DEVELOPMENT BANK OF MAURITIUS LTD.
YEAR ENDED 30 JUNE 2023
ANNUAL REPORT

DEVELOPMENT BANK OF MAURITIUS LTD.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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DEVELOPMENT BANK OF MAURITIUS LTD. 1(a)

CORPORATE INFORMATION

DIRECTORS:

	Appointed on	Resigned on
Mr Ishwarlall Bonomaully	15-May-2012	-
Mr Gurushunkur Akash Goojha	11-Mar-2015	-
Mr Jean Daniel Henry	11-Mar-2015	-
Mr Premchand Tanakoor	11-Mar-2015	-
Mr Neil Radhakrishna Chedumbarum Pillay	29-May-2018	-
Mr Muhammad Azeem Salehmohamed	16-Mar-2020	-
Mr Rama Krishna Veeramundar	16-Mar-2020	-
Mr Somduth Dulthumun	16-Mar-2020	-
Mr Jaywant Pandoo (Chief Executive Officer)	16-Mar-2020	-
Dr Jairajsing Luchoo (Chairman)	1-Jul-2021	-
Mrs Bibi Fatwma Abdool Raman-Ahmed	2-Aug-2021	9-Mar-2023
Mrs Chandanee Jhowry	2-Apr-2023	-

CHIEF EXECUTIVE OFFICER

Mr Jaywant Pandoo 20-Apr-2020

COMPANY SECRETARY

Mr Dewraz Hosanee

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

REGISTERED OFFICE:

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

LEGAL ADVISERS:
Me Rajeshwar Bucktowonsing
Me Anas Moussa Ismael Rawat

AUDITORS:
Moore Mauritius
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 2023.

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 nine 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.

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

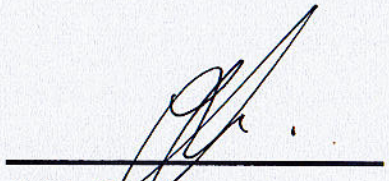
The directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

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 acted as External Auditors of the Bank and remuneration for audit and other services have been disclosed in the Corporate Governance Report.



Dr Jairajsing Luchoo
Chairman

Date: 22 MAY 2024

DEVELOPMENT BANK OF MAURITIUS LTD.

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 2023. The Bank and its subsidiaries and associates are together referred to as the "Group".

Corporate Mission: Since its creation in 1963, 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. land and/or buildings on long-term lease, to enterprises and entrepreneurs to develop or house their businesses, at subsidised rates.
3. development and implementation of sustainable government-funded projects such as solar water heater and water tank grant schemes and provision of subsidised loans for the implementation of green projects.
4. production of solar energy on 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.

Brief Economic Review during the period

In 2022, Mauritius experienced a growth rate of 8.9% annually, surpassing the initially forecasted 8.7%. This improvement was driven by significant government projects, nearly doubling their contribution from 2.8% to 5.4% by year-end.

Despite global uncertainties, including the ongoing Russia-Ukraine war affecting fossil fuel supplies and a slowdown in the Chinese economy, Mauritius maintained resilience for the second consecutive year. The economy is expected to grow by approximately 7.1% in 2023.

The Accommodation & Food Services Sector, also referred as the Tourism Sector, is set to be the primary contributor to this growth, with an expected return to pre-pandemic tourist arrivals of Rs 1.3 million by the end of 2023, generating around Rs 80 billion in gross income. This growth is anticipated to positively impact sectors such as Trade, Retail & Distribution, Aviation, and various other service segments.

Governmental projects, including the Metro Express, infrastructure construction, and social housing initiatives would, also significantly contribute to this economic growth. Their very share increased from 10.8% in 2022 to 11.9% in 2023.

Inflation, which stood at approximately at 8.4% in 2022, is projected to decline to around 7% by the end of 2023. The Bank of Mauritius took appropriate measures to manage the domestic inflationary pressures and succeeded in maintaining price stability, raising the Key Rate by 225 basis points during the 2022/23 financial year to 4.5%. In hindsight, it is clear that the Government came up with the right macroeconomic mix which effectively steered the country away from the threat posed by the Covid-19 Pandemic. This strategy, besides propelling economic growth also managed to keep inflation in check whilst safeguarding the most vulnerable segments of the society. The remarkable revival of the Tourism Sector which was severely impacted by the pandemic, played a pivotal role in sustaining and propelling the economic growth. Furthermore the Government's substantial increase in spending in collective projects provided a significant boost to the economy.

Also, the Government's commitment to address societal inequalities was manifest in the significant investment into new social housing projects meant for the low income groups which aimed towards alleviation of the housing burden, improvement of living standards and moving towards an inclusive and equitable society.

Directors' Report

Loan Operations of the Bank

The Financial Year July 2022 to June 2023 continued with the implementation of the ongoing measures that were announced in the previous Budget 2022/2023. The Budget was itself enacted at a very crucial moment which was plagued with threats of a worldwide recession occurring any day due to the prevailing persistent inflation, coupled with the food and energy shortage crisis caused by the ongoing Ukraine and Russia war. The Government's Budget provided new loan schemes for DBM but most significantly extended the validity of both the Covid 19 SME Interest Free Loan Scheme of Rs 100,000 as well as of the Covid 19 Special Support Loan Scheme of Rs 1.0 Million, up to end of June 2023. A decision which would impact heavily on the Bank's loan operations. In the same vein, the Women Entrepreneur Loan Scheme was extended to include the victims of gender-based violence, whilst the Backyard Gardening Loan Scheme was increased from Rs 25,000 to Rs 100,000 for the benefit of every households .

From July 2022 to June 2023, the Bank sanctioned approximately Rs 985 million under its current loan schemes and disbursed around Rs 735 million. Covid loans dominated, constituting the majority with disbursements totaling approximately Rs 537 million, similar to the previous financial year.

Agricultural activities loans followed, surpassing MSMEs in sanction quantum due to the success of the Loan Scheme for Replantation of Sugar Cane, which saw a staggering sanction of about Rs 366 million. This performance came on the heels of measures that were announced in the Budget 2022/23, reflecting the Government's commitment to support sugar production and of its by-products. The underlying aim of these measures were to accommodate a maximum number of planters involved in bringing their abandoned land back to sugar cane cultivation. Schemes for households and other particulars with relatively lower figures both in terms of quantum and volume completed the tail end.

The two active Covid loan schemes continued to be favored due to their attractive packaging coupled with government guarantees, which waived the need for collateral, and their extension to planters, fishermen, women entrepreneurs, along with limited visibility, contributed to the lesser prominence of MSME, Agricultural, and Women Entrepreneur Loan Schemes.

A notable trend is the increasing financing of commercial activities by DBM, evident not only in Covid loan schemes but also in general MSME loans. The GRET Loan Schemes exclusively meant for general retailing took a significant second position among MSME loan schemes, driven by its attractive rates.

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.

Directors' Report

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For Financial Year ended 30 June 2023

Schemes	Application Approved		Disbursement
	No of cases	Amount (Rs)	Amount (Rs)
Covid Loan Schemes			
SME Interest Free Loan Scheme (GIFS)	**3,154**	**315,400,000**	333,590,000
COVID SPECIAL SCHEME(GSCV)	271	98,150,000	170,881,100
WAGE ASSISTANCE SUPPORT PAYMENT OF END OF YEAR BONUS 2022	1	30,000,000	30,000,000
Support to Distressed Enterprises			3,000,000
Total 1	**3,426**	**443,550,000**	**537,471,100**
Agricultural Activities			
Revolving Loan Scheme for the Replantation of sugar cane	16	366,172,520	63,580,000
New Agriculture Loan	72	45,668,800	30,188,472
Bee Keeping	8	800,000	700,000
Mechanization	1	250,000	0
Construction of water tank and purchase of irrigation system	**1**	**65,000**	**65,000**
Sugar Cane Replantation Loan Scheme under the Agricultural Land Management System (ALMS)			545,000
Total 2	**98**	**412,956,320**	**95,078,472**

MSME Loan Schemes			
Business Loans (New)	37	41,285,000	35,565,043
Special Loan Scheme for Retailers (GRET)	30	29,570,000	21,720,000
MSME Financing	22	21,887,000	16,510,000
Women Entrepreneurs	40	12,765,000	13,013,000
Tourism Business Continuity Scheme	3	7,650,000	3,500,000
Micro Credit Scheme (New)	11	1,807,000	2,340,500
Total 3	**143**	**114,964,000**	**92,648,543**
Loan Schemes for Households and Particulars			
Acquisition of PV Systems for Domestic Consumers	56	12,841,000	9,132,000
Computer	10	432,300	379,800
New Backyard Gardening (Rs 100,000)	4	390,000	300,000
Solar Kits	2	200,000	400,000
Rainwater Harvesting System	1	28,000	41,000
Total 4	**73**	**13,891,300**	**10,252,800**
GRAND TOTAL	**3,740**	**985,361,620**	**735,450,915**

Directors' Report

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 Government in achieving its sustainable goals.

Construction of the SME Park at Vuillemin, comprising of 10 building blocks housing in total 40 SME Units, has been completed in June 2023 and inaugurated in July 2023. As at end of January 2024, over 80% 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 January 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 Rs 200 million from the Covid 19 Projects Development Fund. This funding aims to renovate, enhance fire safety and upgrade the infrastructures at the DBM Industrial Estates especially the buildings of over 30 - 40 years. The focus areas include Plaine Lauzun, Coromandel, Valentina-Phoenix and Triolet Industrial Estates as well as DBM's main office in Port Louis.

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 in process.

Directors' Report

The installation of the fire safety equipment at Bonair – Triolet industrial buildings is in progress and is expected to be completed by June 2024.

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 some 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 Rs 185.5 M for 2023 compared to Rs 173.5 M in the financial year 2022. Rental collections for financial year 2023 stood at Rs 163.1 M

Loan Recovery

Recovery of dues is the lifeblood of the company.

For the financial year collections stood at Rs740 M compared to Rs 430M in 2022. This increase is due to payments on loans granted under Government Wage Assistance Scheme and Covid loans which have become due after moratorium period. Despite the increase in loan collection, recovery of past dues is still a major cause of concern for the Bank.

As per Budget 2023-2024 announced recently, the Bank will grant a New Amnesty Scheme, 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. This will be implemented as from 1st of July 2023.

Management is in the process of restructuring the Collection Department and hence will review the current loan collection strategies with a view to increase loan collections bearing in mind that the COVID-19 pandemic and the lockdowns have impacted negatively on the business community.

IT Infrastructure

Following representations made to the Government regarding the outdated Accounting Package (Flexcube Version 7.1) being used by the Bank and the risk of a failure of its integrated accounting system which may jeopardize its credibility and survival, the Bank has been able to secure the requisite finance through a term loan to proceed with the upgrade of its integrated banking package and also acquire software which will enable the Bank to automate the loan administration processes as well as the other departments.

The acquisition procedure including the revamping of the old processes with the objective of implementing an IT & business re-engineering at the Bank has already been completed. Parallel to that, new procedure manual to support the restructure exercise and the IT and Business Transformation project are being updated. The new Accounting system is now live since November 2022 and the other systems have also been implemented. With the implementation of the new system processing of loan is now faster and DBM transit to a lesser paper approach within the organization.

DBM Pension Fund

The DBM Group Pension Fund remains a major cause of concern given the substantial and growing deficit in the defined 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 annual contribution of Rs 25 Million. 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.

Directors' Report

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. To cope with the situation, a Salary Commissioner was appointed. Based on his report, a restructure exercise has been initiated at the Bank.

The DBMSA and DBM's Management, after long negotiations reached an agreement in August 2023 on the review on staff salaries, new grading structure and general conditions of service .This augurs well for the prevailing of good industrial relations and a workable harmony at the Bank in the foreseeable future. With the implementation of the new structure, new recruitment will be taking place.

Year 2021/2022 has also been marked with the implementation of a new IT System whereby our employees have shown resilience and dedication to make it a success. Training has been provided to all staff in the new system being implemented.

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 Rs 3,000 for a water pump, the Bank has processed 30,082 applications resulting in a disbursement of Rs 227.7 M.

Following the enactment of the new Budget 2023/2024 the grant has been revised to Rs 15,000 as follows : Rs 10,000 for a water tank; Rs 5,000 for a water pump and Rs 1,000 for fittings and the household income threshold to be eligible for the grant has been increased from Rs 50,000 to Rs 60,000.

The Mentoring & Hand Holding Unit

In the fiscal year spanning July 2022 to June 2023, the mentoring program experienced notable growth, with 59 new mentees joining and successful completion of mentoring programs for 48 individuals. This brings the total number of ongoing mentoring programs to 116. To maintain a dynamic and effective program, additional mentees will be enrolled as some existing programs conclude, aiming to maintain approximately 120 active mentoring programs at any given time.

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).

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

MENTORING PROGRAMME SEPTEMBER 2019 TO JUNE 2023

PERIOD	APLICATIONS	COMPLETED	CONTINUING
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
	224	**108**	-

The Bank is gearing up to host an enriching 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.

Directors' Report

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).

In January 2008, DBMFS, duly licensed by the Financial Services Commission, started its activities as an insurance agent of SICOM.

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.

As from 27 April 2021, the company has been granted an extended licence by the FSC to sell products (Life and General) for SWAN and MUA.

On 9 October 2023, after obtaining approval from the FSC, the company's licence as insurance agent also included NIC (life and general), thus enhancing its ability to offer clients a broader range of products.

For the financial year ending 30 June 2023, the total income generated from the insurance activities amounted to Rs 3.55 M.

Income from debt collection (Ex-MCCB & MBGS) amounted to Rs 2.6 M.

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 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.

Since its inception in June 2019, DBM Leasing's portfolio has been increasing over the years as depicted in the table below:

Year ended	Total Rs'M
30-Jun-20	37.3
30-Jun-21	93.3
30-Jun-22	172.3
30-Jun-23	232.0

The sustained growth in leasing activities is poised to persist. Notably in September 2023, DBM Leasing was selected through a bidding exercise by the CWA to finance its new fleet of 35 double cab vehicles totaling a contract value of Rs 50 million.

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: (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 Year 2024.

DEVELOPMENT BANK OF MAURITIUS LTD.

Directors' Report

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DBM Properties Development Ltd

Principal Activity

The main activity of the company is to manage its investment in the building known as Garden Tower at La Poudriere St, Port Louis.

Garden Tower is a 17-storey co-owned building. The co-proprietors are Government of Mauritius and DBM Properties Development Ltd (DBMPD Ltd). Government of Mauritius owns part of 5th floor and 11 other floors (6th to 16th floors), and four parking levels (basement and 2nd to 4th floor parking level). DBMPD Ltd, for its part, owns part of 5th floor, ground floor level, mezzanine level and 1st floor parking level.

The Company is renting the ground floor and mezzanine floor and operating car park at Level 1.

The Company acts as Syndic - Operation of Garden Tower Building

The day to day management covers a wide range of tasks involving;

- Maintenance of Plant both preventive, servicing and repair of generators, lifts. escalators, pumps, extractors, air conditioning and car park equipment
- Car park operations - manning and maintenance
- Security - supervision of security systems
- Cleanliness
- Attend to complaints and requests
- Ensure there is discipline and control on the premises

Charge out of Expenses to Government

Percentage of building area owned by Government 77.12%

Based on the Syndic Agreement, Govt reimburses 77.12% of expenses relating to:

- Repairs & Maintenance
- Security Services
- Water Charges
- Cleaning
- Payment to Coordinator

Directors' Report

The Way Forward

The International Monetary Fund (IMF) recently released an interim report on 23/02/2024, lauding the remarkable performance and resilience of the Mauritian Economy in 2022 and 2023 in the aftermath of the Covid Pandemic. The report highlights the significant contribution of the Tourism Sector, which has rebounded to pre-pandemic levels. Looking ahead to 2024, the IMF remains optimistic, predicting a real growth rate of around 4.9%. This growth is expected to be driven by a revitalized Tourism sector and increased public spending by the Government.

However, the IMF has also cautioned against potential downtrends stemming from environmental factors, particularly threats of price increases in energy products and basic food items due to ongoing conflicts. In response, the IMF has called for fiscal discipline, emphasizing the need for the Government to reduce its debt and rebuild external reserves, which have been somewhat depleted. Strengthening these reserves is seen as essential to safeguarding against future shocks to the economy.

Furthermore, in the Government's Budget for 2023/2024, several measures were introduced to support the Development Bank of Mauritius (DBM). Most notably, the validity of both the Covid SME Free Interest Loan Scheme, offering Rs 100,000, and the Covid Special Support Loan Scheme, providing Rs 1.0 million, has been extended for a third consecutive financial year until end of June 2024.

Moreover, with the implementation of Flexcube 14.5, the Bank is progressively automating its processes and transitioning towards paperless documentation. Additionally, a new SME park was inaugurated at Vuillemin, complemented by the opening of three new sub-branches namely Bambous, Riviere des Anguilles, and Saint Pierre. These initiatives align with the Bank's objective of enhancing proximity to clients and delivering improved services. Looking ahead, the Bank shall continue to improve its infrastructure while the challenge lies in optimizing the performance of DBM resources in the collection of dues and to effectively manage the developments of its infrastructures.

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. Demonstrating a commitment to integrity, transparency, and accountability throughout its activities, the Board strictly follows regulatory standards while promoting a culture that emphasizes ethical choices, fairness, and conscientious leadership.

The Board ensures that the principles of good corporate governance are followed and applied throughout the Group.

Principle 1: Governance Structure

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 Boad 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.

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.

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

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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 1: Governance Structure (Contd)

Key Governance functions of the Board

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.

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 rules, where significant matters are discussed by sub-committees and according to a predetermined agenda.

Role and Functions of the Chairperson

The Chairman presides overboard 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. 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

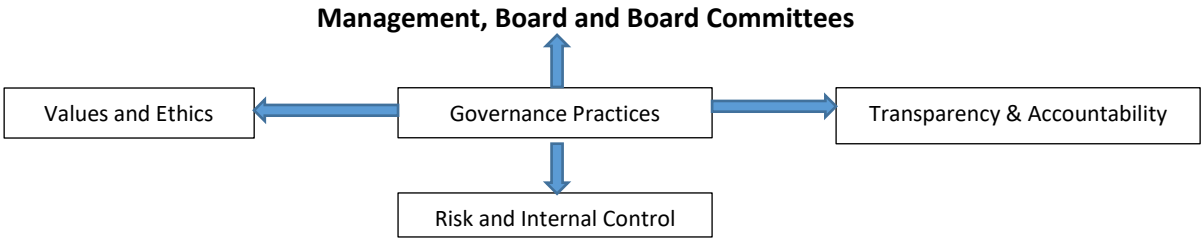
Mr. Jaywant Pandoo was appointed as the Managing Director 20 April 2020. The post was restyled as CEO in December 2022. The CEO is responsible for the implementation of policies and decisions reached at the Board level. Leading the Management team, the CEO oversees the daily operations of the company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

DEVELOPMENT BANK OF MAURITIUS LTD.

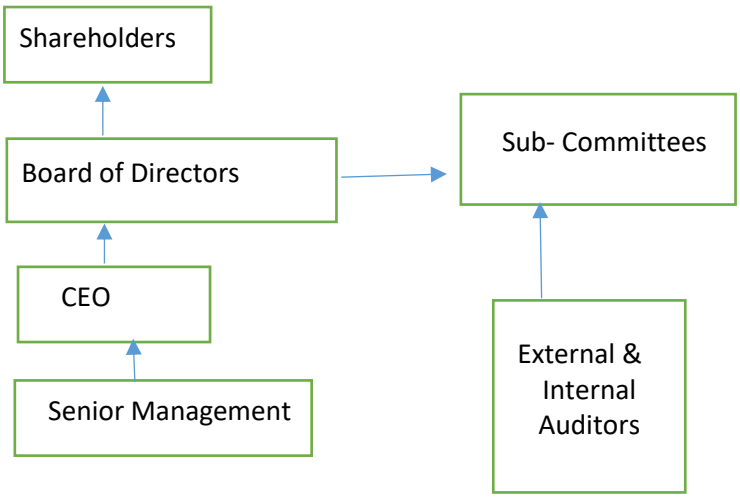
Corporate Governance Report (Contd)

Principle 1: Governance Structure (Contd)

The main governance practices of the DBM are summarised below:



Corporate Governance Structure Chart



The Group and its subsidiaries are operating within a dynamic environment. Since the outbreak of the Covid-19 pandemic, the Board and management have adapted to the changing landscape and are closely monitoring and assessing associated risks and opportunities available and the Bank has continuously provided the essential banking services and support to its customers without any interruption.

Principle 2: The Structure of the Board and its Committees

Board Structure

The Board has a unitary structure.

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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

(i) Holding structure and common director

The holding structure of the Bank is as illustrated:

Subsidiaries	% Holding
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 ("RBPDCL")	50

Board changes during the financial year ended 30 June 2023

Appointment		Departure	
Name	Date	Name	Date
Non-Executive Director			
Mrs Chandanee Jhowry	02.04.2023	Mrs Bibi Fatwma Adbool Raman-Ahmed	09.03.2023

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
	100.00	**5,049,000**

Board Composition

As at 30 June 2023, 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

As at 30 June 2023, 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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

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 2023, 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.

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.

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 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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

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 13 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.

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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

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.

Corporate Governance Committee

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

Members	**Category**
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
In attendance	
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 said Committee, which reviewed and recommended the present corporate governance report on 15 May 2024, 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)

Audit & Risk Committee

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

Members	Category
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
In attendance	
Mr Jaywant Pandoo	Chief Executive Officer
Mrs Parveen Maherally	Officer-in-Charge - Internal Audit Unit
Mr Danirow Bhiwajee	Acting Risk/Underwriting Manager
	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)

The Audit & Risk Committee met three (3) times during the financial year ended 30 June 2023 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 21 May 2024 to recommend to the Board the approval of the annual consolidated financial statements for the financial year ended 30 June 2023.

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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

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:

Members	**Category**
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
In attendance	
Mr Jaywant Pandoo	Chief Executive Officer
Mr Danirow Bhiwajee	Acting Risk and Underwriting Manager

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.

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:

Members	Category
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
In attendance	
Mr Jaywant Pandoo	Chief Executive Officer
Mrs Hoomantee Ramburun	Assistant Manager

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:

Members	Category
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
In attendance	
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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

Board Committees (Contd)

Nomination and Remuneration Committee (Contd)

Management has come up with a new organigram in order to meet its objectives and meet future challenges. The Committee has at its meeting of 22 August 2022 recommended the new organigram of the DBM and which has been approved by the Board.

Procurement Committee

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

Members	Category
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
In attendance	
Mr Jaywant Pandoo	Chief Executive Officer

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
Total Number of Meetings		**13**	**7**	**8**	**8**	**3**	**2**	**1**
Mr Jairajsing Luchoo	INED	13/13						
Mr Ishwarlall Bonomaully	NED	8/13				3/3	2/2	
Mr Gurushunkur Akash Goojha	INED	13/13	7/7	8/8	8/8			1/1
Mr Jean Daniel Henry	INED	11/13	7/7		8/8	3/3		
Mr Premchand Tanakoor	INED	13/13	7/7	8/8				1/1
Mr Neil Radhakrishna Chedumbarum Pillay	INED	10/13				3/3	2/2	1/1
Mr Muhammad Azeem Salehmohamed	NED	8/13				0/3	2/2	
Mr Rama Krishna Veeramundar	NED	11/13	7/7	8/8				
Mr Somduth Dulthumun	INED	11/13			6/8	3/3	1/2	1/1
Mrs Bibi Fatwma Abdool Raman-Ahmed	NED	5/8		6/6	5/5			
Mr Chandanee Jhowry	NED	3/3		1/1	2/2			
Mr Jaywant Pandoo	ED	13/13						

NED: Non-Executive Director
INED: Independent Non-Executive Director
ED: Executive Director

Mrs Chandanee Jhowry was appointed Director on the Board on 02 April 2023 and on the Board Sub-Committees on 20 April 2023.
Mrs Bibi Fatwma Abdool Raman-Ahmed has resigned as Director on the Board on 02 March 2023.

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 (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 organisation. 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.

Principle 3: Director Appointment Procedures

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 when appointing directors.

- Previous experience as director;
- Skills, knowledge and experience of the proposed director;
- Skills, knowledge and experience required on the Board;
- Any conflicts of interests; and
- Independence, where applicable.

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 28 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).

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Mr Premchand Tanakoor 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 25 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.

Mr Muhammad Azeem Salehmohamed is a director since 16 March 2020 and is currently 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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Mrs Bibi Fatwma Abdool Raman Ahmed is a director since 02 August 2021. She is actually the Permanent Secretary of the Ministry of Industrial Development, SMEs and Cooperatives (Industrial Development Division). She has years of experience in the Public Sector. She holds a Master of Business Administration with Specialisation in Human Resource Management from the University of Mauritius. Mrs Abdool Raman Ahmed, in her capacity as Supervising Officer of the Industrial Development Division, plays an instrumental role in advising the Government on industrial policies and strategies for the manufacturing sector. Recently, she provided strategic guidance in the formulation of the Industrial Policy & Strategic Plan (IPSP) (2020-2025) which was prepared with the assistance of UNCTAD. She is now overseeing the implementation of the IPSP document by chairing an Industrial Policy Executive Oversight Committee, which has been set up by the Honourable Minister of Industrial Development, SMEs and Cooperatives.

Mrs F A Abdool Raman Ahmed resigned as Director on 02 March 2023.

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 Parastatal Bodies 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 financial matters, with particular regard to Foreign Reserve Management, Financial Markets, Accounting and Finance.

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".

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.

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.

The Board Strategy Committee has reviewed the Organigram of the Bank with the objective of recommending relevant measures to leverage the Bank's human capital in alignment with its vision and strategic objectives. The scope of the exercise consisted of an evaluation of the adequacy, appropriateness and responsiveness of the existing HRM policies, procedures, systems, structures and competencies.

With a view to enhance its services to the customers, DBM has set up a Hand-Holding and Mentoring Unit and a Mentor has been recruited to strengthen the Unit and to assist the Bank's entrepreneurs.

Principle 4: Director Duties, Remuneration and Performance

All directors are aware of their 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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

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

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.

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 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 and Board Committees' Fees

The remuneration and benefits received by the directors for the year ended 30 June 2023 were as shown below:

Directors' Fee for the DBM Group for the year ended 30 June 2023	
Non-Executive Directors	**Rs**
Mr Jairajsing Luchoo	1,200,000
Mr Ishwarlall Bonomaully	505,000
Mr Gurushunkar Akash Goojha	788,000
Mr Jean Daniel Henry	763,000
Mr Neil Radhakrishna Chedumbarum Pillay	535,000
Mr Premchand Tanakoor	555,000
Mr Muhammad Azeem Salehmohamed	310,000
Mr Rama Krishna Veeramundar	555,000
Mr Somduth Dulthumun	525,000
Mrs Bibi Fatwma Abddool Raman-Ahmed	255,000
Mrs Chandanee Jhowry	90,000
Total	**6,081,000**

Executive Director	
Mr Jaywant Pandoo	6,561,352
Grand Total	**12,642,352**

Remuneration Philosophy

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

DBM had appointed a Salary Commissioner to review the Pay and Grading Structure and Conditions of Employment of the staff of the DBM Group. The report has been considered and approved by the DBM Board on 12 August 2022. The recommendations of the Salary Commissioner as approved by the Board have been implemented in October 2023, effective 1st July 2021.

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 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.

Principle 5: Risk Governance and Internal Control

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, Finance Division, and Administration & HR Unit.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 5: Risk Governance and Internal Control (Contd)

Internal Control and Risk Management (Contd)

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

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.

(e) Management of key risks identified

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.
- *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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 5: Risk Governance and Internal Control (Contd)

Internal Control and Risk Management (Contd)

(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 on 26 May 2023 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.

(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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 6: Reporting with Integrity

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 3(a) to 3(p) 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 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 2022-2023.

Charitable & Political Contributions

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

Events	Amount (Rs)
Africa Consortium 2023	100,000
12th Jeux de la Commission de la Jeunesse & des Sports de L'Ocean Indien	200,000
JCI Mauritius Creative – Young Entrepreneur Program	50,000
Semaine de L'Industrie Locale – Ministry of Industrial Development, SMEs & Cooperatives	200,000

The contribution for the year 2022 was Rs500,000.

There was no political contribution during the year under review.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 7: Audit

Internal Audit

(i) Role and responsibilities

The Internal Audit Department 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 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.

The Bank had on 10 December 2021 appointed an Audit Firm, Moore Mauritius, to assist in the restructuring of the Bank's Internal Audit Department so as to meet the needs of the new group structure to provide Management with a systematic review and evaluation of the operations for determining compliance, efficiency and effectiveness of policies, procedures, practices and overall internal control within the DBM Group. Moore Mauritius has submitted its report which has been approved by the Board on 14 October 2022. Their recommendations are currently being implemented. As part of their engagement, they will also provide training to the staff, once the Unit will be re-engineered.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 7: Audit (Contd)

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.

DEVELOPMENT BANK OF MAURITIUS LTD.

Corporate Governance Report (Contd)

Principle 7: Audit (Contd)

(ii) Reporting and disclosure (Contd)

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

Moore (Mauritius) was appointed in December 2021 to assist in the restructuring of the Bank's Internal Audit Department so as to meet the needs of the new group structure to provide Management with a systematic review and evaluation of the operations for determining compliance, efficiency and effectiveness of policies, procedures, practices and overall internal control within the DBM Group. Its report was approved by the Board on 14 October 2022.

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.

Fees to external Auditors

The fees payable to the auditors for the year ended 30 June 2023 are as follows:

	Bank		Subsidiaries	
	2023 (Rs'000)	**2022 (Rs'000)**	**2023 (Rs'000)**	**2022 (Rs'000)**
Audit and tax compliance fees	**1,925**	1,715	**740**	676

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

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, 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:

Dr Jaiarsing Luchoo
Chairman

Date: 22 MAY 2024

Mr Jaywant Pandoo
Chief Executive Officer

Date: 22 MAY 2024

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 the latter are appointed by the shareholders.

Coaching is done by senior staff of the different departments/units. 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 2023.

Mr Dewraz Hosanee

Company Secretary

Date: 22 MAY 2024

MOORE

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DEVELOPMENT BANK OF MAURITIUS LTD **7(a)**

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 99, which comprise the consolidated and separate statements of financial position as at 30 June 2023, 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 2023, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements on pages 8 to 99 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2023 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.

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.

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 **7(c)**

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.

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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DEVELOPMENT BANK OF MAURITIUS LTD **7(d)**

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

Report on other legal and regulatory requirements (Continued)

Mauritius Companies Act 2001(Continued)

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
Chartered Accountants

Arvin Rogbeer, FCA, FCCA
Licensed by FRC

Port Louis, Republic of Mauritius

Date: 22 MAY 2024

Consolidated statement of financial position as at 30 June 2023

	Notes	The Group 2023 Rs'000	2022 Rs'000 Restated	2021 Rs'000 Restated
ASSETS				
Cash and cash equivalents	12	**847,363**	1,018,299	846,409
Loans	6	**4,778,997**	4,764,324	3,170,917
Investment properties	7(a)	**4,042,067**	3,390,257	3,227,045
Inventory properties	7(b)	**40,796**	38,843	35,424
Securities	8(a)	**457,016**	452,332	395,209
Intangible assets	9	**74,234**	44,939	4,847
Property, plant and equipment	10	**551,351**	357,878	332,411
Other assets	11	**427,088**	329,948	263,197
Right-of-use assets	13	**259,131**	229,355	68,222
Deferred tax asset	21.4	**499,614**	474,793	496,499
Current tax assets	21.2	**11,104**	449	32
Non-current assets held for sale	14	**3,500**	3,500	65,538
Total assets		**11,992,261**	**11,104,917**	**8,905,750**
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	15	**504,900**	504,900	504,900
Retained earnings		**3,262,428**	2,855,627	2,658,580
Other reserves		**400,521**	325,109	301,472
Owners' interest		**4,167,849**	3,685,636	3,464,952
Non-controlling interests		**59,623**	59,103	58,779
Total equity		**4,227,472**	**3,744,739**	**3,523,731**
LIABILITIES				
Deposits from customers	16	**1,136,248**	1,233,715	1,324,107
Borrowings	17	**5,173,429**	4,496,810	2,469,338
Retirement benefit obligations	18	**828,434**	762,128	713,037
Deferred tax liabilities	21.4	**15,933**	14,283	13,497
Current tax liabilities	21.2	**745**	36,279	6,024
Lease liabilities	19	**279,109**	241,044	71,827
Trade and other payables	20	**330,891**	575,919	762,496
Liabilities directly associated with non-current assets held for sale	14	-	-	21,693
Total liabilities		**7,764,789**	**7,360,178**	**5,382,019**
Total equity and liabilities		**11,992,261**	**11,104,917**	**8,905,750**

Approved by the Board of Directors on 22 MAY 2024 and signed on its behalf by:

Dr Jairajsing Luchoo
Chairman

Mr Jaywant Pandoo
Chief Executive Officer

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

DEVELOPMENT BANK OF MAURITIUS LTD.

Separate statement of financial position as at 30 June 2023

	Notes	The Bank 2023 Rs'000	2022 Rs'000 Restated	2021 Rs'000 Restated
ASSETS				
Cash and cash equivalents	12	**796,803**	948,945	802,153
Loans	6	**4,778,997**	4,764,324	3,170,869
Investment properties	7(a)	**3,757,767**	3,112,372	2,949,160
Inventory properties	7(b)	**40,796**	38,843	35,424
Securities	8(a)	**457,016**	452,332	395,209
Investments in subsidiaries	8(c)	**203,460**	198,460	198,460
Intangible assets	9	**73,913**	43,809	3,482
Property, plant and equipment	10	**431,239**	309,238	312,129
Other assets	11	**418,938**	320,384	257,038
Right-of-use assets	13	**259,131**	226,528	64,301
Deferred tax asset	21.4	**499,614**	474,793	496,499
Current tax assets	21.2	**10,980**	-	-
Non-current assets held for sale	14	**-**	-	49,374
Total assets		**11,728,654**	**10,890,028**	**8,734,098**
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	15	**504,900**	504,900	504,900
Retained earnings		**3,202,588**	2,798,876	2,614,220
Other reserves		**396,961**	321,550	297,913
Total equity		**4,104,449**	**3,625,326**	**3,417,033**
LIABILITIES				
Deposits from customers	16	**1,163,006**	1,257,429	1,356,971
Borrowings	17	**5,028,429**	4,401,810	2,419,338
Retirement benefit obligations	18	**828,434**	762,128	713,037
Current tax liabilities	21.2	**-**	36,279	4,812
Lease liabilities	19	**279,109**	238,563	67,899
Trade and other payables	20	**325,226**	568,493	755,008
Total liabilities		**7,624,204**	**7,264,702**	**5,317,065**
Total equity and liabilities		**11,728,654**	**10,890,028**	**8,734,098**

Approved by the Board of Directors on 22 MAY 2024 and signed on its behalf by:

Dr Jairajsing Luchoo
Chairman

Mr Jaywant Pandoo
Chief Executive Officer

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 30 June 2023

	Notes	The Group		The Bank	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
			Restated		Restated
Interest income	22	**303,191**	392,906	**296,513**	374,516
Interest expense	23	**(75,138)**	(55,721)	**(74,258)**	(59,360)
Net interest income		**228,053**	337,185	**222,255**	315,156
Other income	24	**244,372**	270,187	**222,123**	250,222
Operating income		**472,425**	607,372	**444,378**	565,378
Operating expenses	25	**(349,818)**	(318,509)	**(325,501)**	(285,991)
Operating profit		**122,607**	288,863	**118,877**	279,387
Movement in provision for credit impairment	27	**(264,271)**	(28,305)	**(264,271)**	(28,305)
Fair value gain on revaluation of investment properties	7(a)	**564,425**	-	**560,673**	-
Gain on sale of inventory properties		**4,193**	1,077	**4,193**	1,077
Profit before tax		**426,954**	261,635	**419,472**	252,159
Tax expense	21.1	**(19,133)**	(69,642)	**(15,760)**	(67,503)
Profit after tax		**407,821**	191,993	**403,712**	184,656
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	10	**118,017**	-	**118,016**	-
Remeasurement of post-employment benefit obligations	18(a)(vi)	**(56,959)**	(40,345)	**(56,959)**	(40,345)
Tax effect on remeasurements of retirement benefit obligations	21.4	**9,683**	6,859	**9,683**	6,859
		70,741	**(33,486)**	**70,740**	**(33,486)**

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 30 June 2023 (Contd)

	Notes	The Group		The Bank	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
			Restated		Restated
Other comprehensive income (Contd):					
Items that may be reclassified subsequently to profit or loss:					
Increase in fair value of investments (net)	8(a)	**4,671**	57,123	**4,671**	57,123
Other comprehensive income for the year		**75,412**	23,637	**75,411**	23,637
Total comprehensive income for the year		**483,233**	215,630	**479,123**	208,293
Profit attributable to:					
- Owners of the parent		**406,801**	191,669	403,712	184,656
- Non-controlling interests		**1,020**	324	**-**	-
		407,821	191,993	**403,712**	184,656
Total comprehensive income attributable to:					
- Owners of the parent		**482,213**	215,306	479,123	208,293
- Non-controlling interests		**1,020**	324	**-**	-
		483,233	215,630	**479,123**	208,293

Consolidated statement of changes in equity for the year ended 30 June 2023

The Group	Attributable to equity holders of the parent								
	Stated 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
At 01 July 2022									
-As previously reported	504,900	587,869	(651,765)	378,587	-	2,410,177	3,229,768	81,843	3,311,611
- Effect of prior year adjustments (note 33)	-	-	6,859	-	3,559	445,450	455,868	(22,740)	433,128
-As restated	504,900	587,869	(644,906)	378,587	3,559	2,855,627	3,685,636	59,103	3,744,739
Dividends 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
Total comprehensive income for the year	-	118,017	(47,276)	4,671	-	406,801	482,213	520	482,733
At 30 June 2023	504,900	705,886	(692,182)	383,258	3,559	3,262,428	4,167,849	59,623	4,227,472

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2023 (Contd)

The Group	Attributable to equity holders of the parent								
	Stated 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
At 01 July 2021									
-As previously reported	504,900	587,869	(611,420)	321,464	-	2,187,821	2,990,634	81,519	3,072,153
- Effect of prior year adjustments (note 33)	-	-	-	-	3,559	470,759	474,318	(22,740)	451,578
-As restated	504,900	587,869	(611,420)	321,464	3,559	2,658,580	3,464,952	58,779	3,523,731
Derecognition of non-current asset held for sale	-	-	-	-	-	5,378	5,378	-	5,378
Profit for the year	-	-	-	-	-	191,669	191,669	324	191,993
Other comprehensive income for the year	-	-	(33,486)	57,123	-	-	23,637	-	23,637
Total comprehensive income for the year	-	-	(33,486)	57,123	-	197,047	220,684	324	221,008
At 30 June 2022	504,900	587,869	(644,906)	378,587	3,559	2,855,627	3,685,636	59,103	3,744,739

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2023 (Contd)

The Bank	Stated capital Rs'000	Revaluation reserves Rs'000	Actuarial loss reserves Rs'000	Fair value reserves Rs'000	Retained earnings Rs'000	Total Rs'000
At 01 July 2022						
-As previously reported	**504,900**	**587,869**	**(651,765)**	**378,587**	**2,376,167**	**3,195,758**
- Effect of prior year adjustments (note 33)	**-**	**-**	**6,859**	**-**	**422,709**	**429,568**
-As restated	**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**
At 30 June 2023	**504,900**	**705,885**	**(692,182)**	**383,258**	**3,202,588**	**4,104,449**

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2023 (Contd)

The Bank	Stated capital Rs'000	Revaluation reserves Rs'000	Actuarial loss reserves Rs'000	Fair value reserves Rs'000	Retained earnings Rs'000	Total Rs'000
At 01 July 2021						
-As previously reported	504,900	587,869	(611,420)	321,464	2,166,200	2,969,013
- Effect of prior year adjustments (note 33)	-	-	-	-	448,020	448,020
-As restated	504,900	587,869	-611,420	321,464	2,614,220	3,417,033
Profit for the year	-	-	-	-	184,656	184,656
Other comprehensive income for the year	-	-	(33,486)	57,123	-	23,637
Total comprehensive income for the year	-	-	(33,486)	57,123	184,656	208,293
At 30 June 2022	504,900	587,869 -	644,906	378,587	2,798,876	3,625,326

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 30 June 2023

	Notes	The Group		The Bank	
		2023 Rs'000	2022 Rs'000 Restated	2023 Rs'000	2022 Rs'000 Restated
Operating activities:					
Cash from/(used in) operations	26	**(7,870)**	370,012	**(16,430)**	367,723
Change in working capital:					
Change in other assets		**(109,515)**	(66,752)	**(110,929)**	(63,346)
Change in loans		**(104,934)**	(1,704,659)	**(104,934)**	(1,704,707)
Change in deposits		**(97,827)**	(29,263)	**(94,087)**	(38,411)
Change in trade and other payables		**(245,028)**	(186,577)	**(243,267)**	(186,516)
Net cash used in operations		**(565,174)**	(1,617,239)	**(569,647)**	(1,625,257)
Net tax (paid)/refunded	21.2	**(79,079)**	(5,072)	**(78,157)**	(7,471)
Interest received		**-**	**-**	**-**	**-**
Net cash used in operating activities		**(644,253)**	(1,622,311)	**(647,804)**	(1,632,728)
Investing activities					
Purchase of property, plant and equipment	10	**(84,745)**	(32,978)	**(12,757)**	(4,043)
Purchase of intangible assets	9	**(38,860)**	(40,850)	**(38,500)**	(40,850)
Purchase of investment properties	7(a)	**(90,058)**	(163,306)	**(87,394)**	(163,306)
Purchase of inventory properties	7(b)	**(437)**	(4,192)	**(437)**	(4,192)
Purchase of investment in subsidiaries	8(c)	**-**	-	**(5,000)**	-
Proceeds from disposal of property, plant and equipment		**226**	-	**226**	-
Proceeds from disposal of investment properties		**-**	94	**-**	94
Proceeds from disposal of inventory properties	7(a)	**6,177**	1,850	**6,177**	1,850
Dividends received	24	**13,979**	12,367	**13,864**	12,304
Net cash used in investing activities		**(193,718)**	(227,015)	**(123,821)**	(198,143)
Financing activities					
Proceeds from borrowings	30	**916,691**	2,132,278	**866,691**	2,087,278
Net movement in borrowings	30	**(238,422)**	(104,806)	**(238,422)**	(104,806)
Payment of lease liabilities	30	**(10,733)**	(6,256)	**(8,787)**	(4,809)
Dividend paid		**(500)**	-	-	-
Net cash from financing activities*		**667,036**	2,021,216	**619,482**	1,977,663
Net change in cash and cash equivalents		**(170,935)**	171,890	**(152,143)**	146,792
Movement in cash and cash equivalents					
At beginning of year		**1,018,299**	846,409	**948,945**	802,153
Net change in cash and cash equivalents		**(170,935)**	171,890	**(152,143)**	146,792
At end of year	12	**847,364**	1,018,299	**796,802**	948,945

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

The notes on pages 17 to 99 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 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").

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual year beginning on 01 July 2022

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 2022:

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 2022.

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

IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)

Notes to the consolidated financial statements

For the year ended 30 June 2023

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:

IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements -Amendments regarding the disclosure of accounting policies *Effective date: 01 January 2023*
IAS 1	Presentation of Financial Statements -Amendments regarding the classification of liabilities *Effective date: 01 January 2024*
IAS 1	Presentation of Financial Statements- Amendment to defer the effective date of the January 2020 amendments *Effective date: 01 January 2024*
IAS 1	Presentation of Financial Statements- Amendments regarding the classification of debt with covenants *Effective date: 01 January 2024*
IAS 7	Statement of Cash Flows - Amendments regarding supplier finance arrangements *Effective date: 01 January 2024*
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors- Amendments regarding the definition of accounting estimates *Effective date: 01 January 2023*
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction *Effective date: 01 January 2023*
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations *Effective date: 01 January 2023*
IAS 12	Income Taxes - Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes *Effective date: 01 January 2023*
IFRS 17	Initial application of IFRS 17 *Effective date: 01 January 2023*

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 2023

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. Significant accounting policies

3.1 Overall considerations

The consolidated financial statements have been prepared using the significant 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 2022. 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 2023

3. Significant 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.

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.

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.

3. Significant 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:

	Bank	Subsidiaries
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 $33^{1}/_{3}$%
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. See Note 3.8 for information on how goodwill is initially determined.

Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

3. Significant 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.

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

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

Consolidated financial statements

In the consolidated financial statements, the subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Bank. 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 Bank. 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 Bank 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.

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.

3. Significant accounting policies (Contd)

3.8 Investments in subsidiaries (Contd)

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.

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.

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.

3. Significant accounting policies (Contd)

3.9 Investments in associates (Contd)

Consolidated financial statements (Contd)

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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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 2023

3. Significant 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.

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 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.

3. Significant 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.

The category contains investment properties. The Group accounted for its investment properties instruments at FVTPL and did not take the irrevocable election to account for it at fair value through other comprehensive income.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. 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.

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 2023

3. Significant 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 2023

3. Significant 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%.

3. Significant 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.

Classification and measurement of financial liabilities

The Group's financial liabilities include deposits from customers, lease liabilities, borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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.

3. Significant 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 recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group 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

Stated 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.

3. Significant 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.

3. Significant 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%.

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.

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.

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.

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. Significant accounting policies (Contd)

3.19 Taxation (Contd)

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.

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.

3. Significant 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:

	2023	**2022**
	Rs	**Rs**
USD	**44.75**	43.65
EURO	**46.76**	48.33

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).

3. Significant 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.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3. Significant accounting policies (Contd)

3.23 Leases (Contd)

The Group as a lessee (Contd)

Measurement and recognition of leases as a lessee (Contd)

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.

(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.

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

Initial direct cost such as processing fee that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in other income.

(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.

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.

3. Significant accounting policies (Contd)

3.23 Leases (Contd)

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.

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. Significant accounting policies (Contd)

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 that can be reliably estimated will be required to settle the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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).

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, the carrying amount of the asset is reduced by the asset value. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge 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.

3. Significant accounting policies (Contd)

3.32 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

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.

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.

3. Significant accounting policies (Contd)

3.3 Significant management judgment in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

(a) Pension benefits (Contd)

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.

3. Significant 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) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 30 June 2023, management considered that the useful lives represent the expected utility of the 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.

(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) Leases – determination of the appropriate discount rate to measure lease liabilities

The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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:

The Group and the Bank	Level 1	Level 2	Level 3	Total
2023	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets				
Financial assets at FVOCI	**260,078**	**-**	**196,938**	**457,016**

	Level 1	Level 2	Level 3	Total
2022	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets				
Financial assets at FVOCI	277,416	-	174,916	452,332

There were no transfers between levels in 2023 and 2022.

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:

	2023	2022
Investments in unquoted companies	**Rs'000**	**Rs'000**
At 01 July	**174,916**	138,021
Fair value gain	**22,022**	36,895
At 30 June	**196,938**	**174,916**

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 since no unobservable inputs were applied.

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

2023	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Property, plant and equipment				
Land and buildings	**-**	**515,419**	**-**	**515,419**
Investment properties				
Land and buildings	**-**	**4,042,067**	**-**	**4,042,067**

2022	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Property, plant and equipment				
Land and buildings	**-**	332,184	**-**	**332,184**
Investment properties				
Land and buildings	**-**	3,390,257	**-**	**3,390,257**

4. Fair value measurement (Contd)

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

The Bank

2023	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Property, plant and equipment				
Land and buildings	-	**402,737**	-	**402,737**
Investment properties				
Land and buildings	-	**4,042,067**	-	**4,042,067**

2022	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Property, plant and equipment				
Land and buildings	-	**289,191**	-	**289,191**
Investment properties				
Land and buildings	-	**3,112,372**	-	**3,112,372**

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 2023

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 2 is as follows:

The Group **2023**	**Property, plant and equipment**	**Investment properties**
	Rs'000	**Rs'000**
At 01 July 2022	**332,184**	**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**	**564425**
At 30 June 2023	**515,419**	**4,042,067**

2022	**Property, plant and equipment**	**Investment properties**
	Rs'000	**Rs'000**
At 01 July 2021	308,753	3,227,045
Depreciation charge for the year	(3,351)	-
Additions	26,782	163,306
Disposal	-	(94)
At 30 June 2022	**332,184**	**3,390,257**

The Bank **2023**	**Property, plant and equipment**	**Investment properties**
	Rs'000	**Rs'000**
At 01 July 2022	**289,191**	**3,112,372**
Transfer to inventory properties	**(828)**	**(3,500)**
Transfer from property, plant and equipment	**-**	**828**
Depreciation charge for the year	**(3,642)**	**-**
Additions	**-**	**87,394**
Revaluation adjustment	**118,016**	**560,673**
At 30 June 2023	**402,737**	**3,757,767**

2022	**Property, plant and equipment**	**Investment properties**
	Rs'000	**Rs'000**
At 01 July 2021	292,542	2,949,160
Depreciation charge for the year	(3,351)	-
Additions	-	163,306
Disposal	-	(94)
At 30 June 2022	**289,191**	**3,112,372**

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 2023, the situation was as follows:

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Owners' interest	**4,167,849**	3,685,636	**4,104,449**	3,625,326
Total assets	**11,992,261**	11,104,917	**11,728,654**	10,890,028
Borrowings	**5,173,429**	4,496,810	**5,028,429**	4,401,810
Savings and fixed deposits	**847,363**	1,018,299	**796,803**	948,945

6. Loans

(a) Loans are summarised as follows:

The Group and the Bank	**2023**	**2022**
	Rs'000	**Rs'000**
Loans - Gross	**6,524,168**	6,419,234
Expected credit losses (Note (b))	**(1,745,171)**	(1,654,910)
Loans - Net	**4,778,997**	**4,764,324**

(b) Expected credit losses

The Group and the Bank	**2023**	**2022**
	Rs'000	**Rs'000**
At 01 July	**1,654,910**	1,766,162
Addition for the year (Note 27)	**251,896**	28,305
Bad debts written off during the year	**(161,635)**	(139,557)
At 30 June	**1,745,171**	**1,654,910**

(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**
2023	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
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)**
	4,007,181	**233,884**	**537,932**	**4,778,997**

6. Loans (Contd)

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

The Group and the Bank 2022	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
Gross carrying amount	714,712	110,087	5,594,435	6,419,234
Impairment losses	(46,378)	(37,190)	(1,571,342)	(1,654,910)
	668,334	72,897	4,023,093	4,764,324

(d) At 30 June 2023, the Bank had Rs. 552,548,331 (2022:Rs 539,565,986) held as collateral.

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

The Group and the Bank 2023	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
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)
Gross carrying amount closing balance	**4,027,922**	**504,981**	**1,991,265**	**6,524,168**

6. Loans (Contd)

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

The Group and the Bank 2022	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
Gross carrying amount opening balance	2,890,911	116,483	1,929,637	4,937,031
New assets originated or purchased	1,863,143	-	-	1,863,143
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(6,251)	6,251	-	-
Transfers to stage 3	(93)	-	93	-
Assets derecognised or repaid (excluding write offs)	(354,540)	(22,577)	(53,715)	(430,832)
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	49,892	49,892
Gross carrying amount closing balance	4,393,170	100,157	1,925,907	6,419,234

6. Loans (Contd)

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

The Group and the Bank 2023	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance – opening balance	**42,618**	**37,580**	**1,574,712**	**1,654,910**
New assets originated or purchased	**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)**
ECL allowance - closing balance	**20,741**	**271,097**	**1,453,333**	**1,745,171**

The Group and the Bank 2022	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance – opening balance	36,642	14,579	1,714,941	1,766,162
New assets originated or purchased	29,692	2,900	1,200	33,792
Assets derecognised or repaid (excluding write offs)	(82,394)	(34,717)	(293,288)	(410,399)
Changes to contractual cash flows due to modifications not resulting in derecognition	58,678	54,818	151,859	265,355
ECL allowance - closing balance	42,618	37,580	1,574,712	1,654,910

7. Properties

(a) Investment properties

	The Group		The Bank	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
At 01 July	**3,390,256**	3,227,045	**3,112,372**	2,949,160
Transfer to inventory properties (note 7(b))	**(3,500)**	-	**(3,500)**	-
Transfer from property, plant and equipment (note 10)	**828**	-	**828**	-
Additions	**90,058**	163,306	**87,394**	163,306
Disposals	**-**	(94)	**-**	(94)
Revaluation adjustment	**564,425**	-	**560,673**	-
At 30 June	**4,042,067**	3,390,257	**3,757,767**	3,112,372

Rental income and direct operating expenses

The gross rental income from the investment properties amounted to Rs 198.2M (2022: Rs 173.3M) for the Group and Rs 185.5M (2022: Rs 173.5 M) for the Bank and direct operating expenses amounted to Rs 30.4M (2022: Rs 39.4M) for the Group and Rs 24.8M (2022: Rs 34.1M) for the Bank.

7. Properties

(a) Investment properties (Contd)

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. 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

	The Group		The Bank	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
	Level 2	Level 2	Level 2	Level 2
Freehold land	1,323,537	-	1,323,537	-
Buildings	2,718,530	-	2,434,230	-
Carrying amount	**4,042,067**	-	**3,757,767**	-

The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market. 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.

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 66.2m for the Bank and the Group.

Decrease of 5% in price per Arpents would decrease fair value gain by MUR 66.2 for the Bank and the Group.

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 121.7m and MUR 135.9m for the Bank and the Group respectively.

Decrease of 5% in price per square feet would decrease fair value gain by MUR 121.7m and MUR 135.9m for the Bank and the Group respectively.

(b) Inventory properties

The Group and the Bank	**2023**	**2022**
	Rs'000	**Rs'000**
At 01 July	**38,843**	35,424
Transfer from Investment properties (note 7(a))	**3,500**	-
Acquired during the year	**437**	4,192
Disposals during the year	**(1,984)**	(773)
At 30 June	**40,796**	**38,843**
Analysed as follows:		
Stock of land and buildings	**40,796**	**38,843**

Inventory properties with carrying vaue of Rs.1.9m (2022: Rs.0.8m) were disposed for consideration of Rs.6.1m (2022: Rs.1.8m) during the year, resulting in net gain of Rs4.2m (2022: Rs.1m) 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**	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Fair value:				
Quoted investments	**260,078**	277,416	**260,078**	277,416
Unquoted investments	**196,938**	174,916	**196,938**	174,916
Total	**457,016**	**452,332**	**457,016**	**452,332**

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For the year ended 30 June 2023

8. Investments (Contd)

(a) Securities (Contd)

(i) Movement during the year:

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July	**452,332**	395,209	**452,332**	395,209
Addition	**13**	-	**13**	-
Impairment losses	**-**	(926)	**-**	(926)
Fair value gain on remeasurement	**4,671**	58,049	**4,671**	58,049
At 30 June	**457,016**	**452,332**	**457,016**	**452,332**

(ii) The market value of quoted investments is based on listed share prices on the Stock Exchange of Mauritius on 30 June 2023.

(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.

(b) Investments in associates

The Group and the Bank	**2023**	**2022**
	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**
2023				
State Investment Finance Corporation Ltd	31 December	Insurance	Republic of Mauritius	20
SIC Fund Management Ltd	31 December	Investment	Republic of Mauritius	49
2022				
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 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 2023

8. Investments (Contd)

(c) Investments in subsidiaries

The Bank	2023 Rs'000	2022 Rs'000
Unquoted		
At 01 July	**198,460**	198,460
Additions	**5,000**	-
At 30 June	**203,460**	198,460

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

	Country of incorporation	Ordinary shares Direct % holding 2023	Ordinary shares Direct % holding 2022
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 2023

8. Investments (Contd)

(c) Investments in subsidiaries (Contd)

(iv) 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
2023									
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**
2022									
DBM Properties Development Ltd	37,011	282,269	26,670	16,026	23,539	7,039	1,408	-	55,317
Rodrigues Business Park Development Co Ltd	56,891	45,802	121	95,000	-	(2,168)	(1,084)	-	3,786

(v) 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
2023				
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)**
2022				
DBM Properties Development Ltd	9,746	(2,048)	(8,419)	(721)
Rodrigues Business Park Development Co Ltd	3,614	(26,782)	45,000	21,533

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. Intangible assets

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount				
At 01 July 2022	**76,397**	35,547	**74,824**	33,974
Additions*	**38,860**	40,850	**38,500**	40,850
Disposal	**(1,094)**	-	**-**	-
At 30 June 2023	**114,163**	**76,397**	**113,324**	**74,824**
Amortisation				
At 01 July 2022	**31,458**	30,700	**31,015**	30,492
Charge for the year	**9,565**	758	**8,396**	523
Disposal	**(1,094)**	-	**-**	-
At 30 June 2023	**39,929**	**31,458**	**39,411**	**31,015**
Carrying amount at 30 June 2023	**74,234**	**44,939**	**73,913**	**43,809**

*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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

10. Property, plant and equipment

The Group	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
Cost or valuation							
At 01 July 2022	**350,122**	**2,225**	**65,190**	**6,349**	**68,007**	**33,261**	**525,154**
Additions	**69,689**	**6,423**	**2,509**	**1,499**	**4,625**	**-**	**84,745**
Disposal	**-**	**-**	**-**	**(908)**	**-**	**-**	**(908)**
Transfer to investment property	**(828)**	**-**	**-**	**-**	**-**	**-**	**(828)**
Revaluation adjustment	**96,436**	**-**	**-**	**-**	**-**	**-**	**96,436**
At 30 June 2023	**515,419**	**8,648**	**67,699**	**6,940**	**72,632**	**33,261**	**704,599**
Accumulated depreciation							
At 01 July 2022	**17,938**	**2,225**	**53,709**	**5,798**	**58,150**	**29,456**	**167,276**
Charge for the year	**3,642**	**128**	**1,404**	**420**	**2,223**	**571**	**8,388**
Disposal	**-**	**-**	**-**	**(836)**	**-**	**-**	**(836)**
Revaluation adjustment	**(21,580)**	**-**	**-**	**-**	**-**	**-**	**(21,580)**
At 30 June 2023	**-**	**2,353**	**55,113**	**5,382**	**60,373**	**30,027**	**153,248**
Carrying amount							
At 30 June 2023	**515,419**	**6,295**	**12,586**	**1,558**	**12,259**	**3,234**	**551,351**

Notes to the consolidated financial statements

For the year ended 30 June 2023

10. Property, plant and equipment (Contd)

The Group	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
Cost or valuation							
At 01 July 2021	323,340	2,225	62,166	6,349	64,835	33,261	492,176
Additions	26,782	-	3,024	-	3,172	-	32,978
At 30 June 2022	350,122	2,225	65,190	6,349	68,007	33,261	525,154
Accumulated depreciation							
At 01 July 2021	14,587	2,225	52,169	5,648	56,351	28,785	159,765
Charge for the year	3,351	-	1,540	150	1,799	671	7,511
At 30 June 2022	17,938	2,225	53,709	5,798	58,150	29,456	167,276
Carrying amount							
At 30 June 2022	332,184	-	11,481	551	9,857	3,805	357,878

Notes to the consolidated financial statements

For the year ended 30 June 2023

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
Cost or valuation							
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**
At 30 June 2023	**402,737**	**8,648**	**52,577**	**6,940**	**72,262**	**33,261**	**576,425**
Accumulated depreciation							
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)**
At 30 June 2023	**-**	**2,353**	**47,799**	**5,335**	**59,667**	**30,032**	**145,186**
Carrying amount							
At 30 June 2023	**402,737**	**6,295**	**4,778**	**1,605**	**12,595**	**3,229**	**431,239**

Notes to the consolidated financial statements

For the year ended 30 June 2023

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
Cost or valuation							
At 01 July 2021	**307,129**	**2,225**	**51,496**	**6,349**	**64,465**	**33,261**	**464,925**
Additions	**-**	**-**	**871**	**-**	**3,172**	**-**	**4,043**
At 30 June 2022	**307,129**	**2,225**	**52,367**	**6,349**	**67,637**	**33,261**	**468,968**
Accumulated depreciation							
At 01 July 2021	**14,587**	**2,225**	**45,948**	**5,601**	**55,645**	**28,790**	**152,796**
Charge for the year	**3,351**	**-**	**963**	**150**	**1,799**	**671**	**6,934**
At 30 June 2022	**17,938**	**2,225**	**46,911**	**5,751**	**57,444**	**29,461**	**159,730**
Carrying amount							
At 30 June 2022	**289,191**	**-**	**5,456**	**598**	**10,193**	**3,800**	**309,238**

(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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 2023 are as follows:

	The Group		The Bank	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
	Level 2	Level 2	Level 2	Level 2
Freehold land	159,900	-	159,900	-
Buildings	355,519	-	242,837	-
Carrying amount	**515,419**	**-**	**402,737**	**-**

The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market. 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.

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.

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 17.8m and MUR 12.1m for both the Group and the Bank respectively.

Decrease of 5% in price per square feet would decrease fair value gain by MUR 17.8m and MUR 12.1m for both the Group and the Bank respectively.

11. Other assets

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		**Restated**
Rental income receivable - gross	**251,309**	242,741	**247,857**	239,998
Expected credit losses (Note (i))	**(239,846)**	(227,190)	**(237,792)**	(225,417)
Rental income receivable – net	**11,463**	15,551	**10,065**	14,581
Loans to staff - gross	**18,192**	26,086	**18,098**	26,086
Expected credit losses (Note (v))	**(2,094)**	(2,094)	**(2,094)**	(2,094)
Loans to staff - net	**16,098**	23,992	**16,004**	23,992
Net investment in finance lease (Note (iii))	**214,911**	136,217	**-**	-
Other receivables (Note (iv))	**144,017**	122,311	**105,120**	73,552
Advance towards investment	**25,000**	25,000	**25,000**	25,000
Prepayments	**15,599**	6,877	**15,599**	6,645
Due from subsidiaries (Note (vi))	**-**	-	**247,150**	176,614
	427,088	**329,948**	**418,938**	**320,384**

(i) The Group's rental income receivable has been reviewed for indicators of impairment in accordance with IFRS 9 and expected credit losses of Rs 237.8M (2022: Rs 225.4M) have been recognised as at year end.

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

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July	**225,417**	227,190	**225,417**	225,417
Expected credit losses for the year (Note 27)	**12,375**	-	**12,375**	-
At 30 June	**237,792**	**227,190**	**237,792**	**225,417**

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. Other assets (Contd)

The Bank

(ii) 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
Number of days carrying value of rent receivables have been past due				
- 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)	-
- 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		247,857	(237,792)	10,065

At 30 June 2022, 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 Restated	Rs'000	Rs'000 Restated
Number of days carrying value of rent receivables have been past due				
- 0 to 30 days	9	898	(78)	820
- 30 to 60 days	10	2,186	(210)	1976
- 60 to 90 days	21	1,304	(280)	1024
- 90 to 120 days	14	1,962	(268)	1694
- 120 to 150 days	19	3,303	(638)	2665
- 150 to 180 days	25	1,623	(399)	1224
- 180 to 210 days	43	1,952	(833)	1119
- 210 to 240 days	34	1,532	(519)	1013
- 240 to 270 days	39	1,736	(671)	1065
- 270 to 300 days	56	1546	(866)	680
- 300 to 330 days	61	3,215	(1,956)	1259
- 330 to 360 days	94	700	(658)	42
- More than 360 days	100	218,041	(218,041)	0
Carrying value of rent receivable net of ECL		239,998	(225,417)	14,581

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. Other assets (Contd)

The Group

(ii) 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
Number of days carrying value of rent receivables have been past due				
- 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**

At 30 June 2022, 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
Number of days carrying value of rent receivables have been past due				
- 0 to 30 days	8.69	898	(78)	820
- 30 to 60 days	9.61	2,186	(210)	1,976
- 60 to 90 days	12.15	2,304	(280)	2,024
- 90 to 120 days	13.66	1,962	(268)	1,694
- 120 to 150 days	18.43	3,462	(638)	2,824
- 150 to 180 days	24.58	1,623	(399)	1,224
- 180 to 210 days	28.22	2,952	(833)	2,119
- 210 to 240 days	33.88	1,532	(519)	1,013
- 240 to 270 days	38.65	1,736	(671)	1,065
- 270 to 300 days	56.02	1,546	(866)	680
- 300 to 330 days	60.84	3,215	(3,145)	70
- 330 to 360 days	94.00	700	(658)	42
- More than 360 days	82.48	218,625	(218,625)	-
Carrying value of rent receivable net of ECL		242,741	(227,190)	15,551

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. Other assets (Contd)

(iii) Net investment in finance lease

The Group	**2023**	**2022**
	Rs'000	**Rs'000**
Movement during the year:		
At 01 July	**136,218**	83,080
Leases granted during the year	**118,942**	75,007
Capital repayment during the year	**(35,877)**	(20,869)
At 30 June	**219,283**	137,218
Allowance for credit impairment (Note (f) below)	**(4,372)**	(1,000)
Net investment in finance lease	**214,911**	136,218
Analysed as follows:		
Non-current:		
Later than 1 year and not later than 5 years	**142,489**	94,682
Later than 5 years	**11,231**	2,479
Total non-current	**153,720**	97,161
Current:		
Not later than 1 year	**61,191**	39,057
	214,911	136,218

(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:

	2023	**2022**
	Rs'000	**Rs'000**
Up to 3 months	**18,158**	11,189
Over 3 months and up to 6 months	**14,819**	9,289
Over 6 months and up to 12 months	**28,214**	18,579
Over 1 year and up to 5 years	**142,489**	94,682
Over 5 years	**11,231**	2,478
	214,911	**136,217**

The maximum exposure to credit risk of net investment in finance lease for the current year is the carrying amount reported at 30 June 2023.

(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 2023 are collateralised by the value of assets to the extent of Rs 235M.

11. Other assets (Contd)

(f) Analysis of the gross carrying amount and corresponding ECL allowance as at 30 June 2023 is as follows:

30-Jun-23	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount	**184,756**	**18,606**	**15,921**	**219,283**
Impairment losses	**-**	**-**	**(4,372)**	**(4,372)**
	184,756	**18,606**	**11,549**	**214,911**
30-Jun-22				
Gross carrying amount	118,324	11,353	7,541	137,218
Impairment losses	-	-	(1,000)	(1,000)
	118,324	11,353	6,541	136,218

(i) Other receivables include amount due from third parties which are short term in nature.

(ii) Expected credit losses of Rs 2.1M in respect of staff loans have been maintained for both 30 June 2023 and 30 June 2022.

(iii) The amounts receivable from the subsidiaries are unsecured, interest-free and receivable on demand.

12. Cash and cash equivalents

	The Group		**The Bank**	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Short term deposits with banks	**122,137**	120,503	**122,137**	120,503
Cash in hand and at bank	**725,226**	897,776	**674,666**	828,442
	847,363	**1,018,279**	**796,803**	**948,945**

13. Right-of-use assets

	The Group		**The Bank**	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		**Restated**
Cost				
At 01 July				
- As previously reported	**232,137**	49,741	**226,666**	44,270
- Effect of prior year adjustments (note 33)	**10,436**	25,129	**10,436**	25,129
- As restated	**242,573**	74,870	**237,102**	69,399
Additions	**39,727**	167,703	**39,727**	167,703
Effects of derecognition	**(5,471)**	-	**-**	-
At 30 June	**276,829**	242,573	**276,829**	237,102
Depreciation				
At 01 July				
- As previously reported	**15,495**	8,119	**12,851**	6,569
- Effect of prior year adjustments (note 33)	**(2,277)**	(1,471)	**(2,277)**	(1,471)
- As restated	**13,218**	6,648	**10,574**	5,098
Charge for the year	**7,124**	6,570	**7,124**	5,476
Effect of derecognition	**(2,644)**	-	**-**	-
At 30 June	**17,698**	13,218	**17,698**	10,574
Net book values	**259,131**	229,355	**259,131**	226,528

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.

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:

	2023 Rs'000	2022 Rs'000
Assets directly associated with non-current assets classified as held for sale	**3,500**	3,500

	2023 Rs'000	2022 Rs'000
Non-controlling interests	**-**	-
Trade and other payables	**-**	-
	-	**-**

The Bank

	2023 Rs'000	2022 Rs'000
At 01 July and at 30 June	**-**	-

The non-current assets held for sale held by the Bank was sold during the year, resulting in a gain of Rs 11.8M.

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For the year ended 30 June 2023

15. Stated capital

The Group and the Bank	2023	2022
	Rs'000	Rs'000
5,049,000 shares of Rs 100 each	**504,900**	504,900
	504,900	504,900

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	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Personal, business and government				
Savings and demand deposits	**335,192**	317,825	**361,950**	336,028
Time deposits with remaining maturity:				
- Up to 3 months	**1,900**	530,300	**1,900**	530,300
- Over 3 months and up to 6 months	**300**	100	**300**	100
- Over 6 months and up to 12 months	**153,180**	355,568	**153,180**	361,080
	490,572	**1,203,793**	**517,330**	**1,227,508**
Time deposits with remaining maturity:				
- Over 1 year and up to 5 years	**635,626**	20,025	**635,626**	20,025
- Over 5 years		-	**-**	-
	635,626	**20,025**	**635,626**	**20,025**
Interest payable to depositors	**10,050**	9,897	**10,050**	9,896
	1,136,248	**1,233,715**	**1,163,006**	**1,257,429**

17. Borrowings

	The Group		The Bank	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Government loans (Note (i))	**606,164**	553,713	**606,164**	458,713
Other loans (Notes (ii) and (iii))	**4,567,265**	3,943,097	**4,422,265**	3,943,097
Total	**5,173,429**	**4,496,810**	**5,028,429**	**4,401,810**

Notes to the consolidated financial statements

For the year ended 30 June 2023

17. Borrowings (Contd)

(i) The government loans bear interest ranging between 1% to 10.5% and repayable by November 2030. Interest amounted to Rs 5M at 30 June 2023 (2022: Rs 5M). These loans are guaranteed by the Government of Mauritius.

(ii) During the financial year 2018, Landscope (Mauritius) Ltd ("Landscope"), a government-owned company engaged in the management of government properties, transferred to the Bank after consultation with the Government, two properties valued at Rs 129,700,000 (one situated in La Tour Koenig and one in Bambous) with a corresponding liability of Rs 140,534,137. In the same wake, the Bank also inherited the management of a property in Roche Bois owned by Landscope together with a liability of Rs 10,666,021 These loans are repayable over 25 years.

(iii) During the year, the Bank contracted loans amounting to Rs 1.8Bn (2022: Rs 1.8Bn) 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 0.45% and 1.35% per annum and are repayable over 3 and 5 years respectively. These loans are guaranteed by the Government of Mauritius.

(iv) Breakdown of borrowings based on repayment period is as follows:

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Repayable as follows:		**Restated**		**Restated**
Current:				
Within one year	**890,971**	87,154	**890,971**	76,154
Non-current:				
After one year and before two years	**772,546**	35,864	**772,546**	24,864
After two years and before three years	**744,629**	35,864	**744,629**	24,864
After three years and before five years	**709,692**	284,852	**709,692**	262,852
After five years	**2,055,591**	4,499,446	**1,910,591**	4,013,076
	4,282,458	**4,856,026**	**4,137,458**	**4,325,656**
Total	**5,173,429**	**4,943,180**	**5,028,429**	**4,401,810**

18. Retirement benefit obligations

The Group and the Bank	**2023**	**2022**
	Rs'000	**Rs'000**
Amount recognised in the consolidated statement of financial position:		
- Defined pension benefits (Note (a))	**740,449**	675,779
- Other long-term benefits (Note (b))	**87,985**	86,349
	828,434	**762,128**
Analysed as follows:		
Non-current liabilities	**828,434**	**762,128**

Notes to the consolidated financial statements

For the year ended 30 June 2023

18. Retirement benefit obligations (Contd)

	2023	2022
	Rs'000	Rs'000
Amount charged to profit or loss:		
- Defined pension benefits (Note (a)(v))	**42,457**	40,262
- Other post-retirement benefits (Note (b)(i))	**1,636**	2,878
	44,093	**43,140**
Amount credited to other comprehensive income:		
- Defined pension benefits (Note (a)(vi))	**(56,959)**	(40,345)

(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:

	2023	2022
	Rs'000	Rs'000
Present value of funded obligations	**1,075,012**	1,005,341
Fair value of plan assets	**(334,563)**	(329,562)
Liability in the statement of financial position	**740,449**	**675,779**

(ii) The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	2023	2022
	Rs'000	Rs'000
At 01 July	**675,779**	629,566
Charged to profit and loss	**42,457**	40,262
Debited to other comprehensive income	**56,959**	40,345
Contributions paid	**(9,746)**	(9,394)
Special contribution	**(25,000)**	(25,000)
At 30 June	**740,449**	**675,779**

Notes to the consolidated financial statements

For the year ended 30 June 2023

18. Retirement benefit obligations (Contd)

(a) Defined pension benefits (Contd)

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

	2023	2022
	Rs'000	Rs'000
At 01 July	**1,005,341**	967,470
Current service costs	**13,510**	13,631
Interest cost	**51,041**	47,406
Liability loss	**52,695**	23,667
Benefits paid	**(47,575)**	(46,833)
At 30 June	**1,075,012**	**1,005,341**

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

	2023	2022
	Rs'000	Rs'000
At 01 July	**329,563**	337,904
Expected return on plan assets	**16,938**	16,361
Employer contributions	**9,746**	9,394
Employee contributions	**5,459**	4,697
Special contributions	**25,000**	25,000
Benefits paid and other outgoing	**(47,879)**	(47,115)
Asset (loss)/gain	**(4,264)**	(16,678)
At 30 June	**334,563**	**329,563**

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

	2023	2022
	Rs'000	Rs'000
Current service cost	**13,510**	13,631
Fund expenses	**304**	282
Net expense	**34,102**	31,045
Employee contributions	**(5,459)**	(4,697)
Total included in employee benefit expense (Note 25(a))	**42,457**	**40,261**
Actual return on plan assets	**12,674**	**(317)**

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

	2023	2022
	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:		
Asset experience loss/(gain)	**4,264**	16,678
Liability experience loss	**52,695**	23,667
Actuarial losses	**56,959**	**40,345**

Notes to the consolidated financial statements

For the year ended 30 June 2023

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:

	2023 %	2022 %
Government securities and cash	**53.9**	58.0
Loans	**2.8**	2.9
Local equities	**14.0**	13.6
Overseas bonds and equities	**28.8**	25.0
Property	**0.5**	0.5
Total	**100**	**100**

(viii) The cost of providing the benefits is determined using the Projected Unit Method. The principal actuarial assumptions used for accounting purposes were:

	2023 %	2022 %
Discount rate	**5.92**	5.20
Future salary growth rate	**4.50**	3.50
Future pension growth rate	**3.50**	2.50

(ix) Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase 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:

2023	Increase Rs'000	Decrease Rs'000
Discount rate - 1% higher/lower	**158.9M**	**129M**
Expected salary growth - 1% decrease/increase	**53.2M**	**47.3M**
Expected pension growth – 1% decrease/increase	**98.9M**	**84M**
Life expectancy – 1% decrease/increase	**32.5M**	**32.4M**

2022	Increase Rs'000	Decrease Rs'000
Discount rate - 1% higher/lower	123.3M	152.6M
Expected salary growth - 1% decrease/increase	53.6M	47.3M
Life expectancy – 1% decrease/increase	30.0M	29.9M

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 2023 is Rs 9.8M (2022: Rs 9.6M).

(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 2023

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:

	2023	2022
	Rs'000	Rs'000
Amount included in staff costs (Note 25(a))	**1,636**	2,878

(ii) Movement in the liability recognised in the statement of financial position:

	2023	2022
	Rs'000	Rs'000
At 01 July	**86,349**	83,471
Total expense as above	**1,636**	2,878
At 30 June	**87,985**	**86,349**

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.

The Bank	**2023 Rs'000**	**2022 Rs'000 Restated**
Non-current	**278,692**	222,436
Current	**417**	16,127
Total lease liabilities	**279,109**	**238,563**

The Group		
Non-current	**278,692**	220,003
Current	**417**	17,234
Total lease liabilities	**279,109**	**237,237**

The Bank	**2023 Rs'000**	**2022 Rs'000 Restated**
At 01 July		
- As previously reported	**234,756**	43,630
- Effect of prior year adjustments (note 33)	**3,807**	24,269
- As restated	**238,563**	67,899
Additions	**39,727**	167,704
Payments made during the year	**(8,787)**	(4,810)
Interest accrued during the year	**9,606**	7,770
At 30 June	**279,109**	**238,563**

The Group		
At 01 July		
- As previously reported	**237,237**	47,558
- Effect of prior year adjustments (note 33)	**3,807**	24,269
- As restated	**241,044**	71,827
Additions	**39,727**	167,704
Payments made during the year	**(10,733)**	(6,375)
Effects of derecognition	**(535)**	-
Interest accrued during the year	**9,606**	7,888
At 30 June	**279,109**	**241,044**

19. Lease liabilities (Contd)

(c) Future minimum lease payments at 30 June 2023 were as follows:

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)**
Net present values	**417**	**278,692**	**279,109**

The Bank	Within 1 year	More than 1 year	Total
2022	**Rs'000**	**Rs'000**	**Rs'000**
Lease payments	8,787	741,445	750,232
Finance charges	(7,749)	(503,920)	(511,669)
Net present values	1,038	237,525	238,563

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)**
Net present values	**417**	**278,692**	**279,109**

The Group	Within 1 year	More than 1 year	Total
2022	**Rs'000**	**Rs'000**	**Rs'000**
Lease payments	27,606	614,358	**641,964**
Finance charges	(10,372)	(394,355)	**(404,727)**
Net present values	17,234	220,003	**237,237**

20. Trade and other payables

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		**Restated**
Trade payables	**209,506**	423,852	**209,506**	423,852
Accruals	**30,507**	54,086	**26,036**	51,894
Other payables	**90,878**	97,981	**89,684**	92,747
Payables and accruals	**330,891**	**575,919**	**325,226**	**568,493**

Notes to the consolidated financial statements

For the year ended 30 June 2023

20. Trade and other payables (Contd)

(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 at 30 June 2023 it had an income tax recoverable of Rs 14.2M (2022: tax liability of Rs 36.3M).

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.

The subsidiaries

The subsidiaries incorporated in the Republic of Mauritius are liable to income tax at the rate of 15% and at 30 June 2023, they had an aggregate tax liability of Rs 0.6M (2022: tax liability of Rs 0.5M).

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	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		**Restated**
Income tax on the adjusted profit	**23,970**	43,930	**22,301**	42,603
CSR	**8,593**	644	**8,449**	436
Movement on deferred taxation (note 21.4)	**(13,488)**	29,351	**(15,138)**	28,565
Tax (over)/underprovided	**148**	(4,101)	**148**	(4,101)
Adjustment for TDS	**(90)**	(182)	**-**	-
Tax expense	**19,133**	69,642	**15,760**	67,503

Notes to the consolidated financial statements

For the year ended 30 June 2023

21. Income tax (Contd)

The subsidiaries (Contd)

21.2 Statement of financial position

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July	**35,830**	5,992	**36,279**	4,812
Tax paid	**(73,260)**	(6,298)	**(73,197)**	(3,834)
Tax charge for the year	**23,970**	43,930	**22,301**	42,603
Tax (over)/underprovided in prior year	**148**	(4,101)	**148**	(4,101)
CSR	**8,593**	644	**8,449**	436
TDS refundable	**(5,819)**	(4,337)	**(4,960)**	(3,637)
Tax refunded	**179**	-	**-**	-
Tax liability/ (asset)	**(10,359)**	35,830	**(10,980)**	36,279

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Tax asset	**(11,104)**	(449)	**(10,980)**	-
Tax liability	**745**	36,279	**-**	36,279
Tax liability	**(10,359)**	**35,830**	**(10,980)**	**36,279**

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	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		**Restated**
Profit/(loss) before tax	**426,954**	261,635	**419,472**	252,159
Tax at 15 %	**64,043**	39,245	**62,921**	37,824
Non-allowable items	**58,155**	15,791	**55,658**	15,012
Exempt income	**(98,958)**	(10,673)	**(97,861)**	(10,233)
Movement on deferred taxation (note 21.4)	**(13,488)**	29,351	**(15,138)**	28,565
Tax (over)/underprovided in prior year	**148**	(4,101)	**148**	(4,101)
CSR	**8,593**	644	**8,449**	436
Tax penalties	**1,583**	-	**1,583**	-
Tax loss utilized	**(853)**	(433)	**-**	-
Tax refundable	**(90)**	(182)	**-**	-
Tax expense	**19,133**	69,642	**15,760**	67,503

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%.

(a) The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		Restated
Deferred tax assets	**499,614**	474,793	**499,614**	474,793
Deferred tax liabilities	**(15,933)**	(14,283)	**-**	-
Net deferred tax assets	**483,681**	**460,510**	**499,614**	474,793

(b) The movement on the deferred income tax account is as follows:

At July 01,				
- As previously reported	**(14,283)**	(13,497)	**-**	-
- Effect of prior year adjustments (note 33)	**474,793**	496,499	**474,793**	496,499
- As restated	**460,510**	483,002	**474,793**	496,499
(Debit)/Credit to profit or loss (note 21.4(c))	**13,488**	(29,351)	**15,138**	(28,565)
Credit to other comprehensive income (note 21.4(c))	**9,683**	6,859	**9,683**	6,859
At June 30,	**483,681**	**460,510**	**499,614**	**474,793**

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, 2022**	**(charged)/ credited to profit or loss**	**Credited to other comprehensive income or loss**	**At June 30, 2023**
2023	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
	Restated			
Accelerated tax depreciation	8,890	(6,899)	-	1,991
Right of use assets/ lease liabilities	2,046	1,350	-	3,396
Expected credit losses	320,012	17,448	-	337,460
Employee benefit liabilities	129,562	1,589	9,683	140,834
Net deferred tax assets	**460,510**	**13,488**	**9,683**	**483,681**

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For the year ended 30 June 2023

21. Income tax (Contd)

21.4 Deferred taxation (Contd)

(c) Analysis of components of deferred tax: (Contd)

THE GROUP 2022	At July 01, 2021 Rs'000	(charged)/ credited to profit or loss Rs'000	Credited to other comprehensive income or loss Rs'000	At June 30, 2022 Rs'000
	Restated			Restated
Accelerated tax depreciation	22,250	(13,360)	-	8,890
Right of use assets/ lease liabilities	612	1,434	-	2,046
Expected credit losses	338,924	(18,912)	-	320,012
Employee benefit liabilities	121,216	1,487	6,859	129,562
Net deferred tax assets	**496,499**	**(29,351)**	**6,859**	**460,510**

The Bank 2023	At July 01, 2022 Rs'000	(charged)/ credited to profit or loss Rs'000	Credited to other comprehensive income or loss Rs'000	At June 30, 2023 Rs'000
	Restated			
Accelerated tax depreciation	23,173	(5,249)	-	17,924
Right of use assets/ lease liabilities	2,046	1,350	-	3,396
Expected credit losses	320,012	17,448	-	337,460
Employee benefit liabilities	129,562	1,589	9,683	140,834
Net deferred tax assets	**474,793**	**15,138**	**9,683**	**499,614**

The Bank 2022	At July 01, 2021 Rs'000	(charged)/ credited to profit or loss Rs'000	Credited to other comprehensive income or loss Rs'000	At June 30, 2022 Rs'000
	Restated			Restated
Accelerated tax depreciation	35,747	(12,574)	-	23,173
Right of use assets/ lease liabilities	612	1,434	-	2,046
Expected credit losses	338,924	(18,912)	-	320,012
Employee benefit liabilities	121,216	1,487	6,859	129,562
Net deferred tax assets	**496,499**	**(28,565)**	**6,859**	**474,793**

Notes to the consolidated financial statements

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22. Interest income

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Loans	**298,737**	372,641	**292,059**	372,641
Placements	**4,454**	20,265	**4,454**	1,875
	303,191	392,906	**296,513**	374,516

23. Interest expense

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Interest expense on:				
- Interest on government loans	**9,385**	4,622	**9,385**	4,622
- Interest on BOM loans	**32,648**	29,353	**32,648**	29,353
- Interest on deposits and savings	**22,373**	13,976	**22,619**	17,615
- Interest on leases	**10,732**	7,770	**9,606**	7,770
	75,138	55,721	**74,258**	59,360

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24. Other income

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Rental income	**198,197**	173,305	**185,518**	173,506
Investment income	**13,979**	12,367	**13,864**	12,304
Debts collected from ex-MCCB Ltd (in liquidation) clients	**1,826**	1,822	**-**	-
Other income (Note (i))	**30,370**	82,693	**22,741**	64,412
	244,372	270,187	**222,123**	250,222

(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	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Staff costs (Note 25(a))	**193,937**	189,184	**193,003**	184,874
Depreciation of property, plant and equipment (note 10)	**8,462**	7,511	**7,872**	6,934
Amortisation of intangible assets (note 9)	**8,396**	758	**8,396**	523
Amortisation of right-of-use assets (note 13)	**7,124**	6,570	**7,124**	5,476
Property management expenses	**25,193**	39,402	**24,789**	34,167
Professional and legal fees	**8,233**	6,927	**6,092**	4,428
Directors and secretarial fees	**7,531**	6,105	**4,030**	4,211
Utilities	**6,387**	6,401	**4,277**	3,863
Office expenses	**6,559**	6,401	**6,559**	6,391
Other expenses	**77,996**	49,250	**63,360**	35,124
	349,818	318,509	**325,501**	285,991

(a) *Analysis of staff costs:*

Salaries and allowances	**151,417**	146,044	**148,910**	141,734
Retirement benefits:				
- Pension (Note 18(a)(v))	**42,457**	40,262	**42,457**	40,262
- Other long-term benefits (Note 18(b) (i))	**1,636**	2,878	**1,636**	2,878
	193,937	189,184	**193,003**	184,874
Number of employees	**201**	237	**189**	220

Notes to the consolidated financial statements

For the year ended 30 June 2023

26. Notes to the statement of cash flows

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
		Restated		Restated
Cash generated from operating activities				
(Profit)/loss before tax	**426,954**	261,635	**419,472**	252,159
Adjustments:				
Depreciation on property, plant and equipment	**8,462**	7,511	**7,872**	6,934
Depreciation on right-of-use assets	**7,124**	6,570	**7,124**	5,476
Amortisation of intangible assets	**8,396**	758	**8,396**	523
Profit on sale of inventory properties	**(4,193)**	(1,077)	**(4,193)**	(1,077)
Gain on disposal of non-current asset held-for-sale	**-**	(11,756)	**-**	(11,756)
Derecognition of non-current asset held for sale	**-**	(9,030)	**-**	-
Increase in provision for retirement benefit obligations	**44,093**	43,140	**44,093**	43,140
Fair value gain on revaluation of investment properties	**(564,425)**	-	**(560,673)**	-
Expected credit losses on loans	**90,261**	111,252	**90,261**	111,252
Expected credit loss on rent and staff loans	**12,375**	-	**12,375**	-
Assets written off	**1,094**	-	**-**	-
Movement in provsioning expenses	**2,017**	-	**-**	-
Contribution to retirement benefit obligations	**(34,746)**	(34,394)	**(34,746)**	(34,394)
Investment income	**(13,979)**	(12,367)	**(13,864)**	(12,304)
Interest expense on leases	**10,732**	7,770	**9,606**	7,770
Other income	**(4,327)**	-	**(2,153)**	-
Loss on derecognition of right-of-use	**2,292**	-	**-**	-
Cash used in operations	**(7,870)**	**370,012**	**(16,430)**	**367,723**

27. Movement in provision for credit impairment

	2023	**2022**
	Rs'000	**Rs'000**
Increase in provision on loans and other financial assets (Note 6(b))	**251,896**	28,305
ECL on rental income receivable (Note 11(i))	**12,375**	-
	264,271	28,305

Notes to the consolidated financial statements

For the year ended 30 June 2023

28. Related party transactions

(i) The Group

Relationship	Nature of transactions	Volume of transactions Rs'000	Credit balances at 30-Jun-23 Rs'000	Credit balances at 30-Jun-22 Rs'000
Key management personnel	Emoluments	**13,362**	**-**	-
Main shareholder	Loan payable	**70,443**	**(751,164)**	(680,721)
	Deposits	**5,230**	**(791,005)**	(785,775)
	Interest payable	**791**	**(10,051)**	(9,260)
	Interest expenses	**1,535**	**(791)**	(2,326)
Other related companies	Deposits	**100,000**	**-**	(100,000)
	Interest payable	**2**	**-**	(2)
	Interest expenses	**363**	**-**	(363)

(ii) The Bank

Relationship	Nature of transactions	Volume of transactions Rs'000	(Credit)/ debit balances at 30-Jun-23 Rs'000	(Credit)/debit balances at 30-Jun-22 Rs'000
Key management personnel	Emoluments	**12,642**	**-**	-
Main shareholder	Loan payable	**20,443**	**(606,164)**	(585,721)
	Deposits	**5,230**	**(791,005)**	(785,775)
	Interest payable	**791**	**(10,051)**	(9,260)
	Interest expenses	**1,535**	**(791)**	(2,326)
Subsidiaries	Deposits	**2,963**	**(26,758)**	(23,795)
	Amount due by / borrowings	**123,662**	**254,505**	130,843
	Commission payable	**1,038**	**(7,055)**	(6,017)
	Interest expenses	**4,045**	**(4,408)**	(363)
	Management fees	**17,234**	**7,736**	24,970
	Dividend income	**2,000**	**2,000**	-
Other related companies	Deposits	**100,000**	**-**	(100,000)
	Interest payable	**-**	**-**	-
	Interest expenses	**-**	**-**	-

Notes to the consolidated financial statements

For the year ended 30 June 2023

29. Financial instrument risk

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	
		2023	2022	2023	2022
		Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
Financial assets at FVOCI	Fair value through OCI	**457,016**	452,332	**457,016**	452,332
Loans and other receivables	Amortised cost	**5,206,085**	5,094,272	**5,197,935**	5,084,708
Cash and cash equivalents	Amortised cost	**847,363**	1,018,299	**796,803**	948,945
		6,510,464	6,564,903	**6,451,754**	6,485,985
Financial liabilities					
Deposits from customers	Amortised cost	**1,136,248**	1,233,715	**1,163,006**	1,257,429
Borrowings	Amortised cost	**5,173,429**	4,496,810	**5,028,429**	4,401,810
Lease liabilities	Amortised cost	**279,109**	241,044	**279,109**	238,563
Trade and other payables	Amortised cost	**330,891**	575,919	**325,226**	568,493
		6,919,677	6,547,488	**6,795,770**	6,466,295

Market risk analysis

Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies (United States Dollar ("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	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets				
MUR	**6,505,210**	6,470,515	**6,446,500**	6,391,597
USD	**7**	88,892	**7**	88,892
Euro	**5,247**	5,496	**5,247**	5,496
	6,510,464	6,564,903	**6,451,754**	6,485,985
Financial liabilities				
MUR	**6,919,677**	6,547,488	**6,795,770**	6,466,295

Notes to the consolidated financial statements

For the year ended 30 June 2023

29. Financial instrument risk (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 of the Mauritian Rupee:

	The Group		The Bank	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Impact on profit				
USD	**1**	8,889	**1**	8,889
Euro	**525**	550	**525**	550

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. 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 2023

29. Financial instrument risk (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 that 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.

Loans	**The Group**		**The Bank**	
	2023	**2022**	**2023**	**2022**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Neither past due nor impaired and past due but not impaired	**3,721,287**	3,535,090	**3,721,287**	3,535,090
Impaired	**2,802,881**	2,884,144	**2,802,881**	2,884,144
Gross	**6,524,168**	6,419,234	**6,524,168**	6,419,234
Less allowances for credit impairment	**(1,745,171)**	(1,654,910)	**(1,745,171)**	(1,654,910)
Net	**4,778,997**	4,764,324	**4,778,997**	4,764,324

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.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

29. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Credit risk analysis (Contd)

The credit risk for the cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

The investments in the quoted companies are measured based on the prices listed on the Stock Exchange of Mauritius. For the unquoted investments, the values are based on the Net Asset Value.

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 2023 and 30 June 2022 with floating interest rates are as follows:

	Lowest	Highest
2023	**%**	**%**
Financial assets		
Deposit with banks	-	3.1
Financial liabilities		
Savings and fixed deposits	2.5	3.5
Borrowings	3.5	4.5
2022		
Financial assets		
Deposit with banks	-	1.05
Financial liabilities		
Savings and fixed deposits	0.75	10.5
Borrowings	2	3

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 2023 would increase by Rs 1.03 M (2022: Rs 1.56 M) and Rs 1.22 M (2022: Rs 1.56 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 2023:

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.

The Group 2023	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial assets					
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**	**9,088**	**386,489**
Total financial assets	**725,226**	**1,972,492**	**2,314,617**	**1,457,529**	**6,469,865**

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 2023

29. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Liquidity risk analysis (Contd)

The Group 2023	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial liabilities					
Deposits	335,191	165,431	635,626	-	1,136,248
Borrowings	-	932,975	2,478,949	2,013,933	5,425,857
Lease liabilities	-	417	564	278,128	279,109
Other liabilities	-	330,891	-	-	330,891
Total financial liabilities	335,191	1,429,714	3,115,139	2,292,061	7,172,105
Net liquidity gap	(335,191)	1,128,690	3,046,161	-3,050,894	32,745

The Bank 2023	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial assets					
Deposits and balances with banks	**674,666**	**122,137**	**-**	**-**	**796,803**
Financial assets at FVOCI	**457,016**	**-**	**-**		**457,016**
Loans	**-**	**1,479,264**	**2308308**	**991425**	**4,778,997**
Other assets	**247,150**	**115,791**	**6,309**	**9,088**	**378,339**
Total financial assets	**1,378,832**	**1,717,192**	**2,314,617**	**1,000,513**	**6,411,155**

The above figures exclude prepayments amounting to Rs. 15,599,000 and advance towards investment amounting to Rs. 25,000,000

2023	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial liabilities					
Deposits	**361,949**	**165,431**	**635,626**	**-**	**1,163,006**
Borrowings	**-**	**932,975**	**2,333,949**	**2,013,933**	**5,280,857**
Lease liabilities	**-**	**417**	**564**	**278,128**	**279,109**
Other liabilities	**-**	**325,226**	**-**	**-**	**325,226**
Total financial liabilities	**361,949**	**1,424,049**	**2,970,139**	**2,292,061**	**7,048,198**
Net liquidity gap	**1,016,883**	**293,143**	**(655,522)**	**(1,291,548)**	**(637,043)**

Notes to the consolidated financial statements

For the year ended 30 June 2023

29. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Liquidity risk analysis (Contd)

Maturities of financial assets and liabilities at 30 June 2022: (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.

The Group 2022	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial assets					
Deposits and balances with banks	897,796	120,503	-	-	1,018,299
Financial assets at FVOCI	-	-	-	452,332	452,332
Loans	-	1,507,665	2,376,480	880,179	4,764,324
Other assets	1,930	51,057	226,171	18,913	298,071
Total financial assets	899,726	1,679,225	2,602,651	1,351,424	6,533,026

The above figures exclude prepayments amounting to Rs. 6,877,000 and advance towards investment amounting to Rs. 25,000,000

The Group 2022	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial liabilities					
Deposits	336,028	877,662	20,025	-	1,233,715
Borrowings	-	87,154	356,580	4,053,076	4,496,810
Lease liabilities	-	2,984	(4,424)	242,484	241,044
Other liabilities	-	575,919	-	-	575,919
Total financial liabilities	336,028	1,543,719	372,181	4,295,560	6,547,488
Net liquidity gap	563,698	135,506	2,230,470	(2,944,136)	(14,462)

The Bank 2022	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial assets					
Deposits and balances with banks	828,442	120,503	-	-	948,945
Financial assets at FVOCI	-	-	-	452,332	452,332
Loans	-	1,507,665	2,376,480	880,179	4,764,324
Other assets	176,614	285	92,927	18,913	288,739
Total financial assets	1,005,056	1,628,453	2,469,407	1,351,424	6,454,340

The above figures exclude prepayments amounting to Rs. 6,645,000 and advance towards investment amounting to Rs. 25,000,000

Notes to the consolidated financial statements

For the year ended 30 June 2023

29. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Liquidity risk analysis (Contd)

Maturities of financial assets and liabilities at 30 June 2022: (Contd)

The Bank 2022	On demand Rs'000	Less than 12 months Rs'000	1 to 5 years Rs'000	5+ years Rs'000	Total Rs'000
Financial liabilities					
Deposits	336,028	901,376	20,025	-	1,257,429
Borrowings	-	76,154	312,580	4,013,076	4,401,810
Lease liabilities	-	1,038	(4,959)	242,484	238,563
Other liabilities	-	568,493	.	-	568,493
Total financial liabilities	336,028	1,547,061	327,646	4,255,560	6,466,295
Net liquidity gap	(336,028)	(1,547,061)	(327,646)	(4,255,560)	(6,466,295)

Price risk analysis

The Group is 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 45.7M (2022: Rs 45.2M) 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 Bank	At 30 June 2023			At 30 June 2022		
	Borrowings Rs'000	Lease liabilities Rs'000	Total Rs'000	Borrowings Rs'000	Lease liabilities Rs'000	Total Rs'000
At 01 July						
- As previously reported	4,848,180	234,756	5,082,936	3,112,697	43,630	3,156,327
- Effect of prior year adjustments (note 33)	(693,359)	3,807	(689,552)	(693,359)	24,269	(669,090)
- As restated	4,154,821	238,563	4,393,384	2,419,338	67,899	2,487,237
Cash movements	628,269	(8,787)	619,482	1,698,617	(4,809)	1,693,808
Non-cash transactions	(1,650)	49,333	47,683	36,866	175,473	212,339
At 30 June	**4,781,440**	**279,109**	**5,060,549**	**4,154,821**	**238,563**	**4,393,384**

Notes to the consolidated financial statements

For the year ended 30 June 2023

30. Reconciliation of liabilities arising from financing activities (Contd)

The Group	At 30 June 2023			At 30 June 2022		
	Borrowings	Lease liabilities	Total	Borrowings	Lease liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July						
- As previously reported	4,943,180	237,237	5,180,417	3,162,697	47,558	3,210,255
- Effect of prior year adjustments (note 33)	(446,370)	3,807	(442,563)	(693,359)	24,269	(669,090)
- As restated	4,496,810	241,044	4,737,854	2,469,338	71,827	2,541,165
Cash movements	678,269	(10,733)	667,536	2,027,472	(6,256)	2,021,216
Non-cash transactions	(1,650)	48,798	47,148	-	175,473	175,473
At 30 June	**5,173,429**	**279,109**	**5,452,538**	**4,496,810**	**241,044**	**4,737,854**

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

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. The extent of these impacts on the Group are unclear at this stage.

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 2023.

Notes to the consolidated financial statements

For the year ended 30 June 2023

33. Effect of prior period adjustments

In preparing the financial statements for the year ended 30 June 2023, the Group and the Bank identified prior year restatements and made necessary corrections. Restatements were made to the financial statements, presentation and disclosures of certain transactions and balances, in accordance with International Accounting Standard, IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors. They relate to the comparatives for 01 July 2021 and 30 June 2022.

The Bank and the Group

(i) Reclassifications from borrowings

Historically, advances from the government towards grants to external beneficiaries were incorrectly being classified under borrowings instead of other payables. In addition, grant receivable by the Bank were incorrectly being offset against borrowings instead of other assets. Accordingly, both other assets and other payables were understated while borrowings were overstated.

(ii) Restatement of right-of-use assets and lease liabilities

While revisiting the computations for right-of-use assets and lease liabilities, the following material errors were identified in the computations:
-Rental amounts and lease terms used were inconsistent with lease agreements.
-Rental paid were incorrectly expensed instead of being offset against lease liabilities.
-Yearly rental payments were taken as monthly rental payments.
-Prepaid rent and past due rent were not recognised.
The above errors impacted balances for right-of-use assets, lease liabilities, other assets, other payables, interest expense and operating expenses.

(iii) Restatement of rental receivable balances

Historically, certain rental receivable balances were double accounted and remained unchanged over the past 3 years with neither expected credit losses nor write-off recognised. Accordingly, both other assets and retained earnings were overstated.

(iv) Restatement of contributions receivables

While reviewing receivable balances carried forward, management identified a receivable balance recognised in FY2022 which should have been expensed during the year ended 30 June 2022 as not recoverable. Accordingly, other assets were overstated and operating expenses were understated.

(v) Restatement for deferred tax asset

Historically, no deferred tax asset/ liabilities were recognised on deductible/taxable temporary differences. Accordingly, both deferred tax assets were understated and taxation charged were overstated.

33. Effect of prior period adjustments (Contd)

The Group only

(vi) Restatement of non-controlling interests

As part of the consolidation review process, it was identified that the split of reserves between owners of the parent and the non-controlling interests were incorrectly being computed. Accordingly, owners' interest were understated and non-controlling interests were overstated.

(vii) Restatement of capital reserves (Other reserves)

Historically, a gain arising from treasury share bought back at a discount from a non-controlling shareholder at the subsidiary level was incorrectly reclassified to other payables as part of consolidation adjustment. Instead, a capital reserve should have been recognised with a split between owners' interest and non-controlling interests. Accordingly, both owners' interest and non-controlling interests were understated and other payables were overstated.

Notes to the consolidated financial statements

For the year ended 30 June 2023

33. Effect of prior period adjustments (Contd)

The Bank	As previously reported	Adjustments/ reclassifications note (i)	note (ii)	note (iii)	note (iv)	note (v)	Restated balance
Statement of financial position as at 1 July 2021	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax assets	-	-	-	-	-	496,499	496,499
Other assets	305,844	-	-	(48,806)	-	-	257,038
Right-of-use assets	37,701	-	26,600	-	-	-	64,301
Total assets	**8,259,805**	**-**	**26,600**	**(48,806)**	**-**	**496,499**	**8,734,098**
Retained earnings	2,166,200	-	327	(48,806)	-	496,499	2,614,220
Total equity	**2,969,013**	**-**	**327**	**(48,806)**	**-**	**496,499**	**3,417,033**
Borrowings	3,112,697	(693,359)	-	-	-	-	2,419,338
Lease liabilities	43,630	-	24,269	-	-	-	67,899
Trade and other payables	59,645	693,359	2,004	-	-	-	755,008
Total liabilities	**5,290,792**	**-**	**26,273**	**-**	**-**	**-**	**5,317,065**
Statement of financial position as at 30 June 2022							
Deferred tax assets	-	-	-	-	-	474,793	474,793
Other assets	343,222	27,602	1,566	(48,806)	(3,200)		320,384
Right-of-use assets	214,546	-	11,982	-	-	-	226,528
Total assets	**10,426,091**	**27,602**	**13,548**	**(48,806)**	**(3,200)**	**474,793**	**10,890,028**
Retained earnings	2,376,167	-	6,781	(48,806)	(3,200)	481,651	2,812,594
Other reserves	314,691	-	-	-	-	(6,859)	307,832
Total equity	**3,195,758**	**-**	**6,781**	**(48,806)**	**(3,200)**	**474,793**	**3,625,326**
Borrowings	4,848,180	(446,370)	-	-	-	-	4,401,810
Lease liabilities	234,756	-	3,807	-	-	-	238,563
Trade and other payables	91,560	473,973	2,960	-	-	-	568,493
Total liabilities	**7,230,333**	**27,602**	**6,767**	**-**	**-**	**-**	**7,264,702**

Notes to the consolidated financial statements

For the year ended 30 June 2023

33. Effect of prior period adjustments (Contd)

The Bank		**Adjustments/ reclassifications**					
Statement of comprehensive income for the year ended 30 June 2022	**As previously reported**	**note (i)**	**note (ii)**	**note (iii)**	**note (iv)**	**note (v)**	**Restated balance**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Interest expense	**(61,905)**	**-**	**2,545**	**-**	**-**	**-**	**(59,360)**
Operating expenses	**(286,700)**	**-**	**3,909**	**-**	**(3,200)**		**(285,991)**
Operating profit	**276,133**	**-**	**6,454**	**-**	**(3,200)**	**-**	**279,387**
Profit/(loss) before tax	**248,905**	**-**	**6,454**	**-**	**(3,200)**	**-**	**252,159**
Tax expense	**(38,938)**	**-**	**-**	**-**	**-**	**(28,565)**	**(67,503)**
Profit/(loss) after tax	**209,967**	**-**	**6,454**	**-**	**(3,200)**	**(28,565)**	**184,656**
Tax effect on remeasurements of retirement benefit obligations	**-**	**-**	**-**	**-**	**-**	**6,859**	**6,859**
Total comprehensive income for the year	**226,745**	**-**	**6,454**	**-**	**(3,200)**	**(21,706)**	**208,293**
Statement of cash flows for the year ended 30 June 2022							
Net cash used in operating activities	**(1,389,087)**	**(246,989)**	**6,548**	**-**	**(3,200)**	**-**	**(1,632,728)**
Net cash used in investing activities	**(198,143)**	**-**	**-**	**-**	**-**	**-**	**(198,143)**
Net cash generated from financing activities	**1,734,022**	**246,989**	**(3,348)**	**-**	**-**	**-**	**1,977,663**
Net change in cash and cash equivalents	**146,792**	**-**	**3,200**	**-**	**(3,200)**	**-**	**146,792**

Notes to the consolidated financial statements

For the year ended 30 June 2023

33. Effect of prior period adjustments (Contd)

		Adjustments/ reclassifications							
The Group	**As previously reported**	**note (i)**	**note (ii)**	**note (iii)**	**note (iv)**	**note (v)**	**note (vi)**	**note (vii)**	**Restated balance**
Statement of financial position as at 1 July 2021	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Other assets	-	-	-	-	-	496,499	-	-	496,499
Other assets	312,004	-	-	(48,807)	-	-	-	-	263,197
Right-of-use assets	41,622	-	26,600	-	-	-	-	-	68,222
Total assets	**8,431,458**	**-**	**26,600**	**(48,807)**	**-**	**496,499**	**-**	**-**	**8,905,750**
Retained earnings	2,187,821	-	327	(48,807)	-	496,499	22,740	-	2,658,580
Other reserves	297,913	-	-	-	-	-	-	3,559	301,472
Owners' interest	2,990,634	-	327	(48,807)	-	496,499	22,740	3,559	3,464,952
Non-controlling interests	81,519	-	-	-	-	-	(22,740)	-	58,779
Total equity	**3,072,153**	**-**	**327**	**(48,807)**	**-**	**496,499**	**-**	**3,559**	**3,523,731**
Borrowings	3,162,697	(693,359)	-	-	-	-	-	-	2,469,338
Lease liabilities	47,558	-	24,269	-	-	-	-	-	71,827
Trade and other payables	70,692	693,359	2,004	-	-	-	-	(3,559)	762,496
Total liabilities	**5,359,305**	**-**	**26,273**	**-**	**-**	**-**	**-**	**(3,559)**	**5,382,019**

Notes to the consolidated financial statements

For the year ended 30 June 2023

33. Effect of prior period adjustments (Contd)

The Group Statement of financial position as at 30 June 2022	As previously reported Rs'000	Adjustments/ reclassifications note (i) Rs'000	note (ii) Rs'000	note (iii) Rs'000	note (iv) Rs'000	note (v) Rs'000	note (v) Rs'000	note (vi) Rs'000	Restated balance Rs'000
Deferred tax assets	-	-	-	-	-	474,793	-	-	474,793
Other assets	352,785	27,602	1,567	(48,807)	(3,199)	-	-	-	329,948
Right-of-use assets	217,373	-	11,982	-	-	-	-	-	229,355
Total assets	**10,640,979**	**27,602**	**13,549**	**(48,807)**	**(3,199)**	**474,793**	**-**	**-**	**11,104,917**
Retained earnings	2,410,177	-	6,782	(48,807)	(3,199)	481,651	22,740		2,869,345
Other reserves	314,691	-	-	-	-	(6,859)	-	3,559	311,391
Owners' interest	3,229,768	-	6,782	(48,807)	(3,199)	474,793	22,740	3,559	3,685,636
Non-controlling interests	81,843	-	-	-	-	-	(22,740)	-	59,103
Total equity	**3,311,611**	**-**	**6,782**	**(48,807)**	**(3,199)**	**474,793**	**-**	**3,559**	**3,744,739**
Borrowings	4,943,180	(446,370)	-	-	-	-	-	-	4,496,810
Lease liabilities	237,237	-	3,807	-	-	-	-	-	241,044
Trade and other payables	102,545	473,973	2,960	-	-	-	-	(3,559)	575,919
Total liabilities	**7,329,368**	**27,602**	**6,767**	**-**	**-**	**-**	**-**	**(3,559)**	**7,360,178**

Notes to the consolidated financial statements

For the year ended 30 June 2023

33. Effect of prior period adjustments (Contd)

The Group		Adjustments/ reclassifications							
Statement of comprehensive income for the year ended 30 June 2022	**As previously reported**	**note (i)**	**note (ii)**	**note (iii)**	**note (iv)**	**note (v)**	**note (v)**	**note (vi)**	**Restated balance**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Interest expense	**(58,266)**	**-**	**2,545**	**-**	**-**	**-**	**-**	**-**	**(55,721)**
Operating expenses	**(319,220)**	**-**	**3,910**	**-**	**(3,199)**	**-**	**-**	**-**	**(318,509)**
Operating profit	**285,607**	**-**	**6,455**	**-**	**(3,199)**	**-**	**-**	**-**	**288,863**
Profit/(loss) before tax	**258,379**	**-**	**6,455**	**-**	**(3,199)**	**-**	**-**	**-**	**261,635**
Tax expense	**(41,077)**	**-**	**-**	**-**	**-**	**(28,565)**	**-**	**-**	**(69,642)**
Profit/(loss) after tax	**217,302**	**-**	**6,455**	**-**	**(3,199)**	**(28,565)**	**-**	**-**	**191,993**
Tax effect on remeasurements of retirement benefit obligations	**-**	**-**	**-**	**-**	**-**	**6,859**	**-**	**-**	**6,859**
Total comprehensive income for the year	**234,080**	**-**	**6,455**	**-**	**(3,199)**	**(21,706)**	**-**	**-**	**215,630**
Total comprehensive income attributable to:									
- Owners of the parent	**233,756**	**-**	**6,455**	**-**	**(3,199)**	**(21,706)**	**-**	**-**	**215,306**
- Non-controlling interests	**324**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**324**
	234,080	**-**	**6,455**	**-**	**(3,199)**	**(21,706)**	**-**	**-**	**215,630**
Statement of cash flows for the year ended 30 June 2022									
Net cash used in operating activities	**(1,378,670)**	**(246,989)**	**6,547**	**-**	**(3,199)**	**-**	**-**	**-**	**(1,622,311)**
Net cash used in investing activities	**(227,015)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(227,015)**
Net cash generated from financing activities	**1,777,575**	**246,989**	**(3,348)**	**-**	**-**	**-**	**-**	**-**	**2,021,216**
Net change in cash and cash equivalents	**171,890**	**-**	**3,199**	**-**	**(3,199)**	**-**	**-**	**-**	**171,890**