b>39,086</b>	419,472
Tax expense	21.1	<b>(14,047)</b>	(19,133)	<b>(27,568)</b>	(15,760)
<b>Profit after tax</b>		<b>43,721</b>	<b>407,821</b>	<b>11,518</b>	<b>403,712</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Revaluation of property, plant and equipment	10	-	118,017	-	118,016
Remeasurement of post-employment benefit obligations	18(a)(vi)	<b>(156,961)</b>	(56,959)	<b>(156,961)</b>	(56,959)
Tax effect on remeasurements of retirement benefit obligations	21.4	<b>26,683</b>	9,683	<b>26,683</b>	9,683
		<b>(130,278)</b>	<b>70,741</b>	<b>(130,278)</b>	<b>70,740</b>

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income for the year ended 30 June 2024 (Contd)

	Notes	The Group		The Bank	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
<b>Other comprehensive income (Contd):</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Increase in fair value of investments (net)	8(a)	<b>32,633</b>	4,671	<b>32,633</b>	4,671
<b>Other comprehensive (loss)/income for the year</b>		<b>(97,645)</b>	75,412	<b>(97,645)</b>	75,411
<b>Total comprehensive (loss)/income for the year</b>		<b>(53,924)</b>	<b>483,233</b>	<b>(86,127)</b>	<b>479,123</b>
<b>Profit attributable to:</b>					
- Owners of the parent		<b>39,866</b>	406,801	<b>11,518</b>	403,712
- Non-controlling interests		<b>3,855</b>	1,020	-	-
		<b>43,721</b>	<b>407,821</b>	<b>11,518</b>	<b>403,712</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
- Owners of the parent		<b>(57,779)</b>	482,213	<b>(86,127)</b>	479,123
- Non-controlling interests		<b>3,855</b>	1,020	-	-
		<b>(53,924)</b>	<b>483,233</b>	<b>(86,127)</b>	<b>479,123</b>

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

**DEVELOPMENT BANK OF MAURITIUS LTD.**

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## Consolidated statement of changes in equity for the year ended 30 June 2024

The Group	Attributable to equity holders of the parent								
	Share Capital	Revaluation and other reserves	Actuarial loss reserves	Fair value reserves	Capital reserve	Retained earnings	Total	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>At 01 July 2023</b>	<b>504,900</b>	<b>705,886</b>	<b>(692,182)</b>	<b>383,258</b>	<b>3,559</b>	<b>3,262,428</b>	<b>4,167,849</b>	<b>59,623</b>	<b>4,227,472</b>
<b>Dividends paid</b>	-	-	-	-	-	-	-	(125)	(125)
<b>Profit for the year</b>	-	-	-	-	-	39,866	39,866	3,855	43,721
<b>Other comprehensive loss for the year</b>	-	-	(130,278)	32,633	-	-	(97,645)	-	(97,645)
<b>Total comprehensive loss for the year</b>	-	-	(130,278)	32,633	-	39,866	(57,779)	3,730	(54,049)
<b>At 30 June 2024</b>	<b>504,900</b>	<b>705,886</b>	<b>(822,460)</b>	<b>415,891</b>	<b>3,559</b>	<b>3,302,294</b>	<b>4,110,070</b>	<b>63,353</b>	<b>4,173,423</b>

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity for the year ended 30 June 2024 (Contd)

The Group	Attributable to equity holders of the parent								
	Share Capital	Revaluation and other reserves	Actuarial loss reserves	Fair value reserves	Capital reserve	Retained earnings	Total	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>At 01 July 2022</b>	<b>504,900</b>	<b>587,869</b>	<b>(644,906)</b>	<b>378,587</b>	<b>3,559</b>	<b>2,855,627</b>	<b>3,685,636</b>	<b>59,103</b>	<b>3,744,739</b>
Dividend paid	-	-	-	-	-	-	-	(500)	(500)
Profit for the year	-	-	-	-	-	406,801	406,801	1,020	407,821
Other comprehensive income for the year	-	118,017	(47,276)	4,671	-	-	75,412	-	75,412
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>118,017</b>	<b>(47,276)</b>	<b>4,671</b>	<b>-</b>	<b>406,801</b>	<b>482,213</b>	<b>520</b>	<b>482,733</b>
<b>At 30 June 2023</b>	<b>504,900</b>	<b>705,886</b>	<b>(692,182)</b>	<b>383,258</b>	<b>3,559</b>	<b>3,262,428</b>	<b>4,167,849</b>	<b>59,623</b>	<b>4,227,472</b>

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2024 (Contd)

<b>The Bank</b>	<b>Share capital Rs'000</b>	<b>Revaluation reserves Rs'000</b>	<b>Actuarial loss reserves Rs'000</b>	<b>Fair value reserves Rs'000</b>	<b>Retained earnings Rs'000</b>	<b>Total Rs'000</b>
<b>At 01 July 2023</b>	<b>504,900</b>	<b>705,885</b>	<b>(692,182)</b>	<b>383,258</b>	<b>3,202,588</b>	<b>4,104,449</b>
<b>Profit for the year</b>	-	-	-	-	<b>11,518</b>	<b>11,518</b>
<b>Other comprehensive loss for the year</b>	-	-	<b>(130,278)</b>	<b>32,633</b>	-	<b>(97,645)</b>
<b>Total comprehensive loss for the year</b>	-	-	<b>(130,278)</b>	<b>32,633</b>	<b>11,518</b>	<b>(86,127)</b>
<b>At 30 June 2024</b>	<b>504,900</b>	<b>705,885</b>	<b>(822,460)</b>	<b>415,891</b>	<b>3,214,106</b>	<b>4,018,322</b>

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2024 (Contd)

<b>The Bank</b>	<b>Share capital</b>	<b>Revaluation reserves</b>	<b>Actuarial loss reserves</b>	<b>Fair value reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July 2022	504,900	587,869	-644,906	378,587	2,798,876	3,625,326
Profit for the year	-	-	-	-	403,712	403,712
Other comprehensive income for the year	-	118,016	(47,276)	4,671	-	75,411
Total comprehensive income for the year	-	118,016	(47,276)	4,671	403,712	479,123
<b>At 30 June 2023</b>	<b>504,900</b>	<b>705,885</b>	<b>(692,182)</b>	<b>383,258</b>	<b>3,202,588</b>	<b>4,104,449</b>

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows for the year ended 30 June 2024

	Notes	The Group		The Bank	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
<b>Operating activities:</b>					
Cash from/(used in) operations	26	<b>198,966</b>	<b>(10,169)</b>	<b>179,730</b>	157,580
<i>Change in working capital:</i>					
Change in other assets		<b>(180,833)</b>	(109,515)	<b>(191,588)</b>	(123,304)
Change in loans		<b>(293,361)</b>	(104,934)	<b>(293,361)</b>	(266,569)
Change in deposits		<b>88,059</b>	(97,827)	<b>83,801</b>	(94,087)
Change in trade and other payables		<b>(15,392)</b>	(245,028)	<b>(21,450)</b>	(243,267)
<b>Net cash used in operations</b>		<b>(202,561)</b>	(567,473)	<b>(242,868)</b>	(569,647)
Net tax paid	21.2	<b>(26,033)</b>	(79,079)	<b>(23,224)</b>	(78,157)
<b>Net cash used in operating activities</b>		<b>(228,594)</b>	(646,552)	<b>(266,092)</b>	(647,804)
<b>Investing activities</b>					
Purchase of property, plant and equipment	10	<b>(141,452)</b>	(82,446)	<b>(16,415)</b>	(12,757)
Purchase of intangible assets	9	<b>(4,687)</b>	(38,860)	<b>(4,427)</b>	(38,500)
Purchase of investment properties	7(a)	<b>(97,147)</b>	(90,058)	<b>(23,775)</b>	(87,394)
Purchase of inventory properties	7(b)	<b>(231)</b>	(437)	<b>(231)</b>	(437)
Purchase of investment in subsidiaries	8(c)	-	-	<b>(5,000)</b>	(5,000)
Proceeds from disposal of property, plant and equipment		<b>5,532</b>	226	<b>5,532</b>	226
Proceeds from disposal of investment properties		<b>2,000</b>	0	<b>2,000</b>	-
Proceeds from disposal of inventory properties	7(a)	<b>1,613</b>	6,177	<b>1,613</b>	6,177
Dividends received	24	<b>25,843</b>	13,979	<b>25,833</b>	13,864
<b>Net cash used in investing activities</b>		<b>(208,529)</b>	(191,419)	<b>(14,870)</b>	(123,821)
<b>Financing activities</b>					
Proceeds from borrowings	30	<b>1,170,179</b>	916,691	<b>1,016,179</b>	866,691
Repayment of borrowings	30	<b>(397,967)</b>	(238,422)	<b>(397,967)</b>	(238,422)
Payment of lease liabilities	30	<b>(10,145)</b>	(10,733)	<b>(10,144)</b>	(8,787)
Dividend paid		-	(500)	-	-
Grant received		<b>89,097</b>	-		
<b>Net cash from financing activities*</b>		<b>851,164</b>	667,036	<b>608,068</b>	619,482
<b>Net change in cash and cash equivalents</b>		<b>414,041</b>	(170,935)	<b>327,106</b>	(152,143)
<b>Movement in cash and cash equivalents</b>					
At beginning of year		<b>847,364</b>	1,018,299	<b>796,802</b>	948,945
Net change in cash and cash equivalents		<b>414,041</b>	(170,935)	<b>327,106</b>	(152,143)
At end of year	12	<b>1,261,405</b>	847,364	<b>1,123,908</b>	796,802

\*For reconciliation of liabilities arising from financing activities, refer to Note 30.

The notes on pages 17 to 93 form an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**1. General information and statement of compliance with International Financial Reporting Standards (“IFRS”)**

DEVELOPMENT BANK OF MAURITIUS LTD., formerly known as DBM Ltd, the "Bank" or the "DBM" or the "Company", is a private company incorporated in Mauritius. The main activity of the Bank is to provide finance for the development of the economy. Its registered office is situated at La Chaussée, P.O. Box 157, Port Louis, Republic of Mauritius.

The Bank and its subsidiaries are together referred to as the "Group".

The activities of the subsidiaries are described on page 53.

*Ultimate Controlling Party*

The directors consider the Government of Mauritius as the ultimate controlling party. The financial statements include the consolidated financial statements of the holding company and its subsidiaries (collectively referred to as the "Group") and the separate financial statements of the "Bank".

The consolidated financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Group and rounded to the nearest thousands (000's).

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by International Accounting Standards Board ("IASB").

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

**2. Application of new and revised IFRS****2.1 New and revised standards that are effective for annual year beginning on 01 July 2023**

In the current year, the following revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2023:

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "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 01 July 2023.

**2.1 Standards and Interpretations adopted with "no" material effect on the financial statements**

IFRS 17 and IFRS 9	Initial application of IFRS 17 and IFRS 9 - Comparative information
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12
IAS 1	Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.
IAS 8	Definition of accounting estimates: Amendments to IAS 8
IAS 1	Classification of Liabilities as Current or Non-Current - Amendment to IAS 1
IFRS 17	IFRS 17 Insurance Contracts
IAS 12	Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 2. Application of new and revised IFRS (Contd)

## 2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group

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:

IFRS 16	Lease liability in a sale and leaseback - amendment to IFRS 16 <i>Effective date: 01 January 2024</i>
IAS 7 and IFRS 7	Supplier Finance Arrangements - amendments to IAS 7 and IFRS 7 <i>Effective date: 01 January 2024</i>
IAS 21	Lack of Exchangeability - amendments to IAS 21 <i>Effective date: 01 January 2025</i>
IFRS 7 & 9	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures <i>Effective date: 01 January 2026</i>
IFRS 18	IFRS 18 Presentation and Disclosure in Financial Statements <i>Effective date: 01 January 2027</i>
IFRS 19	IFRS 19 Subsidiaries without Public Accountability: Disclosures <i>Effective date: 01 January 2027</i>
IFRS S1	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial <i>Effective date: 01 January 2024</i>
IFRS S2	IFRS S2 Climate-related disclosures <i>Effective date: 01 January 2024</i>

At the date of authorisation of these consolidated financial statements, certain new standards and amendments to existing standards have been published but are not yet effective and have not been adopted early by the Group.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### **2. Application of new and revised IFRS (Contd)**

#### **2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Group (Contd)**

Management has yet to assess the impact of the above standards and amendments to existing standards on the Group's financial statements.

Management anticipates that all of the relevant pronouncements, as relevant to Group's activities, will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

### **3. Material accounting policies**

#### **3.1 Overall considerations**

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

#### **3.2 Basis of consolidation**

The Group financial statements consolidate those of the Bank and all of its subsidiaries as of 30 June 2024. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All subsidiaries have a reporting date of 30 June and are incorporated in Mauritius.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.2 Basis of consolidation (Contd)

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the consolidated financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of the subsidiaries' profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### 3.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### 3.4 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at revalued amount, based on valuation by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Increases in the carrying amounts arising from revaluation are credited directly to revaluation reserves. However, the increase shall be recognised in profit or loss to the extent that reverses a revaluation decrease of the same class of assets previously recognised in profit or loss.

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount of the assets and are recognised in profit or loss. On disposal of revalued assets, the amounts included in revaluation reserves are transferred to retained earnings.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3. Material accounting policies (Contd)****3.4 Property, plant and equipment (Contd)**

Depreciation is calculated to write down the cost or revalued amount of property, plant and equipment over their expected useful lives. The annual rates and depreciation methods used for the purpose are as follows:

	<u>Bank</u>	<u>Subsidiaries</u>
Office building	2%	2%
Building on leasehold land	over lease period	-
Furniture, fittings and equipment	15%-20%	10%-20%
Motor vehicles	20%	20%
Computer equipment	15%	20% and 33 <sup>1</sup> / <sub>3</sub> %
Integrated banking system	15%	-

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Subsequent expenditures related to an item of property, plant and equipment are added to its net book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenditures are expensed as and when incurred.

**3.5 Investment properties**

All the Group's properties held to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Investment properties are revalued based on fair values determined by external independent valuers once every 3/5 years or more frequently if market factors indicate a material change in fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

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

**3.6 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity over the fair value of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on acquisition of associates is included in investments in associates. According to IAS 36, goodwill is tested for impairment on an annual basis, or more frequently when there are indications that an impairment may have occurred. Impairment is tested by comparing the carrying amount of the cash-generating unit (CGU), including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds its carrying amount, the CGU and the goodwill allocated to that CGU is not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognises an impairment loss. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3. Material accounting policies (Contd)****3.7 Intangible assets***Software costs*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The assets are amortised at of 10% to 15 % based on their estimated useful life. Costs associated with maintaining computer software programmers are recognised as an expense as incurred.

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

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

**3.8 Investments in subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Bank has control. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

*Separate financial statements*

Investment in subsidiaries in the separate financial statements of the Company is carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

*Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.8 Investments in subsidiaries (Contd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a gain on bargain purchase.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *Transactions and non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount being recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to retained earnings.

#### 3.9 Investments in associates

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

##### *Separate financial statements*

In the separate financial statements of the investor, investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

##### *Consolidated financial statements*

Investments in associates are accounted for by the equity method except when classified as held for sale. The Group's investments in associates may include goodwill, net of any accumulated impairment loss identified on acquisition. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.9 Investments in associates (Contd)

##### *Consolidated financial statements (Contd)*

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the consolidated financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising on investments in associates are recognised in profit or loss.

#### 3.10 Financial instruments

##### **Recognition and derecognition**

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

##### **Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

The classification is determined by both:

- the Group's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.10 Financial instruments (Contd)

##### Subsequent measurement of financial assets

###### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, other assets, loans and most other receivables fall into this category of financial instruments.

###### *Financial assets at fair value through other comprehensive income ("FVOCI")*

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

The Group's investments in securities fall in this category. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

The Group's investments in securities fall in this category. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

###### *Principles of valuation of investments*

###### *Quoted investments*

The investments in the quoted companies, if any, are measured based on the prices listed on the Stock Exchange of Mauritius.

###### *Unquoted investments*

Unlisted investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.10 Financial instruments (Contd)

##### Subsequent measurement of financial assets (Contd)

###### *Unquoted investments (Contd)*

The fair value of the unquoted investments has been determined based on the Net Assets Value basis, less allowances for market risk.

###### *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets where contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

##### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

###### *Stage 1*

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.10 Financial instruments (Contd)

##### Impairment of financial assets (Contd)

###### *Stage 2*

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.

###### *Stage 3*

This would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

The Group applies the IFRS 9 general approach to measure expected credit losses which uses a 12 month and lifetime expected loss allowance for loan receivables. To measure the expected credit losses, the financial assets have been grouped based on shared credit risk characteristics and the days past due.

The impairment requirements apply to financial assets measured at amortised cost. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on a collective basis, depending on the nature of the underlying portfolio of financial instruments which is on the basis of their product types.

The lifetime expected loss rates ("LTECLs") are based on the Group's historical credit losses based on the pattern of movement of financial assets over a period of three years before the reporting date. An additional loss allowance for financial assets is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of financial asset. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the financial assets.

Significant increase in credit risk is determined using quantitative and qualitative information based on the Group's historical experience, credit risk assessment and forward-looking information. The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs (i.e., transfer from Stage 1 to Stage 2). If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3. Material accounting policies (Contd)****3.10 Financial instruments (Contd)****Impairment of financial assets (Contd)***Stage 3 (Contd)*

Financial assets are classified as 'stage 3' where they are determined to be credit impaired. This includes exposures that are at least 180 days past due and where the obligor is unlikely to pay without recourse against available collateral.

Impairment is the difference between contractual and expected cash flows of a financial asset. The Group presents allowance for impairment separately from the gross balance of respective assets rather than directly reducing their carrying amounts.

*The calculation of ECLs*

The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss given default ("LGD") is defined as the likely loss intensity in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. Conceptually, LGD estimates are independent of a customer's probability of default. The LGD models ensure that the main drivers for losses (i.e., different levels and quality of collateralization and customer or product types or seniority of facility) are reflected in specific LGD factors. In the LGD models the Group assigns collateral type specific LGD parameters to the collateralized exposure (collateral value after application of haircuts).

*The mechanics of the ECL method are summarised below:*

Stage 1: The 12-month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. These expected default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.10 Financial instruments (Contd)

##### **Impairment of financial assets (Contd)**

###### *Expected Credit Loss on Rent Receivable*

The Group is applying the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for rent receivable. To measure the expected credit losses, rent receivable has been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the Group's historical credit losses based on the pattern of movement of receivables over a period of five years before the reporting date. An additional loss allowance for receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

###### *Specific Provision*

The Group measures specific provision on financial assets on the basis of individual risk factors involved in different arrangements and past trends. On remaining balances in segments, expected credit loss method is applied.

##### **Derecognition of financial assets**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership nor the Group has retained control.

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

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

##### **Financial Liabilities**

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

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.10 Financial instruments (Contd)

##### Financial Liabilities (Contd)

##### Classification and subsequent measurement of financial liabilities

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives financial instruments, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit and loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially in statement of profit or loss (the remaining amount of change in the fair value of the liability). This is applicable unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in statement of profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

##### Derecognition of financial liabilities

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

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

##### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### **3. Material accounting policies (Contd)**

#### **3.11 Other assets**

Other assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

#### **3.12 Trade and other payables**

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

#### **3.13 Borrowings**

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

#### **3.14 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, cash at bank and short-term deposits with banks.

#### **3.15 Related parties**

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

The Group considers key management personnel, directors and shareholders as related parties.

#### **3.16 Operating expenses**

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

#### **3.17 Equity and reserves**

Share capital is determined using the value of shares that have been issued. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.17 Equity and reserves (Contd)

Other reserves include:

- Fair value reserves comprise unrealised gains and losses on remeasurement of financial instruments at FVOCI.
  
- Actuarial reserves represent the cumulative actuarial gains and losses on remeasurement of retirement benefit obligations.
- Revaluation reserves relate to gains and losses from the revaluation of land and buildings classified under property, plant and equipment.
  
- Capital reserve relate to gains on buy back of treasury shares at a discount.
  
- Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

All transactions with owners of the parent are recorded separately within equity.

#### 3.18 Loans

Loans are presented net of specific and general allowance for uncollectibility. The Group assesses at the end of each reporting period whether there is objective evidence that loans are impaired. Loans are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the asset that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. The calculation of the present value of the estimated future cash flows of a collateralised asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.18 Loans (Contd)

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

#### 3.19 Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

##### *Current tax*

The current tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period. The Bank and its subsidiaries are subject to a tax rate of 15%. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### *CCR*

The government has also recently introduced a new levy called Corporate Climate Responsibility Levy (CCR) of 2% on chargeable income of all companies having a turnover exceeding MUR 50 million.

##### *Corporate Social Responsibility*

The Bank and its subsidiaries are subject to CSR and the contribution is at the rate of 2% on the chargeable income of the preceeding financial year. The CSR contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

##### *Deferred tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3. Material accounting policies (Contd)****3.19 Taxation (Contd)***Deferred tax (Contd)*

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

**3.20 Retirement benefit obligations***Defined benefit plans*

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the year as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

*Other long-term benefits*

Other benefits are calculated and provided for and are recognised as liabilities in the statement of financial position. The obligations arising under this item are not funded.

*State pension plan*

Contributions to the state pension plan are expensed in the statement of comprehensive income in the period in which they fall due.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3. Material accounting policies (Contd)****3.20 Retirement benefit obligations (Contd)***Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**3.21 Foreign currencies***Functional and presentation currency*

Items included in the consolidated financial statements are measured using the Mauritian rupees, the currency of the primary economic environment in which the Group operates ('functional currency'). The consolidated financial statements are presented in Mauritian rupees, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair values was determined.

The average exchange rates for the year are as follows:

	<b>2024</b>	<b>2023</b>
	<b>Rs</b>	<b>Rs</b>
USD	<b>47.44</b>	<b>44.75</b>
EURO	<b>51.07</b>	<b>46.76</b>

**3.22 Impairment of non-financial assets**

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

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.23 Leases

##### **The Group as a lessee**

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

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 Group uses its incremental borrowing rate.

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

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

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

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.23 Leases (Contd)

##### **The Group as a lessee (Contd)**

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

When the Group revises its estimate of the term of any lease (because, for example, they re-assess the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been disclosed as a separate line items. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

##### **Finance leases – The Group as a Lessor**

The Group provides financing under finance leases conditions to micro, small and medium enterprises for principally the acquisition of motor vehicles, industrial equipment and machines. . As part of the wider risk management principles of the Group, the risks associated with the lease portfolio was monitored through rigorous credit assessment, determining the financed amount as part of the cost of the asset based on the customers' credit risk profile, setting up buy back agreements with suppliers for assets with high residual values, amongst others.

#### (i) **Recognition and initial measurement**

Lease classification is determined at the inception date and is reassessed only if there is a lease modification. A lease modification is where there is a change in the scope of the lease, or the consideration for a lease, that was not part of the lease.

When assets are leased out under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Group, and thus the lease payment receivable is treated by the Group as repayment of principal and interest income to reimburse and reward the lessor for its investment and services.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable; there is no need to add them separately.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.23 Leases (Contd)

##### Finance leases – The Group as a Lessor (Contd)

##### (ii) Subsequent measurement

The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is the sum of lease payments receivable by the Group and any unguaranteed residual value accruing to the Group. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

##### Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 3.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

#### 3.25 Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year.

#### 3.26 Other income

Other income earned by the Group are recognised on the following bases:

- Rental income - on an accrual basis.
- Dividend income - when the right to receive payment is established.
- Fee and commission income - when financial services are provided.
- Factoring income – at point in time upon approval of application of customers.
- Finance lease income – See Note 3.23.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 3. Material accounting policies (Contd)

#### 3.27 Inventory properties

Property seized by the Group represents properties acquired through auction at the Master's Bar further to the default of clients. The properties are inventory held by the Group until they are sold. Seized properties are stated at the lower of the cost (price paid at bar together with all related expenses incurred on the acquisition and net realisable value (the estimate of the selling price in the ordinary course of business less the costs to completion and applicable variable selling expenses). Realised loss/gain on disposal of inventory property is taken to the statement of comprehensive income. No depreciation is charged on inventory properties.

#### 3.28 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 3.29 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

#### 3.30 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

#### 3.31 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3.32 Significant management judgment in applying accounting policies and estimation uncertainty**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, the disclosure of contingent liabilities. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgements**

The following are the judgments made by management in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

*Determination of functional currency*

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered those factors and have determined that the functional currency of the Group is the MUR or Rs.

*Significant increase in credit risk*

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

*Deferred taxation on investment properties*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the group's investment property portfolios and concluded that the group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the group has not recognised any deferred taxes on changes in fair value of investment properties as the group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

*Leases - Determining the lease term of contracts with renewal and termination options*

In determining the lease term for the land and buildings being rented, management considers the broader economics of its arrangement with the lessor, including economic penalties for each of the lessor and the Group if the Group were to vacate the leased premises.

*Useful lives of depreciable assets*

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.. The carrying amounts are analysed in Notes 9, 10 and 13. Actual results, however, may vary due to technical obsolescence, particularly relating to computer equipment.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3.32 Significant management judgment in applying accounting policies and estimation uncertainty (Contd)****Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*(a) Pension benefits*

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

*(b) Fair value of land and buildings and investment properties*

In arriving at the fair value of the properties, which is determined on an open market value basis, the independent valuers have to make assumptions that are mainly based on market conditions existing at the end of the reporting period. Should these assumptions and estimates change, or not be met, the valuation as adopted in the consolidated financial statements will be affected.

*(c) Impairment of financial assets*

The Group uses the guidance of IFRS 9 to determine the degree of impairment of its financial assets. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

*(d) Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for loans is an area that requires the use of complex models which are highly dependent on management's judgement and significant assumptions about future economic conditions and credit behaviour. The parameters used by the Group to measure the ECL, including PD, LGD and EAD, each involve numerous judgements and assumptions. Explanation of the assumptions and estimation techniques used in the ECL is further detailed in Note 3.10.

*(e) Provision for credit impairment*

The Group reviews its loans with regard to non-performing accounts on a regular basis to assess whether an allowance for impairment should be recognised. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to allowance.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**3. Material accounting policies (Contd)****3.32 Significant management judgment in applying accounting policies and estimation uncertainty (Contd)****Estimation uncertainty (Contd)***(e) Provision for credit impairment (Contd)*

The portfolio provision is based upon historical patterns of losses in each component of the portfolio of loans as well as management estimate of the impact of current economic and other relevant conditions on the recoverability of the loans portfolio.

*(f) Impairment of assets*

Property, plant and equipment, investment properties and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. Cash flows which are utilised in these assessments are extracted from the yearly budget.

*(g) Limitation of sensitivity analysis*

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

*(h) Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities in Note 19. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 4. Fair value measurement

## 4.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the assets or liability.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

<b>The Group and the Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2024</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Assets</b>				
Financial assets at FVOCI	<b>271,637</b>	-	<b>218,037</b>	<b>489,674</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2023</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Assets</b>				
Financial assets at FVOCI	260,078	-	196,938	457,016

There were no transfers between levels in 2023 and 2024.

**Measurement of fair value**

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise primarily quoted equity instruments classified as financial instrument at FVOCI.

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows:

	<b>2024</b>	<b>2023</b>
<b>Investments in unquoted companies</b>	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July	<b>196,938</b>	196,938
Fair value gain	<b>21,099</b>	-
At 30 June	<b>218,037</b>	<b>196,938</b>

The table above only includes financial assets. Level 3 financial instruments comprise investments in unquoted companies and the valuation technique used is the net asset value method. Hence, sensitivity analysis is not applicable because no unobservable inputs were applied.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 4. Fair value measurement (Contd)

## 4.2 Fair value measurement of financial instruments not carried at fair value

The Group's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

## 4.3 Fair value measurement of non-financial instruments

The Group's non-financial assets comprise property, plant and equipment, right-of-use assets, intangible assets, investment properties, current tax assets, inventory properties, investments in subsidiaries and associates, non-current assets held for sale, prepayments and deposits and non-financial liabilities comprise retirement benefit obligations, liabilities directly associated with non-current assets held for sale, deferred tax liabilities and current tax liabilities.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable, except for investment properties and land and buildings, since these are not measured at fair value on a recurring or non-recurring basis.

**Fair value hierarchy of non-financial assets measured at fair value**

The following table shows the levels within the hierarchy of non-financial assets measured at fair value.

**The Group**

<b>2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Property, plant and equipment</b>				
Land and buildings	-	-	<b>397,880</b>	<b>397,880</b>
<b>Investment properties</b>				
Land and buildings	-	-	<b>4,245,450</b>	<b>4,245,450</b>
<hr/>				
<b>2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Property, plant and equipment</b>				
Land and buildings	-	-	510,973	<b>510,973</b>
<b>Investment properties</b>				
Land and buildings	-	-	4,042,067	<b>4,042,067</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 4. Fair value measurement (Contd)

## 4.3 Fair value measurement of non-financial instruments (Contd)

## The Bank

2024	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>Property, plant and equipment</b>				
Land and buildings	-	-	397,880	397,880
<b>Investment properties</b>				
Land and buildings	-	-	3,779,542	3,779,542
<hr/>				
2023	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>Property, plant and equipment</b>				
Land and buildings	-	-	402,737	402,737
<b>Investment properties</b>				
Land and buildings	-	-	3,757,767	3,757,767
<hr/>				

There were no transfers between levels for both the Group and the Bank during the year.

The Group's land and buildings and investment properties are revalued every 5 years or more frequently if market forces indicate a material change in fair value. The Group engages external, independent and qualified valuers to determine the fair value of the land and buildings and investment properties. The fair value of the land and buildings and investment properties was determined by Professional Valuers Co Ltd and Elevante Property Services Ltd in 2023.

The appraisal was carried based on sales comparison approach (for land) taking into account recent transactions and depreciated replacement cost for building and income capitalisation approach.

The significant unobservable input is the adjustment for factors specific to the building in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 4. Fair value measurement (Contd)

## 4.3 Fair value measurement of non-financial instruments (Contd)

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

<b>The Group</b>	<b>Property, plant and equipment</b>	<b>Investment properties</b>
<b>2024</b>	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July 2023	<b>402,737</b>	<b>4,042,067</b>
Transfer to investment properties	-	-
Transfer from property, plant and equipment	-	-
Depreciation charge for the year	<b>(4,857)</b>	-
Additions	-	<b>23,775</b>
Disposal	-	<b>(2,000)</b>
Revaluation adjustment	-	-
<b>At 30 June 2024</b>	<b>397,880</b>	<b>4,063,842</b>
	<b>Property, plant and equipment</b>	<b>Investment properties</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July 2022	219,502	3,390,256
Transfer to inventory properties	(828)	(3,500)
Transfer from property, plant and equipment	-	828
Depreciation charge for the year	(3,642)	-
Additions	69,689	90,058
Revaluation Adjustment	118,016	564,425
<b>At 30 June 2023</b>	<b>402,737</b>	<b>4,042,067</b>
	<b>Property, plant and equipment</b>	<b>Investment properties</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July 2023	<b>402,737</b>	<b>3,757,767</b>
Transfer to inventory properties (note 7(b))	-	-
Transfer from property, plant and equipment (note 10)	-	-
Additions	<b>(4,857)</b>	<b>23,775</b>
Disposals	-	<b>(2,000)</b>
Revaluation adjustment	-	-
<b>At 30 June 2024</b>	<b>397,880</b>	<b>3,779,542</b>
	<b>Property, plant and equipment</b>	<b>Investment properties</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July 2022	<b>289,191</b>	<b>3,112,372</b>
Transfer to inventory properties (note 7(b))	<b>(828)</b>	<b>(3,500)</b>
Transfer from property, plant and equipment (note 10)	-	<b>828</b>
Depreciation charge for the year	<b>(3,642)</b>	-
Additions	-	<b>87,394</b>
Revaluation adjustment	<b>118,016</b>	<b>560,673</b>
<b>At 30 June 2023</b>	<b>402,737</b>	<b>3,757,767</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 5. Capital risk management

The capital structure of the Group consists of debts, which includes borrowings, and equity attributable to equity holders of the parent, comprising of issued capital and reserves. The Group's funding strategy also comprises raising funds through deposits and borrowings from government. As at 30 June, the situation was as follows:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Total debts	5,945,641	5,173,429	5,646,641	5,028,429
Cash and bank balances	(1,136,416)	(725,226)	(998,918)	(674,666)
Net debts	<b>4,809,225</b>	<b>4,448,203</b>	<b>4,647,723</b>	<b>4,353,763</b>
Total equity	<b>4,173,423</b>	<b>4,227,472</b>	<b>4,018,322</b>	<b>4,104,449</b>
Debt-to-adjusted capital ratio	<b>1.15</b>	<b>1.05</b>	<b>1.16</b>	<b>1.06</b>

## 6. Loans

(a) Loans are summarised as follows:

The Group and the Bank	2024	2023
	Rs'000	Rs'000
Loans - Gross	6,727,303	6,524,168
Expected credit losses (Note (b))	(1,738,652)	(1,745,171)
Loans - Net	<b>4,988,651</b>	<b>4,778,997</b>

(b) Expected credit losses

The Group and the Bank	2024	2023
	Rs'000	Rs'000
At 01 July	1,745,171	1,654,910
Addition for the year (Note 27)	83,707	251,896
Write-off during the year	(90,226)	(161,635)
At 30 June	<b>1,738,652</b>	<b>1,745,171</b>

(c) Analysis of the gross carrying amount and corresponding ECL allowances as at 30 June is as follows:

The Group and the Bank	Stage 1	Stage 2	Stage 3	Total
2024	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount	4,133,183	680,691	1,913,429	6,727,303
Impairment losses	(206,515)	(139,937)	(1,392,200)	(1,738,652)
	<b>3,926,668</b>	<b>540,754</b>	<b>521,229</b>	<b>4,988,651</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 6. Loans (Contd)

(c) Analysis of the gross carrying amount and corresponding ECL allowances as at 30 June is as follows: (Contd)

<b>The Group and the Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>2023</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Gross carrying amount	4,027,922	504,981	1,991,265	6,524,168
Impairment losses	(20,741)	(271,097)	(1,453,333)	(1,745,171)
	<b>4,007,181</b>	<b>233,884</b>	<b>537,932</b>	<b>4,778,997</b>

(d) At 30 June 2024, the Bank had **Rs. 641,256,107** (2023:Rs 552,548,331) held as collateral.

(e) At 30 June, the analysis of changes in the gross carrying amount:

<b>The Group and the Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>2024</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Gross carrying amount opening balance	<b>4,027,922</b>	<b>504,981</b>	<b>1,991,265</b>	<b>6,524,168</b>
New assets originated or purchased	<b>1,009,130</b>	-	-	<b>1,009,130</b>
Transfers to stage 1	<b>253,642</b>	<b>(125,061)</b>	<b>(128,581)</b>	-
Transfers to stage 2	<b>(208,528)</b>	<b>232,613</b>	<b>(24,085)</b>	-
Transfers to stage 3	<b>(142,634)</b>	<b>(448,284)</b>	<b>590,918</b>	-
Assets derecognised or repaid (excluding write offs)	<b>(587,153)</b>	<b>(87,707)</b>	<b>(104,955)</b>	<b>(779,815)</b>
Changes to contractual cash flows due to modifications not resulting in derecognition	<b>(219,196)</b>	<b>604,149</b>	<b>(320,907)</b>	<b>64,046</b>
Amounts written off	-	-	<b>(90,226)</b>	<b>(90,226)</b>
Gross carrying amount closing balance	<b>4,133,183</b>	<b>680,691</b>	<b>1,913,429</b>	<b>6,727,303</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 6. Loans (Contd)

(e) At 30 June, the analysis of changes in the gross carrying amount: (Contd)

<b>The Group and the Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>2023</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Gross carrying amount opening balance	4,393,170	100,157	1,925,907	6,419,234
New assets originated or purchased	735,451	-	-	735,451
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(282,468)	282,468	-	-
Transfers to stage 3	(1,456)	-	1,456	-
Assets derecognised or repaid (excluding write offs)	(473,569)	(86,825)	(62,296)	(622,690)
Changes to contractual cash flows due to modifications not resulting in derecognition	(343,206)	209,181	287,833	153,808
Amounts written off	-	-	(161,635)	(161,635)
<b>Gross carrying amount closing balance</b>	<b>4,027,922</b>	<b>504,981</b>	<b>1,991,265</b>	<b>6,524,168</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 6. Loans (Contd)

(f) At 30 June, reconciliation of ECL balance is given below:

The Group and the Bank	Stage 1	Stage 2	Stage 3	Total
2024	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance – opening balance	20,741	271,097	1,453,333	1,745,171
Net remeasurement of loss allowance	197,541	(50,029)	(63,805)	83,707
Transfers to stage 1	29,548	(18,126)	(11,422)	-
Transfers to stage 2	(30,152)	37,631	(7,479)	-
Transfers to stage 3	(11,163)	(100,636)	111,799	-
Amounts written off	-	-	(90,226)	(90,226)
<b>ECL allowance - closing balance</b>	<b>206,515</b>	<b>139,937</b>	<b>1,392,200</b>	<b>1,738,652</b>

The Group and the Bank	Stage 1	Stage 2	Stage 3	Total
2023	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance – opening balance	42,618	37,580	1,574,712	1,654,910
Net remeasurement of loss allowance	251,896	-	-	251,896
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(233,517)	233,517	-	-
Transfers to stage 3	(40,256)	-	40,256	-
Amounts written off	-	-	(161,635)	(161,635)
<b>ECL allowance - closing balance</b>	<b>20,741</b>	<b>271,097</b>	<b>1,453,333</b>	<b>1,745,171</b>

## 7. Properties

## (a) Investment properties

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	4,042,067	3,390,256	3,757,767	3,112,372
Transfer to inventory properties (note 7(b))	-	(3,500)	-	(3,500)
Transfer from property, plant and equipment (note 10)	108,236	828	-	828
Additions	97,147	90,058	23,775	87,394
Disposals	(2,000)	-	(2,000)	-
Revaluation adjustment	-	564,425	-	560,673
<b>At 30 June</b>	<b>4,245,450</b>	<b>4,042,067</b>	<b>3,779,542</b>	<b>3,757,767</b>

*Rental income and direct operating expenses*

The gross rental income from the investment properties amounted to **Rs 196.1M** (2023: Rs 198.2M) for the Group and **Rs 187M** (2023: Rs 185.5 M) for the Bank and direct operating expenses amounted to **Rs 49.01M** (2023: Rs 30.4M) for the Group and **Rs 37.82M** (2023: Rs 24.8M) for the Bank.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 7. Properties

## (a) Investment properties (Contd)

*Rodrigues Business Park Development Co Ltd*

During the review year, capital expenditure for the ongoing construction of Technopark in Rodrigues totaled Rs 73,371,774.

*Fair valuation*

The investment properties were revalued on 30 June 2023 by Professional Valuers Co Ltd, Chartered Valuation Surveyors, on an open market value basis based on sales comparison approach (for land) taking into account recent transactions and depreciated replacement cost for buildings. The Board consider that the fair value of the investment properties as at 30 June 2024 has not materially changed from last year's valuation as at 30 June 2024. It is the policy of the Bank to revalue its investment properties every five years as no significant change is expected from one to five years.

Details of the Group's and the Company's freehold land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2024 are as follows:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
	Level 3	Level 3	Level 3	Level 3
Freehold land	<b>1,321,537</b>	<b>1,323,537</b>	<b>1,321,537</b>	<b>1,323,537</b>
Buildings	<b>2,742,305</b>	<b>2,718,530</b>	<b>2,458,005</b>	<b>2,434,230</b>
Carrying amount	<b>4,063,842</b>	<b>4,042,067</b>	<b>3,779,542</b>	<b>3,757,767</b>

The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market, with the estimated price per arpents being the significant unobservable input. For the purpose of this valuation, the Sales Comparison Approach has been used for the freehold land element and the Depreciated Replacement Cost Approach has been used for the building and structures

The Depreciated Replacement Cost Approach estimates the value by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and external (or economic) obsolescence. The value of the land, as though it were vacant and available, is then added to the depreciated value of the premises in order to produce a total value estimate.

A quantitative sensitivity analysis is shown below for the land on price per arpents and for buildings on price per square feet which are the unobservable inputs that management consider to be most significant.

**Price per Arpents**

Increase of 5% in price per Arpents would increase fair value gain by MUR 66.1m for the Bank and the Group.

Decrease of 5% in price per Arpents would decrease fair value gain by MUR 66.1 for the Bank and the Group.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 7. Properties

## (a) Investment properties (Contd)

**Price per square feet**

Increase of 5% in price per square feet would increase fair value gain by MUR 122.9m and MUR 137.1m for the Bank and the Group respectively.

Decrease of 5% in price per square feet would decrease fair value gain by MUR 122.9m and MUR 137.1m for the Bank and the Group respectively.

## (b) Inventory properties

The Group and the Bank	2024	2023
	Rs'000	Rs'000
At 01 July	40,796	38,843
Transfer from Investment properties (note 7(a))	-	3,500
Write-off	(7,954)	-
Acquired during the year	231	437
Disposals during the year	(814)	(1984)
At 30 June	32,259	40,796

Analysed as follows:

Stock of land and buildings	32,259	40,796
-----------------------------	--------	--------

Inventory properties with carrying value of Rs.0.8m (2023: Rs.1.9m) were disposed for consideration of Rs.1.6m (2023: Rs.6.1m) during the year, resulting in net gain of Rs 0.8m (2023: Rs.4.2m) recognised under other income.

There is no fixed or floating charges on the inventories of the Group.

## 8. Investments

## (a) Securities

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Fair value:</b>				
Quoted investments	271,637	260,078	271,637	260,078
Unquoted investments	218,037	196,938	218,037	196,938
<b>Total</b>	<b>489,674</b>	<b>457,016</b>	<b>489,674</b>	<b>457,016</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 8. Investments (Contd)

## (a) Securities (Contd)

(i) Movement during the year:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	457,016	452,332	457,016	452,332
Addition	25	13	25	13
Fair value gain on remeasurement	32,633	4,671	32,633	4,671
<b>At 30 June</b>	<b>489,674</b>	<b>457,016</b>	<b>489,674</b>	<b>457,016</b>

- (ii) The market value of quoted investments is based on listed share prices on the Stock Exchange of Mauritius on 30 June 2024.
- (iii) The fair values of the unquoted investments are based on a Net Asset Value basis after making allowance for market risks.
- (iv) Both the listed and unquoted investments are classified as financial assets at fair value through other comprehensive income for the Group.
- (v) Details of fair value hierarchy are shown under note 4.1.

## (b) Investments in associates

The Group and the Bank	2024	2023
	Rs'000	Rs'000
At 01 July and at 30 June	-	-

(i) The associated companies are as follows:

	Reporting date	Nature of business	Country of incorporation	% holding
<b>2024</b>				
State Investment Finance Corporation Ltd	31 December	Insurance	Republic of Mauritius	20
SIC Fund Management Ltd	31 December	Investment	Republic of Mauritius	49
<b>2023</b>				
State Investment Finance Corporation Ltd	31 December	Insurance	Republic of Mauritius	20
SIC Fund Management Ltd	31 December	Investment	Republic of Mauritius	49

(ii) The above investments have been impaired and restricted to Rs Nil at Group and Company level. No financial summaries have been disclosed as they are dormant companies and considered immaterial.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 8. Investments (Contd)

## (c) Investments in subsidiaries

	2024	2023
The Bank	Rs'000	Rs'000
<b>Unquoted</b>		
At 01 July	203,460	198,460
Additions	5,000	5,000
<b>At 30 June</b>	<b>208,460</b>	<b>203,460</b>

(i) Details of the Bank's subsidiaries are as follows:

	Country of incorporation	Ordinary shares	
		Direct % holding	Direct % holding
		2024	2023
DBM Financial Services Ltd	Republic of Mauritius	100	100
DBM Properties Development Ltd	Republic of Mauritius	80	80
DBM Venture Capital Fund Ltd	Republic of Mauritius	100	100
Rodrigues Business Park Development Co Ltd	Rodrigues	50	50
DBM Energy Ltd	Republic of Mauritius	100	100

(ii) The principal activities of the subsidiaries are as follows:

- (a) DBM Financial Services Ltd recovers debts in respect of the ex-MCCB (in liquidation), provides finance lease facilities and factoring services to MSMEs.
- (b) DBM Venture Capital Fund Ltd provides equity and quasi equity loans to small entrepreneurs.
- (c) DBM Properties Development Ltd is engaged in the rental of properties.
- (d) Rodrigues Business Park Development Co Ltd is engaged in investment properties.
- (e) DBM Energy Ltd is engaged in the production of electricity from renewable sources.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 8. Investments (Contd)

## (c) Investments in subsidiaries (Contd)

(iii) Summarised financial information on subsidiaries with material non-controlling interests.

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) for the year	Profit/(loss) allocated to non-controlling interests	Dividend paid to non-controlling interests	Accumulated non-controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>2024</b>									
DBM Properties Development Ltd	39,907	289,550	19,624	247	10,415	24,338	4,868	(125)	61,917
Rodrigues Business Park Development Co Ltd	120,515	181,608	2,031	299,000	-	3,806	1,903	-	4,351
<b>2023</b>									
DBM Properties Development Ltd	38,893	288,180	24,211	16,988	14,099	11,788	2,358	(500)	57,175
Rodrigues Business Park Development Co Ltd	41,927	108,236	266	145,000	-	(2,675)	(1,338)	-	2,449

(iv) Summarised cash flow information:

	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
<b>2024</b>				
DBM Properties Development Ltd	3,194	(1,931)	(189)	1,074
Rodrigues Business Park Development Co Ltd	6,252	(73,372)	154,000	86,880
<b>2023</b>				
DBM Properties Development Ltd	9,750	(2,663)	(6,137)	950
Rodrigues Business Park Development Co Ltd	7,406	(62,434)	50,000	(5,028)

The above summarised financial information is before intra-group eliminations.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 9. Intangible assets

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Gross carrying amount</b>				
At 01 July	<b>114,163</b>	76,397	<b>113,324</b>	74,824
Additions*	<b>4,687</b>	38,860	<b>4,427</b>	38,500
Disposal	-	(1,094)	-	-
Scrapped**	<b>(33,713)</b>	-	<b>(33,713)</b>	-
<b>At 30 June</b>	<b>85,137</b>	<b>114,163</b>	<b>84,038</b>	<b>113,324</b>
<b>Amortisation</b>				
At 01 July	<b>39,929</b>	31,458	<b>39,411</b>	31,015
Charge for the year	<b>10,935</b>	9,565	<b>10,827</b>	8,396
Disposal	-	(1,094)	-	-
Scrapped**	<b>(33,713)</b>	-	<b>(33,713)</b>	-
<b>At 30 June</b>	<b>17,151</b>	<b>39,929</b>	<b>16,525</b>	<b>39,411</b>
<b>Carrying amount at 30 June</b>	<b>67,986</b>	<b>74,234</b>	<b>67,513</b>	<b>73,913</b>

\*The additions refer to cost incurred for the upgrade of the Core Banking System which has gone live in November 2022. The cost so far incurred for this project has been capitalised.

\*\*The scrapped items relate to old softwares which have been decommission in 2024 upon the full deployment of the new Core Banking System.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 10. Property, plant and equipment

The Group	Land and buildings Rs'000	Improvement to building on leasehold land Rs'000	Asset under construction Rs'000	Furniture, fittings and equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Integrated banking system Rs'000	Total Rs'000
<b>Cost or valuation</b>								
At 01 July 2023	510,973	8,648	9,554	62,699	6,940	72,262	33,261	704,337
Additions	-	6,668	123,106	6,893	2,724	787	1,274	141,452
Disposal	-	-	-	(94)	(5,438)	-	-	(5,532)
Transfer to Investment Property	(108,236)	-	-	-	-	-	-	(108,236)
<b>At 30 June 2024</b>	<b>402,737</b>	<b>15,316</b>	<b>132,660</b>	<b>69,498</b>	<b>4,226</b>	<b>73,049</b>	<b>34,535</b>	<b>732,021</b>
<b>Accumulated depreciation</b>								
At 01 July 2023	-	2,353	-	55,599	5,335	59,667	30,032	152,986
Charge for the year	4,857	262	-	1,750	506	2,460	858	10,693
Disposal adjustment	-	-	-	(139)	(5,194)	-	-	(5,333)
<b>At 30 June 2024</b>	<b>4,857</b>	<b>2,615</b>	<b>-</b>	<b>57,210</b>	<b>647</b>	<b>62,127</b>	<b>30,890</b>	<b>158,346</b>
<b>Carrying amount</b>								
<b>At 30 June 2024</b>	<b>397,880</b>	<b>12,701</b>	<b>132,660</b>	<b>12,288</b>	<b>3,579</b>	<b>10,922</b>	<b>3,645</b>	<b>573,675</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 10. Property, plant and equipment (Contd)

<b>The Group</b>	<b>Land and buildings</b>	<b>Improvement to building on leasehold land</b>	<b>Asset under construction</b>	<b>Furniture, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Integrated banking system</b>	<b>Total</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Cost or valuation</b>								
At 01 July 2022	358,402	2,225	2,299	62,489	6,349	67,637	33,261	532,662
Additions	62,434	6,423	7,255	210	1,499	4,625	-	82,446
Disposal	(5,471)	-	-	-	(908)	-	-	(6,379)
Transfer to Investment Property	(828)	-	-	-	-	-	-	(828)
Revaluation adjustment	96,436	-	-	-	-	-	-	96,436
<b>At 30 June 2023</b>	<b>510,973</b>	<b>8,648</b>	<b>9,554</b>	<b>62,699</b>	<b>6,940</b>	<b>72,262</b>	<b>33,261</b>	<b>704,337</b>
<b>Accumulated depreciation</b>								
At 01 July 2022	20,582	2,225	-	54,195	5,751	57,444	29,461	169,658
Charge for the year	3,642	128	-	1,404	420	2,223	571	8,388
Disposal adjustment	(2,644)	-	-	-	(836)	-	-	(3,480)
Revaluation adjustment	(21,580)	-	-	-	-	-	-	(21,580)
<b>At 30 June 2023</b>	<b>-</b>	<b>2,353</b>	<b>-</b>	<b>55,599</b>	<b>5,335</b>	<b>59,667</b>	<b>30,032</b>	<b>152,986</b>
<b>Carrying amount</b>								
<b>At 30 June 2023</b>	<b>510,973</b>	<b>6,295</b>	<b>9,554</b>	<b>7,100</b>	<b>1,605</b>	<b>12,595</b>	<b>3,229</b>	<b>551,351</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 10. Property, plant and equipment (Contd)

The Bank	Land and buildings Rs'000	Improvement to building on leasehold land Rs'000	Furniture, fittings and equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Integrated banking system Rs'000	Total Rs'000
<b>Cost or valuation</b>							
At 01 July 2023	402,737	8,648	52,577	6,940	72,262	33,261	576,425
Additions	-	6,668	4,962	2,724	787	1,274	16,415
Disposals	-	-	(94)	(5,438)	-	-	(5,532)
<b>At 30 June 2024</b>	<b>402,737</b>	<b>15,316</b>	<b>57,445</b>	<b>4,226</b>	<b>73,049</b>	<b>34,535</b>	<b>587,308</b>
<b>Accumulated depreciation</b>							
At 01 July 2023	-	2,353	47,799	5,335	59,667	30,032	145,186
Disposals	-	-	(139)	(5,194)	-	-	(5,333)
Charge for the year	4,857	262	1,173	506	2,460	858	10,116
<b>At 30 June 2024</b>	<b>4,857</b>	<b>2,615</b>	<b>48,833</b>	<b>647</b>	<b>62,127</b>	<b>30,890</b>	<b>149,969</b>
<b>Carrying amount</b>							
<b>At 30 June 2024</b>	<b>397,880</b>	<b>12,701</b>	<b>8,612</b>	<b>3,579</b>	<b>10,922</b>	<b>3,645</b>	<b>437,339</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 10. Property, plant and equipment (Contd)

The Bank	Land and buildings Rs'000	Improvement to building on leasehold land Rs'000	Furniture, fittings and equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Integrated banking system Rs'000	Total Rs'000
<b>Cost or valuation</b>							
At 01 July 2022	307,129	2,225	52,367	6,349	67,637	33,261	468,968
Additions	-	6,423	210	1,499	4,625	-	12,757
Disposals	-	-	-	-908	-	-	(908)
Transfer to Investment property	(828)	-	-	-	-	-	(828)
Revaluation adjustment	96,436	-	-	-	-	-	96,436
<b>At 30 June 2023</b>	<b>402,737</b>	<b>8,648</b>	<b>52,577</b>	<b>6,940</b>	<b>72,262</b>	<b>33,261</b>	<b>576,425</b>
<b>Accumulated depreciation</b>							
At 01 July 2022	17,938	2,225	46,911	5,751	57,444	29,461	159,730
Disposals	-	-	-	-836	-	-	(836)
Charge for the year	3,642	128	888	420	2,223	571	7,872
Revaluation adjustment	(21,580)	-	-	-	-	-	(21,580)
<b>At 30 June 2023</b>	<b>-</b>	<b>2,353</b>	<b>47,799</b>	<b>5,335</b>	<b>59,667</b>	<b>30,032</b>	<b>145,186</b>
<b>Carrying amount</b>							
<b>At 30 June 2023</b>	<b>402,737</b>	<b>6,295</b>	<b>4,778</b>	<b>1,605</b>	<b>12,595</b>	<b>3,229</b>	<b>431,239</b>

- (a) The Group's and the Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses.

All freehold land and buildings were revalued on 30 June 2023 by Professional Valuers Co Ltd, Chartered Valuation Surveyors, on an open market value basis based on Sales Comparison Approaches for land taking into account recent transactions and Depreciated Replacement Cost for buildings. It is the policy of the Group to revalue its land and buildings every five years. The Board consider that the fair value of land and buildings at 30 June 2024 was not materially different from the fair value as at 30 June 2023.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 10. Property, plant and equipment (Contd)

- (b) Details of the Group's and the Company's freehold land and buildings measured at fair value and information about the fair value hierarchy as at 30 June are as follows:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
	Level 3	Level 3	Level 3	Level 3
Freehold land	159,900	159,900	159,900	159,900
Buildings	242,837	520,816	237,980	242,837
Carrying amount	<u>402,737</u>	<u>680,716</u>	<u>397,880</u>	<u>402,737</u>

A reconciliation of PPE classified within Level 3 is shown under note 4.3.

The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market with the estimated price per arpents being the significant unobservable input. For the purpose of this valuation, the Sales Comparison Approach has been used for the freehold land element and the Depreciated Replacement Cost Approach has been used for the building and structures standing thereon with the estimated cost price per square feet being the significant unobservable input.

The Depreciated Replacement Cost Approach estimates the value by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and external (or economic) obsolescence. The value of the land, as though it were vacant and available, is then added to the depreciated value of the premises in order to produce a total value estimate.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

**10. Property, plant and equipment (Contd)**

- (c) A quantitative sensitivity analysis is shown below for the land on price per arpents and for buildings on price per square feet which are the unobservable inputs that management consider to be most significant.

**Price per Arpents**

Increase of 5% in price per Arpents would increase fair value gain by MUR 8m for both the Group and the Bank.

Decrease of 5% in price per Arpents would decrease fair value gain by MUR 8m for both the Group and the Bank.

**Price per square feet**

Increase of 5% in price per square feet would increase fair value gain by MUR 12.1m and MUR 11.9m for both the Group and the Bank respectively.

Decrease of 5% in price per square feet would decrease fair value gain by MUR 12.1m and MUR 11.9m for both the Group and the Bank respectively.

- (d) Depreciation charge has been booked in operating expenses.

**11. Other assets**

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Rental income receivable - gross	<b>268,733</b>	251,309	<b>265,436</b>	247,857
Expected credit losses (Note (i))	<b>(250,460)</b>	(239,846)	<b>(248,406)</b>	(237,792)
Rental income receivable – net	<b>18,273</b>	11,463	<b>17,030</b>	10,065
Net investment in finance lease (Note (iii))	<b>474,474</b>	214,911	-	-
Other receivables	<b>74,226</b>	171,578	<b>41,395</b>	131,189
Advance towards investment	<b>25,000</b>	25,000	<b>25,000</b>	25,000
Prepayments	<b>5,319</b>	15,599	<b>5,319</b>	15,599
Due from subsidiaries	-	-	<b>511,157</b>	247,150
	<b>597,292</b>	<b>427,088</b>	<b>599,901</b>	<b>418,938</b>

- (i) The Group's and the Bank's rental income receivable has been reviewed for indicators of impairment in accordance with IFRS 9 and expected credit losses of **Rs 250.6M** (2023: Rs 239.8M), and of **Rs 248.4M** (2023: Rs 237.8M) respectively have been recognised as at year end.

The movement in the allowance for credit losses is presented below:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	<b>239,846</b>	227,471	<b>237,792</b>	225,417
Expected credit losses for the year (Note 27)	<b>10,614</b>	12,375	<b>10,614</b>	12,375
<b>At 30 June</b>	<b>250,460</b>	<b>239,846</b>	<b>248,406</b>	<b>237,792</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 11. Other assets (Contd)

## The Group

(ii) At 30 June 2024, the carrying value of rent receivable is analysed as follows:

	ECL Rate	Estimated total gross carrying amount	Less ECL Allowance	Rent receivable net of ECL
	%	Rs'000	Rs'000	Rs'000
<i>Number of days carrying value of rent receivables have been past due</i>				
- 0 to 30 days	6	2,582	(148)	2,434
- 30 to 60 days	6	1,925	(121)	1,804
- 60 to 90 days	8	4,041	(311)	3,730
- 90 to 120 days	9	2,879	(256)	2,623
- 120 to 150 days	13	3,802	(477)	3,325
- 150 to 180 days	17	2,201	(381)	1,820
- 180 to 210 days	55	2,850	(1,556)	1,294
- 210 to 240 days	84	7,792	(6,549)	1,243
- 240 to 270 days	100	6,189	(6,189)	-
- 270 to 300 days	100	4,070	(4,070)	-
- 300 to 330 days	100	3,138	(3,138)	-
- 330 to 360 days	100	7,722	(7,722)	-
- More than 360 days	100	219,542	(219,542)	-
Carrying value of rent receivable net of ECL		268,733	(250,460)	18,273

At 30 June 2023, the carrying value of rent receivable is analysed as follows:

	ECL Rate	Estimated total gross carrying amount	Less ECL Allowance	Rent receivable net of ECL
	%	Rs'000	Rs'000	Rs'000
		Restated		Restated
<i>Number of days carrying value of rent receivables have been past due</i>				
- 0 to 30 days	6	697	(40)	657
- 30 to 60 days	6	2,067	(130)	1,937
- 60 to 90 days	8	2,414	(186)	2,228
- 90 to 120 days	9	1,595	(142)	1,453
- 120 to 150 days	13	948	(119)	829
- 150 to 180 days	17	2,001	(346)	1,655
- 180 to 210 days	55	2,876	(1,570)	1,306
- 210 to 240 days	70	4,725	(3,327)	1,398
- 240 to 270 days	100	2,165	(2,165)	-
- 270 to 300 days	100	3,546	(3,546)	-
- 300 to 330 days	100	1,138	(1,138)	-
- 330 to 360 days	100	1,770	(1,770)	-
- More than 360 days	100	225,367	(225,367)	-
Carrying value of rent receivable net of ECL		251,309	(239,846)	11,463

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 11. Other assets (Contd)

## The Bank

(ii) At 30 June 2024, the carrying value of rent receivable is analysed as follows:

	ECL Rate	Estimated total gross carrying amount	Less ECL Allowance	Rent receivable net of ECL
	%	Rs'000	Rs'000	Rs'000
<i>Number of days carrying value of rent receivables have been past due</i>				
- 0 to 30 days	6	2,582	(148)	2,434
- 30 to 60 days	6	1,925	(121)	1,804
- 60 to 90 days	8	4,041	(311)	3,730
- 90 to 120 days	9	2,879	(256)	2,623
- 120 to 150 days	13	3,802	(477)	3,325
- 150 to 180 days	17	2,201	(381)	1,820
- 180 to 210 days	55	2,850	(1,556)	1,294
- 210 to 240 days	100	4,496	(4,496)	-
- 240 to 270 days	100	6,189	(6,189)	-
- 270 to 300 days	100	4,070	(4,070)	-
- 300 to 330 days	100	3,138	(3,138)	-
- 330 to 360 days	100	7,722	(7,722)	-
- More than 360 days	100	219,542	(219,542)	-
Carrying value of rent receivable net of ECL		265,436	(248,406)	17,030

At 30 June 2023, the carrying value of rent receivable is analysed as follows:

	ECL Rate	Estimated total gross carrying amount	Less ECL Allowance	Rent receivable net of ECL
	%	Rs'000	Rs'000	Rs'000
		Restated		Restated
<i>Number of days carrying value of rent receivables have been past due</i>				
- 0 to 30 days	6	697	(40)	657
- 30 to 60 days	6	2,067	(130)	1,937
- 60 to 90 days	8	2,414	(186)	2,228
- 90 to 120 days	9	1,595	(142)	1,453
- 120 to 150 days	13	948	(119)	829
- 150 to 180 days	17	2,001	(346)	1,655
- 180 to 210 days	55	2,876	(1,570)	1,306
- 210 to 240 days	100	1,273	(1,273)	0
- 240 to 270 days	100	2,165	(2,165)	0
- 270 to 300 days	100	3,546	(3,546)	0
- 300 to 330 days	100	1,138	(1,138)	0
- 330 to 360 days	100	1,770	(1,770)	0
- More than 360 days	100	225,367	(225,367)	0
Carrying value of rent receivable net of ECL		247,857	(237,792)	10,065

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 11. Other assets (Contd)

## (iii) Net investment in finance lease

The Group	2024	2023
	Rs'000	Rs'000
<i>Movement during the year:</i>		
At 01 July	214,911	136,218
Leases granted during the year	340,996	118,942
Capital repayment during the year	(80,856)	(35,877)
At 30 June	475,051	219,283
Allowance for credit impairment (Note (f) below)	(577)	(4,372)
Net investment in finance lease	<b>474,474</b>	<b>214,911</b>
<i>Analysed as follows:</i>		
Non-current:		
Later than 1 year and not later than 5 years	160,010	142,489
Later than 5 years	177,018	11,231
Total non-current	<b>337,028</b>	<b>153,720</b>
Current:		
Not later than 1 year	137,446	61,191
	<b>474,474</b>	<b>214,911</b>

- (a) Before granting lease to clients, the Group has an appraisal process to assess the potential client's credit quality and reliability. Upon satisfactory appraisal and submission of all necessary documents, the lease is granted. The Group enters into finance lease arrangements for inter-alia motor vehicles, industrial equipment and machinery for an average term of 5 to 8 years. Finance leases are secured by the assets under lease.
- (b) The average credit period for lease receivable is 180 days.
- (c) Ageing analysis:

	2024	2023
	Rs'000	Rs'000
Up to 3 months	132,085	18,158
Over 3 months and up to 6 months	2,374	14,819
Over 6 months and up to 12 months	2,986	28,214
Over 1 year and up to 5 years	160,010	142,489
Over 5 years	177,019	11,231
	<b>474,474</b>	<b>214,911</b>

The maximum exposure to credit risk of net investment in finance lease for the current year is the carrying amount reported at 30 June 2024.

- (d) The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term. The average effective interest rate contracted is 6.95% per annum with interest rate ranging from 6% to 8.5%.
- (e) The lease receivables for the year ended 30 June 2024 are collateralised by the value of assets to the extent of Rs 881M.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 11. Other assets (Contd)

(f) Analysis of the gross carrying amount and corresponding ECL allowance as at 30 June 2023 is as follows:

<b>30-Jun-24</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Gross carrying amount	<b>467,648</b>	<b>3,250</b>	<b>4,153</b>	<b>475,051</b>
Impairment losses	-	-	<b>(577)</b>	<b>(577)</b>
	<b>467,648</b>	<b>3,250</b>	<b>3,576</b>	<b>474,474</b>
<b>30-Jun-23</b>				
Gross carrying amount	184,756	18,606	15,921	219,283
Impairment losses	-	-	(4,372)	(4,372)
	<b>184,756</b>	<b>18,606</b>	<b>11,549</b>	<b>214,911</b>

(i) Other receivables include amount due from third parties which are short term in nature.

(ii) The amounts receivable from the subsidiaries are unsecured, interest-free and receivable on demand.

## 12. Cash and cash equivalents

	<b>The Group</b>		<b>The Bank</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Short term deposits with banks	<b>124,989</b>	122,137	<b>124,990</b>	122,137
Cash in hand and at bank	<b>1,136,416</b>	725,226	<b>998,918</b>	674,666
	<b>1,261,405</b>	<b>847,363</b>	<b>1,123,908</b>	<b>796,803</b>

## 13. Right-of-use assets

	<b>The Group</b>		<b>The Bank</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Cost</b>				
At 01 July	<b>276,829</b>	242,573	<b>276,829</b>	237,102
Additions	-	39,727	-	39,727
Effects of derecognition	-	(5,471)	-	-
<b>At 30 June</b>	<b>276,829</b>	<b>276,829</b>	<b>276,829</b>	<b>276,829</b>
<b>Depreciation</b>				
At 01 July	<b>17,698</b>	13,218	<b>17,698</b>	10,574
Charge for the year	<b>7,661</b>	7,124	<b>7,661</b>	7,124
Effect of derecognition	-	(2,644)	-	-
<b>At 30 June</b>	<b>25,359</b>	<b>17,698</b>	<b>25,359</b>	<b>17,698</b>
<b>Net book value</b>	<b>251,470</b>	<b>259,131</b>	<b>251,470</b>	<b>259,131</b>

Right-of-use assets represent leasehold land and buildings held under operating leases accounted for under IFRS 16. Refer to Note 19 for details on lease liabilities.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 14. Non-current assets held for sale

**The Group**

- (a) Non-current assets classified as held for sale include properties recovered from debtors of ex-MCCB Ltd (in liquidation), following legal actions taken. These properties have been classified as held for sale in accordance with *IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations*. The non-current assets held for sale have been stated at their fair values at the reporting date.
- (b) Details of non-current assets classified as held for sale are as follows:

	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Assets directly associated with non-current assets classified as held for sale	<b>3,500</b>	3,500

	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Non-controlling interests	-	-
Trade and other payables	-	-
	-	-

**The Bank**

	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July and at 30 June	-	-

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 15. Stated capital

The Group and the Bank	2024	2023
	Rs'000	Rs'000
5,049,000 shares of Rs 100 each	504,900	504,900
	<b>504,900</b>	<b>504,900</b>

The share confers to its holder the following rights:

- (i) the right to vote on poll for every share held at a meeting of the Bank on any resolution;
- (ii) the right to an equal share in dividends authorised by the Board; and
- (iii) the right to an equal share in the distribution of the surplus assets of the Bank, on winding up.

## 16. Deposits from customers

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Personal, business and government</i>				
Savings and demand deposits	411,584	335,192	434,084	350,453
Deposit on rental income	13,770		13,770	11,497
Time deposits with remaining maturity:				
- Up to 3 months	420,500	1,900	420,500	1,900
- Over 3 months and up to 6 months	1,000	300	1,000	300
- Over 6 months and up to 12 months	205,795	153,180	205,795	153,180
	<b>1,052,649</b>	<b>490,572</b>	<b>1,075,149</b>	<b>517,330</b>
Time deposits with remaining maturity:				
- Over 1 year and up to 5 years	155,700	635,626	155,700	635,626
- Over 5 years	-	-	-	-
	<b>155,700</b>	<b>635,626</b>	<b>155,700</b>	<b>635,626</b>
Interest payable to depositors	15,958	10,050	15,958	10,050
	<b>1,224,307</b>	<b>1,136,248</b>	<b>1,246,807</b>	<b>1,163,006</b>

## 17. Borrowings

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Government loans (Note (i))	867,070	606,164	568,070	606,164
Other loans (Notes (ii))	5,078,571	4,567,265	5,078,571	4,422,265
<b>Total</b>	<b>5,945,641</b>	<b>5,173,429</b>	<b>5,646,641</b>	<b>5,028,429</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 17. Borrowings (Contd)

- (i) The government loans bear interest ranging between 0% to 5% and repayable by June 2049. Interest expense amounted to Rs 10.1M at 30 June 2024 (2023: Rs 9.4M) for the Bank and Rs11.8m at 30 June 2024 (2023: Rs9.4M) for the Group. These loans are guaranteed by the Government of Mauritius.
- (ii) The Bank contracted loans amounting to Rs 5.5Bn (2023: Rs 4.5Bn) from the Bank of Mauritius in order to implement the Government Wage Assistance Scheme, the COVID-19 Scheme and the Government budgetary measures. The loans bear interest at the rate of 0.5% and 1.35% per annum and are repayable over 3 to 19 years. These loans are guaranteed by the Government of Mauritius.
- (iii) Breakdown of borrowings based on repayment period is as follows:

	The Group		The Bank	
	2024	2023	2024	2023
Repayable as follows:	Rs'000	Rs'000	Rs'000	Rs'000
<b>Current:</b>				
Within one year	374,950	890,971	374,950	890,971
<b>Non-current:</b>				
After one year and before two years	1,112,994	772,546	450,509	772,546
After two years and before three years	553,247	744,629	553,247	744,629
After three years and before five years	1,267,479	709,692	1,267,479	709,692
After five years	2,636,971	2,055,591	3,000,456	1,910,591
	<b>5,570,691</b>	<b>4,282,458</b>	<b>5,271,691</b>	<b>4,137,458</b>
<b>Total</b>	<b>5,945,641</b>	<b>5,173,429</b>	<b>5,646,641</b>	<b>5,028,429</b>

## 18. Retirement benefit obligations

The Group and the Bank	2024	2023
	Rs'000	Rs'000
Amount recognised in the consolidated statement of financial position:		
- Defined pension benefits (Note (a))	912,949	740,449
- Other long-term benefits (Note (b))	104,463	87,985
	<b>1,017,412</b>	<b>828,434</b>
Analysed as follows:		
Non-current liabilities	<b>1,017,412</b>	<b>828,434</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 18. Retirement benefit obligations (Contd)

The Group and the Bank	2024	2023
	Rs'000	Rs'000
Amount charged to profit or loss:		
- Defined pension benefits (Note (a)(v))	52,848	42,457
- Other post-retirement benefits (Note (b)(i))	20,170	1,636
	<b>73,018</b>	<b>44,093</b>
Amount credited to other comprehensive income:		
- Defined pension benefits (Note (a)(vi))	<b>(156,961)</b>	<b>(56,959)</b>

## (a) Defined pension benefits

The plan is a defined arrangement for the employees and it is funded. The assets of the funded plan are held independently and administered by the State Insurance Company of Mauritius Ltd.

The Group contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of pension at retirement and a benefit on death or disablement in service before retirement.

The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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

The Group and the Bank	2024	2023
	Rs'000	Rs'000
Present value of funded obligations	1,264,579	1,075,012
Fair value of plan assets	<b>(351,630)</b>	(334,563)
Liability in the statement of financial position	<b>912,949</b>	<b>740,449</b>

(ii) The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

The Group and the Bank	2024	2023
	Rs'000	Rs'000
At 01 July	740,449	675,779
Charged to profit and loss	52,848	42,457
Debited to other comprehensive income	156,961	56,959
Contributions paid	<b>(12,309)</b>	(9,746)
Special contribution	<b>(25,000)</b>	(25,000)
<b>At 30 June</b>	<b>912,949</b>	<b>740,449</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 18. Retirement benefit obligations (Contd)

## (a) Defined pension benefits (Contd)

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

<b>The Group and the Bank</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July	<b>1,075,012</b>	1,005,341
Current service costs	<b>15,677</b>	13,510
Interest cost	<b>62,055</b>	51,041
Liability loss	<b>165,404</b>	52,695
Benefits paid	<b>(53,569)</b>	(47,575)
<b>At 30 June</b>	<b>1,264,579</b>	<b>1,075,012</b>

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

<b>The Group and the Bank</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July	<b>334,563</b>	329,563
Expected return on plan assets	<b>19,485</b>	16,938
Employer contributions	<b>12,309</b>	9,746
Employee contributions	<b>5,929</b>	5,459
Special contributions	<b>25,000</b>	25,000
Benefits paid and other outgoing	<b>(54,099)</b>	(47,879)
Asset (loss)/gain	<b>8,443</b>	(4,264)
<b>At 30 June</b>	<b>351,630</b>	<b>334,563</b>

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

<b>The Group and the Bank</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Current service cost	<b>15,677</b>	13,510
Fund expenses	<b>530</b>	304
Net expense	<b>42,570</b>	34,102
Employee contributions	<b>(5,929)</b>	(5,459)
<b>Total included in employee benefit expense (Note 25(a))</b>	<b>52,848</b>	<b>42,457</b>
Actual return on plan assets	<b>27,928</b>	<b>12,674</b>

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

<b>The Group and the Bank</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Remeasurement on the net defined benefit liability:		
Asset experience loss/(gain)	<b>(8,443)</b>	4,264
Liability experience loss	<b>165,404</b>	52,695
<b>Actuarial losses</b>	<b>156,961</b>	<b>56,959</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 18. Retirement benefit obligations (Contd)

## (a) Defined pension benefits (Contd)

(vii) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

The Group and the Bank	2024	2023
	%	%
Government securities and cash	49.9	53.9
Loans	3.1	2.8
Local equities	15.2	14.0
Overseas bonds and equities	31.3	28.8
Property	0.5	0.5
<b>Total</b>	<b>100</b>	<b>100</b>

(viii) The cost of providing the benefits is determined using the Projected Unit Method. The principal actuarial assumptions used for accounting purposes were:

The Group and the Bank	2024	2023
	%	%
Discount rate	5.60	5.92
Future salary growth rate	4.50	4.50
Future pension growth rate	3.50	3.50

(ix) Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase, expected pension growth and mortality. The sensitivity analysis below has been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period for the Group and the Bank:

	Increase	Decrease
2024	Rs'000	Rs'000
Discount rate - 1% lower/higher	188.1M	152.7M
Expected salary growth - 1% increase/decrease	61.7M	55.1M
Expected pension growth – 1% increase/decrease	115.8M	100.3M
Life expectancy – 1% increase/decrease	39.1M	38.9M
	Increase	Decrease
2023	Rs'000	Rs'000
Discount rate - 1% lower/higher	158.9M	129M
Expected salary growth - 1% increase/decrease	53.2M	47.3M
Expected pension growth – 1% increase/decrease	98.9M	84M
Life expectancy – 1% increase/decrease	32.5M	32.4M

## Notes to the consolidated financial statements

For the year ended 30 June 2024

### 18. Retirement benefit obligations (Contd)

#### (a) Defined pension benefits (Contd)

In reality, one might expect inter-relationships between the assumptions, especially between discount rate and expected salary increase, given that both depend to a certain extent on expected inflation rates. The analysis above abstracts from these interdependences between the assumptions.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligations has been calculated using the projected unit credit method.

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

- (x) The plan is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

#### *Investment risk*

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

#### *Interest risk*

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

#### *Longevity risk*

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

#### *Salary risk*

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the plan liability.

- (xi) The funding policy is to pay contributions to an external legal entity at the rate recommended by the Group's actuaries.
- (xii) The expected employer contribution for 2024-2025 is Rs 13.1M.
- (xiii) The weighted average duration of the defined benefit obligation is 13 years.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 18. Retirement benefit obligations (Contd)

## (b) Other post-retirement benefits

Other long-term benefits comprise provision for passage benefits and refund of sick and vacation leaves.

(i) The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	2024	2023
	Rs'000	Rs'000
Amount included in staff costs (Note 25(a))	20,170	1,636

(ii) Movement in the liability recognised in the statement of financial position:

	2024	2023
	Rs'000	Rs'000
At 01 July	87,985	86,349
Paid during the year	(3,692)	-
Total expense as above	20,170	1,636
<b>At 30 June</b>	<b>104,463</b>	<b>87,985</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 19. Lease liabilities

## (a) Summary of the leasing arrangement

The Bank's lease liabilities consist of operating lease for rental of buildings and plots of land.

The Group has recognised 16 leases for rental of the above-mentioned assets as finance leases as the contractual terms of these leases meet the definition of finance leases under IFRS 16 "Leases".

(b) The remaining period of the lease contracts varies from 3 to 60 years as from 01 July 2022.

<b>The Group and the Bank</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Non-current	<b>278,066</b>	278,692
Current	<b>626</b>	417
<b>Total lease liabilities</b>	<b>278,692</b>	<b>279,109</b>

<b>The Group</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July	<b>279,109</b>	238,563
Additions	-	39,727
Payments made during the year	<b>(10,145)</b>	(8,787)
Interest accrued during the year	<b>9,728</b>	9,606
<b>At 30 June</b>	<b>278,692</b>	<b>279,109</b>

<b>The Bank</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>
At 01 July	<b>279,109</b>	241,044
Additions	-	39,727
Payments made during the year	<b>(10,145)</b>	(10,733)
Effects of derecognition	-	(535)
Interest accrued during the year	<b>9,728</b>	9,606
<b>At 30 June</b>	<b>278,692</b>	<b>279,109</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 19. Lease liabilities (Contd)

(c) Future minimum lease payments at 30 June 2024 were as follows:

The Group	Within 1 year	More than 1 year	Total
2024	Rs'000	Rs'000	Rs'000
Lease payments	10,326	720,974	731,300
Finance charges	(9,700)	(442,908)	(452,608)
<b>Net present values</b>	<b>626</b>	<b>278,066</b>	<b>278,692</b>

The Group	Within 1 year	More than 1 year	Total
2023	Rs'000	Rs'000	Rs'000
Lease payments	10,421	742,700	753,121
Finance charges	(10,004)	(464,008)	(474,012)
<b>Net present values</b>	<b>417</b>	<b>278,692</b>	<b>279,109</b>

The Bank	Within 1 year	More than 1 year	Total
2024	Rs'000	Rs'000	Rs'000
Lease payments	10,326	720,974	731,300
Finance charges	(9,700)	(442,908)	(452,608)
<b>Net present values</b>	<b>626</b>	<b>278,066</b>	<b>278,692</b>

The Bank	Within 1 year	More than 1 year	Total
2023	Rs'000	Rs'000	Rs'000
Lease payments	10,421	742,700	753,121
Finance charges	(10,004)	(464,008)	(474,012)
<b>Net present values</b>	<b>417</b>	<b>278,692</b>	<b>279,109</b>

## 20(a). Deferred grant income

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January	-	-	-	-
Received during the year	89,097	-	-	-
Released to the statement of profit or loss	-	-	-	-
<b>At 30 June</b>	<b>89,097</b>	<b>-</b>	<b>-</b>	<b>-</b>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. It relates to the installation of photovoltaic panels on the rooftop of DBM buildings and those of Government-owned entities.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 20(b) Trade and other payables (Contd)

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	214,708	209,506	214,708	209,506
Accruals	21,832	30,507	19,681	26,036
Other payables	78,959	90,878	69,387	89,685
<b>Payables and accruals</b>	<b>315,499</b>	<b>330,891</b>	<b>303,776</b>	<b>325,227</b>

- (i) Payables include deposits received for space reservation of properties, unprocessed credit advices and accruals in the normal course of business.
- (ii) The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe.

## 21. Income tax

**The Bank**

The Bank is liable to income tax at the rate of 15% and as at 30 June 2024 it had an income tax recoverable of Rs 3.7M (2023: tax recoverable of Rs 11M).

The income tax liability is calculated according to the tax rate and tax laws applicable to the fiscal period which it relates, based on the taxable profit for the year.

*CSR*

Contribution to the CSR Fund is at a rate of 2% on the 'chargeable income' of the preceding financial year.

*CCR*

The government has also recently introduced a new levy called Corporate Climate Responsibility Levy (CCR) of 2% on chargeable income of all companies having a turnover exceeding MUR 50 million. This was treated as non-adjusting event at 30 June 2024. More details are provided in note 32.

**The Group**

All the subsidiaries are incorporated in the Republic of Mauritius are liable to income tax at the rate of 15%. As at 30 June 2024, the Group had an aggregate tax liability of Rs 3.7M (2023: tax recoverable of Rs 10.3M).

The Bank and its subsidiaries are also subject to the Advanced Payment Scheme ("APS") whereby they are required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

## 21.1 Statement of comprehensive income

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Income tax on the adjusted profit	28,608	23,970	26,853	22,301
CSR	4,118	8,593	3,661	8,449
Movement on deferred taxation (note 21.4)	(18,679)	(13,488)	(2,946)	(15,138)
Tax (over)/underprovided	-	148	-	148
Adjustment for TDS	-	(90)	-	-
<b>Tax expense</b>	<b>14,047</b>	<b>19,133</b>	<b>27,568</b>	<b>15,760</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 21. Income tax (Contd)

## 21.2 Statement of financial position

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	(10,359)	35,830	(10,980)	36,279
Tax paid	(19,270)	(73,260)	(17,092)	(73,197)
Tax charge for the year	28,608	23,970	26,853	22,301
Tax (over)/underprovided in prior year	-	148	-	148
CSR	4,118	8,593	3,661	8,449
TDS withheld during the year	(6,763)	(5,819)	(6,132)	(4,960)
Tax refunded	-	179	-	-
<b>Tax liability/ (asset)</b>	<b>(3,666)</b>	<b>(10,359)</b>	<b>(3,690)</b>	<b>(10,980)</b>

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Tax asset	(4,020)	(11,104)	(13,742)	(10,980)
Tax liability	354	745	10,052	-
<b>Tax liability/ (asset)</b>	<b>(3,666)</b>	<b>(10,359)</b>	<b>(3,690)</b>	<b>(10,980)</b>

## 21.3 Income tax reconciliation

The tax on the Group's and the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Profit/(loss) before tax	57,768	426,954	39,086	419,472
Tax at 15 %	8,665	64,043	5,863	62,921
Non-allowable items	35,686	58,155	34,910	55,658
Exempt income	(14,121)	(98,958)	(13,309)	-97,861
Movement on deferred taxation (note 21.4)	(18,679)	(13,488)	(2,946)	-15,138
Tax (over)/underprovided in prior year	-	148	-	148
CSR	4,118	8,593	3,661	8,449
less CSR paid through donations	(611)	-	(611)	-
Tax penalties	-	1,583	-	1,583
Tax loss utilized	(1,011)	(853)	-	-
Tax refundable	-	(90)	-	-
<b>Tax expense</b>	<b>14,047</b>	<b>19,133</b>	<b>27,568</b>	<b>15,760</b>

Notes to the consolidated financial statements

For the year ended 30 June 2024

**21. Income tax (Contd)**

**21.4 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 17% (2023: 17%.)

(a) The following amounts are shown in the statements of financial position:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	529,290	499,614	529,243	499,614
Deferred tax liabilities	(247)	(15,933)	-	-
<b>Net deferred tax assets</b>	<b>529,043</b>	<b>483,681</b>	<b>529,243</b>	<b>499,614</b>

(b) The movement on the deferred income tax account is as follows:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	483,681	460,510	499,614	474,793
(Debit)/Credit to profit or loss (note 21.4(c))	18,679	13,488	2,946	15,138
Credit to other comprehensive income (note 21.4(c))	26,683	9,683	26,683	9,683
At June 30,	<b>529,043</b>	<b>483,681</b>	<b>529,243</b>	<b>499,614</b>

The deferred tax liability is related to accelerated tax depreciation, timing differences in recognition of expected credit losses and recognition of right of use assets under leases.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

(c) **Analysis of components of deferred tax:**

The Group	At July 01,	(charged)/	Credited to other	At June 30,
	2023	credited to	comprehensive	2024
<u>2024</u>	Rs'000	profit or loss	income or loss	Rs'000
Accelerated tax depreciation	1,991	11,578	-	13,569
Right of use assets	(44,053)	1,303	-	(42,750)
Lease liabilities	47,449	(71)	-	47,378
Expected credit losses	337,460	426	-	337,886
Employee benefit liabilities	140,834	5,443	26,683	172,960
<b>Net deferred tax assets</b>	<b>483,681</b>	<b>18,679</b>	<b>26,683</b>	<b>529,043</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 21. Income tax (Contd)

## 21.4 Deferred taxation (Contd)

## (c) Analysis of components of deferred tax: (Contd)

The Group	At July 01,	(charged)/	Credited to other	At June 30,
	2022	credited to	comprehensive	2023
<u>2023</u>	Rs'000	profit or loss	income or loss	Rs'000
Accelerated tax depreciation	8,890	(6,899)	-	1,991
Right of use assets	(38,510)	(5,543)	-	(44,053)
Lease liabilities	40,556	6,893	-	47,449
Expected credit losses	320,012	17,448	-	337,460
Employee benefit liabilities	129,562	1,589	9,683	140,834
Net deferred tax assets	<b>460,510</b>	<b>13,488</b>	<b>9,683</b>	<b>483,681</b>

The Bank	At July 01,	(charged)/	Credited to other	At June 30,
	2023	credited to	comprehensive	2024
<u>2024</u>	Rs'000	profit or loss	income or loss	Rs'000
Accelerated tax depreciation	17,924	(4,069)	-	13,855
Right of use assets	(44,053)	1,303	-	(42,750)
Lease liabilities	47,449	(71)	-	47,378
Expected credit losses	337,460	340	-	337,800
Employee benefit liabilities	140,834	5,443	26,683	172,960
Net deferred tax assets	<b>499,614</b>	<b>2,946</b>	<b>26,683</b>	<b>529,243</b>

The Bank	At July 01,	(charged)/	Credited to other	At June 30,
	2022	credited to	comprehensive	2023
<u>2023</u>	Rs'000	profit or loss	income or loss	Rs'000
Accelerated tax depreciation	23,173	(5,249)	-	17,924
Right of use assets	(38,510)	(5,543)	-	(44,053)
Lease liabilities	40,556	6,893	-	47,449
Expected credit losses	320,012	17,448	-	337,460
Employee benefit liabilities	129,562	1,589	9,683	140,834
Net deferred tax assets	<b>474,793</b>	<b>15,138</b>	<b>9,683</b>	<b>499,614</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 22. Interest income

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Loans	<b>372,881</b>	298,737	<b>381,534</b>	292,059
Placements	<b>6,222</b>	4,454	<b>6,221</b>	4,454
	<b>379,103</b>	<b>303,191</b>	<b>387,755</b>	<b>296,513</b>

## 23. Interest expense

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense on:				
- Interest on government loans	<b>11,842</b>	9,385	<b>10,060</b>	9,385
- Interest on BOM loans	<b>25,975</b>	32,648	<b>33,894</b>	32,648
- Interest on deposits and savings	<b>33,894</b>	22,373	<b>26,934</b>	22,619
- Interest on leases	<b>9,728</b>	10,732	<b>9,728</b>	9,606
	<b>81,439</b>	<b>75,138</b>	<b>80,616</b>	<b>74,258</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 24. Other income

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Rental income	<b>196,082</b>	198,197	<b>187,026</b>	185,518
Investment income	<b>25,843</b>	13,979	<b>25,833</b>	13,864
Debts collected from ex-MCCB Ltd (in liquidation) clients	<b>4,370</b>	1,826	-	-
Other income (Note (i))	<b>93,557</b>	30,370	<b>55,366</b>	22,741
	<b>319,852</b>	244,372	<b>268,225</b>	222,123

- (i) Other income includes bad debts recovered, other interest income, income from collection of debt, gain on disposal of non-current assets held for sale and others.

## 25. Operating expenses

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Staff costs (Note 25(a))	<b>261,843</b>	193,937	<b>259,233</b>	193,003
Depreciation of property, plant and equipment (note 10)	<b>10,693</b>	8,388	<b>10,116</b>	7,872
Amortisation of intangible assets (note 9)	<b>10,935</b>	9,565	<b>10,827</b>	8,396
Amortisation of right-of-use assets (note 13)	<b>7,661</b>	7,124	<b>7,661</b>	7,124
Property management expenses	<b>35,724</b>	25,193	<b>37,819</b>	24,789
Professional and legal fees	<b>7,946</b>	8,233	<b>6,032</b>	6,091
Directors and secretarial fees	<b>8,856</b>	7,531	<b>4,922</b>	4,030
Utilities	<b>6,860</b>	6,387	<b>4,673</b>	4,277
Office expenses	<b>91,986</b>	6,559	<b>9,498</b>	6,559
Other expenses	<b>22,923</b>	76,901	<b>91,975</b>	63,360
	<b>465,427</b>	349,818	<b>442,756</b>	325,501

(a) *Analysis of staff costs:*

Salaries and allowances	<b>188,825</b>	149,844	<b>186,215</b>	148,910
Retirement benefits:				
Pension (Note 18(a)(v))	<b>52,848</b>	42,457	<b>52,848</b>	42,457
- Other long-term benefits (Note 18(b) (i))	<b>20,170</b>	1,636	<b>20,170</b>	1,636
	<b>261,843</b>	193,937	<b>259,233</b>	193,003
Number of employees	<b>279</b>	201	<b>270</b>	189

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 26. Notes to the statement of cash flows

	Notes	The Group		The Bank	
		2024	2023	2024	2023
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Cash generated from operating activities</b>					
(Profit)/loss before tax		<b>57,768</b>	426,954	<b>39,086</b>	431,847
<b>Adjustments:</b>					
Depreciation on property, plant and equipment	10	<b>10,693</b>	8,388	<b>10,116</b>	7,872
Depreciation on right-of-use assets	13	<b>7,661</b>	7,124	<b>7,661</b>	7,124
Amortisation of intangible assets	9	<b>10,935</b>	9,565	<b>10,827</b>	8,396
Profit on sale of inventory properties		-	(4,193)	<b>(799)</b>	(4,193)
Increase in provision for retirement benefit obligations	18	<b>73,018</b>	44,093	<b>73,018</b>	44,093
Fair value gain on revaluation of investment properties		-	(564,425)	-	(560,673)
Expected credit losses on loans	6(b)	<b>83,707</b>	90,261	<b>83,707</b>	251,896
Expected credit loss on rent	11(i)	<b>10,614</b>	12,375	<b>10,614</b>	12,375
Inventory properties written off	7(b)	<b>7,954</b>	-	<b>7,954</b>	-
Assets written off		-	1,094	-	-
Movement in provisioning expenses		<b>(920)</b>	922	-	-
Contribution to retirement benefit obligations	18(a)	<b>(37,309)</b>	(34,746)	<b>(37,309)</b>	(34,746)
Investment income	24	<b>(25,843)</b>	(13,979)	<b>(25,833)</b>	(13,864)
Interest expense on leases	23	<b>9,728</b>	10,732	<b>9,728</b>	9,606
Other income		<b>(9,040)</b>	(6,626)	<b>(9,040)</b>	(2,153)
Loss on derecognition of right-of-use		-	2,292	-	-
<b>Cash used in operations</b>		<b>198,966</b>	<b>(10,169)</b>	<b>179,730</b>	<b>157,580</b>

## 27. Movement in provision for credit impairment

The Group and the Bank	2024	2023
	Rs'000	Rs'000
Increase in provision on loans and other financial assets (Note 6(b))	<b>83,707</b>	251,896
ECL on rental income receivable (Note 11(i))	<b>10,614</b>	12,375
	<b>94,321</b>	264,271

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 28. Related party transactions

## (i) The Group

Relationship	Nature of transactions	Volume of transactions Rs'000	Credit balances at 30-Jun-24 Rs'000	Credit balances at 30-Jun-23 Rs'000
Key management personnel	Emoluments	15,311	-	-
Main shareholder	Loan payable	115,985	(867,149)	(751,164)
	Deposits	13,910	(777,095)	(791,005)
	Interest payable	5,907	(15,958)	(10,051)
	Interest expenses	13,004	(13,795)	(791)
Other related companies	Deposits	-	-	-
	Interest payable	-	-	-
	Interest expenses	-	-	-

## (ii) The Bank

Relationship	Nature of transactions	Volume of transactions Rs'000	(Credit)/ debit balances at 30-Jun-24 Rs'000	(Credit)/debit balances at 30-Jun-23 Rs'000
Key management personnel	Emoluments	15,311	-	-
Main shareholder	Loan payable	260,906	(867,070)	(606,164)
	Deposits	13,910	(777,095)	(791,005)
	Interest payable	5,907	(15,958)	(10,051)
	Interest expenses	13,004	(13,795)	(791)
Subsidiaries	Deposits	4,258	(22,500)	(26,758)
	Amount due by / borrowings	264,007	511,457	247,450
	Commission payable	5,879	(1,176)	(7,055)
	Interest expenses	4,770	(9,178)	(4,408)
	Management fees	2,053	9,789	7,736
	Dividend income	1,500	500	2,000

**Terms and conditions of transactions with related parties**

All transactions are conducted on an arms length basis. Where any conflict of interest arises, the directors or employees involved do not participate in the decision making regarding those transactions.

Credit facilities to key management personnel and executive directors are as per their contract of employment.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management

**Risk management objectives and policies**

In its ordinary operations, the Group is exposed to various risks such as capital risk, foreign currency risks, interest rate risks, credit risks and liquidity risks. The Group has devised on a central basis a set of specific policies for managing these exposures.

The Group's financial assets and liabilities by category are summarised below.

	Classification and measurement category	The Group		The Bank	
		2024	2023	2024	2023
		Rs'000	Rs'000	Rs'000	Rs'000
<i>Financial assets</i>					
Financial assets at FVOCI	Fair value through OCI	<b>489,674</b>	457,016	<b>489,674</b>	457,016
Loans and other receivables	Amortised cost	<b>5,585,943</b>	5,206,085	<b>5,588,552</b>	5,197,935
Cash and cash equivalents	Amortised cost	<b>1,261,405</b>	847,363	<b>1,123,908</b>	796,803
		<b>7,337,022</b>	6,510,464	<b>7,202,134</b>	6,451,754
<i>Financial liabilities</i>					
Deposits from customers	Amortised cost	<b>1,224,307</b>	1,136,248	<b>1,246,807</b>	1,163,006
Borrowings	Amortised cost	<b>5,945,641</b>	5,173,429	<b>5,646,641</b>	5,028,429
Lease liabilities	Amortised cost	<b>278,692</b>	279,109	<b>278,692</b>	279,109
Trade and other payables	Amortised cost	<b>315,499</b>	330,891	<b>303,776</b>	325,226
		<b>7,764,139</b>	6,919,677	<b>7,475,916</b>	6,795,770

**Market risk analysis**

Market risk refers to the potential of market price fluctuations, such as those in interest rates, equity prices, foreign exchange rates, and market credit spreads, impacting a Group's income or the valuation of its financial instrument holdings. The primary objective of market risk management is to proficiently handle and regulate these exposures within acceptable benchmarks, all while optimizing returns from risk-associated endeavors.

**Foreign exchange risk**

The Group undertakes certain transactions denominated in foreign currencies (USD and EURO) and hence is exposed to exchange rate fluctuations.

*Currency profile*

The currency profile of the Group and the Bank is summarised as follows:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Financial assets</i>				
MUR	<b>7,328,982</b>	6,509,894	<b>7,194,094</b>	6,451,184
USD	<b>2,751</b>	7	<b>2,751</b>	7
Euro	<b>5,289</b>	5,247	<b>5,289</b>	5,247
	<b>7,337,022</b>	6,515,148	<b>7,202,134</b>	6,456,438
<i>Financial liabilities</i>				
MUR	<b>7,764,139</b>	6,919,677	<b>7,475,916</b>	6,795,770

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management (Contd)

## Risk management objectives and policies (Contd)

## Market risk analysis (Contd)

## Foreign exchange risk (Contd)

*Foreign exchange sensitivity analysis*

The following table details the Group's sensitivity to a 10% increase and decrease in the MUR against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 10% change in foreign currency rates. A negative number below indicates a decrease in profits where the MUR appreciates 10% against the relevant currencies. For a 10% weakening of the MUR against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be positive.

Impact of 10% appreciation/depreciation of the Mauritian Rupee on pre-tax profit:

	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Impact on profit</b>	(+/-)	(+/-)	(+/-)	(+/-)
USD	275	1	275	1
Euro	529	525	529	525

**Credit risk analysis**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a documented credit policy to manage its loans and other receivables. Credit exposure is controlled by counterparty limits that are approved and reviewed by key management on a regular basis.

The Group's credit risk is primarily attributable to loans and other assets (rental receivable, net investment in finance lease, other receivables and advance towards investments). The amounts presented in the consolidated statement of financial position are net of allowances for credit losses and represents the Group's maximum exposure to credit risk. The loans are secured by fixed and floating charges over the assets of the borrowers and where the loans are without security, these are guaranteed by the government under specific loans schemes.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management (Contd)

## Risk management objectives and policies (Contd)

## Credit risk analysis (Contd)

Loans are assessed for impairment when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation, indicates that the account may be impaired. Provision is recognised when the present value of the collateral is less than the asset's carrying value.

Before accepting any new customer, the Group assesses the credit quality of the customer and defines the terms and credit limits accordingly for each sector of activity.

The Group does not have significant concentration of risk due to their large number of customers, spread across diverse industries and geographical areas.

(i) Loans	The Group		The Bank	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Neither past due nor impaired and past due but not impaired	3,721,287	3,721,287	3,721,287	3,721,287
Impaired	3,006,016	2,802,881	3,006,016	2,802,881
Gross	6,727,303	6,524,168	6,727,303	6,524,168
Less allowances for credit impairment	(1,738,652)	(1,745,171)	(1,738,652)	(1,745,171)
Net	4,988,651	4,778,997	4,988,651	4,778,997
<b>(ii) Other assets</b>				
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Rental income receivable	268,733	251,309	265,436	247,857
Investment in finance lease	475,051	219,283	-	-
Gross	743,784	470,592	265,436	247,857
Less allowances for credit impairment	(251,037)	(244,218)	(248,406)	(237,792)
Net	492,747	226,374	17,030	10,065
Other receivables	74,226	171,578	41,395	131,189
Advance towards investment	25,000	25,000	25,000	25,000
	<b>591,974</b>	<b>422,952</b>	<b>83,424</b>	<b>166,254</b>

- (i) The main collaterals held are fixed charges and floating charges on assets of the customers. The main type of collateral obtained for investment in finance leases are assets held under the finance leases. Such assets mostly include motor vehicles, industrial equipment and machinery. The assets under lease are registered under DBM Financial Services Ltd until the lessee pays in full the contractual amount due, whereby title is then transferred. Should the lessee default in payment, the Group has the right to undertake legal procedures to recover the asset under lease, which in substance acts as a collateral against defaults.

*Loans and leases with moratorium*

The Group has provided short-term capital repayment exemption for periods of four to six months to eligible customers impacted by the COVID-19 pandemic. Normal interest has been accrued during the moratorium period and shall be paid thereafter along with capital. The maturity date has also been accordingly extended. The economic loss to the Group is therefore only representative of the time value of money which is not material.

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management (Contd)

## Risk management objectives and policies (Contd)

## Credit risk analysis (Contd)

- (ii) The Group does not have any concentration of risk with any specific customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable.

The Bank holds deposits for some of the rental receivable. The provision has been arrived at after taking into consideration the amount of deposits. No other collateral is held for rental receivable.

- (iii) The credit risk for the cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

## Interest rate risk

The Group is exposed to interest rate risk in respect of loans, deposits and borrowings. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating interest rates.

The interest rate profile of the financial assets and financial liabilities of the Group and the Bank as at 30 June 2024 and 30 June 2023 with floating interest rates are as follows:

	Lowest %	Highest %
<b>2024</b>		
<i>Financial assets</i>		
Deposit with banks	-	4.75
<i>Financial liabilities</i>		
Savings and fixed deposits	2.5	3.5
Borrowings	3	4.5
<b>2023</b>		
<i>Financial assets</i>		
Deposit with banks	-	3.1
<i>Financial liabilities</i>		
Savings and fixed deposits	2.5	3.5
Borrowings	3.5	4.5

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial instrument risk (Contd)

## Risk management objectives and policies (Contd)

## Interest rate risk (Contd)

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for the non-derivative instruments at the end of the reporting period. For floating rate financial instruments, the analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used and it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's and the Bank's profit/(loss) for the year ended 30 June 2024 would decrease/increase by Rs 459K (2023: Rs 1.03 M) and Rs 859K (2023: Rs 1.22 M) respectively.

## Liquidity risk analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Group manages liquidity risk by maintaining adequate reserves, securing banking facilities and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

*Maturities of financial assets and liabilities at 30 June 2024:*

The tables below analyse the Group's and the Bank's financial assets and liabilities to the relevant maturity groupings based on the remaining years of repayment and undiscounted cash flows.

The Group 2024	On demand Rs'000	Less than 12	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
		months Rs'000			
<i>Financial assets</i>					
Deposits and balances with banks	1,136,415	124,990	-	-	1,261,405
Financial assets at FVOCI	-	-	-	489,674	489,674
Loans	-	1,416,377	2,363,454	1,208,820	4,988,651
Other assets	-	229,945	160,010	177,018	566,973
<b>Total financial assets</b>	<b>1,136,415</b>	<b>1,771,312</b>	<b>2,523,464</b>	<b>1,875,512</b>	<b>7,306,703</b>

The above figures exclude prepayments amounting to Rs.5,318,931 and advance towards investment amounting to Rs. 25,000,000

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management (Contd)

## Risk management objectives and policies (Contd)

## Liquidity risk analysis (Contd)

*Maturities of financial assets and liabilities at 30 June 2024: (Contd)*

<b>The Group</b>	<b>On demand</b>	<b>Less than 12</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>2024</b>	<b>Rs'000</b>	<b>months</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
		<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<i>Financial liabilities</i>					
<b>Deposits</b>	<b>425,354</b>	<b>643,253</b>	<b>155,700</b>	<b>-</b>	<b>1,224,307</b>
<b>Borrowings</b>	<b>-</b>	<b>425,902</b>	<b>2,730,126</b>	<b>3,107,842</b>	<b>6,263,870</b>
<b>Lease liabilities</b>	<b>-</b>	<b>10,325</b>	<b>37,065</b>	<b>683,909</b>	<b>731,299</b>
<b>Other liabilities</b>	<b>-</b>	<b>315,499</b>	<b>-</b>	<b>-</b>	<b>315,499</b>
<b>Total financial liabilities</b>	<b>425,354</b>	<b>1,394,979</b>	<b>2,922,891</b>	<b>3,791,751</b>	<b>8,534,975</b>
<b>Net liquidity gap</b>	<b>711,061</b>	<b>376,333</b>	<b>(399,427)</b>	<b>(1,916,239)</b>	<b>(1,228,272)</b>

<b>The Bank</b>	<b>On demand</b>	<b>Less than 12</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>2024</b>	<b>Rs'000</b>	<b>months</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
		<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<i>Financial assets</i>					
Deposits and balances with banks	<b>998,918</b>	<b>124,990</b>	<b>-</b>	<b>-</b>	<b>1,123,908</b>
Financial assets at FVOCI	<b>489,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489,674</b>
Loans	<b>-</b>	<b>1,416,377</b>	<b>2,363,454</b>	<b>1,208,820</b>	<b>4,988,651</b>
Other assets	<b>511,157</b>	<b>58,425</b>	<b>-</b>	<b>-</b>	<b>569,582</b>
<b>Total financial assets</b>	<b>1,999,749</b>	<b>1,599,792</b>	<b>2,363,454</b>	<b>1,208,820</b>	<b>7,171,815</b>

The above figures exclude prepayments amounting to Rs. 5,318,931 and advance towards investment amounting to Rs. 25,000,000

<b>The Bank</b>	<b>On demand</b>	<b>Less than 12</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>2024</b>	<b>Rs'000</b>	<b>months</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
		<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<i>Financial liabilities</i>					
Deposits	<b>447,854</b>	<b>643,253</b>	<b>155,700</b>	<b>-</b>	<b>1,246,807</b>
Borrowings	<b>-</b>	<b>425,902</b>	<b>2,431,126</b>	<b>3,107,842</b>	<b>5,964,870</b>
Lease liabilities	<b>-</b>	<b>10,325</b>	<b>37,065</b>	<b>683,909</b>	<b>731,299</b>
Other liabilities	<b>-</b>	<b>303,776</b>	<b>-</b>	<b>-</b>	<b>303,776</b>
<b>Total financial liabilities</b>	<b>447,854</b>	<b>1,383,256</b>	<b>2,623,891</b>	<b>3,791,751</b>	<b>8,246,752</b>
<b>Net liquidity gap</b>	<b>1,551,894</b>	<b>216,536</b>	<b>(260,437)</b>	<b>(2,582,931)</b>	<b>(1,074,938)</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management (Contd)

## Risk management objectives and policies (Contd)

## Liquidity risk analysis (Contd)

*Maturities of financial assets and liabilities at 30 June 2023: (Contd)*

The tables below analyse the Group's and the Bank's financial assets and liabilities to the relevant maturity groupings based on the remaining years of repayment.

<b>The Group</b>	<b>On demand</b>	<b>Less than 12</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>2023</b>	<b>Rs'000</b>	<b>months</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
		<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<i>Financial assets</i>					
Deposits and balances with banks	725,226	122,137	-	-	847,363
Financial assets at FVOCI	-	-	-	457,016	457,016
Loans	-	1,479,264	2,308,308	991,425	4,778,997
Other assets	-	371,091	6,309	9,089	386,489
<b>Total financial assets</b>	<b>725,226</b>	<b>1,972,492</b>	<b>2,314,617</b>	<b>1,457,530</b>	<b>6,469,865</b>

The above figures exclude prepayments amounting to Rs. 15,599,000 and advance towards investment amounting to Rs. 25,000,000.

<b>The Group</b>	<b>On demand</b>	<b>Less than 12</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>2023</b>	<b>Rs'000</b>	<b>months</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
		<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<i>Financial liabilities</i>					
Deposits	335,191	165,431	635,626	-	1,136,248
Borrowings	-	932,975	2,478,949	2,013,933	5,425,857
Lease liabilities	-	10,421	50,523	692,177	753,121
Other liabilities	-	330,891	-	-	330,891
<b>Total financial liabilities</b>	<b>335,191</b>	<b>1,439,718</b>	<b>3,165,098</b>	<b>2,706,110</b>	<b>7,646,117</b>

<b>Net liquidity gap</b>	<b>390,035</b>	<b>532,774</b>	<b>(850,481)</b>	<b>(1,248,580)</b>	<b>(1,176,252)</b>
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<b>The Bank</b>	<b>On demand</b>	<b>Less than 12</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>2023</b>	<b>Rs'000</b>	<b>months</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
		<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<i>Financial assets</i>					
Deposits and balances with banks	674,666	122,137	-	-	796,803
Financial assets at FVOCI	457,016	-	-	-	457,016
Loans	-	1,479,264	2,308,308	991,425	4,778,997
Other assets	247,150	115,791	6,309	9,089	378,339
<b>Total financial assets</b>	<b>1,378,832</b>	<b>1,717,192</b>	<b>2,314,617</b>	<b>1,000,514</b>	<b>6,411,155</b>

The above figures exclude prepayments amounting to Rs. 15,599,000 and advance towards investment amounting to Rs. 25,000,000

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 29. Financial risk management (Contd)

## Risk management objectives and policies (Contd)

## Liquidity risk analysis (Contd)

*Maturities of financial assets and liabilities at 30 June 2023: (Contd)*

The Bank 2023	On demand Rs'000	Less than 12 months	1 to 5 years	5+ years	Total Rs'000
		Rs'000	Rs'000	Rs'000	
<i>Financial liabilities</i>					
Deposits	361,949	165,431	635,626	-	1,163,006
Borrowings	-	932,960	2,333,949	2,013,933	5,280,842
Lease liabilities	-	10,421	50,523	692,177	753,121
Other liabilities	-	325,227	.	-	325,227
<b>Total financial liabilities</b>	<b>361,949</b>	<b>1,434,039</b>	<b>3,020,098</b>	<b>2,706,110</b>	<b>7,522,196</b>
<b>Net liquidity gap</b>	<b>1,016,883</b>	<b>283,153</b>	<b>(705,481)</b>	<b>(1,705,596)</b>	<b>(1,111,041)</b>

## Price risk analysis

The Group is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the equity prices had increased or decreased by 10%, the fair value reserves included in equity would increase/decrease by Rs 49.0M (2023: Rs 45.7M) for the Group, as a result of the changes in fair value of investments at fair value through profit or loss.

## 30. Reconciliation of liabilities arising from financing activities

The Group	At 30 June 2024			At 30 June 2023		
	Borrowings	Lease liabilities	Total	Borrowings	Lease liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	5,173,429	279,109	5,452,538	4,496,810	241,044	4,737,854
Cash movements	772,212	(10,145)	762,067	678,269	(10,733)	667,536
Non-cash transactions	-	9,728	9,728	(1,650)	48,798	47,148
<b>At 30 June</b>	<b>5,945,641</b>	<b>278,692</b>	<b>6,224,333</b>	<b>5,173,429</b>	<b>279,109</b>	<b>5,452,538</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2024

## 30. Reconciliation of liabilities arising from financing activities (Contd)

The Bank	At 30 June 2024			At 30 June 2023		
	Borrowings	Lease liabilities	Total	Borrowings	Lease liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	5,028,429	279,109	5,307,538	4,404,810	238,563	4,643,373
Cash movements	618,212	(10,144)	608,068	628,269	(8,787)	619,482
Non-cash transactions	-	9,727	9,727	(4,650)	49,333	44,683
<b>At 30 June</b>	<b>5,646,641</b>	<b>278,692</b>	<b>5,925,333</b>	<b>5,028,429</b>	<b>279,109</b>	<b>5,307,538</b>

## 31. Contingent liabilities

Various legal claims were brought against the Group in the normal course of business. However, no provision has been made for any liability as management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense to be remote. This evaluation is consistent with external independent legal advice.

## 32. Events after the reporting date

During the budget speech held on 07 June 2024, a new levy (Corporate Climate Responsibility) was imposed on companies with a turnover of more than Rs 50m per annum. The CCR Levy was subsequently gazetted in the Finance (Miscellaneous Provisions) Act 2024 on 27 July 2024. The Corporate Climate Responsibility (CCR) levy is equivalent to 2 percent of the Company's chargeable income on year of assessment commencing on 01 July 2024. The expected impact of the new levy on income tax expenses and deferred tax liabilities for the year ended 30 June 2024 would be Rs 4.1m and Rs 3.7m respectively for both the Group and the Bank.

The CCR levy is considered to be a non-adjusting event as the law was substantially enacted after the reporting period.

Except for the above, there have been no material events since the end of the reporting year which would require disclosure or adjustment to the consolidated financial statements for the year ended 30 June 2024.