SICOM
FINANCIAL SERVICES
A member of the SICOM Group

SICOM Financial Services Ltd

ANNUAL REPORT

2024

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Mission, Shared Values and Objective Statement

Dedicated to providing financial services, with focus on competitive quality products and excellent levels of customer care.

Our Customers:
The focus of all actions
Our Employees: The source of our success.
Our Products and services: Competitive and first-class security.
Commitment to innovation and teamwork.
Assisting the development of the community.

Provide excellent customer service
Maximise profits and returns to stakeholders.
Highly effective staff and agents.
Increase market share.
Respond to new customer needs
Identify diversification opportunities

Corporate Information

Registered Office	SICOM Building Sir Célicourt Antelme Street, Port Louis, Mauritius Telephone: (230) 203 8420 Fax: (230) 208 0874 Email Address: sfsl@sicom.mu Website: www.sicom.mu
Auditor	**Deloitte**
Directors	**Oomesh Sharma Mahadu** *(Chairperson)* **Karuna G Bhoojedhur Obeegadoo** **Chelven Chengabroyan** **Avinash Dreepaul** **Dev Kumar Gopy** **Subashini Rama** *(as from 19 March 2024)* **Nandita Ramdewar** **Subiraj Reedoy** **Sarvesh Seeteejory** **Ishwarlall Bonomaully** *(up to 05 December 2023)*
Company Secretary	**DTOS Ltd**
Senior Executive Officer	**Chadien M**
Deputy Manager	**Kasenally - Boodoo A**
Main Banker	**SBM Bank (Mauritius) Ltd**

Directors' Report

The Directors have the pleasure to submit the twenty fourth Annual Report of SICOM Financial Services Ltd (the "Company") which includes the audited financial statements for the financial year ended 30 June 2024. The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius.

PRINCIPAL ACTIVITIES

The Company is engaged in depository activities and holds a deposit taking licence as a 'Non-Bank Deposit Taking Financial Institution'. The Company also transacts in leasing and loan business and manages SICOM General Fund and SICOM Overseas Diversified Fund, which are constituted under the SICOM Unit Trust licensed under the Collective Investment Scheme Regulations.

FINANCIAL RESULTS

Leasing

Investments in finance lease stood at Rs 1.0 billion for the financial year ended 30 June 2024 as compared to Rs 755.2 million for the financial year ended 30 June 2023. The amount of new leases approved amounted to Rs 612.8 million for the year under review as compared to Rs 392.4 million last year. The good performance of the lease segment is mainly due to the enhanced sales/marketing efforts to boost sales and the revamping of the operating lease business.

Personal loan ("speedy loans)

Investments in personal loan stood at Rs 701.0 million for the year under review compared to Rs 703.8 million last year. An amount of Rs 170.3 million was disbursed compared to Rs 265.8 million last year. Although there was demand for the product, high interest rates and inflationary pressures have impacted on clients' disposable income. The Debt to Income ("DTI") ratio for many clients was on the high side resulting in a total amount of Rs 59.5 million of personal loan requests being declined during the year under review.

Deposits

The total deposits stood at Rs 2.0 billion for the year ended 30 June 2024, compared to Rs 1.6 billion last year.

Net Interest Income

Net interest income increased from Rs 56.1 million for the financial year ended 30 June 2023 to reach Rs 60.5 million for the year under review and is mainly due to the good performance of the leasing business.

Profitability

Profit before tax stood at Rs 28.9 million for the year ended 30 June 2024 slightly lower than last year's profit before tax of Rs 29.7 million but above the budget of Rs 28.7 million.

Auditor

Deloitte has been appointed as external auditor of the Company for the year ended 30 June 2024. The remuneration of the auditor for the financial year amounts to Rs 706,151 (2023: Rs 673,050).

The external auditor also acts as tax advisor for the Company and the fees paid in relation to these non-audit services amount to Rs 72,279 for the financial year ended 30 June 2024 (2023: Rs 69,300).

The Company has in place policies and procedures to ensure that there is no threat to objectivity and independence of the external auditor, resulting from the provision of non-audit services. Any such services need to be pre-approved by the Audit Committee.

Directors

The names of the directors who held office as directors of the Company as 30 June 2024 and the names of those who ceased to hold office as directors of the Company during the year ended 30 June 2024 are disclosed on page 2.

Directors' Report (cont'd)

Directors' share interests and service contracts

The Directors have no direct or indirect interest in the share capital of the Company. Furthermore, the Directors do not have service contracts with the Company.

Directors' emoluments

In compliance with section 221(e) of the Mauritius Companies Act 2001, the below statutory disclosures are made with respect to the remuneration and benefits received by the Directors of the Company:

During the year 2023/2024, Directors' fees were paid as follows: Mr O S Mahadu - Rs 536,120, Mrs K G Bhoojedhur-Obeegadoo – Rs 294,000, Mr I Bonomaully – Rs 164,025, Mr C Changabroyan – Rs 460,360, Mr S Reedoy – Rs 460,360, Mr S Seeteejory – Rs440,360, Mr A Dreepaul - Rs 380,360, and Mrs S Rama – Rs 102,683 respectively.

The Executive Directors did not receive any emoluments from the Company for both the current and prior years.

Donations

There were no donations for the year ended 30 June 2024. (2023: Nil)

Corporate Governance

The Company adheres to the principles of good governance as outlined in the National Code of Corporate Governance (2016) ("the Code") and the Guideline on Corporate Governance issued by the Bank of Mauritius. Please refer to the corporate governance report, within this annual report, for more details.

Statement of directors' responsibilities in respect of the financial reporting

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company.

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

- ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- 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 adhered to, subject to any material departures disclosed, explained and quantified in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company while ensuring that the financial statements fairly present the state of affairs of the Company, as at the financial year end, and the results of their operations and cash flows for that period; and
- ensure that the financial statements have been prepared in accordance with and comply with IFRS Accounting Standards as issued by the IASB and the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

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

The directors are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Company.

Directors' Report (cont'd)

Acknowledgements

The Board of Directors would like to thank Mr Ishwarlall Bonomaully for his contribution to the Board and welcome Mrs Subashini Rama as new member.

The Board of Directors expresses its deep appreciation of the support given to all the stakeholders of SICOM Financial Services Ltd by the Government of Mauritius, the Bank of Mauritius, the Financial Services Commission, Salespersons, Bankers and Stockbrokers.

The Board of Directors is also thankful to its customers and stakeholders for their loyalty and trust and would like to thank Management and staff for their dedicated efforts and commitment towards the Company.

Chairperson | Director | Director

30 September 2024

Management Discussion & Analysis

The Management Discussion and Analysis ("MDA") report has been prepared pursuant to the Bank of Mauritius *Guideline on Public Disclosure of Information* this for the financial year ended 30 June 2024.

The MDA includes forward looking statements and that risk exists that forecasts, projections and other postulations contained therein may not materialise and that actual results may vary from the plans and expectations of the Company.

The reader should, therefore, stand cautioned not to place any undue reliance on such statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf.

Economic review

Statistics Mauritius estimates that the Mauritian economy grew by 7.0% in 2023, surpassing its initial projections, driven by a robust recovery in the tourism sector, improved export performance and steady consumer spending. The Key Rate recently fell to 4% per annum, while the headline inflation eased from 10.5% in June 2023 to 4.5% in June 2024. The Mauritian yield curve shifted downward over the financial year under review, with issuance of government securities at lower yields and increase in liquidity level on the local market. The Rupee exchange rate continued to be influenced by domestic and international supply and demand factors. In order to ease demand pressure, the intervention by the Bank of Mauritius on the domestic foreign exchange market became more frequent over the financial year under review. The Mauritian Rupee depreciated by 4.2%, 3.2% and 5.0%, against the USD, EUR and GBP respectively. The domestic equity market rebounded over the financial year under review, backed by investor optimism following positive earnings results and dividend announcements. The SEMDEX, the SEM-10 and the SEMTRI increased by +7.2%, +9.2% and +12.7%, respectively during the financial year ended 30 June 2024. On the global front, economic growth showed resilience in face of the ongoing geopolitical tensions, high interest rates and inflationary pressures. In its latest projections dated July 2024, after a rebound of 3.3% in 2023, the International Monetary Fund has estimated a lower global growth of 3.2% in 2024, mainly due to the persistently high price pressures stemming from the services sector. The combination of easing price pressure, a cooling labour market, and strong corporate earnings and consumer spending, especially in the United States, increased investors' confidence created favourable market conditions for a sustained rally among global equity indices during the financial year ended 30 June 2024. The technology sector continued to lead, with sustained interest in artificial intelligence and generative technologies, driving performance. During the financial year ended 30 June 2024, the MSCI AC World (+17.5%), the S&P 500 (+22.7%), the MSCI Europe (+8.7%) and the Nikkei 225 (+19.3%) recorded strong gains in USD terms. MSCI Emerging Markets gained +9.8% in USD terms, despite the contrasting performance of its two biggest constituents: MSCI India (+33.2%) and MSCI China (-4.1%). The regulatory crackdowns, along with a slow economic recovery and a real estate crisis, continued to impede the Chinese market.

Financial performance and outlook

Refer to pages 6-10 for a short description of the Company's performance for the financial year ended 30 June 2024 and management's outlook for the foreseeable future.

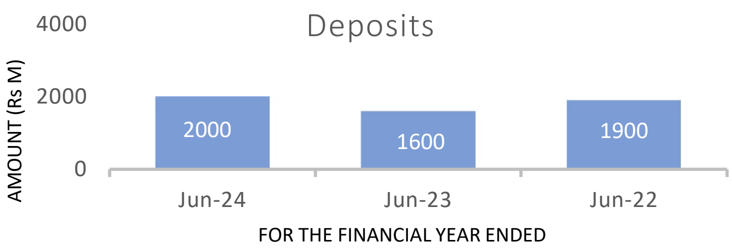
Performance against objectives

Performance Area	Current year's objective	Current year's performance	Next year's objective
Revenue growth	16.47%	14.35%	24.11%
Interest expense growth	41.07%	27.93%	18.77%
Operating profit growth	-4.04%	-2.75%	38.80%
Productivity	71.62%	71.31%	52.52%
Return on equity	6.15%	6.17%	8.56%
Return on average assets	1.25%	1.24%	1.71%

Financial review

Deposits

The total deposits of the Company stood at Rs 2.0 billion for the year under review compared to Rs 1.6 billion last year.

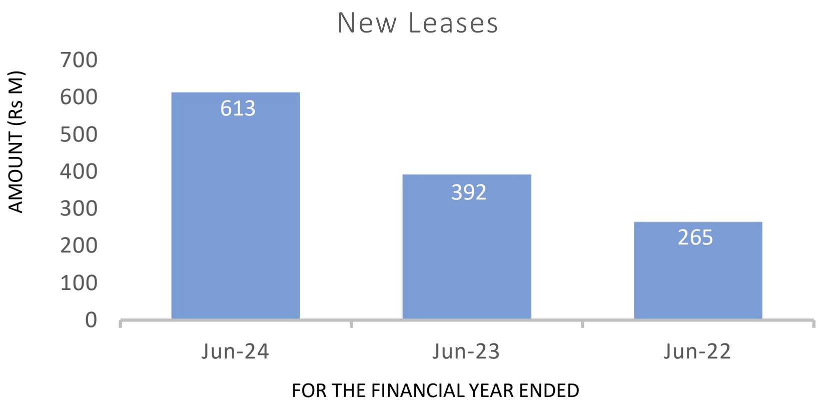


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

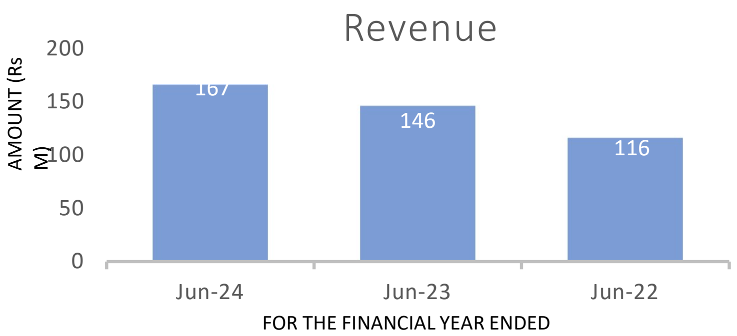
Leases

The amount of lease approved stood at Rs 612.8 million for the financial year ended 30 June 2024 while for last year the amount of lease approved stood at Rs 392.4 million. The good performance of the lease business is mainly explained by the different marketing initiatives and tie ups with local car dealers during the year under review and the growth in the operating lease business.



Revenue

The leasing activities saw revenue jump from Rs 47.9 million last year to Rs 82.7 million for the year under review on the back of good progress on sales. Revenue from the personal loan business increased from Rs 45.7 million for the financial year ended 30 June 2023 to Rs 49.0 million for the year under review. Revenue from our Unit Trust activities increased from Rs 7.9 million last year to reach Rs 11.6 million for the year under review mainly due to the unrealized gain on financial assets at fair value through profit and loss of Rs 5.5 million.



Revenue (Rs)	30 June 2024	30 June 2023	30 June 2022
Investment Income	23,637,953	44,416,215	41,009,569
Net Leasing activities	82,691,897	47,941,739	50,229,279
Unit Trust	11,562,478	7,879,661	(2,330,643)
Personal Loan	49,040,319	45,749,732	27,062,782
Total	**166,932,647**	**145,987,347**	**115,970,987**

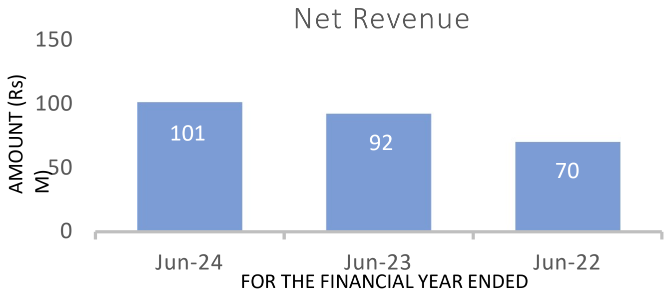
Net revenue

Net revenue increased from Rs 91.5 million for the financial year ended 30 June 2023 to Rs 100.7 million for the year under review, mainly due to the good performance of the leasing business.

Management Discussion & Analysis (cont'd)

Financial review (cont'd)

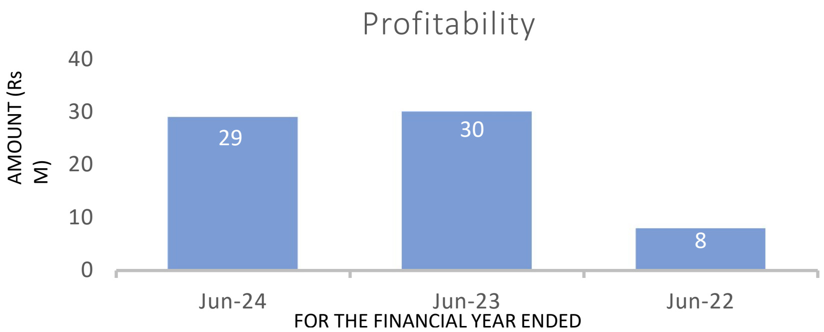
Net revenue (cont'd)



Net Revenue (Rs)	30 June 2024	30 June 2023	30 June 2022
Deposit takings, leasing and personal Loan	89,155,094	83,652,770	72,726,108
Unit Trust	11,562,478	7,879.661	(2,330,643)
Total	**100,717,572**	**91,532,431**	**70,395,465**

Profit before tax

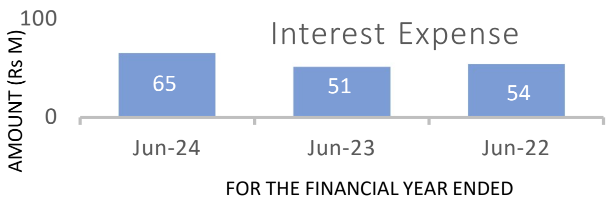
Profit before tax stood at Rs 28.9 million for the year ended 30 June 2024 higher than the budgeted profit before tax of Rs 28.7 million and slightly lower than last year's figure of Rs 29.7 million.



Operating profit (Rs)	30 June 2024	30 June 2023	30 June 2022
Deposit taking, leasing and personal loans	21,444,557	25,034,733	13,228,063
Unit Trust	7,447,953	4,673,865	(5,052,446)
Total	**28,892,510**	**29,708,598**	**8,175,617**

Interest expense

Interest paid to depositors increased from Rs 50.9 million for the financial year ended 30 June 2023 to Rs 65.2 million for the financial year ended 30 June 2024 due to the growth in the deposit portfolio.

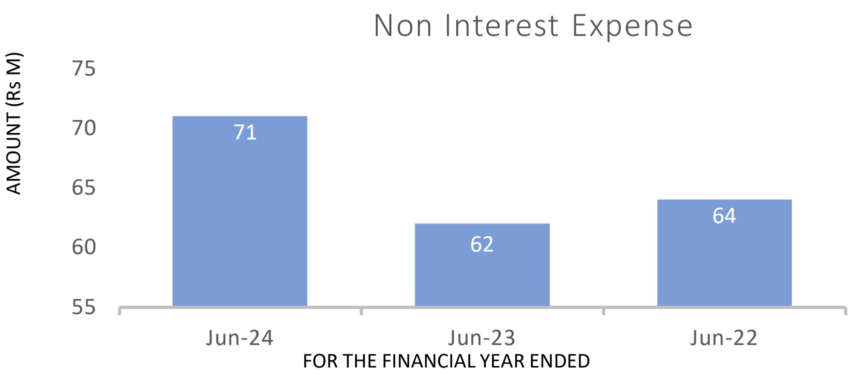


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Cost control

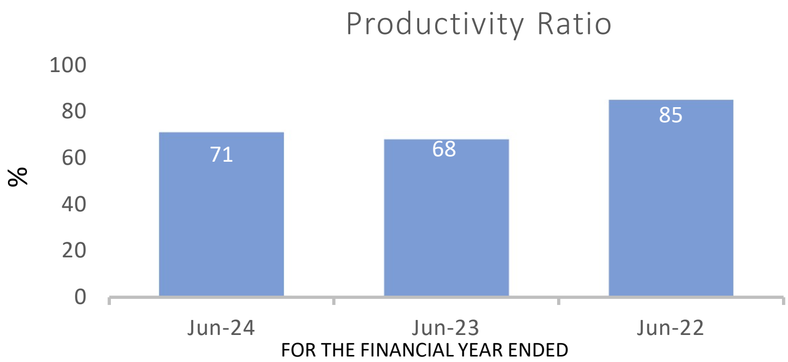
Non-interest expenses increased from Rs 61.6 million last year to Rs 71.8 million for financial year ended 30 June 2024.



Non- interest expenses (Rs)	30 June 2024	30 June 2023	30 June 2022
Deposit takings, leasing and personal Loan	67,710,537	58,420,541	60,793,595
Unit Trusts	4,114,525	3,205,796	2,721,803
Total	**71,825,062**	**61,626,337**	**63,515,398**

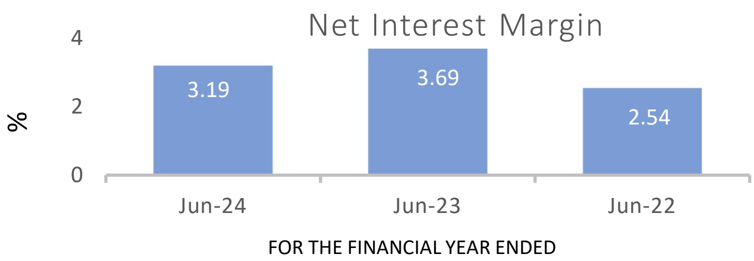
Productivity ratio

The productivity ratio stood at 71% for the year under review, slightly higher than last year.



Net interest margin

Net interest margin although still relatively comfortable, was lower than last year due to competitive market conditions.

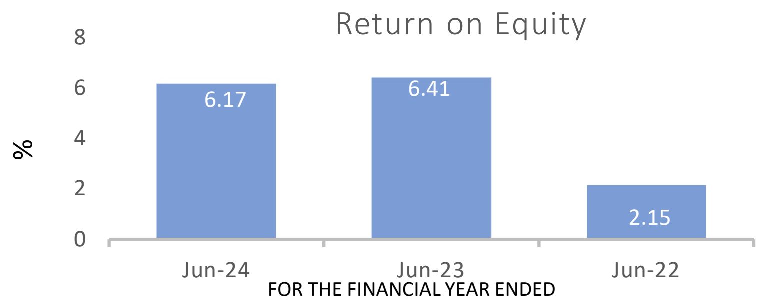


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Return on equity

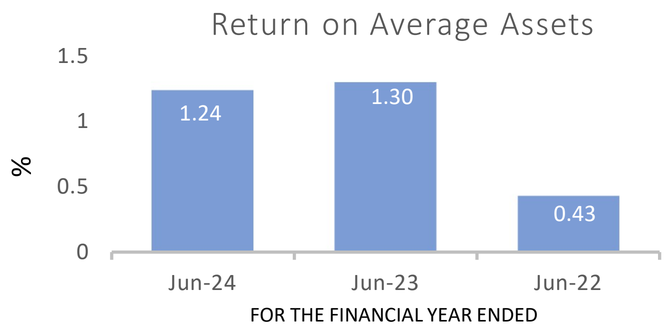
The return on equity for the financial year ended 30 June 2024 stood at 6.17% as compared to 6.41% last year.



Year	Return on Equity
30 June 2024	6.17%
30 June 2023	6.41%
30 June 2022	2.15%

Return on average assets

The return on average assets stood at 1.24% for the year ended 30 June 2024.



Credit quality

The Company's total non-performing book increased from Rs 33.6 million to Rs 77.7 million at 30 June 2024 due to the growth in the lease portfolio and the inability of some clients to meet their lease obligations; however stringent measures have been taken to decrease the default amounts. At the same time, the ECL coverage on the non-performing book fell from 20.5% to 10.0% following the recovery of outstanding payments from numerous impaired clients. However, on a prudential basis, management decided to make an appropriation of Rs30.8million from retained earnings to the general risk reserve, to cater for the shortfall between the existing provisions for expected credit losses under IFRS 9 and the minimum requirements under the Bank of Mauritius *Guideline on Classification, Provisioning and Write Off of Credit Exposures*, which will be enforced as from September 2024.

More details on credit quality can be found in the notes to the financial statements including a sector-wise distribution of exposures and the respective impairment provisioning in note 12(d). The bucket-wise ECL coverage by ageing is found in note 12(g).

Risk management policies and controls

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established different sub-committees, which are responsible for approving and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Please refer to the disclosures made under Risk Management Report of the Corporate Governance Report which provides a description of the wider risk management framework of the Company.

Concentration risk

The Company is guided by the principles and requirements outlined in the *Guideline on Credit Concentration Risk* issued by the Bank of Mauritius. As such, the credit exposure of the Company must be within the following limits:

- aggregate credit exposure to any single customer shall not exceed 25 per cent of the Company's Tier 1 Capital;
- aggregate credit exposure to any group of connected counterparties shall not exceed 40 per cent of the Company's Tier 1 Capital; and
- aggregate large credit exposures to all customers and groups of connected counterparties shall not exceed 800 per cent of the Company's Tier 1 Capital.

The Company's six most significant individual credit concentration cases at 30 June 2024 is provided below:

Customer	Category	Net exposure	% of Tier 1 capital
1	**Single**	**Rs 5,599,193**	**1.60**
2	**Single**	**Rs 4,576,338**	**1.31**
3	**Single**	**Rs 4,286,834**	**1.22**
4	**Single**	**Rs 3,653,088**	**0.96**
5	**Single**	**Rs 3,350,399**	**0.95**
6	**Single**	**Rs 3,263,139**	**0.93**

Related party transactions policies and practices

The Company adheres to its Policy on Related Party Transactions which is in line with the *Guideline on Related Party Transactions* issued by the Bank of Mauritius.

The Company has in place policies and procedures to review and approve exposures to related parties and ensure that market terms are approved. The Board oversees that the policies and practices are adhered to. As a general rule, related party transactions require the Board's approval.

Reports are filed on a quarterly basis to the Bank of Mauritius.

None of the credit facilities granted to related parties were non-performing.

Capital Structure

Shareholding Profile

The ownership of stated capital of the Company at 30 June 2024 is given below:

State Insurance Company of Mauritius Ltd	19,800,000 shares (99% holding)
Development Bank of Mauritius Ltd	200,000 shares (1 % holding)

Management Discussion & Analysis (cont'd)

Capital Structure (cont'd)

Capital structure

As a non-bank deposit taking institution, the Company is required to:

- maintain a minimum capital adequacy ratio of 10% which was at **27.2 %** at 30 June 2024, 37.7 % at 30 June 2023 and 39.6 % at 30 June 2022.
- maintain liquid assets equivalent to not less than 10% of deposit liabilities. At 30 June 2024, this ratio stood at 28.1% (2023: 37.2%, 2022: 54.8%).

The capital adequacy of the Company is as follows:

	30 June 2024	30 June 2023	30 June 2022
	Rs m	**Rs m**	**Rs m**
Total capital made up of:			
Tier 1 capital	372.3	404.6	407.6
Tier 2 capital	17.9	9.1	8.0
Risk Weighted Assets	1,432	2,085	1,050
Capital adequacy ratio	**27.2%**	**37.7%**	**39.6%**

The Company has complied with all externally imposed requirements during the year ended 30 June 2024 and prior years.

Statement of corporate governance practices

The Company is fully committed to maintaining the highest level of integrity and good governance, and is guided by the National Code of Corporate Governance 2016 ('the Code') and the Guideline on Corporate Governance as issued by the Bank of Mauritius. Corporate governance disclosures can be referred to in the corporate governance report, within this annual report, which also includes the processes in place for receiving shareholder feedback on its activities and for dealing with shareholder concerns.

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Management Discussion & Analysis (cont'd)

Climate Related Disclosure

Objective

Climate change is of prime importance to investors, regulators, and other external stakeholders. As an island nation, Mauritius is among one of the most vulnerable countries to climate change and one of the most exposed to natural hazards. Climate-related and environmental financial risks (collectively referred to as "climate risks") have become a critical concern for businesses. As the impacts of climate change become more evident through extreme weather events such as heavy rains, flooding, beach erosion, rising sea levels and increased frequency of severe cyclones, the urgency to address these challenges has never been higher.

SFSL recognises the critical importance of understanding, managing and mitigating the risks associated with climate change to ensure long-term resilience and sustainability. This includes adapting to the physical impacts of climate change such as extreme weather events and navigating the transition risks associated with shifting towards a low-carbon economy. By proactively addressing climate risks, SFSL aims to safeguard its operations, enhance its long-term viability and protect its stakeholders' interests while contributing to global efforts to combat climate change.

Our approach to Climate Change Reporting

On 1 April 2022, the Bank of Mauritius ("BoM") introduced the Guideline on Climate-related and Environmental Financial Risk Management ("the BoM Guideline"). This guideline outlines BoM's expectations for a prudent approach to managing climate risks, aiming to strengthen the resilience of the financial institutions. It is designed to help financial institutions integrate robust governance and risk management frameworks for these risks into their existing systems. A transitional period until 31 December 2023 was provided for the development and implementation of the necessary frameworks. On 08 December 2023, the BoM has reviewed the public disclosure requirements with respect to climate risks whereby no mandatory disclosure for metrics and targets is required at this stage under these transitional provisions.

The Company's disclosure aligns with the BoM Guideline. SFSL acknowledges that while its current data, systems, controls and processes need improvement to drive effective change, it is important to provide transparency on climate disclosures. We are therefore committed to enhancing our infrastructure while ensuring timely and clear communication regarding our climate-related efforts.

As required under the guideline, SFSL has submitted its internal roadmap to BoM which highlights the Company's aim to assess the actual and potential impacts of climate risks and opportunities on its strategy, business and financial planning, as well as engagement with its counterparts and other decision-making processes.

Our climate action journey

At SFSL, we are committed to addressing climate change as a core component of our strategy which is driven by recognition that environmental stewardship is essential for the long-term success of the financial services business. The action items of the roadmap, have been progressed and below is a status update:

➢ **Half-Yearly Progress Reports**:
To maintain transparency and accountability, periodic progress reports are submitted to BoM and the Board.

➢ **Training Sessions:**
Training sessions were organised for Senior Management and Directors on the management of climate risks.

➢ **Risk Management Framework:**
The risk management process for climate risks was embedded into the Company's Enterprise Risk Management ("ERM") Framework and Policy. This integration was validated with the approval of a revised ERM Framework and Policy and by the Board in September 2023. The updated framework ensures that climate and environmental risks are systematically identified, assessed and managed.

➢ **Climate Risk Management Policy:**
A comprehensive policy focusing on climate-related and environmental financial risk management was drafted and subsequently approved by the Board in November 2023. This policy outlines the Company's approach to identifying, assessing and mitigating these risks, ensuring a structured and consistent approach to risk management.

➢ **Climate-Related Disclosure:**
Based on the requirements of the Guideline, a draft disclosure for the year ended 30 June 2023 was submitted to the BoM in September 2023.

➢ **Risk Strategy:**
A strategy addressing the challenges and opportunities posed by climate change and environmental factors was developed and approved by the Board in February 2024. This strategy outlines the Company's approach to proactively identify and respond to evolving climate-related and environmental challenges, ensuring the Company remains resilient and can capitalise on opportunities in a changing climate landscape.

Management Discussion & Analysis (cont'd)

Climate Related Disclosure (cont'd)

Governance

SFSL acknowledges climate change as a crucial strategic issue at the Board level. It is integral to the Group's overall sustainability and net zero strategy, which encompasses comprehensive measures to address and mitigate environmental impacts. This strategy is regularly assessed and refined to ensure alignment with regulatory requirements. The Board Corporate Governance, Sustainability and Nomination Committee at the level of the Group receives detailed progress reports on a quarterly basis, providing an in-depth review of the Group's climate-related and sustainability initiatives, achievements and areas for improvement. These updates ensure that the Board is fully informed and can make strategic decisions to enhance the Group's performance and resilience in the face of climate change.

Additionally, the Company has established a sound and robust governance process in place for the timely management of climate risks. The respective roles and responsibilities of the Board, the Risk Management Committee and Senior Management include the following:

Board of Directors

The Board is our highest decision-making body for matters of significant importance due to their strategic, financial or reputational implications or consequences. It is responsible for overseeing SFSL's risk management frameworks and practices, including climate risk. The Board approves the ERM Framework and Policy annually, including the key risks, as well as the Company's risk appetite.

The broad roles and responsibilities of the Board for climate risk management are as follows:

- Ensure appropriate collective understanding of and relevant expertise on climate risks at the Board and Senior Management levels;
- Approve and periodically review the strategy and risk management framework for climate risks and opportunities;
- Clearly set out roles and responsibilities of Senior Management and internal organisational structures as well as the Risk Management Committee, for management of climate risks;
- Ensure adequate and timely progress reporting is made to the Board and the Risk Management Committee on climate risks and opportunities; and
- Require relevant capacity development and training programmes on climate risks.

Risk Management Committee

The Risk Management Committee ("RMC") manages SFSL's risks in accordance with our ERM Framework and Policy. The broad roles and responsibilities of the RMC for climate risk management are as follows:

- Review and approve climate risk management framework and policies;
- Assist the Board in fulfilling its oversight responsibilities on climate risk management; and
- Raise awareness of any potential climate risks.

Senior Management

The Senior Management team is responsible for managing the Company's business operations, which requires planning of various development processes, principles and practices, as well as the preparation of annual reports and the Company's business and strategic plans.

The broad roles and responsibilities of Senior Management for climate risk management are as follows:

- Develop and implement climate risk management framework and policies;
- Regularly review the effectiveness of the framework, policies, tools and controls;
- Provide progress reports, at least on a half-yearly basis, to the Board and the Risk Management Committee on climate risks issues and opportunities as well as on the effectiveness and adequacy of the framework;
- Ensure adequacy and appropriateness of the training and capacity development plans on climate risks, in particular for frontline staff to have an awareness and understanding in order to identify potential climate risks; and
- Ensure that material climate risks are addressed in a timely manner.

Strategy

SFSL recognises that the financial sector has a critical role to play in supporting the economy to transition and avoid the worst impacts of climate change. In line with the SICOM Group's climate risk management objectives, SFSL is committed to continuing its journey to reduce its carbon footprint and follow the Group's vision to net zero on its carbon emissions by 2040.

Management Discussion & Analysis (cont’d)

Climate Related Disclosure (cont’d)

The Company endorses the Government's policy and strives to achieve GHG emissions reductions in line with the goals of the Paris Agreement. Moreover, the Company will support the activities of its clients contributing to the transition towards and realisation of a decarbonised society.

In line with the Group’s engagement towards climate neutrality and its stakeholders, SFSL is continuing its journey towards sustainable development. To achieve its vision and contribute to society’s objectives, SFSL has set some clear, measurable goals. The goals go up to 2040 but the Company’s vision extends beyond that.

Climate-related and environmental financial risks and opportunities

As part of its strategy to turn its net zero ambition into action, SFSL is working to assess and address the potential impacts of climate risks across its businesses and functions and to identify opportunities.

Climate-related risk is the potential negative impact of climate change on a company, its customers and the communities in which it operates. We are exposed to these risks in our own operations and, more importantly, through the climate risks faced by the customers we finance. There are two main climate-related risk types, namely transition and physical risks.

Physical Risks

In terms of our own risks, our operations could be affected by physical risks, such as floods that could impact our main office or branches, resulting in business continuity challenges. For our clients, those in climate-sensitive sectors (such as real estate, construction and agriculture) are vulnerable to a range of physical risks e.g. water shortages can impact the agricultural segment.

Physical risks emanating from climate change can either be event-driven (acute), resulting from the increased frequency and severity of extreme weather events (such as cyclones, droughts, floods, heatwaves and fires, landslides etc.) or longer-term (chronic), emanating from shifts in precipitation and temperature and increased variability in weather patterns (such as rising temperatures and sea levels, ocean acidification etc.). These may cause physical damage to company assets, disrupt supply chains or increase the costs required to respond to such risks. Acute physical risk is predominantly a short-term concern, whereas chronic risks are experienced over the medium or longer term. Short-term refers to zero to one year, while medium-term is one to five years, and long-term is considered from five to 30 years. Climate-sensitive sectors such as real estate, construction and agriculture are more vulnerable to physical risks.

Transition Risks

Transition risks refer to financial risks associated with transitioning towards a lower-carbon and more circular economy, prompted, for example, by changes in climate and environmental policy, technology or market sentiment and preferences.

SFSL has identified four types of transition risks:

- **Policy and legal risks**: Risks associated with evolving policy and legal requirements and obligations at international, national, and local government levels.
- **Technology risks**: Risks associated with technologies to deliver a low-carbon emission economy.
- **Market risks**: Risks associated with market shifts towards low-carbon products and services.
- **Reputation risks**: Risks associated with growing expectations for responsible conduct from stakeholders, including investors, lenders, and customers.

Transition risk poses a significant challenge, directly impacting our own footprint through policy, legal responses, and the reputational risks tied to our strategic decisions in lending and investments within high-emitting sectors. Stakeholder concerns about our role in these sectors amplify these risks. Moreover, transition risks extend beyond our Company, reverberating through our clients' core businesses and value chains. These risks can disrupt the latter’s operations, markets, and supply chains, ultimately affecting their financial stability. For SFSL, this translates into heightened credit risk and potential impacts on market conditions and liquidity. Our primary exposure to transition risk lies in our lending activities within the agricultural, construction, manufacturing and real estate sectors.

Opportunities

Climate change not only poses challenges, but also presents significant opportunities, particularly in financing the transition to a lower carbon economy and funding adaptation and resilience efforts to climate change. Financial institutions are well-placed to drive this transition by providing the necessary funding. The significant financing requirements for the energy transition and the delivery of adaptive, resilient infrastructure create lucrative revenue pools projected to grow substantially over the medium to long-term. At SFSL, we are committed to leveraging our strategic position to support the transition towards a low-carbon economy. To meet the ambitious funding needs for the energy transition and the implementation of sustainable and resilient infrastructure, SFSL has introduced the Eco Lease product for hybrid and electric cars. Through targeted advertising and personalised consultations, we educate customers on how this product supports environmental sustainability and financial savings, empowering them to make informed, eco-friendly decisions. Our outreach includes digital marketing and informational brochures. By fostering a strong understanding of these green financing options, we support customer initiatives that align with global environmental goals, including those of the Paris Climate Agreement.

Management Discussion & Analysis (cont'd)

Climate Related Disclosure (cont'd)

Risk Management

Our approach to climate risk is guided by understanding the potential environmental and social impact associated with lending, leasing and deposit-taking activities and a commitment to influence and support proper risk identification and management using effective management systems, processes and appropriate standards. A robust approach to assessing and managing the Company's exposure to climate risks is integral to our strategy towards carbon neutrality. Due to the increasing risks associated with climate change, and in order to support SFSL's ambition to be a net zero financial institution by 2040, climate risk has been elevated to a key risk within the existing ERM Framework and Policy. Moreover, the Company has implemented a policy for the management of climate risks. This initiative recognises that climate risk is relevant and material enough to merit establishing a specific company-wide control framework, in line with other key risks. It also reflects the Company's intention to proactively manage climate risks across the organisation.

SFSL does not view the risks associated with climate change as a new risk category but rather as an aggravating factor for the categories already covered by the Company's risk management framework (credit risk, operational risk, liquidity risk, market risk, etc). Accordingly, the existing risk management framework and processes have simply been updated to include climate risk factors; work in such respect continues to ensure that the increasing relevance of such factors is properly taken into account.

Under its ERM Framework and Policy, the material risk category of Credit Risk incorporates the risks associated with lending to customers that could be impacted by climate change or by changes to laws, regulations, or other policies such as carbon pricing and climate change adaptation or mitigation policies.

SFSL continues to develop an organisational culture that encourages regular discussion and consideration of emerging climate-related risks. The Risk team is working with frontline staff, encouraging them to talk with customers about managing the risks and opportunities associated with climate change, assisting the Company to progress its low carbon transition target focused on its largest carbon-emitting customers.

The ERM Framework has in place the three lines of defence operating model and their broad roles and responsibilities are enumerated below:

	Responsibilities	Owners
1st line of defence ***Operations (Frontline staff)***	Undertake climate risk assessment during the underwriting process.	Management
2nd line of defence ***Risk Oversight***	Conduct independent climate risk assessment and monitoring. Ensure adherence to applicable rules and regulations.	Risk Function Compliance Function
3rd line of defence ***Independent Assurance***	Review the adequacy, appropriateness and effectiveness of the risk management and internal control framework for climate-related and environmental financial risks on a regular basis.	Internal Audit

Conclusion

SFSL remains focused in its commitment to addressing climate change and integrating climate risk considerations into its core operations. Our ongoing efforts will ensure that we are not only resilient in the face of climate risks but also prepared to seize the opportunities presented by the transition to a low-carbon economy. Our dedication to sustainability and climate action is unwavering, and we will continue to hold ourselves to strong accountability, reporting and governance standards.

Chairperson | Director | Director

30 September 2024

Annual Compliance Statement in respect of the Bank of Mauritius requirements

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Name of Institution: SICOM FINANCIAL SERVICES LTD

Reporting Period: 30 JUNE 2024

I, O S Mahadu, the Chairperson of the Board of Directors of SICOM Financial Services Ltd confirm, to the best of my knowledge that SICOM Financial Services Ltd has complied with the provisions of the law, regulations and guidelines issued by the Bank of Mauritius.

O S Mahadu
Chairperson of the Board of Directors

30 September 2024

SICOM Financial Services Ltd (the "Company" or "SFSL") was set up as a public company in December 1999 and started its operations in April 2000. The Company is a subsidiary of the State Insurance Company of Mauritius Ltd (the "Holding Company" or "SICOM") and forms part of the SICOM Group of entities (the "SICOM Group" or the "Group"). SFSL is a Public Interest Entity as defined by the Financial Reporting Act 2004.

This Corporate Governance Report for the year ended 30 June 2024 (the "Report") depicts how the Company's Board of Directors (the "Board") remains committed to promoting effective and robust corporate governance at SFSL.

Our Corporate Governance Philosophy

Aligned with the Holding Company's objectives, SFSL is committed to creating long-term stakeholders' value by maintaining high standards of corporate governance and by its unwavering commitment in applying and implementing the eight (8) principles set out in the National Code of Corporate Governance for Mauritius (2016) (the "Code"), as explained in appropriate sections of the Report.

SFSL enjoys a solid reputation as a well-managed, well-structured, reputable and trusted financial services provider holding several licences with the following two (2) Collective Investment Schemes under its management, which are both constituted under the SICOM Unit Trust:

- SICOM General Fund; and
- SICOM Overseas Diversified Fund.

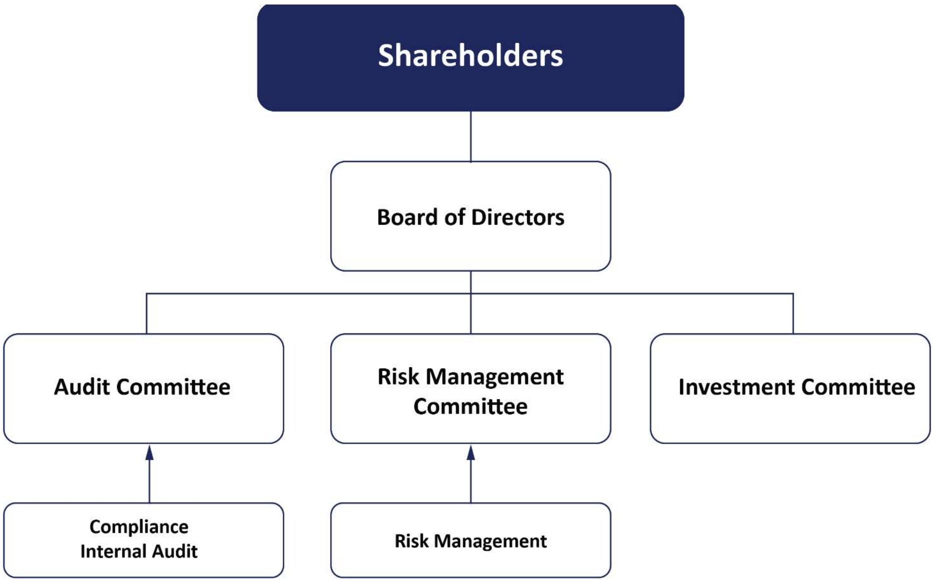
SFSL's Governance Framework, an evolution

Over the years, SFSL has gained experience and adopted corporate governance practices which, to a large extent, align with SICOM's governance framework. Essentially, the governance operating model adopted by the Group has the potential to increase its effectiveness by enhancing the Board's ability to exercise proper oversight and Management's ability to implement sound corporate governance practices.

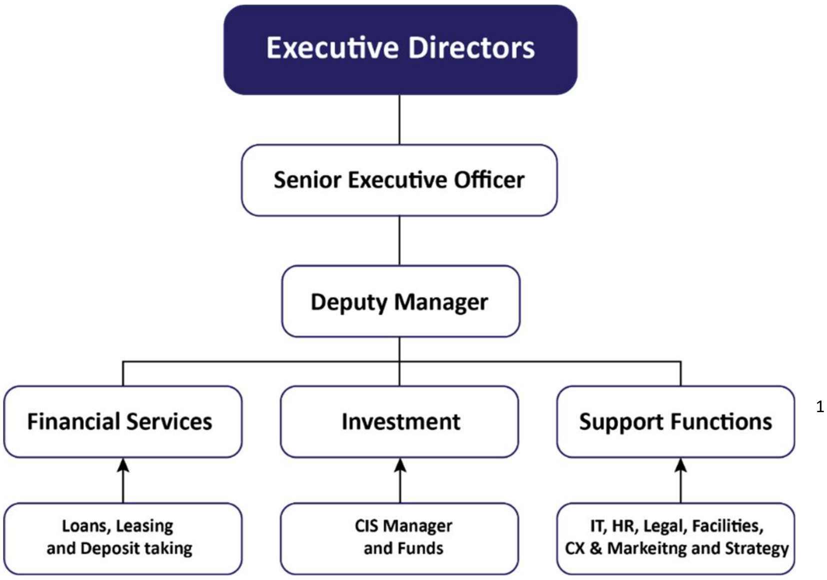
Corporate Governance Infrastructure

This sub-section of the Report explains how SFSL has developed an efficient and compliant governance infrastructure, which is reviewed regularly, to ensure that the Board and Management co-exist together in a harmonious manner for the progress of the organisation.

Board Operating Structure



SFSL Organisation Structure



[1] *Support Functions are provided by the Holding Company, SICOM. Service Level Agreements are in place and are reviewed as required.*

Our Governance Structure

SFSL's Corporate Governance structure has been established in accordance with the provisions of the Code, national and international best practices as well as the requirements of the Guideline on Corporate Governance issued by the Bank of Mauritius.

The Company is led by a committed and unitary Board, which is collectively and ultimately responsible for the oversight, long-term success, reputation and governance of the organisation. Though there is delegation of authority in certain areas and clear lines of responsibility, the Board retains ultimate control over the affairs of the Company.

The Board assumes the responsibility for meeting relevant legal and regulatory requirements of the Company. It works towards the achievement of the Company's strategy by providing effective leadership and strategic guidance. Robust risk management and sound internal controls help to ensure the Company's adherence to relevant legal and regulatory requirements.

Board Committees have also been set up in accordance with the Company's Constitution and recommendations of the Code, as well as the Bank of Mauritius Guideline on Corporate Governance, to assist the Board in the discharge of its duties and responsibilities by providing in-depth focus on specific areas. In fulfilling their role of offering oversight and guidance, (Chairpersons of Board Committees) escalate all significant matters affecting the affairs and reputation of the Company to the Board.

The Chairperson

The Chairperson of the Board is an Independent Director and is seconded in this pivotal role by Executive, Non-Executive, and Independent Directors. He leads the Board and is responsible for ensuring its proper functioning and the effective contribution from each Director. He remains the spokesperson for the Board.

The Group CEO

The day-to-day operations are entrusted to Management under the responsibility of the Group Chief Executive Officer (the Group CEO). She has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as determined by the Board.

The profile of the Senior Management team/Management team is on page 26 of this Report and on the Group's website.

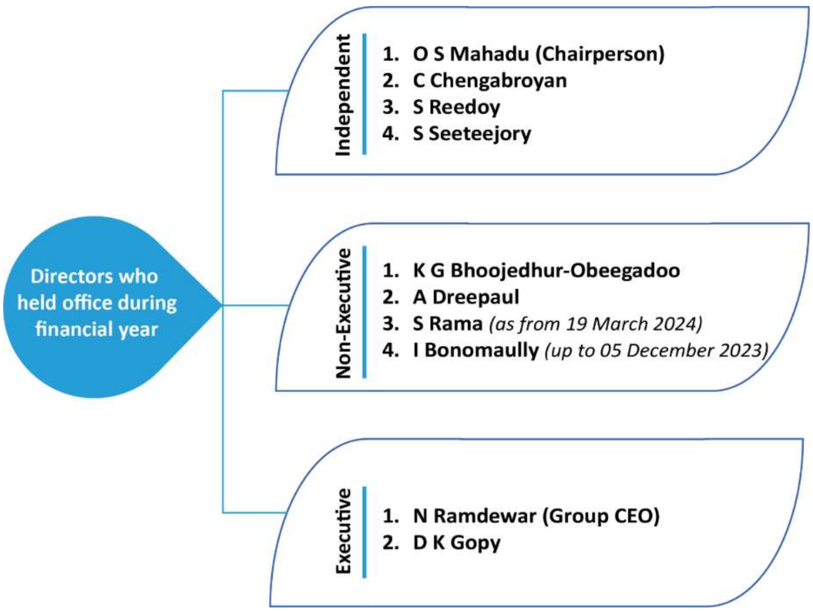
Company Secretary

The Company Secretary is responsible for the co-ordination of all Board-related businesses namely Board agendas, Board papers, minutes and all statutory filings. Appointment and removal of the Company Secretary shall be subject to Board approval.

DTOS Ltd (DTOS) acts as Company Secretary to the Board and all its underlying Committees. DTOS, founded in 1993, is a leading corporate service provider and is licensed by the Financial Services Commission.

The position statements of the Chairperson, the Group CEO and the Company Secretary, which have been approved by the Board and reviewed as required, are available on the Group's website.

SFSL's Board Members



Profiles of Directors

Board Member's Name: Oomesh Sharma MAHADU (Chairperson)
Position Held: Independent Director
Committee Assignment(s) if any: Investment Committee (Member)

Qualifications & Achievements

- Fellow of the Association of Chartered Certified Accountants
- Member of the Mauritius Institute of Professional Accountants (MIPA)

Background

Oomesh Sharma Mahadu is the Finance Manager of Polytechnics Mauritius Ltd, a skills-based tertiary education institution under the aegis of the Ministry of Education, Tertiary Education, Science and Technology.

He also plays a pivotal role in the development and deployment of many strategic initiatives of his organisation and contributes extensively towards the growth of Polytechnics Mauritius Ltd.

Mr Mahadu's diversified professional experience spans over 18 years in fields such as accounting, auditing and financial analysis. He worked more than 8 years in Big 4 Accounting Firms (Deloitte Middle East and EY) both internationally and locally. In addition, he has well-rounded financial expertise in real estate, construction, aviation, education, manufacturing and textiles, financial services, heavy industries, oil & gas, energy, mining, not-for-profit organisations, sports, IT companies, marketing & multimedia and trading in Mauritius and abroad.

Board Member's Name: Nandita RAMDEWAR
Position Held on the Board: Group CEO & Executive Director
Committee Assignment(s) if any: Risk Management Committee (Member)

Qualifications & Achievements

- Fellow of the Association of Chartered Certified Accountants
- Masters in Business Administration – specialisation in Finance, Manchester Business School
- Fellow of the Mauritius Institute of Directors
- Member of the International Fiscal Association (Mauritius)

Background

Nandita Ramdewar took up the position of Group CEO in May 2021 after acting as Officer-in-Charge since August 2019. She was appointed to the SICOM Board in 2013.

She worked for a leading audit firm prior to joining the Group as Manager (Finance) in 1992. She has since held senior management roles in various business units and has served as Company Secretary, Deputy Group CEO and Chief Finance Officer. During her career, she has gained broad experience in insurance, strategy, finance, investments, financial services, corporate matters and other fields.

Mrs Ramdewar currently serves on the Boards of Directors of State Insurance Company of Mauritius Ltd, SICOM General Insurance Ltd, SICOM Global Fund Limited, SICOM Management Limited, SICOM Properties Ltd and National Housing Development Co. Ltd. She is also a past Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd and Central Depository and Settlement Co. Ltd.

Board Member's Name: Karuna G. BHOOJEDHUR-OBEEGADOO
Position Held: Non-Executive Director
Committee Assignment(s) if any: Investment Committee (Chairperson)

Qualifications & Achievements

- Fellow of the Institute of Actuaries, UK
- BSc (Hons) in Actuarial Science, London School of Economics and Political Science
- Fellow of the Mauritius Institute of Directors

Background

Karuna Bhoojedhur-Obeegadoo was appointed Chairperson of the State Insurance Company of Mauritius Ltd in December 2021 after serving on the SICOM Board since 1996. Previously Group Chief Executive Officer of the SICOM Group of Companies until September 2017, she also worked with M&G Reinsurance Company in London (now Swiss Re) and acted as Actuarial Adviser and member of the National Pensions Fund's Investment Committee. She serves on the Board of MCB Group Limited and is a member of its Audit Committee, Remuneration, Corporate Governance, Ethics and Sustainability Committee. Additionally she is the Chairperson of the Board at MCB Equity Fund Ltd.

Her past directorships include State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and Board of Investment.

Board Member's Name: Chelven CHENGABROYAN
Position Held on the Board: Independent Director
Committee Assignment(s) if any: Audit Committee (Chairperson), Risk Management Committee (Member)

Qualifications & Achievements

- MSc (Hons) in Finance from Cass Business School (UK) with specialisation in the valuation of derivatives and financial instruments
- BSc (Hons) Accounting with Finance, University of Mauritius
- Member of the Institute of Chartered Accountants in England and Wales
- Fellow member of the Association of Chartered Certified Accountants
- Member of the Chartered Institute of Securities and Investment
- Associate member of International Compliance Association (ICA) of UK

Background

Chelven Chengabroyan is a partner at NJC ASSOCIATES, a member firm of IECnet Global. With an extensive career spanning over 20 years in both local and international audit and advisory services, he brings a wealth of experience to his role.

Before assuming his current position, Mr Chengabroyan was an integral part of the management team at Kross Border Corporate Services Ltd (now rebranded as Rogers Capital) for over a year. Prior to this, he served as a Senior Manager at Deloitte & Touche (M.E.) in the United Arab Emirates for over six years, where he specialised in the financial services industry. He also holds a licence as an Insolvency Practitioner.

Board Member's Name: Avinash DREEPAUL
Position Held on the Board: Non-Executive Director
Committee Assignment(s) if any: Investment Committee (Member)

Qualifications & Achievements

- Masters in Applied Economics - specialisation in Banking and Finance
- BSc Accounting with Information Systems
- Eastern and Southern Africa Anti-Money Laundering Group Assessors Training

Background

Avinash Dreepaul has over 16 years of experience in public financial management, auditing and compliance, and information systems. He serves as Lead Analyst (Anti-Money Laundering/Combating Financing of Terrorism) at the Ministry of Financial Services and Good Governance.

After beginning his career in the private sector, Mr Dreepaul joined the public service at the National Audit Office in 2009. He later moved to the Ministry of Finance, Economic Planning, and Development, where he assumed responsibility for the Public Debt Management and Public Pension Units. Throughout his professional journey, he has actively contributed as a Director on various Boards of parastatal bodies and companies. He has also represented Mauritius in a number of workshops and conferences.

Board Member's Name: Dev K. GOPY
Position Held on the Board: Executive Director
Committee Assignment(s) if any: N/A

Qualifications & Achievements

- Diplôme d'Études Approfondies (DEA) in Finance, Institut d'Administration des Entreprises (IAE), University of Montpellier II, France
- Maîtrise in Financial Management, Institut d'Administration des Entreprises (IAE), University of Montpellier II, France
- Qualified Stockbroker

Background

Dev Gopy joined SICOM in 2001 after working for a leading local banking institution. He oversees investment management for the Group locally and overseas. He is also responsible for the loans, leasing, investment advisory and collective investment schemes businesses, as well as the operations of SICOM Global Fund Limited and SICOM Management Limited.

Mr Gopy currently serves as Executive Director on the Boards of State Insurance Company of Mauritius Ltd, and SICOM Management Limited. He is also a Director of Cyber Properties Investment Ltd and is a past Director of the Stock Exchange of Mauritius Ltd and the Central Depository and Settlement Co. Ltd.

Board Member's Name: Subashini RAMA
Position Held on the Board: Non-Executive Director
Committee Assignment(s) if any: Investment Committee

Qualifications & Achievements

- Fellow of the Association of Chartered Certified Accountants

Background

Subashini Rama is presently Acting Deputy Financial Secretary at the Ministry of Finance, Planning and Economic Development. She currently oversees development cooperation with international financial institutions, with the responsibility of mobilising financial resources and technical assistance. She has contributed for over 15 years to strategies and reforms in the sectors of education, labour market, ICT, Research and Innovation, and trade and business facilitation.

In previous roles, she has been responsible for managing the portfolio of the National Pension Fund and the National Savings Fund and for undertaking management audits in various public sector organisations. In the trade and business facilitation space, she has worked on a number of projects with development partners on licensing reforms, e-judiciary and the setting up of the National E-Licensing platform.

She has been active in the design and implementation of national innovation schemes and has been part of the Steering Committee of several IT projects on the digitisation of public services. She also serves as Director on the Board of a number of public bodies.

Board Member's Name: Subiraj (Ravi) REEDOY
Position Held on the Board: Independent Director
Committee Assignment(s) if any: Risk Management Committee (Chairperson), Audit Committee (Member)

Qualifications & Achievements

- BSc Social Work, University of Mauritius
- Master of Business Administration, University of Mauritius
- LLB, University of London

Background

Ravi Reedoy brings a wealth of experience to the table as a consultant with a robust background in Government services and the NGO sector. With an impressive career spanning nearly 28 years, he has held diverse roles across various Ministries, Government Institutions, and Departments. His journey commenced as a Clerical Officer at the Sugar Industry Labour Welfare Fund and subsequently held the roles of Community Development Officer and Project Manager at the Decentralised Cooperation Programme, Ministry of Finance and Economic Development.

Mr Reedoy also worked as Programme Coordinator at the Women and Children's Solidarity Programme under the Prime Minister's Office and was entrusted with merging two programmes into the Special Collaborative Programme for Support to Women and Children in Distress, operating under the Ministry of Gender Equality, Child Development, and Family Welfare. As a consultant, he currently lends his expertise to various SMEs and NGOs to drive their development and sustainability through training, mentoring and coaching initiatives.

Board Member's Name: Sarvesh SEETEEJORY

Position Held on the Board: Independent Director

Committee Assignment(s) if any: Audit Committee (Member), Risk Management Committee (Member)

Qualifications & Achievements

- Master of Business Administration with specialisation in Marketing, Open University of Mauritius
- Post Graduate Certificate in Education (Business), Mauritius Institute of Education
- BSc (Hons) Marketing Management, University of Mauritius

Background

Sarvesh Seeteejory's journey began as an Assistant Floor Manager at Discount Hyper Limited and over time, he moved into the role of Marketing Executive at Kids Skills Ltd. Since 2012, he has been a Business Studies Educator at Bhujoharry College Rose Belle. His passion lies in imparting knowledge and guiding students to become responsible and engaged citizens of Mauritius.

Mr Seeteejory has also worked as Part-Time Lecturer in Marketing at the Open University of Mauritius for 5 years. Recently, he has moved to Open University as full time Lecturer, in the field of Management. He combines his educational and professional background to make meaningful contributions to both the academic and business spheres.

Other Directorships held by Members of the Board

Directors	Other Directorships	Additional Chair	Additional Committee Responsibilities
Karuna G. Bhoojedhur-Obeegadoo	▪ State Insurance Company of Mauritius Ltd - Non-Executive Director (Chairperson) ▪ SICOM General Insurance Ltd - Non-Executive Director (Chairperson) ▪ SICOM Management Limited - Non-Executive (Chairperson) ▪ SICOM Global Fund Limited - Non-Executive (Chairperson) ▪ SICOM Properties Ltd - Non-Executive (Chairperson) ▪ MCB Group Limited - Independent Non-Executive Director ▪ MCB Equity Fund Ltd - Non-Executive Director (Chairperson)	▪ SICOM General Insurance Ltd ▪ SICOM Management Limited ▪ SICOM Global Fund Limited ▪ SICOM Properties Ltd ▪ MCB Equity Fund Ltd	▪ State Insurance Company of Mauritius Ltd - Corporate Governance, Sustainability and Nomination Committee (Chairperson), Strategy and Investment Committee (Chairperson), Human Resource Committee (Member), Risk Committee (Member) ▪ SICOM General Insurance Ltd - Risk and Audit Committee (Member) ▪ SICOM Financial Services Ltd - Investment Committee (Chairperson) ▪ MCB Group Limited- Audit Committee (Member), Remuneration, Corporate Governance, Ethics and Sustainability Committee (Member)
Nandita Ramdewar	▪ State Insurance Company of Mauritius Ltd - Executive Director ▪ SICOM General Insurance Ltd - Executive Director ▪ SICOM Management Limited - Executive Director		▪ State Insurance Company of Mauritius Ltd - Human Resource Committee (Member), Strategy and Investment Committee (Member) ▪ National Housing Development

	▪ SICOM Global Fund Limited - Executive Director ▪ SICOM Properties Ltd - Executive Director ▪ National Housing Development Co. Ltd - Non-Executive Director		Co. Ltd - Risk and Audit Committee (Chairperson), Corporate Governance Committee (Member)
Chelven Chengabroyan	▪ Stairway Property Development Ltd ▪ Lambda Holdings Limited	-	-
Dev Kumar Gopy	▪ State Insurance Company of Mauritius Ltd - Executive Director ▪ SICOM Management Limited - Executive Director ▪ Cyber Properties Investment Ltd - Non-Executive Director	-	-
Subiraj Reedoy	▪ Hope Foundation Ltd ▪ Ravtech Company Ltd	-	-

The other Directors do not hold any external directorships.

Management's Profile

Moorganaden (Ruben) CHADIEN
Senior Executive Officer

Ruben Chadien has gathered knowledge and experience working in different departments of the Group since taking up employment with SICOM in 1994. He moved to SICOM Financial Services Ltd upon its inception in 2000 and has gained a wealth of experience in deposit-taking, leasing, loans and unit trust administration over time. He is currently responsible for the day-to-day operations of SICOM Financial Services Ltd and manages the loan portfolio of the Group. Mr Chadien holds an MBA from the University of Surrey (UK) and is a Fellow Member of the Association of Chartered Certified Accountants (FCCA).

Ameerah KASENALLY-BOODOO
Deputy Manager

Ameerah Kasenally-Boodoo joined SICOM in 2003 and worked in the Investment Department before moving to SICOM Financial Services Ltd in 2008. She is currently the Deputy Manager, assisting in the running of the Company's operations.

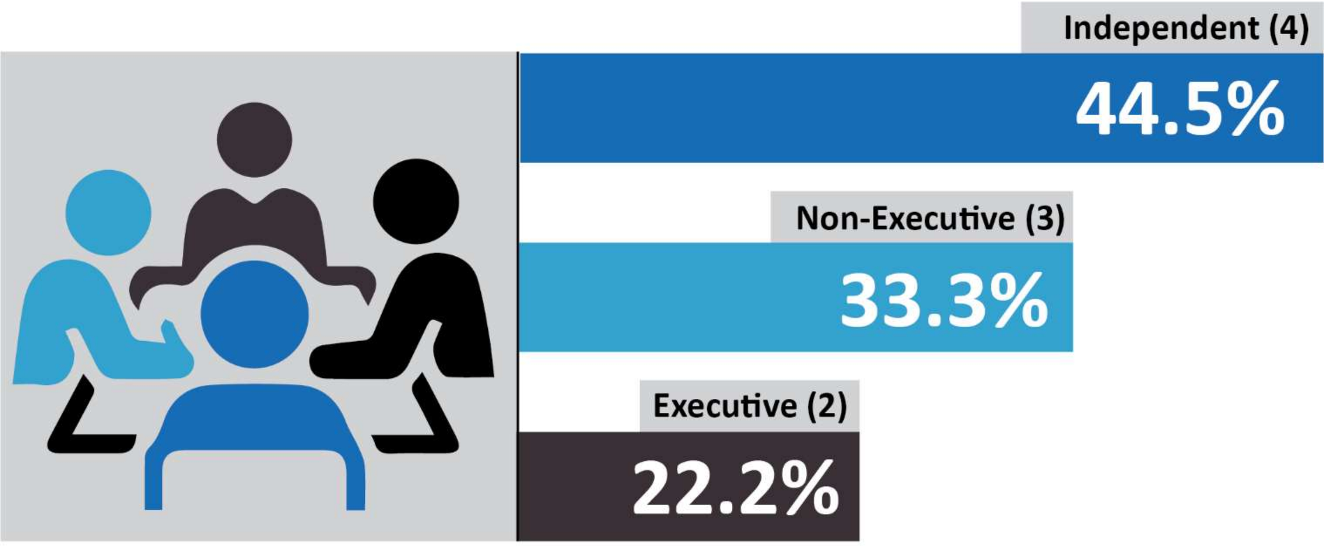
Mrs Kasenally-Boodoo holds a BSc (Honours) in Economics from the London School of Economics and Political Science and an MBA from University of Birmingham, UK.

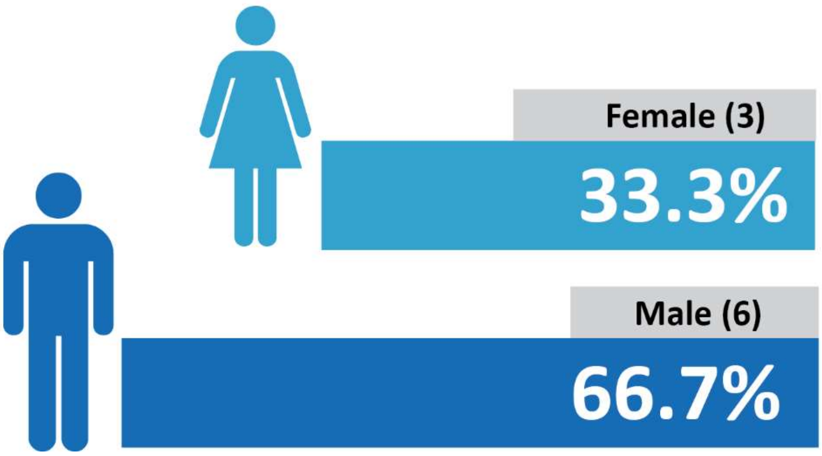
The Structure of the Board and its Committees

Board Size and Composition

The Board of Directors is a unitary Board composed of nine (9) Directors with six (6) male representatives and three (3) female representatives. The Company has a judicious mix of Executive Directors, Non-Executive Directors and Independent Directors. The Board is composed of two (2) Executive Directors, three (3) Non-Executive Directors and four (4) Independent Directors, who are all residents of Mauritius. There are no alternate directors on the Board of the Company.

The Board composition for the year under review is shown hereafter.





The Board is broad-based and consists of individuals from different backgrounds with the right balance of skills, experience and diversity. The Company complies with the statutory number of directors and has a Board Charter which is reviewed by the Board as and when required.

Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company. Overall, the Board is of opinion that the current number of directors with their mix of knowledge, skills and experience is adequate to effectively discharge its duties.

The functions and responsibilities of the Chairperson and the Group CEO are separate. The Chairperson is a Non-Executive Director and leads the Board, ensuring that it is functioning properly, and that each Director is able to make an effective contribution. The Chairperson discusses and sets the agenda with the Group CEO and the Company Secretary. The Group CEO has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as decided by the Board.

The Independent and the Non-Executive Directors do not have any involvement in the operations of the Company, which could materially affect their ability to exercise independent judgment. Moreover, none of the appointed Independent Directors were employed by the Company during the past three (3) years.

Board Meetings

In accordance with best governance practices, the Board ensures that regular Board and Committee meetings are held.

Board meetings are set in advance according to the terms of the Company's Board Charter and Constitution. Additional meetings may be convened to consider urgent matters. The Company held four (4) Board meetings during this financial year.

Over and above meetings, some decisions are also taken by circularisation of written resolutions.

Board Meetings Process

Start of the Financial Year (FY)	Following consultation with the Chairperson and the Group CEO, a tentative calendar is prepared for Board Meetings for the coming FY.
Prior to Meetings	Together with the Chairperson and the Group CEO, the Company Secretary prepares the agendas. Final agendas are circulated to the Directors in advance of all meetings by the Company Secretary, together with the Board pack. Facilities are provided to Board Members for any group discussion prior to Board meetings. Also, for effective communication among Board Members, the contact details of each other are shared, which help build rapport via phone, email and other messaging system.
Board Meetings	Over and above the co-ordination of all Board meetings, the Company Secretary also takes and keeps minutes of all meetings.

15 Total Number of Meetings in 2023/24

Information provided to Directors

The Chairperson, assisted by the Company Secretary, ensures that the Directors are provided with the necessary information and sufficiently in advance, at least five (5) working days as far as possible, in order to effectively carry out their responsibilities and adequately prepare for the meetings. The Company has a process in place whereby Board and Committee papers are shared via an online and secured portal.

Directors, in the performance of their duties, may seek, at the Company's expense, outside legal, financial or other professional advice on any matter within their terms of reference. Directors may also have access, at all reasonable times, to members of the Management team for any clarification on Board matters.

Board Oversight

The Board of Directors

SFSL's Board has a strategic oversight on the activities of the organisation. Key priorities, in line with the Group's Strategy Plan 2022-2025, are as follows:

- Business Growth and Development;
- Customer Focus;
- Enhanced Operational Excellence;
- Employee Engagement and Development; and
- Environmental, Social, and Governance (ESG).

The members of the Board and their attendance at Board meetings during this reporting period 2023/2024 are as follows:

DIRECTORS' ATTENDANCE DURING THEIR PERIOD OF DIRECTORSHIP		
Number of Meetings Held		4
DIRECTORS	**CLASSIFICATION**	**ATTENDANCE**
Oomesh Sharma Mahadu (Chairperson)	Independent	4 of 4
Karuna G. Bhoojedhur-Obeegadoo	Non-Executive	4 of 4
Nandita Ramdewar	Executive	4 of 4
Chelven Chengabroyan	Independent	4 of 4
Dev Kumar Gopy	Executive	4 of 4
Subiraj Reedoy	Independent	4 of 4
Sarvesh Seeteejory	Independent	4 of 4
Avinash Dreepaul	Non-Executive	4 of 4
Subashini Rama (as from 19 March 2024)	Non-Executive	1 of 1
Ishwarlall Bonomaully (up to 05 December 2023)	Non-Executive	2 of 2

Key Focus Areas

During this reporting period, the Company's Board discussed and considered the following key areas:

- Review and Approval of Related Party Transactions
- Evaluation of the performance of the Board and its Committees
- Annual Reports, Financial Statements, Letters of Representations and Management Letters and External Auditor's Report on Maintenance of Accounting and Other Records and Internal Control Systems
- Dividend payment for SICOM General Fund and SICOM Overseas Diversified Fund
- Re-appointment of External Auditors
- Enterprise Risk Management (ERM) Framework and Policy
- Board and Committees Calendar and Directors' Training
- Climate-Related and Environmental Financial Risk Management Policy
- Climate-Related and Environmental Financial Risk Management Implementation
- Overview of Strategy, Business and Financial Performance
- Report from Regulator
- Report from Complaints Coordinator
- Minutes of Proceedings of Board Sub-Committees
- Assessment of Fitness and Probity and Appointment of new Director
- Cyber and Technology Risk Management Framework
- Policy on Related Party Transactions
- Pre-Tax Profit Forecast and Budget
- Compliance Manual and Reports

Board Committees

In accordance with the Company's Constitution and recommendations of the Code, several sub-committees have been set up to assist the Board in the effective performance of its duties. Each Committee comprises of members with a wealth of knowledge and experience in fields relevant to the operations of the Company, including accounting, insurance, pensions, actuarial science, finance, legal, marketing and business administration.

Each Board Committee has its own Charter, approved by the Board and published on the Group's website, and which is reviewed as and when required. The responsibilities of the Chairperson of the Board and the Chairperson of each sub-committee have been clearly defined in their respective position statements.

The Committees are as follows:

a) Audit Committee;
b) Risk Management Committee; and
c) Investment Committee.

Attendance at Committee Meetings

The Directors who served on the Board Committees and their attendance at meetings during the financial year 2023/2024 are as follows:

Directors	AC	RMC	IC
Number of meetings held	4	4	2
Oomesh Sharma Mahadu (Chairperson)	-	-	2 of 2
Karuna G. Bhoojedhur-Obeegadoo	-	-	2 of 2
Nandita Ramdewar	-	4 of 4	-
Chelven Chengabroyan	4 of 4	4 of 4	-
Subiraj Reedoy	4 of 4	4 of 4	-
Sarvesh Seeteejory	4 of 4	4 of 4	-
Avinash Dreepaul	-	-	2 of 2
Ishwarlall Bonomaully (up to 05 December 2023)	-	-	1 of 1

AC	Audit Committee
RMC	Risk Management Committee
IC	Investment Committee

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities related to corporate accounting, financial reporting practices, quality and integrity of financial reports, compliance, and internal controls.

The responsibilities of the Audit Committee include:

- examining and reviewing the quality and integrity of the Annual Report of the Company, the audited financial statements;
- considering and recommending dividend payment;
- keeping under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- assisting the Board in fulfilling its oversight responsibilities related to the Company's Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) compliance;
- reviewing the annual compliance plan and other reports from the Compliance function;
- keeping under review the adequacy and effectiveness of the Company's compliance function.
- reviewing and assessing the annual Internal Audit plan;
- receiving a report on the results of the Internal Auditor's work on a periodic basis;
- reviewing and monitoring Management's responsiveness to the Internal Auditor's findings and recommendations;
- monitoring and reviewing the effectiveness of the Company's internal audit function in the context of its overall risk management system;
- Considering and making recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External auditor;
- Reviewing and approving the annual audit plan of the External Auditor; and
- Reviewing the management letter and management's response to the External Auditor's findings and recommendations.

The Audit Committee consists of three (3) Independent Directors. During the financial year 2023/2024, the Committee met four (4) times.

The members of the Committee were:

Members	Category
Chelven Chengabroyan (Chairperson)	Independent Director
Subiraj Reedoy	Independent Director
Sarvesh Seeteejory	Independent Director

Key Focus Areas

During this reporting period, the Audit Committee discussed and considered the following key areas:

- Annual Reports, Financial Statements, Letters of Representations and Management Letter and External Auditor's Report on Maintenance of Accounting and Other Records and Internal Control Systems
- Dividend Payment for SICOM General Fund and SICOM Overseas Diversified Fund
- Re-appointment of External Auditors
- External Audit Plan
- AML/CFT Compliance Manual and Policies
- Internal Audit Plan and Reports
- Policy on Related Party Transactions
- Compliance Plan and Reports

Risk Management Committee

The Risk Management Committee assists the Board in fulfilling its oversight responsibilities related to risk management. It also advises the Board on the Company's overall current and future risk appetite and reports to the Board on the state of risk culture within the Company. The Committee is responsible for monitoring and evaluating the Company's strategic, financial, operational and financial risks.

The responsibilities of the Risk Management Committee include:

- supporting the Risk Officer by understanding key risks the organisation has assumed and overseeing the management of these risks;
- reviewing the risk philosophy, strategy and policies recommended and considering reports;
- ensuring compliance with such policies and with the overall risk profile;
- reviewing the management of current and emerging risks;
- providing guidance on areas of focus;
- proposing risk appetites and risk limits for key risks to the Board of Directors;
- focusing on risk identification, measurement, mitigation controls, monitoring and management processes; and
- ensuring appropriate methodologies and systems are in place to identify and adequately assess and manage/mitigate operational risks.

The Risk Management Committee consists of three (3) Independent Directors and one (1) Executive Director. During the financial year 2023/2024, the Committee met four (4) times.

The members of the Committee were:

Members	Category
Subiraj Reedoy (Chairperson)	Independent Director
Nandita Ramdewar	Executive Director
Chelven Chengabroyan	Independent Director
Sarvesh Seeteejory	Independent Director

Key Focus Areas

During this reporting period, the Risk Management Committee discussed and considered the following key areas:

- **Risk Reports**
- **Risk Management Action Plan**
- **Enterprise Risk Management (ERM) Framework and Policy**
- **Climate-Related and Environmental Financial Risk Strategy**
- **Climate-Related and Environmental Financial Risk Management Policy**
- **Cyber and Technology Risk Management Framework**

Investment Committee

The Investment Committee lays down and reviews on a regular basis the investment strategy of the different funds managed by the Company. Its objective is to select investments to achieve a reasonable rate of return while taking associated risks into consideration. It may also take investment decisions and ensures that investments are in all respects reasonable and proper. The Committee also monitors and reviews the performance of the different funds under management.

The responsibilities of the Investment Committee include:

- establishing investment policies, strategies and guidelines;
- reviewing investment opportunities and investment reports/proposals;
- considering and approving investments;
- monitoring the performance of local and overseas investments;
- monitoring and reviewing asset allocations;
- reviewing and assessing its mandate and recommending any proposed changes to the Board; and
- determining whether investment service providers should be retained or replaced.

The Investment Committee consists of one (1) Independent Director and two (2) Non-Executive Directors. During the financial year 2023/2024, the Committee met two (2) times.

The members of the Committee were:

Members	Category
Karuna G. Bhoojedhur-Obeegadoo (Chairperson)	Non-Executive Director
Oomesh Sharma Mahadu	Independent Director
Ishwarlall Bonomaully (up to 05 December 2023)	Non-Executive Director
Avinash Dreepaul	Non-Executive Director

Key Focus Areas

During this reporting period, the Investment Committee discussed and considered the following key areas:

- **Review of Investments on a half yearly basis**

Active Monitoring

This section explains how Board Members are provided with the necessary tools and training so that they can lead the organisation efficiently.

Appointment of Directors

As part of its mandate, the Board carefully considers the needs of the organisation and the following objective criteria when appointing new Directors:

a) Skills, knowledge and expertise;

b) Previous experience;

c) Balance/diversity required on the Board, including but not limited to gender and age;

d) Time commitment to the Company;

e) Independence (where required); and

f) Any conflict of interest.

Each Director is elected by a separate shareholders' resolution to hold office until the next Annual Meeting of Shareholders at which he/she may be eligible for re-election.

Under the Company's Constitution, the Board is allowed to appoint any person as a Director to fill a casual vacancy or Shareholders can make an addition to the existing Directors subject to the number thereof not being more than nine (9).

The Induction Process

The Company has an induction process for newly appointed Directors. The objective of that process is to ensure that the new directors are able to rapidly acquire sufficient knowledge of the Company and its internal corporate governance processes.

Upon appointment, Non-Executive Directors are given a letter of appointment, and all new Directors participate in an induction and orientation programme to enable them to acquire sufficient knowledge of the Company's business and familiarise themselves with its governance structure. To that end, all new Directors are provided with an induction pack.

	Induction Pack
✓	An overview of the Company
✓	Company's Constitution
✓	Board Charter
✓	Charters of the Board's Sub-Committees
✓	Code of Ethics for Directors
✓	The Banking Act 2004
✓	The Financial Services Act 2007
✓	Relevant extracts of the Companies Act 2001
✓	The National Code of Corporate Governance for Mauritius
✓	The latest Annual Report
✓	AML/CFT Compliance Manual

The Group CEO, the Senior Executive Officer and the Company Secretary are always available to provide any additional information that may be required by newly appointed Directors.

For this reporting period, all new Directors were appointed in compliance with the above process.

Directors' Professional Development
Directors are encouraged to remain updated with industry practices, trends and standards. They may also request for any specific training of interest to them for the fulfilment of their duties as directors.

During the financial year 2023/2024, the Directors received training and followed informational sessions. The main topics covered were Professional Risks, AML/CFT, Business Continuity Management Awareness, Business Ethics and Security Awareness which covered security and best practices.

The Company has already identified some areas and topics in which the Directors have also shown an interest for the next financial year's training programme.

Succession Planning
The Board ensures the orderly succession of appointment to the Board and to Senior Executive positions in order to maintain an appropriate balance of knowledge, skills and experience on the Board and within the Company. The Corporate Governance, Sustainability and Nomination Committee, established under the Board of SFSL's Holding Company, has been delegated the task by the Board to consider succession planning for Directors and other Senior Executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed in the future.

As part of the Company's succession plan, the situation at Board and Senior Management levels is regularly assessed, and appropriate action is taken to fill gaps where needed. As such, a Director has recently been appointed to replace an outgoing one.

Given the complexity and scope of such an exercise, which will require an in-depth review and benchmarking of the Holding Company's current Employer Value Proposition, an HR Consultant has been appointed at Group level to advise and recommend appropriate actions.

Directors' Duties, Remuneration and Performance

Legal Duties
All Directors are aware of their legal duties and are required to act in good faith and in the best interests of the Company.

Access to Information
The Directors have access to the advice and services of the Company Secretary, as well as access to the Senior Executive Officer for matters they wish to discuss at Board or Committee meetings or any other matter they consider to be appropriate. There are no restrictions placed over the right of access to information.

Information, Information Technology and Information Security Governance
The Group recognises the paramount importance of ensuring the confidentiality, integrity, and availability of information. In response to the escalating cyber security threats witnessed globally, we have made continuous investments in technology to enhance our operational resilience. Our commitment to upholding a robust security posture has driven us to actively seek and implement advanced security solutions to effectively counter evolving threats.

We have established comprehensive information policies that encompass various spheres associated with information security, including information systems, logical and physical access administration, and information transmission. These policies are regularly updated to reflect current requirements and best practices adopted by the Group. To ensure widespread accessibility, we have made these policies and related procedures readily available to all staff members through our intranet platform.

To further strengthen our security posture, we have undertaken a comprehensive cyber maturity reassessment.

Through this assessment, we have reviewed and implemented additional controls to enhance our security readiness. By doing so, we have significantly fortified our ability to detect and mitigate potential security risks, thereby bolstering our overall security resilience. Furthermore, the Holding Company benchmarks itself against best practice frameworks to continuously improve the security posture of the Group.

As part of our ongoing efforts to maintain the highest standards of security, SICOM frequently undergoes audits to ensure compliance with regulatory requirements and industry standards.

In parallel, we have recognised the criticality of promoting a culture of cybersecurity awareness among our Board and staff members. To this end, we have organised dedicated awareness sessions that equip our Directors and employees with the necessary knowledge and vigilance to identify and address potential security threats. By fostering a security conscious environment, we enhance our collective ability to safeguard our information assets effectively.

The Board at the level of SICOM approves the budget of expenditure on information technology, among others. Investment in information technology and IT security is ongoing and the Group has a well-established and effective process in place for approval of all major investments.

Assessment and Evaluation of Board Members

The Company is committed to developing corporate governance by adopting the best practices applicable to the industry. As was the case in previous years, an evaluation of the effectiveness of the Board, its Committees as well as individual Directors and the Chairperson was conducted during the financial year. The Board assessed its functioning, quality and efficiency of its work and that of its Committees. The assessment exercise for individual Directors was led by the Company's Chairperson. The evaluation was conducted through completion of a comprehensive questionnaire.

During the assessment, the Directors showed satisfaction as regards the functioning and effectiveness of the Board and its Committees, as well as the role played by the Chairperson and Group CEO. Necessary steps are being taken to tackle the main areas identified for improvement.

Remuneration

The Company's underlying remuneration philosophy is to provide competitive remuneration packages that align with industry practices to be able to attract, motivate and retain its personnel and Directors, giving due consideration, as applicable, to laws, guidelines, views of the Shareholders as well as the Group's strategies and long-term objectives.

As per the Group's Board-approved Remuneration Policy for Directors and Senior Executives, which is referred to on page 4 of this Report, remuneration for Non-Executive Directors consists of fixed fees for acting as member of the Board of the Company and as member of the Board Committee(s) if applicable, and benefits and allowances as approved by the Shareholders. The Non-Executive Directors have not received any remuneration in the form of share options or bonuses associated with the Company's performance.

The remuneration of Executive Directors and Employees is covered under the Salary Review exercise which is carried out every 3 years by an independent Salary Commissioner and consists of a fixed portion (salary and allowances) as well as a variable portion, which is based on a combination of the Group's profitability levels and the employee's individual performances. The two (2) Executive Directors did not receive any emoluments from the Company.

The Company does not have any long-term incentive plans in place.

Further details on Directors' remuneration are available on page 4 of the Annual Report.

Corporate Governance Report 2024

Reporting with Integrity

As the Board of SFSL, we acknowledge our responsibility for ensuring the integrity of the Annual Report 2024. Together with management, we applied our collective minds to the preparation and presentation of information in this report (including the financial statements) in accordance with IFRS Accounting Standards as issued by IASB and in compliance with the requirements of the Mauritius Companies Act 2001, Banking Act 2004, Financial Reporting Act 2004 as well as the rules laid out by the Financial Services Commission and the guidelines and guidance notes from the Bank of Mauritius. The report presents a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook.

SFSL advocates for its customers' interests while also recognising the importance of sustainability in its strategy and operations. It invests customers' funds responsibly and focuses on continuous engagement with all stakeholders to achieve service excellence.

As a responsible financial services provider, SFSL acknowledges that its success is not only measured by its financial performance but also on the good functioning of the economic, social, and environmental systems it operates in. Accordingly, the SICOM Group initiative contributes to developing areas such as education, forestation, and going green to ensure that it transforms its growth path to be socially inclusive, low carbon, and resource-efficient.

The Group has further reinforced its commitment to sustainability this year by submitting its progress reports on its developments in this area to UN Global Compact and UN Principles of Responsible Investment. A consultant is also accompanying the organisation on this journey since February 2024.

Furthermore, the value creation model of the Group is also outlined on pages 48 of this Report, depicting how it uses the six (6) capitals (financial, human, intellectual, manufactured, social and natural) to generate valuable outcomes for its shareholders and other stakeholders. The ways it engages with its different stakeholders can also be found on pages 50 to 51 of this Report.

SFSL's Annual Report, can be accessed on our website at www.sicom.mu/about/abouts-sicom/annual-report.

Health and Safety

Aligned with the Group, the Company places a strong emphasis on Health, and Safety and continuously strives to enhance its positive safety culture. The Group's business plan includes mandatory safety objectives, which are integrated into the daily routine across all business locations. SFSL incorporates industry best practices to effectively control risks and prevent accidents in the workplace.

In 2023/2024, as part of the Group initiative, several measures were taken to encourage further health and safety implementation. These measures include ongoing enhancement of hygiene measures, regular workplace safety checks, training of first aiders over several sessions during the year and fire drills.

Human Rights

SFSL is committed to adhering to all applicable laws, rules and regulations. It is the personal responsibility of each employee to comply with these standards and restrictions.

The Company respects individual human rights and strictly prohibits any form of discrimination including race, religion, sex, age, amongst others. Furthermore, it is committed to preventing other violations of human rights.

Environment

SFSL strives to responsibly utilise natural resources essential for its operations while protecting the environment by implementing sustainable initiatives to prevent or mitigate negative environmental impacts.

Donations

The Company did not make any political donation during the financial year ended 30 June 2024 (2023 and 2022: Nil).

SFSL's Board Policies

Management is responsible for managing all of the Company's activities, including implementation of the strategies and policies adopted by the Board, and the operation of the internal control system. To ensure widespread accessibility and transparency, SFSL's main governance documents, which are summarised below, as well as other corporate governance information, are available for consultation on the Group's corporate website (www.sicom.mu). These documents are reviewed on a regular basis. These not only evidence SFSL's compliance with applicable local laws, but also demonstrate its intent to go beyond the adherence to recommendations, best practices and trends in corporate governance, both at a national and international level.

To that end, the Company has, during this financial year, updated its Enterprise Risk Management ("ERM") Framework and Policy and its Policy on Related Party Transactions and has introduced a new policy on Climate-Related and Environmental Financial Risk Management.

It is to be noted that, during this financial year, the following policies have also been adopted at the Group level:

(a) an Anti-Corruption Policy, which sets, among others, a zero-tolerance attitude towards corruption and highest standards of conduct from Board Members and employees of the Group; and

(b) a Records Retention and Disposal Policy, which is in line with legal and regulatory requirements, including but not limited to the protection of personal data under the Data Protection Act 2017.

Summary of the main Governance documents

Constitution	The Amended and Restated Constitution of the Company is dated 10 June 2005 (the "Constitution"). The Company's Constitution, adopted in conformity with the provisions of the Companies Act 2001, governs the general internal functioning of the Company including, amongst other matters, the rights and obligations of the shareholders.
Board's Charter	The Company's Board Charter sets out the objectives, roles and responsibilities and composition of the Board. The Board Charter is reviewed as and when required.
Corporate Governance Policy for the Group	The Group's Corporate Governance Policy establishes, along with the Company's Charters and other policies, a framework of good governance practices for the Group.
Remuneration Policy for Directors and Senior Executives	The Group's Remuneration Policy for Directors and Senior Executives provides a structured basis in determining the remuneration of Board Members and Senior Executives of the Group.

The Company also has in place the following governance documents:

- Board Committees' Charters;
- Position Statements of the Chairperson of the Board and Board Committees, Group CEO and Company Secretary;
- Director Selection and Orientation Policy; and

Ethics Framework

SICOM Group is committed to ensure continuous integrity, transparency, and responsible business practices at all levels. The ethics culture within the Group is re-enforced through the following measures:

1. **Leadership commitment**

   The Board of Directors and Senior Executives of the Group prioritise ethics as a core value of the organisation and hold themselves and others accountable for upholding ethical standards. To ensure strong commitment to ethics, an Ethics Officer was appointed at the level of the Holding Company in July 2023.

2. **Code of Ethics for Directors and Employees**

   The Group has established a Code of Ethics for Directors and a Code of Ethics and Business Conduct for Employees, both of which are in line with the National Code of Corporate Governance. The Code of Ethics for Directors was reviewed in April 2024, while the Code of Ethics and Business Conduct for Employees was approved by the Board of Directors of SICOM in June 2023. Both Codes are published on the Group's website.

   The procedures for the appointment of new directors are laid down in the 'Active Monitoring' section of this Report.

   Upon appointment, new Directors receive an induction pack, which includes the Code of Ethics for Directors. Accordingly, the safeguards against overboarding mentioned therein are as follows:

   - Directors must ensure that they devote sufficient time to enable them to diligently carry out their responsibilities and their duties to the Company.
   - Directors must be judicious in the number of directorships they accept so that they can do full justice to their responsibilities as Board Members.

To ensure that Directors devote enough time and attention to the affairs of the Company, an executed declaration regarding their time commitments to effectively fulfil their duties as directors is mandatory upon appointment.

New employees are required to formally acknowledge that they have read, understood, and agreed to abide by the Code of Ethics and Business Conduct for Employees.

In addition to the Code of Ethics for Directors and a Code of Ethics and Business Conduct for Employees, the Group has in place several policies that are part of its ethical framework, including the Whistleblowing Policy, Anti-Harassment and Non-Discriminatory Policy, Equal Opportunity Policy, and Complaints Handling Policy.

3. **Ethics training and education**

Ethics training and surveys for Directors and Employees are conducted on a yearly basis. For the year under review, training on Business Ethics was delivered to Directors and employees of the Company.

4. **Reporting of ethical and other issues**

Ethical issues can be reported directly to the Ethics Officer, while other issues are reported to the appropriate authority in accordance with the relevant policies or as stated in the Employee Handbook.

5. **Conflicts of interest and related party transactions**

The Board is responsible for overseeing conflicts of interest and transactions involving related parties.

Employees can seek the guidance of the Ethics Officer or Senior Management if there are any questions or doubts relating to any proposed transaction or situation.

In accordance with the Companies Act 2001, an interest register is maintained by the Company Secretary and is updated as and when required. Directors having any interest in the matter being discussed at the Board and/or Committee level, declare their interest and do not participate in the debate and decision making and same is reported in the Minutes of the respective Board and Committees. At the end of each financial year, Directors are requested to fill in a disclosure of interest form.

The interest register may be made available to the shareholders of the Company upon request to the Company Secretary. For this reporting year, no conflict of interest has been reported.

The Company adheres to the requirements set out by the Guideline on Related Party Transactions issued by the Bank of Mauritius and to its Policy on Related Party Transactions, established under the said Guideline.

Details on related party transactions are available under Note 28 to the financial statements.

At the Core: Risk and Culture Board Opinion

Board Opinion

The Board is of the opinion that the Company’s risk management processes and internal control system are effective.

Risk Management

Effective risk management is a vital component of sound corporate governance, enabling us to safeguard stakeholders’ interests, protect assets and ensure the long-term sustainability of the Company. The Board has the ultimate responsibility to maintain an effective risk management and internal control system including:

- setting up a risk management framework;
- overseeing its implementation and subsequent monitoring;
- determining the risk culture;
- providing Management with leadership and guidance;
- ensuring that any person responsible for risk management has the appropriate skills, knowledge, independence and authority;
- defining the roles and responsibilities of Management;
- ensuring that the Risk Management Function and Risk Management Committee have the appropriate training and support to fulfill their responsibilities; and
- having crisis management and contingency plans to respond quickly and effectively to unforeseen events.

The Risk Management Committee is mandated by the Board to oversee all risk management and internal control issues. The task of maintaining a sound risk management system has been delegated to Senior Management and the Group Risk Officer. Internal governance structures include a Risk Management function that complies with legislative requirements.

The comprehensive Risk Management Report can be found at pages 53 to 67 of this Report.

Internal Controls

The system of internal controls has been designed to prevent, detect and mitigate significant risks faced by the Company. Such a system provides reasonable assurance against material error, omission, misstatement or loss, and manages risks of failure in operational systems. The Company maintains proper records to ensure the effective operation of its business and compliance with laws and regulations.

Management is responsible for managing all of the Company's activities, including the implementation of the strategies and policies adopted by the Board and the operation of the internal control system.

Internal control covers all material processes of the Company. Key areas of effective internal controls are as follows:

a) a clear organisation structure, including the delegation of appropriate responsibilities to the Board Committees, the Group CEO and Senior Management;

b) reports of the Manager – Internal Audit, and the External Auditor are considered when assessing the effectiveness of internal controls;

c) a comprehensive management information and accounting system is in place to provide reliable financial and operational performance data;

d) a Compliance function is in place, at the level of the Holding Company, under the leadership of the Compliance Officer/Money Laundering Reporting Officer and compliance policies and procedures have been established to ensure compliance with applicable laws, regulations, codes and guidelines; and

e) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Internal Audit function interacts with the Risk Management function on the main risks in the Risk Register and the associated review is included in their Audit Plan to assess the controls included for such risks. The External Auditor also carries out a sample review of controls during the financial year-end audit exercise.

The Board, through the Audit Committee and Senior Management, is regularly apprised of such assessments. Deficiencies, if any, are promptly considered by Management, and remedial actions taken and/or action plans devised to address the weaknesses. Both the Internal and the External Auditors have unfettered access to the Audit Committee.

Audit

Directors' Responsibilities

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by IASB and in compliance with the requirements of the Companies Act 2001, the Banking Act 2004, Guidelines issued by the Bank of Mauritius and the Financial Reporting Act 2004, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Internal Audit

The Internal Audit function has the overall responsibility of providing independent and objective assurance designed to add value and improve the Company's operations. The scope of work of the Internal Audit function is to enable the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control, information systems and governance processes.

The Internal Audit function is composed of four (4) members and is headed by the Manager – Internal Audit. It derives its authority from the Board and is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal controls and risk management practices. The Manager – Internal Audit has direct access to the Chairperson of the Audit Committee and reports directly to the Committee. As and when required, the Audit Committee meets solely with the Manager – Internal Audit to discuss important issues or matters of concern. The Manager – Internal Audit has unfettered access to all records and to employees and Management of the Company.

The Internal Audit function is adequately staffed and the members have the necessary qualifications, appropriate tools and experience to carry out their duties and responsibilities. The function is also committed to its continuous improvement by ensuring training in relevant fields and ongoing professional development for its members. During the financial year ended 30 June 2024, members of the Internal Audit function have had the opportunity to attend several internal and external workshops including:

1) The Future of Reporting Sustainability organised by ACCA (Mauritius);
2) IIA Annual Conference 2023 - Elevating Impact organised by IIA (Mauritius);
3) Business Continuity Management Training for SICOM organised by EY (Mauritius);
4) Empathy and Emotional Intelligence at Work organised in house;
5) Impact of new International Financial Reporting Standards and new amendments 2024 organised by Deloitte (Mauritius);
6) Overseas Conference on Insurance Fraud Prevention; and
7) The Complete Data Analytics Course in excel (Online).

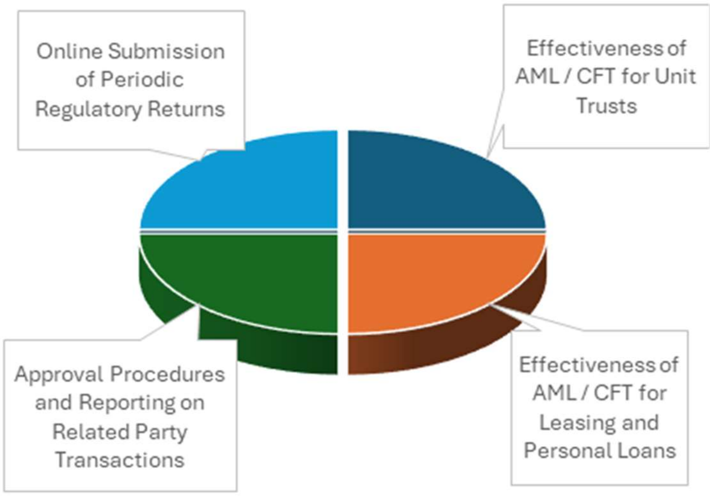
Furthermore, as part of its continual improvement, the Internal Audit function has acquired an audit software tool to assist in data analysis and exceptions reporting. It allows scrutiny of the whole database in addition to relying on sample testing of cases. This is in turn contributing to greater efficiency in audit procedures, agile auditing and value-added recommendations for improvement in controls and risk management.

The profile of the Manager – Internal Audit is available on the Group's website. He is a Fellow Member of the Association of Chartered Certified Accountants.

The annual Internal Audit Plan, which is approved by the Audit Committee, is based on the principles of risk management and aims at ensuring that the scope of work is aligned with the degree of risks attributable to the areas to be audited. The internal audit approach and methodology are designed to provide reasonable assurance by focusing on:

- significant business risks, both internal and external, that can impact the Company's business processes;
- key controls and measures in place and that are aligned with customers' needs and key business objectives;
- continuous improvement of existing processes and information systems to bring performance closer to best practices; and
- regulatory and legal provisions (for e.g., AML/CFT framework, guidelines from regulators, amendments in Finance Act etc.).

During the financial year 2023/2024, four (4) planned internal audit reviews were carried out and covered the areas depicted in the chart below:



Subsequent to the findings of these audits, appropriate recommendations were made to the Audit Committee and Management to address the issues noted. The Audit Committee regularly monitors the progress of the Internal Audit function and Management's responsiveness to the recommendations made by the Internal Audit function based on set target dates.

Furthermore, a report on the review of the effectiveness of the Institutional Risk Assessment and related internal control systems on AML/CFT for the Leasing and Personal Loans businesses was submitted to the Bank of Mauritius in November 2023.

The Audit Committee monitors and reviews the effectiveness of the Internal Audit function in the context of the Company's overall risk management framework.

External Audit

The Board had recommended the appointment of Deloitte as the External Auditor of the Group for the financial years 30 June 2021-2025 following a tender exercise last conducted in 2021. This appointment is subject to approval on an annual basis from the Bank of Mauritius and the shareholders at the Annual General Meeting. Rotation of external auditors is done at least every five (5) years in line with regulatory requirements.

Corporate Governance Report 2024

The roles and responsibilities of the Audit Committee in the external audit process are set out in the Audit Committee Charter, which is published on the Group's website. The Audit Committee meets with the External Auditor as and when required and at least once a year without management being present to discuss any issues arising from the audit including discussion about critical accounting policies, judgements, and estimates. The Audit Committee approves the External Audit Plan, evaluates the effectiveness of the external audit process and makes recommendations to the Board, to be approved at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the External Auditor.

All findings raised during audits by the External Auditor are discussed and submitted to the Audit Committee and to the Board as part of their presentation on the year-end audit. The implementation of the recommendations made by the External Auditor in their Management Letter are followed up by the Internal Audit function, as per set target dates and status reports, with updated management responses, are submitted on a timely basis to the Audit Committee for consideration and to the Board for information.

The Audit Committee reviews the effectiveness and efficiency of the External Auditor and assesses the external audit firm's re-appointment annually.

The provision of non-audit services is subject to a tender process so as to ensure that the nature of the non-audit services, if provided by the External Auditor, could not be perceived as impairing their independence on the external audit exercise.

Although the External Auditor may provide non-audit services to the Company, the objectivity and independence of the External Auditor is safeguarded through restrictions on the provisions of these services such as:

- where the External Auditor may be required to audit its own work, or
- where the External Auditor participates in activities that should normally be undertaken by Management.

The External Auditor's fees and fees for other services are as follows:

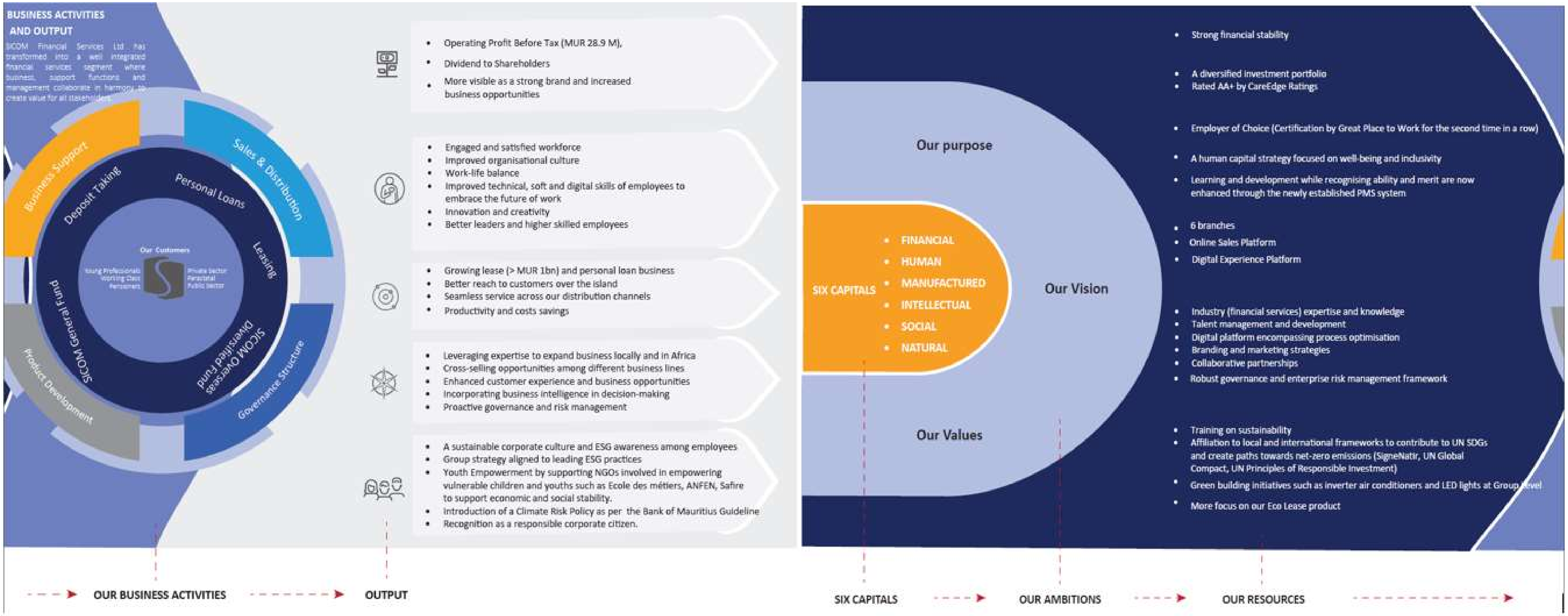
	Company	
	2024	2023
	MUR'000	MUR'000
Statutory audit	706	673
Tax advisory services (review of tax computation)	72	69

Relations with Shareholders and Other Key Stakeholders

Value Creation Model

Meeting our Commitments to our Stakeholders

The Group's commitment extends to addressing all material matters impacting stakeholders across the businesses, ensuring that it is accessible through our various engagement platforms. It is of utmost importance to manage stakeholders' relations and to observe effective industry and international governance practices in managing and responding to the requirements and views of the Group's stakeholders.


BUSINESS ACTIVITIES AND OUTPUT
SICOM Financial Services Ltd has transformed into a well integrated financial services segment where business, support functions and management collaborate in harmony to create value for all stakeholders.
Business Support
Sales & Distribution
Governance Structure
Product Development
Deposit Taking
Personal Loans
Leasing
SICOM Overseas Diversified Fund
SICOM General Fund
Our Customers
Young Professionals
Working Class
Pensioners
Private Sector
Parastatal
Public Sector
• Operating Profit Before Tax (MUR 28.9 M),
• Dividend to Shareholders
• More visible as a strong brand and increased business opportunities
• Engaged and satisfied workforce
• Improved organisational culture
• Work-life balance
• Improved technical, soft and digital skills of employees to embrace the future of work
• Innovation and creativity
• Better leaders and higher skilled employees
• Growing lease (> MUR 1bn) and personal loan business
• Better reach to customers over the island
• Seamless service across our distribution channels
• Productivity and costs savings
• Leveraging expertise to expand business locally and in Africa
• Cross-selling opportunities among different business lines
• Enhanced customer experience and business opportunities
• Incorporating business intelligence in decision-making
• Proactive governance and risk management
• A sustainable corporate culture and ESG awareness among employees
• Group strategy aligned to leading ESG practices
• Youth Empowerment by supporting NGOs involved in empowering vulnerable children and youths such as Ecole des métiers, ANFEN, Safire to support economic and social stability.
• Introduction of a Climate Risk Policy as per the Bank of Mauritius Guideline
• Recognition as a responsible corporate citizen.
Our purpose
SIX CAPITALS
• FINANCIAL
• HUMAN
• MANUFACTURED
• INTELLECTUAL
• SOCIAL
• NATURAL
Our Vision
Our Values
• Strong financial stability
• A diversified investment portfolio
• Rated AA+ by CareEdge Ratings
• Employer of Choice (Certification by Great Place to Work for the second time in a row)
• A human capital strategy focused on well-being and inclusivity
• Learning and development while recognising ability and merit are now enhanced through the newly established PMS system
• 6 branches
• Online Sales Platform
• Digital Experience Platform
• Industry (financial services) expertise and knowledge
• Talent management and development
• Digital platform encompassing process optimisation
• Branding and marketing strategies
• Collaborative partnerships
• Robust governance and enterprise risk management framework
• Training on sustainability
• Affiliation to local and international frameworks to contribute to UN SDGs and create paths towards net-zero emissions (SigneNatir, UN Global Compact, UN Principles of Responsible Investment)
• Green building initiatives such as inverter air conditioners and LED lights at Group level
• More focus on our Eco Lease product
OUR BUSINESS ACTIVITIES
OUTPUT
SIX CAPITALS
OUR AMBITIONS
OUR RESOURCES

Relations with Shareholders and Other Key Stakeholders

Connected to Our Stakeholders

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2023/2024	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Customers (Individual and Corporate) Our customers generate revenue, through the purchase of our products and services. We offer our customers quality advice and fairly priced products to help them meet their needs and achieve their financial goals. Our competitive advantage leverages providing our customers with financial education and inclusion initiatives to encourage saving, investing, credit behaviour and retirement readiness.	Omnichannel experience and ease of use Responsible and appropriate advice Fast and efficient customer service Innovative and flexible product solutions Relief in times of significant financial difficulty	• Enhanced our digital platform channels to drive digital engagement • Provided value for money financial solutions to our customers in a responsible way • Use robotics to simplify our processes, giving back time to customers through reduction in servicing and processing time • Call centre services for greater availability	• Traditional distribution channels (including branches and worksites) • Implementation of customer satisfaction surveys • Online Sales Platform • Media channels • Annual and interim reports • Newsletters • E-mails
Shareholders Our shareholders provinces for our financial capital so that our businesses can compete in their chosen markets and support sustainable growth.	• Strong governance, ethics and transparency • Long-term sustainable financial returns and distributions • Clear strategic direction and consistency in operational execution • Experienced management team • Transparent reporting and disclosures • Strong financial control environment including corporate governance and ethics frameworks	• Strong delivery on our operational objectives • Strategy Validation Exercise • Maintained transparent reporting and disclosures in line with our reporting standards and internal policies and procedures • Frequent updates to the Board about major projects	• Annual General Meeting • Annual Report • Website • Digital Tools • Media Channels

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2023/2024	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Employees Our people are our greatest competitive advantage, and their welfare is our highest priority. We rely on our highly motivated and engaged employees to put our customers first in everything they do and to act as brand custodians, enabling us to execute on our strategic priorities and generate long-term value for our investors.	• Competitive reward structures and benefits • Career growth and development • An inclusive culture that is safe and enabling • Addressing mental health and overall wellness • Flexibility – work/life balance	• Benchmarked rewards to industry and linked to business performance and outcomes • Learning culture and continued professional development are encouraged by way of various schemes that motivate employees to pursue their self-development. • Invested in various employee skills development and mentorship initiatives, including agile and other technical courses • Various Communication channels e.g. SMS, Intranet • Conducted multiple wellness initiatives	• Communication via Intranet, Creation of a Learning Zone • Internal communication • Annual and interim reports
Intermediaries They serve as a crucial link between our customers and us. By establishing relationships with new customers, providing appropriate advice based on their needs, and providing a service to them through a combination of face-to-face and digital channels, they optimise and enhance the customer experience. They play a vital role in attracting new business and in retaining existing customers.	• Ease of doing business • Digital capabilities that enable engagement sales, and servicing • Product and regulatory training • Fair incentives that reward efforts • To be associated with a brand which delivers on its promises	• Improved our digital servicing capabilities, such as tracking tools, and sales and servicing platforms, to drive ease of use of our digital solutions • Provided ongoing training to improve the experience of our intermediaries • Develop sustainable relationships • Digitalisation of the service between SICOM and Intermediaries for SICOM Financial Services Ltd	• Branches and worksites • Digital tools • Agent Awards Night • Annual and interim reports
Business partners (Car dealers, Legal advisors, Consultants, Suppliers)	• Fair payment practices • Comply to terms in Service Level Agreements • Fair tender process • Supplier relationship management	• Timely payment to suppliers and other business partners such as consultants • Develop sustainable relationships • Work as a team with a common goal • Timely communication and consultation	• Digital Tools • Email, Phone call, Letters • Regular Visits

Relations with Shareholders and Other Key Stakeholders

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in : 2023/2024	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Government and Regulators	• Good governance • Compliance with BoM and FSC regulation • Proactively engage with regulators through Trilateral Meetings and inspections • The effectiveness of the control functions	• Maintained our solvency capital at levels above regulatory requirements • Detailed risk management and controls systems and performed a self assessment for Risk and the Compliance function • Focused more on dealing with future pandemics as part of business as usual, with management taking the requisite steps to risk-proof the business • Comply with new laws and create organisation wide awareness	• Direct communication including 'submissions of required report, attendance of meetings
Community We recognise the interdependence between ourselves and the communities we serve. We go beyond our operations and focus on contributing to socio-economic development that is impactful and sustainable to uplift our communities	• Financial education and inclusion • Access to supplier development opportunities • Skills development and employment opportunities • Education support	• Supporting the National Social Inclusion Foundation for CSR projects • Trainees periodically onboarded for short-term training within the organisation • Supported the communities through various initiatives, such as sponsorships related to education, road safety, skills development initiatives etc.	• Media channels • Annual and interim reports • Community projects and campaigns
Environment	• Going Green initiatives • Energy saving initiatives	• IAdherance to BoM Gudeline on Cimate Change • Include more plants and trees within our premises • Installation of LED bulbs in the buildings • Going Paperless • Rain water harvesting for maintenance purposes • Undertake energy audits of buildings • Procurement of energy efficient equipment	• Meeting with the Ministry of Environment, Solid Waste Management and Climate Change representatives for possible environmental projects • Forestation project at Mont Vert

Shareholders' Diary

Details	Date
Financial year end	June 2024
Audited Financial Statement (year ended 30 June 2024)	September 2024
Annual Meeting	December 2024
Dividend Payment	November 2024

Shareholders' Communication

The Company holds an Annual Meeting of Shareholders with prior notice given to them (in line with the provisions of the Companies Act 2001) and the latter are required to express their vote on matters which include the approval of accounts, approval of dividends and appointment/re-appointment of Directors.

Dividend Policy

The Company's objective is to provide value to its shareholders through an optimum return on equity. When determining the appropriateness of a dividend, the Company considers the profit after taxation and appropriations to statutory and other reserves for ongoing operational activities as well as the Group's strategy and the requirements of the Bank of Mauritius *Guideline on Payment of Dividend*. The current policy of dividend distribution is a minimum of 25% of the profit after tax of the Company, subject to regulatory approval. Refer to Note 18 for the details of the dividends proposed and paid.

At SFSL, effective risk management is integral to our success. As we reflect on the financial services industry in 2023/2024, it is clear that the year has been marked by dynamic shifts and significant challenges. Amidst global economic uncertainties, the industry has navigated through an environment shaped by persistent concerns over high interest rates and inflationary pressures. These factors have not only influenced market dynamics but have also highlighted the resilience and adaptability of financial institutions worldwide. Contrary to expectations, the anticipated recession did not materialise last year and financial markets demonstrated notable stability. Despite this, the future holds a veil of uncertainty.

As we navigate through extreme climatic events since the start of 2024, our commitment to sustainability and mitigating climate risks impacts becomes even more crucial. In line with the Group's sustainability objectives, SFSL believes that fostering a sustainable world is crucial for long-term competitiveness, creating an optimal environment for teams to thrive and promoting the development of a corporate risk culture aligned with Sustainable Development Goals (SDGs). Furthermore, in line with the Group's Sustainability Strategic Plan, SFSL is proactively incorporating sustainable practices into its operations, products and services to tackle climate change and address environmental issues. By integrating sustainability into our business practices, we contribute to a better future while enhancing our ability to navigate risks and seize opportunities. This approach also lays the groundwork for long-term rewards for our shareholders, as sustainable companies are more likely to attract investment and generate sustainable returns. Furthermore, the Company has also adopted the requirements of the *BoM Guideline on Climate-related and Environmental Financial Risk Management* and embedded sound governance and risk management frameworks for climate-related and environmental financial risks within its existing framework.

Traditional challenges such as inflation, trade wars and geopolitical tensions have continued to shape the economic landscape throughout this financial year. The uncertainty in the interest rate and inflationary environment is expected to persist into 2024, impacting governments, industries and society at large and stakeholders in the financial services industry, bringing with it challenges, opportunities and obligations. Although inflation is moderating in many parts of the world, it remains high and is always subject to volatility and changes in governmental economic policies. Amongst other impacts, shifts in inflation and interest rates have notably influenced customer spending and purchasing behaviour, thereby impacting the demand for financial services such as leasing and loans. This evolving landscape underscores the necessity for adaptive strategies that address the evolving financial capabilities and needs of our clients.

Cyber threats continue to pose a direct risk to the capacity to deliver efficient stakeholder services, thereby posing a direct potential risk to operational effectiveness. Strengthening our cyber defences continues to be a key focus area for the Company. In line with the BoM *Guideline on cyber and technology risk management*, SFSL has taken significant steps to comply and ensure a secure cyber and technology environment. Additionally, SFSL has conducted assessments of cyber risks associated with its business initiatives, identifying specific threats and vulnerabilities. This includes enhancing its cybersecurity policies and frameworks by adopting industry best practices to protect against cyber threats and vulnerabilities. By systematically assessing and documenting these risks, the Company proactively mitigates threats and strengthens the overall cybersecurity of its initiatives. Amidst these adversities, we also identify substantial opportunities presented by technological advancements, particularly those driven by AI, which are pivotal to optimise our operations and enhance efficiency.

Our objective is to minimise risks across SFSL, recognising that finding a balance between risk and reward is not a new concept. However, in today's complex and interconnected business landscape, companies can no longer afford to approach risk management in isolation. We view enterprise risk management from both a holistic and a detailed view of the Company. This allows us to identify and assess risks across various areas, including operational, financial, strategic and reputational risks.

Every employee bears the responsibility of identifying risks and contributing to the Risk Management Process ("RMP"). By fostering a culture of awareness and accountability, we empower our teams to proactively identify potential risks and implement appropriate mitigation measures. Adopting a comprehensive approach to risk management not only safeguards our business but also enhances the resilience and adaptability of our operations in the face of uncertainties and challenges. This heightened consciousness of risk permeates our business operations, ensuring that risk management becomes an integral part of our organisational DNA.

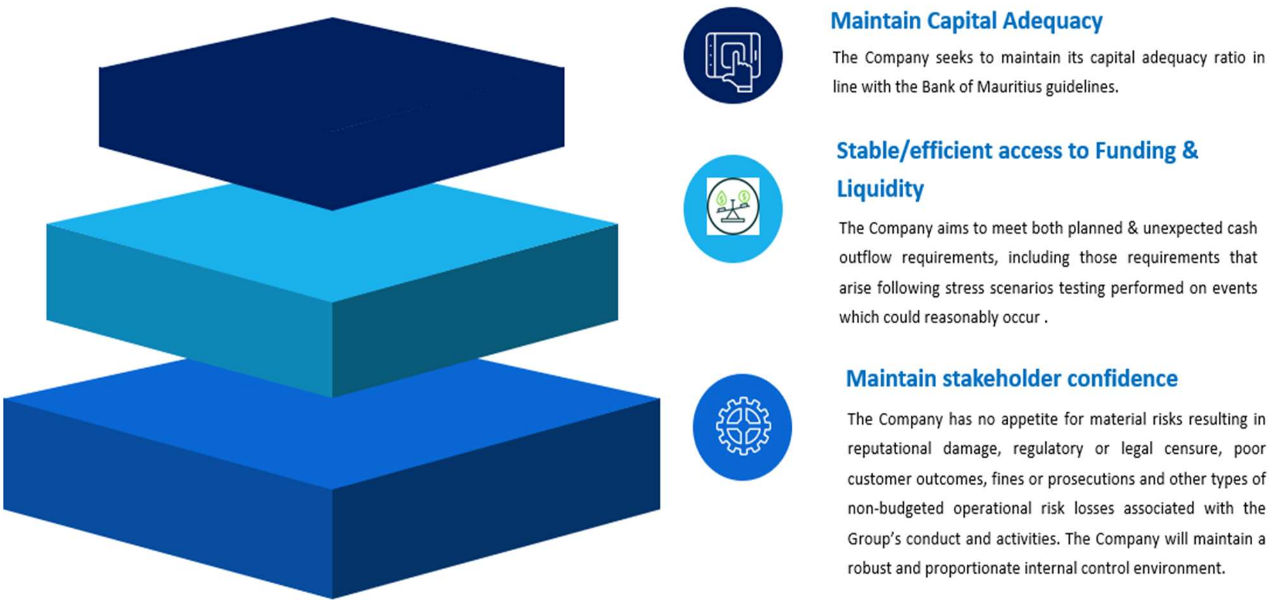
Through a comprehensive risk management framework and a steadfast commitment to sustainability, we are committed to navigating uncertainties and seizing opportunities, driving long-term success for SFSL and its stakeholders.

Overarching Risk Objective

In today's rapidly evolving business environment, understanding and managing risk is critical to achieving our strategic goals and ensuring long-term sustainability. Our overarching risk objectives from the foundation of our ERM Framework, guiding our approach to identifying, assessing and mitigating potential risks. These objectives are designed to align with our corporate strategy, promoting resilience, enhancing decision-making and safeguarding our assets and reputation.

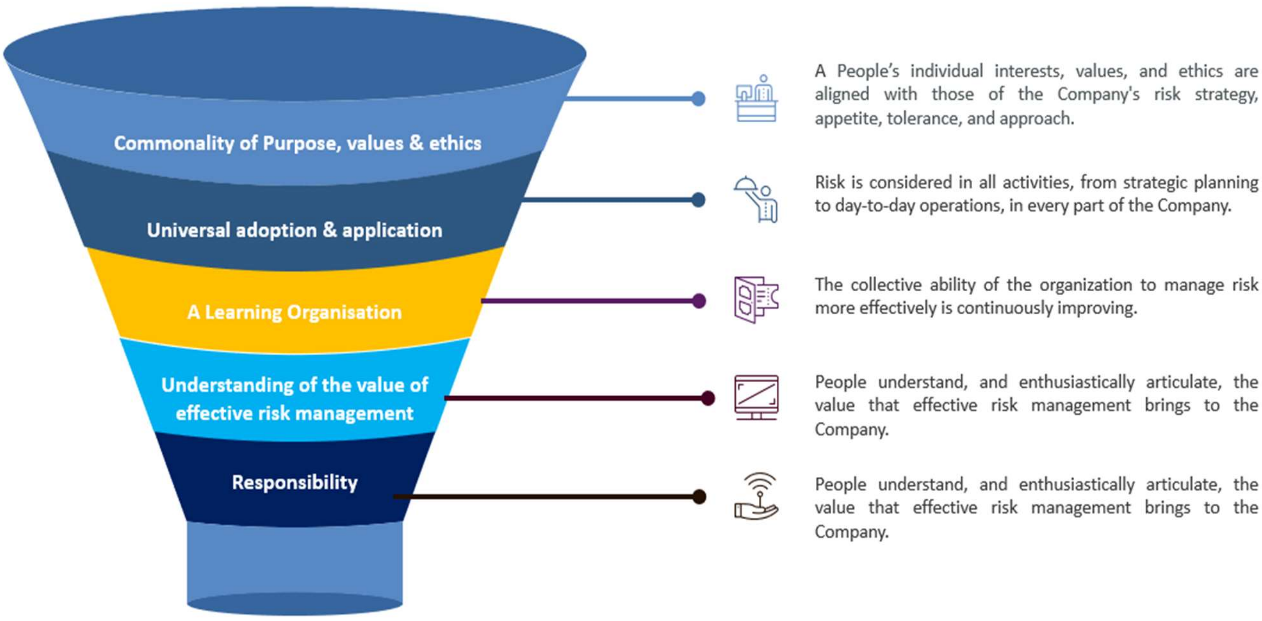
By establishing clear risk objectives, we ensure that risk management is integrated into every aspect of our operations from day-to-day activities to long-term strategic planning. This proactive approach enables us to navigate uncertainties, capitalise on opportunities and maintain a competitive edge. Our commitment to rigorous risk management highlights our dedication to creating value for our stakeholders while maintaining the highest standards of governance and ethical conduct.

Our main strategic objectives are:



Our Risk Culture

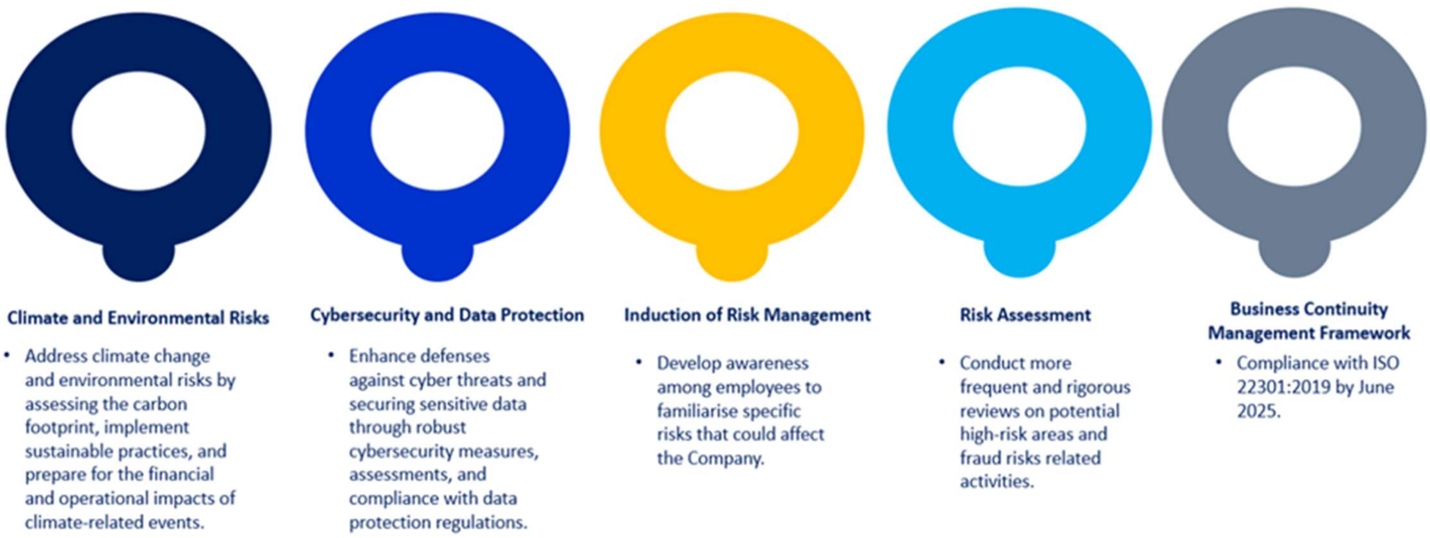
SFSL has a robust and pervasive risk culture such that its employees are trained to make appropriate risk-based decisions. SFSL's risk-intelligent culture is characterised as follows:



Reflecting on our Risk Strategy and Roadmap

Reflecting on our risk management strategy provides us with the opportunity to evaluate the effectiveness of our initiatives and chart a forward-looking roadmap. As we navigate an increasingly risky and unpredictable business environment, the insights gained from our past experiences are invaluable in shaping our future direction. This reflection underscores our commitment to a robust, adaptive and forward-thinking risk management framework that not only mitigates risks but also treats them as opportunities for growth and innovation.

For the upcoming year, we will focus on the following areas:



The Cyber Security framework is under constant monitoring by the Cyber Security Committee, at the Holding Company's level, to ensure its resilience against emerging cyber threats.

Our Risk Appetite

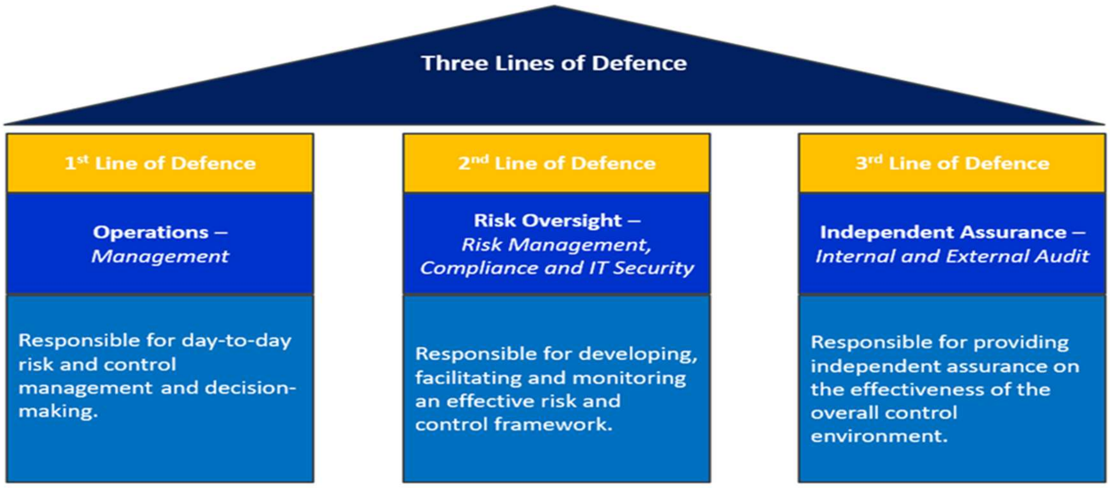
Our risk appetite statements define the opportunities and associated level of risk the Company is prepared to accept to achieve its business objectives. The statements are used to drive risk-aware decision-making by key business stakeholders.

Our risk appetite statements are documented in our Policies and include:

- monitoring whether the business remains within its risk appetite, among other information, using key indicators;
- deriving the key risk indicators from the risk appetite statements to drive and monitor risk-aware decision-making; and
- both qualitative and quantitative risk statements which are forward-looking.

Our Risk Governance Framework

The Risk function has led a significant cultural change to drive ownership of risks across the Group. SFSL has a strong risk culture, and a mature and embedded ERM Framework with clear accountabilities and risk ownership designed to ensure that we identify, manage, mitigate and report on all key risks and controls through the Three Lines of Defence model:



Our Enterprise Risk Management ("ERM") Framework

The ERM Framework sets out, at a high level, the Company's approach to setting risk strategy and managing risks threatening the strategic objectives and day-to-day business operations. The ERM Framework is designed to manage the Company's risk proactively and enable dynamic risk-based decision-making. Aligned with the Three Lines of Defence model, the risk management framework articulates the high-level principles and practices needed to achieve appropriate risk management standards it also demonstrates the inter-relationships between components of the risk management framework. Within this, the RMP is a key element in the development and on-going maintenance of an accurate risk profile. The objective of the process is to identify, assess, manage, monitor and report on the risks to which the Company is exposed. This comprehensive approach ensures that potential threats are effectively mitigated and that we remain well-prepared to capitalise on emerging opportunities.

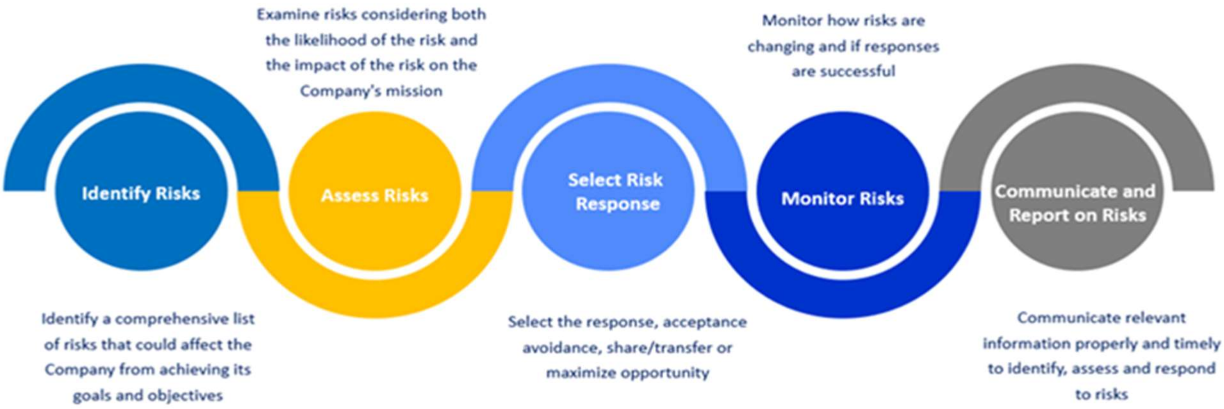
Our Risk Management Process

Our business thrives and creates long-term value for all stakeholders with the aid of a robust risk management system. Our ongoing RMP involves vigilant monitoring of both internal and external factors, enabling us to promptly identify and mitigate potential risks. By aligning with our risk appetite, we effectively achieve our business plans and accomplish our strategic objectives.

The RMP is the cornerstone of any ERM framework and is formalised in a risk register. Below is a depiction of the ERM processes embedded within day-to-day operations to manage the Company's risk exposure.

The risks identified are assessed in terms of their probability of occurrence, their financial, operational, regulatory as well as their reputational impact. A corresponding rating is given for the residual risk along with a control description of how each risk identified is being mitigated, together with improvement plans. The monitoring frequency of risks differs and is stipulated in the risk register.

SFSL has a list of key risks it is willing to take or tolerate in pursuing its strategic objectives and business plans. The Company regularly measures and quantifies risks to which it is exposed, using financial and non- financial metrics, ensuring that we maintain a balance between and opportunity, fostering sustainable growth and resilience.



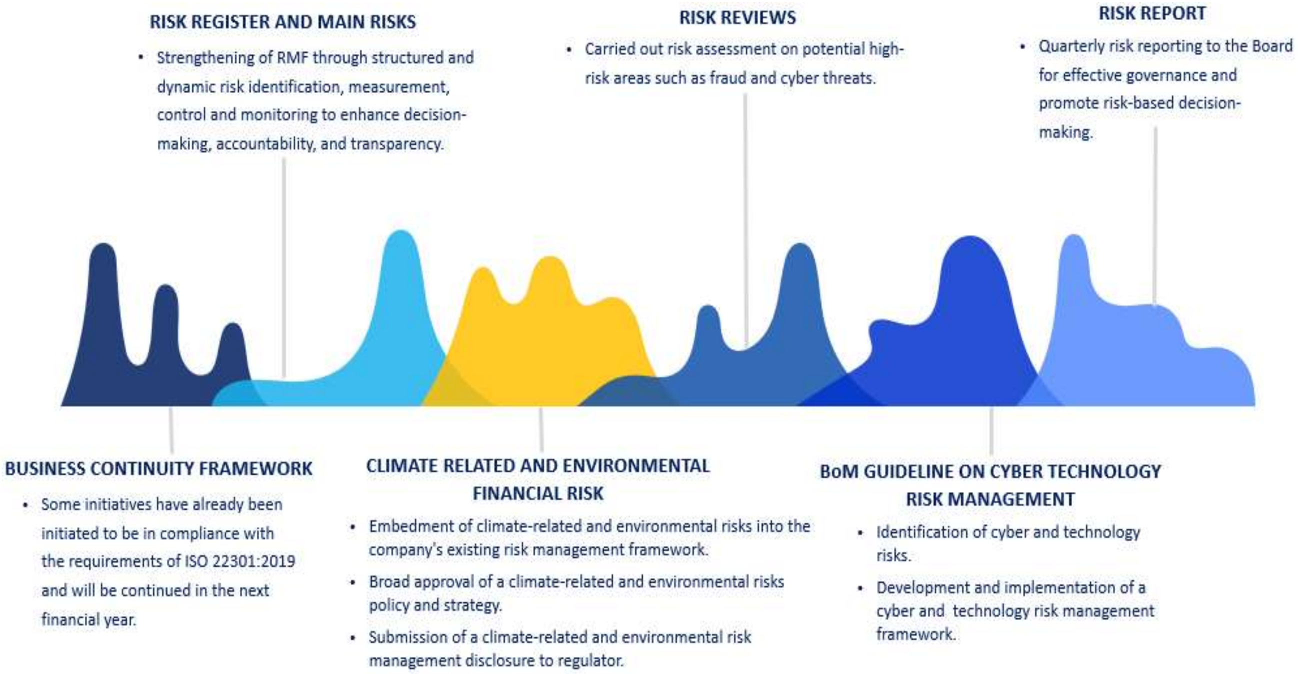
Risk Management Roles and Responsibilities

The diagram below illustrates SFSL's risk management structure and key responsibilities. The structure ensures that RMP's are effectively embedded across the Company.

RISK MANAGEMENT COMMITTEE (At Company Level)	INTERNAL RISK COMMITTEE (At Group Level)	CYBER SECURITY COMMITTEE (At Group Level)	CRISIS COMMITTEE (At Group Level)
• Assists the Board in fulfilling its oversight responsibilities. • Advises the Board on the development and implementation of an ERM Framework. • Monitors and approves all related party transaction issues of the Company. • Ensures that all credit exposures are in line with regulatory limits.	• Reports to the Group's Risk Committee of the Board. • Has an understanding of the key risks to which the Group is exposed and oversees the effective management of these risks. •Reviews the ERM Framework including the Risk Management Strategy and Policies, Risk Appetite Statements and Risk Tolerance Levels.	• Oversees the Group's risk assessment and management processes with regards to Cyber Risks. • Designs the cybersecurity strategy in line with expectations from key stakeholders. • Participates in design and review of security policies and procedures. • Reviews threat intelligence outputs and makes recommendations to the IRC on the organisation's exposure to current and emerging information security threats.	• Cordinates and ensures smooth intervention of any required action. • Ensures that physical infrastructures are secured and to ensure prompt intervention. • Ensures that IT Infrastructure is secured to ensure prompt intervention wherever required. • Communicate with staff of any decision taken. • Provide regular updates to the Senior Management. • Identify lessons learnt. • Activate crisis management plan.

What we achieved

In today's dynamic business environment, effective risk management has never been more crucial. Our commitment to identifying, assessing and mitigating risks is integral to our strategy for sustainable growth and resilience. This year, we have made significant strides in enhancing our risk management framework, ensuring robust protection against potential threats while fostering opportunities for innovation and value creation. Our risk management achievements reflect a proactive approach to navigating uncertainties and securing the Company's long-term objectives. Key strategic enhancements implemented this year include the following:



Emerging Risks

The ongoing transformation of global operational landscapes offers a wide range of possibilities, risks or disturbances for businesses. Emerging risks are risks which may newly develop or which already exist and are continuously evolving. Some major threats include supply chain challenges, financial constraints, cyber-attacks, ESG demands, workforce challenges, project risks and regulatory uncertainty. They are characterised by a high degree of unpredictability in terms of impacts and likelihood and have a substantial potential impact on the financial services business.

In order to effectively navigate this uncertain environment, the Company is striving to develop the capacity and approaches to systematically recognise, rank, and address emerging risks and opportunities.

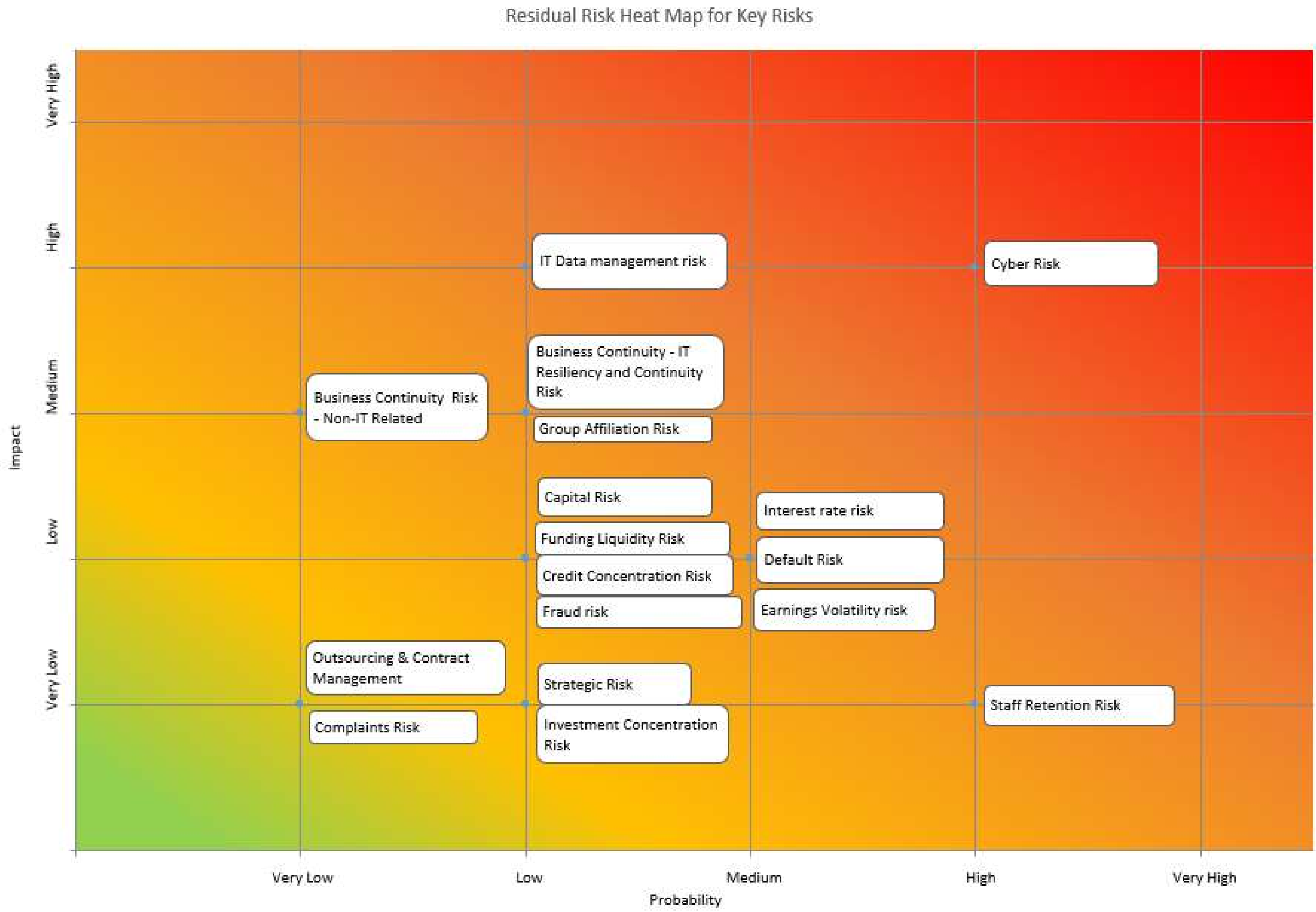
Managing Risk in Line with our Strategy

Our Management team, with oversight from the Board, Audit Committee and Risk Management Committee, are responsible for developing our strategy. Our strategic planning process aims to ensure we have set clear objectives and targets, and identified the actions needed to deliver them, including the management of risks arising from the strategic plan. A key aspect of any effective strategic planning process is to understand and manage those risks appropriately. To achieve this, the Risk function works closely with SFSL to help identify and assess risks through setting and achieving targets as well as reviewing and challenging business plans in the strategic planning process. The Company's risk strategy supports business decision-making through the proactive identification, assessment, and management of risks.

Management of Key Risks

A consolidated Risk Register is in place, listing all the risks pertaining to the Company. They are assessed on an inherent basis before any controls and on a residual basis after documenting the controls for each of these risks. Following the assessment, a list of main risks is derived and monitored on a quarterly basis. The list of main risks is reviewed on an annual basis and considered and approved by both the Risk Management Committee and Board.

The below heat map shows the residual rating for the list of key risks.



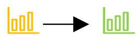
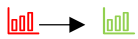
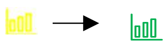
Principal Risks

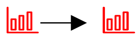
The symbols in the table below indicate the perceived change in risk profile of the main risks faced during FY 2023/2024:

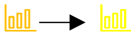
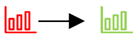
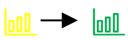
Very high High Medium Low Very Low → ***After Control Measure***

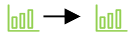
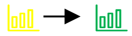
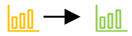
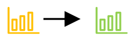
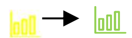
	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
Market and Investment Risks	**Interest Rate Risk** Due to poor economic conditions, SFSL may be exposed to interest rate fluctuations, which could negatively impact existing/new business growth for: - loans and leases - reduction in interest rates which lead clients to refinance - deposits - increase in interest rates which incite clients to withdraw deposits.	• All increases in the Key Rate are continuously monitored and interest rates are adjusted accordingly. • Ensure that all its investments are restructured in such a way that the Company benefits fully from the increase in Key rates. • Annual promotional campaign with very competitive products/conditions and/or rates of interest. • Management also, through its Credit Committee, reserves the right to match an interest rate so as not to lose business.	→

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	Funding Liquidity Risk Due to adverse market conditions, maturity mismatch, counterparty risk, regulatory changes or shift in market expectations that can impact the availability or cost of funding, SFSL may be exposed to the risk that a maturing liability or class of liabilities may not be able to be refinanced without additional relative cost over any given period of time, which could lead to financial instability, reputational damage, regulatory sanctions.	• Maintain a diversified funding base. • Effect regularly stress testing funding scenarios. • Ensure that there are sufficient liquid assets to meet short-term obligations. • Investments are made in line with the Guidelines from the BoM and the respective limits regarding concentration/ investment valuation are adhered to.	→
	Investment Concentration Risk Due to non-compliance with investment policy and/or guidelines, SFSL may be exposed to the risk that investments are concentrated in one entity which might ultimately face financial loss/declared bankrupt, or 1 negatively performing investment fund (SUT), which could lead to financial losses from disinvesting to reach acceptable asset concentration limits.	• Asset exposure limit is monitored. • Asset class exposure limit is monitored. • Ensure that Investments are in line with limits and tolerances detailed in investment policy and SUT prospectus. • Ensure that investments in term deposits are placed into various institutions and are therefore well diversified.	→
Counterparty Default Risk	**Default Risk** Due to reduced repayment capacity arising from economic downturn, poor underwriting/due diligence procedures, institutions not being able honour their commitments, SFSL may be exposed to the risk that counterparties default on contractual obligations for all products and services, including investments, which may lead to increase in ECL and impact negatively on profits.	• Monthly Arrears Committees are held to monitor arrears. • As soon as a client defaults a reminder is sent to him. • Legal actions are taken promptly to seize the vehicle if the client continues to default for loans and leasing businesses. • Ensure that arrears are kept at a minimum through monthly arrears committee and stringent measures to reduce impairment provisioning.	→
	Credit Concentration Risk Due to credit exposure to one entity which may be above the limits imposed by the Central Bank, SFSL may be exposed to the risk of large losses from credit concentration, which may negatively impact the company's	• The BoM *Guideline on Credit Concentration* specifies that no entity can get lease facilities in excess of 10% of the total lease portfolio. The percentage is monitored on a monthly basis.	→

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	financial health and its ability to carry out its core operations.	• Also, when undertaking lease appraisals the underwriting department calculates the exposure to the client when granting more than 1 lease. • The underwriting team assesses the concentration ratio whenever multiple leases are granted to an individual or corporate body. Management also checks and signs on the appraisal sheets.	
Operational Risks	**Earnings Volatility risk** Due to adverse changes in market conditions such as changes in interest rates and monetary/fiscal policy, SFSL may be exposed to the risk that actual Profit Before Tax is subject to excessive volatility, which could result in significant deviation from budgeted profit, long-term impact on reserves and a reduction in shareholder value and/or confidence.	• Monthly monitoring of budget variations and appropriate actions taken following feedback from department. • Procurement guidelines and processes well established.	
	Fraud risk Due to employees with poor integrity and non-adherence to payment processing procedures, SFSL may be exposed to the risk of embezzlement and fraudulent claims including false billing by sourcing partners or other-third parties, which could lead to financial losses and adverse reputational, legal and regulatory impact.	• Bills are verified before payments are made. • Various documents are collected from clients. • Online payment system complying with 3D Secure 2.0 mandate. • PCI DSS Level 1 certified payment system • Promote the highest levels of integrity during induction sessions. • Zero Tolerance towards those who fail to work with integrity. • Access rights review on IT systems applications - review to be performed and monitored by HODs as per roles and responsibilities of every user, including timely removal / update whenever required.	
Operational Risks	**Outsourcing & Contract Management Risk** Due to inadequate due diligence on potential service providers, poor contract terms drafting, non-compliance with contractual terms, disputes and absence of ongoing monitoring of service providers' performance at Group level, SFSL may be exposed to the risk of poor third-party contract management at Group level and non-performance or poor performance by service providers, which could result in operational failures unforeseen	• An SLA has been signed with the Group and all services are being fully monitored.	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	and hidden costs and delay in project completion.		
	Cyber Risk Due to increased sophistication of cyber criminals, employee inattention/negligence, insufficient/outdated security measures and insufficient external activity monitoring, SFSL may be exposed to the risk of cyber-attacks on critical systems or related infrastructure including telecommunication systems, which could lead to shutdown of IT systems, severe disruption of ICT services or loss of vital organisational records for a prolonged period of time, loss/corruption of data, stolen identities, loss of intellectual property or unavailability of critical systems/services, misuse of information assets to attack third party systems or to communicate inappropriate information and ransom demands.	• Periodic security assessment and penetration testing of critical systems. • Use of Back up. • Threat Intelligence solution implemented (DarkTrace). • Security Awareness. • Regular Phishing simulation & training for all employees • Installation of Mobile security. • Implementation of end-point anti-virus protection. • Minimising use of accounts with administrative privileges. • SentinelOne Antivirus implemented. • Data loss prevention. • Multi factor Authentication. • Web security implementation on laptop. • Disable automatic execution of code, macros, rendering of graphics and reloading mailed links at the mail clients and update them frequently. • Implementation of Web application firewall (WAF). • Implementation of Microsoft defender to protect mobile phones. • Threat Hunting & Endpoint Detection Rate	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
Operational Risks	**IT Data management risk** Due to data breaches arising from hacking and cyber-attacks, human error during file migration, damage to or misuse of IT equipment/systems, SFSL may be exposed to the risk of customer and confidential corporate data losses, which could lead to reputational damage, legal fines, regulatory sanctions and loss of client.	• Encryption solution has been deployed for USB levels. • Facilities to encrypt emails. • Facilities to encrypt files on fileserver. • Auditing has been enabled for sensitive Business Applications. • Capturing of logs from servers and desktops with endpoint anti-virus protection. • External Auditor regularly audit IT Systems. • Information security awareness program. • Policies are in place. • Data loss prevention. • Threat Intelligence to monitor darkweb and implementation of Security Scorecard to monitor continuous assessment of SICOM domains. • Implement Network access control. • Mobile device management	
	Business Continuity - IT Resiliency and Continuity Risk As a result of computer or data system failure and security breaches, SFSL may be exposed to the possibility of critical business operation disruptions, which could result in financial losses, regulatory sanctions and reputational damage.	• SLAs with telecom providers in event of equipment failure. • Generators & UPS in place for power disruptions. • Offsite IT backups in place. • Annual DR Mock Drill. • Solution to monitor IT Infrastructure has been implemented. • Implementation of Email back up and archive. • Cisco Jabber in cloud. • Some services are being shifted into the Cloud.	
	Business Continuity Risk - Non-IT Related As a result of power failure, restricted/no access to work areas, damage to work equipment and loss of key staff arising from natural calamities or man-made disasters, SFSL may be exposed to the possibility of critical business operation disruptions, which	• Business Continuity Risk Assessment carried out. • Risk Assessment carried out. • Back-up of core system is kept offsite. In the immediate term, business can be carried out from the branches. • Work From Home in place, with needed hardware and software access to many staff. • Facilities Management Disaster Response Plan.	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	could result in financial losses and reputational damage.	• Fire Drill Plan.	
	Staff Retention Risk Due to better conditions of employment offered by other institutions, SFSL may be exposed to the risk of failing to retain employees, which could lead to loss of competency.	• Flexibility in reviewing conditions of service (counteroffer).	
	Complaints Risk Due to poor product/service performance, SFSL may be exposed to the risk of receiving and poor handling of valid complaints from clients, which could lead to regulatory queries, reputational damage and loss of business.	• Complaints handling policy and procedure in place.	
Strategic & Environmental Risk	**Capital Risk** Due to inaccurate model/assumption for business planning and solvency projections as well as stress testing scenario selection to assess resilience from a capital and liquidity perspective, SFSL may be exposed to the risk of insufficient capital to support new business plans, failure to meet regulatory solvency, stress test and future capital requirements, which could lead to financial, reputational and regulatory impacts.	• Quarterly reporting to Risk Management Committee. • Monitoring of the Capital Adequacy Ratio as prescribed by the Bank of Mauritius.	
	Group Affiliation Risk As a result of poor management practices, performance measures and risk evaluation by other subsidiaries of the Group, SFSL may be exposed to group affiliation risk, which could lead to financial losses, business operation disruption, loss of vendors and clients, regulatory sanctions and negative brand image.	• Close monitoring of issues in other subsidiaries. • Monthly Group consolidated accounts are evaluated against budget • Quarterly reporting of consolidated accounts to the Board. • Senior Management meetings at Group level.	
	Strategic Risk Due to deviation from strategic assumptions, unclear or poor strategic planning, change in senior management and leadership, failure to adapt to	• Monthly strategic projects monitoring, • Quarterly Reporting to the Board. • Quarterly financial performance monitoring for new strategic diversification projects.	

	WHAT IS THE RISK AND DEFINITION OF RISK	HOW WE MANAGE IT	RISK RATING BEFORE AND AFTER MITIGATION
	market/industry changes, financial challenges and reputational damage, SFSL may be exposed to the risk of failing to achieve strategic business objectives, which could lead to financial, reputational and regulatory impacts.		

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Business Continuity

In the unpredictable and ever-evolving landscape, maintaining a robust and effective business continuity strategy is crucial for sustaining operations and driving success.

The year 2023 brought significant challenges, from global economic uncertainties to unprecedented natural disasters and escalating cyber threats. As these disruptions continue to grow in scale and scope in 2024, it is imperative that financial institutions strengthen their risk management programs and resilience.

SFSL recognises the critical importance of business continuity as a key element of our comprehensive management framework. This is designed to ensure the ongoing viability of critical business processes in the event of disruptions or emergencies.

With this goal in mind, SFSL is implementing a tailored business approach to business continuity management that matches the nature and scale of our operations. Our strategy enhances our resilience against disruptions, from internal and external events, potentially reducing the impact on our operations, reputation, profitability, customers and other stakeholders.

Our Areas of Focus

Our risk landscape keeps changing as both business and regulatory environments evolve. We continue to make good progress in becoming more proactive in the identification and management of our principal risks through a combination of best-in-class risk practices, greater engagement across the Three Lines of Defence and increased use of data and analytics.

We continuously review our risk-related policies to ensure they are in line with current risk management expectations.

In addition to known principal risks, we carry on with the identification and analysis of emerging ones, which we believe are:

- **Cyber Threats**

  Despite the numerous controls such as robust patch management process, endpoint detection and response, and Multifactor Authentication prioritised and implemented to mitigate cyber-attacks, cyber threats continue to be one of the top risks on business leaders' minds.

  Many cyber-attacks observed in recent years, however, have sidestepped cyber controls as attackers leveraged basic and sophisticated attack methods to take control over systems and information, causing many business disruptions and brand damage.

  As companies adapt and explore AI and other emerging technologies, new challenges will emerge related to cyber security, data privacy and governance. Investment in and commitment to risk management around new technologies will be critical to manage risk effectively.

- **Economic and Inflationary Pressures**

  Continued inflationary pressures and potential economic downturns present significant risks to SFSL Inflation reduces the purchasing power of customers, affecting their ability to repay their loans and leases obligations, leading to higher default rates.

  Additionally, fluctuations in the Key Rate set by the Bank of Mauritius could impact SFSL's net interest income, affecting profitability.

  To mitigate these risks, the Company needs to closely monitor economic indicators and adjust its interest rates and lending criteria accordingly, ensuring financial stability and sustainability.

- **Market and Liquidity Risks**

  Volatility in financial markets, including currency fluctuations and changes in market interest rates, could significantly impact investment returns and the overall financial stability of the Company.

  Maintaining sufficient liquidity levels to meet deposit withdrawals and other financial obligations is critical. Diversifying funding sources and conducting regular stress tests to evaluate liquidity under different scenarios could be used as mitigation measures for the market and liquidity risks and ensure the institution's resilience.

- **Risk Culture**

  We are also working towards strengthening the risk culture by adopting a risk-aware culture with the aim of driving effective risk management practices.

Chairperson

Director

Director

30 September 2024

[Section 75(3) of the Financial Reporting Act 2004]

Name of Public Interest Entity ('PIE'): SICOM Financial Services Ltd

Reporting Period: Year ended 30 June 2024

On behalf of the Board of Directors of the SICOM Financial Services Ltd, we confirm that, to the best of our knowledge, the PIE has complied with all of its obligations and requirements under the National Code of Corporate Governance (2016) for Mauritius.

Mr Oomesh Sharma MAHADU
Chairperson

Mr Chelven Chengabroyan
Director

30 September 2024

Statement of Management's Responsibility for Financial Reporting

The Financial Statements for the Company's operations in Mauritius presented in this Annual Report have been prepared by Management, who is responsible for their integrity, consistency, objectivity and reliability. IFRS Accounting Standards as issued by the IASB as well as the requirements of the Banking Act 2004 and the Guidelines issued thereunder have been applied and Management has exercised its judgement and made best estimates where deemed necessary.

The Company has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Company's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Company.

The Company's Board of Directors, acting in part through the Audit Committee and Risk Management Committee, which comprise Independent Directors who are not officers or employees of the Company, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Holding Company's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits. In addition, the Company's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Company as it deems necessary.

The Company's External Auditor, Deloitte, has full and free access to the Board of Directors and its Committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

For and on behalf of the Board of Directors

Chairperson	Director	Director

30 September 2024

Secretary's Certificate

We certify to the best of our knowledge and belief that for the year ended 30 June 2024, the Company has filed with the Registrar of Companies all such returns as are required of the Company under Section 122(d) of the Mauritius Companies Act 2001.

DTOS Ltd
Company Secretary
SICOM Financial Services Ltd

30 September 2024

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of SICOM Financial Services Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SICOM Financial Services Ltd** (the "Company" and the "Public Interest Entity") set out on pages 74 to 145, which comprise the statement of financial position as at 30 June 2024, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including material accounting policy information

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and comply with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and 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.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses	
The Company has computed the expected credit losses ("ECLs") on its lease and speedy loan books in line with the requirements set out by IFRS 9 *Financial Instruments*. For the performing lease book, management has applied the simplified approach, which makes use of a provision matrix based on the free-flow rate analysis of its lease receivables in each identified sector. For the non-performing lease book, management has determined the lifetime ECLs based on an individual assessment performed for each impaired exposure, by taking into account the underlying collateral value and any other cash flows. The Company also has a loan book comprising mainly speedy loans for which it has used a hybrid approach to determine the ECLs. The above methods for computing the ECLs require the application of significant judgement and estimates including: • Identifying the appropriate level of segmentation for the lease portfolio; • Deriving the free-flow rate analysis to determine the default rate in the provision matrix; • Assessing the value of the underlying collaterals; and • Selecting the proxies for computing ECLs for the speedy loan book. Due to the significance of the judgements applied in the determination of the ECLs, this item is considered a key audit matter. The details of the policies and processes followed for the determination of ECL are disclosed in notes 2.11 and 29.2(b) of the financial statements. Details of the ECL on the speedy loan and lease books can be found in notes 8.2 and 12 respectively.	Our procedures comprise the following: • Evaluating the appropriateness of the IFRS 9 impairment methodologies for both the lease and speedy loan books; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the ECL approach for both the lease and speedy loan books; • Independently reperforming the free-flow rate analysis of the lease receivables in the provision matrix and the hybrid approach for the speedy loan book; • Testing the design and operating effectiveness of the key controls over the approval of credit facilities and subsequent monitoring; including the verification of the validity of the recorded amounts and their segmentation against underlying credit documentation, as well as testing the reliability of the relevant system generated reports; • Assessing the independence and competence of the appraisers used by management to value the underlying collaterals; • Inspecting the minutes of governance committees to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment; • Performing substantive tests of details on non-performing lease receivables including: a) Validating on a sample basis the valuation of collateral securities to support the individual impairment charge; and b) Testing the accuracy and completeness of allowance for credit impairment by reperformance. • Assessing whether the disclosures are in accordance with IFRS requirements.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of SICOM Financial Services Ltd (Cont'd)

Other information

The directors are responsible for the other information. The other information comprises the mission, shared values and objective statement, the corporate information, the directors' report, the management discussion and analysis, the annual compliance statement in respect of the Bank of Mauritius requirements, the corporate governance report, the risk report, the statement of compliance, the statement of management's responsibilities for financial reporting, and the secretary's certificate but, does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance IFRS Accounting Standards as issued by the IASB, and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of SICOM Financial Services Ltd (Cont'd)

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

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

Banking Act 2004

- In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and
- the explanations or information called for or given to us by the officers or agents of the Company were satisfactory.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte

Deloitte
Chartered Accountants
30 September 2024

R. Srinivasa Sankar

R. Srinivasa Sankar, FCA
Licensed by FRC

	Notes	2024	2023	2022
ASSETS		Rs.	Rs.	Rs.
Cash and cash equivalents	5	**98,156,521**	50,969,311	249,629,110
Investment securities	6	**176,758,621**	169,586,869	292,239,673
Deposits with financial institutions	7	**339,744,629**	375,466,820	571,406,336
Loans and advances to customers	8	**704,067,065**	707,035,845	569,897,626
Net investment in finance leases	12	**1,022,262,638**	755,215,794	697,103,005
Equipment	9	**136,971,891**	39,021,067	5,544,317
Intangible assets	10	**974,593**	1,155,243	1,478,549
Right-of-use assets	11	**10,795,221**	12,267,297	13,739,373
Current tax assets	15(a)	**2,183,108**	979,690	3,289,141
Deferred tax assets	15(d)	**792,464**	3,646,374	4,481,605
Other assets	13	**46,735,457**	20,996,961	18,608,265
TOTAL ASSETS		**2,539,442,208**	2,136,341,271	2,427,417,000
EQUITY AND LIABILITIES				
LIABILITIES				
Deposits from customers	14	**1,991,934,932**	1,601,514,322	1,912,824,781
Dividend payable	18	**21,868,264**	21,297,528	8,460,265
Lease liabilities	11	**11,417,139**	12,702,584	13,931,569
Retirement benefit obligations	17	**27,018,000**	27,512,000	23,946,000
Other liabilities	16	**18,730,505**	9,927,695	5,948,040
TOTAL LIABILITIES		**2,070,968,840**	1,672,954,129	1,965,110,655
SHAREHOLDERS' EQUITY				
Stated capital	19	**200,000,000**	200,000,000	200,000,000
Retained earnings		**180,086,401**	210,937,983	211,294,095
Other reserves	20	**88,386,967**	52,449,159	51,012,250
TOTAL EQUITY		**468,473,368**	463,387,142	462,306,345
TOTAL EQUITY AND LIABILITIES		**2,539,442,208**	2,136,341,271	2,427,417,000

These financial statements have been authorised and approved for issue by the Board of Directors on 30 September 2024 and signed on its behalf by:

Signature	Signature	Signature
Chairperson	Director	Director

The notes on pages 80 to 145 form an integral part of these financial statements.
The independent auditor's report is on pages 71 to 73.

	Notes	2024	2023	2022
		Rs.	Rs.	Rs.
Interest income calculated using the effective interest method	21	**69,228,002**	63,507,256	66,677,309
Interest income on finance lease receivables	21	**56,435,023**	43,541,552	44,429,092
Interest expense	21	**(65,166,393)**	(50,939,841)	(53,878,375)
Net interest income	21	**60,496,632**	56,108,967	57,228,026
Operating lease rental income		**20,130,471**	1,921,088	1,999,073
Fee and commission income		**7,783,653**	8,054,071	4,468,281
Dividend income	22	**2,781,856**	2,175,509	2,463,130
Other income	26	**5,084,937**	24,014,886	4,074,046
Gain on disposal of equipment and repossessed assets		**-**	4,100	-
Net gain/(loss) arising on financial assets measured at FVTPL*		**5,488,706**	2,768,885	(8,139,944)
		41,269,623	38,938,539	4,864,586
Operating income		**101,766,255**	95,047,506	62,092,612
Net impairment (losses)/gains on financial assets	23	**(1,048,681)**	(3,712,571)	9,598,411
Fair value loss on repossessed assets	13(e)	**(609,000)**	(2,855,745)	(3,888,687)
Personnel expenses	24	**(24,414,222)**	(23,447,517)	(21,382,452)
Other expenses	25	**(31,184,173)**	(31,307,614)	(33,854,295)
Depreciation and amortisation	9,10,11	**(15,617,668)**	(4,015,459)	(4,548,895)
Gain on disposal of assets held for sale		**-**	-	158,923
Profit before income tax		**28,892,511**	29,708,600	8,175,617
Income tax (expense)/credit	15(b)	**(3,165,141)**	(4,652,685)	1,777,636
Profit for the year		**25,727,370**	25,055,915	9,953,253

** FVTPL = Fair value through profit or loss*

The notes on pages 80 to 145 form an integral part of these financial statements.
The independent auditor's report is on pages 71 to 73.

	Notes	2024	2023	2022
		Rs.	Rs.	Rs.
Profit for the year		**25,727,370**	25,055,915	9,953,253
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of post employment benefit obligations	17(a)(vi), 17(c)(iv)	**1,314,000**	(3,273,000)	(6,951,000)
Income tax relating to components of other comprehensive income	15(d)(ii)	**(223,380)**	556,410	1,181,670
Fair value gain on investments in equity instruments designated as at FVTOCI*		**136,500**	39,000	192,000
Other comprehensive income for the year net of tax		**1,227,120**	(2,677,590)	(5,577,330)
Total comprehensive income for the year		**26,954,490**	22,378,325	4,375,923

** FVTOCI = Fair value through other comprehensive income*

The notes on pages 80 to 145 form an integral part of these financial statements.
The independent auditor's report is on pages 71 to 73.

				Other reserves				
	Notes	Stated capital	Retained earnings	Statutory reserve	Investment revaluation reserve	Actuarial losses reserve	General risk reserve	Total equity
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2021		200,000,000	212,123,095	59,592,232	(360,000)	(10,708,289)	5,743,649	466,390,687
Profit for the year		-	9,953,253	-	-	-	-	9,953,253
Other comprehensive income for the year		-	-	-	192,000	(5,769,330)	-	(5,577,330)
Total comprehensive income for the year		-	9,953,253	-	192,000	(5,769,330)	-	4,375,923
Dividend to ordinary shareholders	18	-	(8,460,265)	-	-	-	-	(8,460,265)
Transfer to statutory reserve	20(a)	-	(1,492,988)	1,492,988	-	-	-	-
Transfer to general risk reserve	20(d)	-	(829,000)	-	-	-	829,000	-
At 30 June 2022		**200,000,000**	**211,294,095**	**61,085,220**	**(168,000)**	**(16,477,619)**	**6,572,649**	**462,306,345**
At 1 July 2022		200,000,000	211,294,095	61,085,220	(168,000)	(16,477,619)	6,572,649	462,306,345
Profit for the year		-	25,055,915	-	-	-	-	25,055,915
Other comprehensive income for the year		-	-	-	39,000	(2,716,590)	-	(2,677,590)
Total comprehensive income for the year		-	25,055,915	-	39,000	(2,716,590)	-	22,378,325
Dividend to ordinary shareholders	18	-	(21,297,528)	-	-	-	-	(21,297,528)
Transfer to statutory reserve	20(a)	-	(3,758,387)	3,758,387	-	-	-	-
Transfer to general risk reserve	20(d)	-	(356,112)	-	-	-	356,112	-
At 30 June 2023		**200,000,000**	**210,937,983**	**64,843,607**	**(129,000)**	**(19,194,209)**	**6,928,761**	**463,387,142**

The notes on pages 80 to 145 form an integral part of these financial statements.
The independent auditor's report is on pages 71 to 73.

				Other reserves				
	Notes	**Stated capital**	**Retained earnings**	**Statutory reserve**	**Investment revaluation reserve**	**Actuarial losses reserve**	**General risk reserve**	**Total equity**
		Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
At 1 July 2023		200,000,000	210,937,983	64,843,607	(129,000)	(19,194,209)	6,928,761	463,387,142
Profit for the year		-	25,727,370	-	-	-	-	25,727,370
Other comprehensive income for the year		-	-	-	136,500	1,090,620	-	1,227,120
Total comprehensive income for the year		-	25,727,370	-	136,500	1,090,620	-	26,954,490
Dividend to ordinary shareholders	18	-	(21,868,264)	-	-	-	-	(21,868,264)
Transfer to statutory reserve	20(a)	-	(3,859,105)	3,859,105	-	-	-	-
Transfer to general risk reserve	20(d)	-	(30,851,583)	-	-	-	30,851,583	-
At 30 June 2024		**200,000,000**	**180,086,401**	**68,702,712**	**7,500**	**(18,103,589)**	**37,780,344**	**468,473,368**

The notes on pages 80 to 145 form an integral part of these financial statements.
The independent auditor's report is on pages 71 to 73.

	2024	2023	2022
	Rs.	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	**28,892,511**	29,708,600	8,175,617
Adjustments for:			
Net impairment losses/(gains) on financial assets	**1,048,681**	3,712,571	(9,598,411)
Interest income	**(125,663,025)**	(107,048,808)	(111,106,401)
Interest expense	**65,166,393**	50,939,841	53,878,375
Dividend income	**(2,781,856)**	(2,175,509)	(2,463,130)
Gain on sale of investment securities	-	(8,452,642)	-
Movement in retirement benefit obligations	**1,671,000**	1,144,000	653,000
Depreciation on equipment	**13,939,642**	2,037,597	1,898,984
Amortisation of intangible assets	**205,950**	505,786	1,265,231
Depreciation on right-of-use assets	**1,472,076**	1,472,076	1,384,680
Gain on termination of right-of-use assets	-	-	(579,151)
Profit on disposal of equipment	-	(179,796)	-
Fair value loss on repossessed assets	**609,000**	2,855,745	3,888,687
Net (gain)/loss arising on financial assets measured at FVTPL	**(5,488,706)**	(2,768,885)	8,139,944
Loss/(gain) on disposal of repossessed leased assets	-	175,696	(158,923)
	(20,928,334)	(28,073,728)	(44,621,498)
Changes in:			
Other liabilities	**8,863,785**	4,100,861	(1,519,222)
Other assets	**(25,811,335)**	(5,481,412)	(453,019)
Net investment in finance leases	**(263,752,099)**	(62,213,575)	625,091
Loans and advances disbursed	**(161,126,900)**	(263,332,125)	(408,552,000)
Proceeds from loans and advances	**170,440,117**	129,101,362	151,877,941
Deposits from customers (net)	**355,664,093**	(308,985,427)	201,476,753
	63,349,327	(534,884,044)	(101,165,954)
Interest received	**101,060,451**	111,390,820	202,759,461
Dividend received	**2,220,330**	2,413,094	1,491,283
Interest paid	**(29,871,396)**	(52,669,934)	(62,216,778)
Retirement benefits paid	**(851,000)**	(851,000)	(851,000)
Income tax paid	**(1,738,029)**	(951,593)	(4,614,114)
Net cash generated from/(used in) operating activities	**134,169,683**	(475,552,657)	35,402,898
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to deposits with financial institutions	**(500,000,000)**	(500,000,000)	(600,000,000)
Repayment of deposits with financial institutions	**550,000,000**	687,954,663	611,000,000
Purchase of investment securities	**(1,945,255)**	(2,084,357)	(1,308,108)
Purchase of equipment	**(111,890,466)**	(36,261,154)	(828,134)
Purchase of intangible assets	**(25,300)**	(182,480)	(763,962)
Proceeds from disposal of equipment	-	926,603	144,445
Proceeds from sale and maturity of investment securities	-	136,241,484	-
Disposal of repossessed leased assets	-	744,370	466,200
Net cash (used in)/generated from investing activities	**(63,861,021)**	287,339,129	8,710,441
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	**(21,297,528)**	(8,460,265)	(14,154,317)
Repayment of lease liabilities	**(1,823,924)**	(1,986,006)	(1,580,799)
Net cash used in financing activities	**(23,121,452)**	(10,446,271)	(15,735,116)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**47,187,210**	(198,659,799)	28,378,223
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**50,969,311**	249,629,110	221,250,887
CASH AND CASH EQUIVALENTS AT 30 JUNE	**98,156,521**	50,969,311	249,629,110

The notes on pages 80 to 145 form an integral part of these financial statements.
The independent auditor's report is on pages 71 to 73.

1. GENERAL INFORMATION

SICOM Financial Services Ltd ("the Company") is a public company incorporated in Mauritius on 28 December 1999 and started operations on 26 April 2000. Its registered office and place of business is situated at SICOM Building, Sir Celicourt Antelme Street, Port Louis, Mauritius.

The Company is engaged in depository business, investment business, finance and operating lease activities and the granting of loans. The Company holds a deposit taking licence from the Bank of Mauritius as a non-bank deposit taking and a leasing licence from the Financial Services Commission ("FSC"). It also holds a Collective Investment Scheme ("CIS") Manager Licence from the FSC for the management of its two Unit Trusts, namely SICOM Overseas Diversified Fund and SICOM General Fund.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company. The directors have authorised the issue of the financial statements on 30 September 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, Banking Act 2004, Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Company are concerned.

The financial statements have been prepared on a historical cost basis, except where otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The financial statements are presented in Mauritian Rupees ("Rs") which is also the Company's functional currency.

2.2 Going concern

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

2.3 Basis of measurement

New and amended IFRS Accounting Standards that are effective for the current year

A number of amendments to standards and interpretations are effective for annual periods beginning on 01 January 2023 and have been applied in preparing these financial statements.

None of these is expected to have a significant and material effect on the financial statements of the Company in the current reporting period.

For this financial year, the following has been adopted:

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.3 Basis of measurement (cont'd)

New and amended IFRS Accounting Standards that are effective for the current year (cont'd)

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

The amendments require that an entity discloses its material accounting policy information, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whilst changes in accounting policies are generally applied retrospectively to past transactions and other past events.

Amendments to IAS 12 - Deferred Tax related to assets and liabilities arising from a single transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

New and revised IFRS Accounting Standards in issue but not yet effective

Amendments to IFRS 16 sale and leaseback transaction with variable payments that do not depend on an index or rate

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that related to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 - Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The amendments are effective for reporting periods beginning on or after 1 January 2024.

Amendments to IAS 7 and IFRS 7 - Supplier finance

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The amendments are effective for reporting periods beginning on or after 1 January 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.3 Basis of measurement (cont'd)

New and revised IFRS Accounting Standards in issue but not yet effective (*cont'd*)

Amendments to IAS 21 - Lack of exchangeability

These amendments will apply when an entity has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments are effective for reporting periods beginning on or after 1 January 2025.

Management has not yet considered the potential impact of the application of these amendments on the financial statements.

2.4 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.5 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

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

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

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

<u>Amortised cost and effective interest rate</u>

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income or expense over the relevant period

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Debt instruments at amortised cost or at FVTOCI

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principals and interests ("SPPI").

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

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

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

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Company's loan portfolio comprises loans to customers that are held for collecting contractual cash flows, loans granted to staff members, and speedy loans, which are loans granted to government employees under a specific scheme.

Certain debt securities are held by the Company in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Company considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows and has thus classified these at amortised cost.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are:

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

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 2.4.

2.7 Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets.

During the current financial year and previous accounting period there was no change in the business model classification.

Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described in notes 2.9 and 2.10.

2.8 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVTOCI is not recognised in profit or loss on derecognition of such securities but instead transferred to retained earnings.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

2.9 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Company renegotiates loans or lease receivables to customers in financial difficulty to maximise collection and minimise the risk of default. A loan or lease receivable forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.10 Modification of financial assets (cont'd)

The revised terms in most of the cases include an extension of the maturity of the credit facility, changes to the timing of the cash flows of the credit facility (principal and interest repayment) and any reduction in the amount of cash flows due (principal and interest forgiveness).

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Company deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Company considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

Refer to note 2.11 (F) for more details on approach taken for impairment losses on modified financial assets.

2.10 Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- loans and advances to customers;
- net investment in finance leases;
- deposits with financial institutions;
- cash and cash equivalents;
- other assets; and
- loan and lease commitments issued.

No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in note 2.11 (B).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

The Company's policy is always to measure loss allowances for lease receivables as lifetime ECL. The Company has thus applied the simplified approach ("provision matrix") for computing ECLs on its lease receivable book, as detailed below under 2.11 (A).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan and lease commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan/lease and the cash flows that the Company expects to receive if the loan/ lease is drawn down.

More information is available in note 2.11(C) on the ECL methodology applied by the Company in respect to its loan book.

(A) Simplified approach for lease receivables

The Company applies the IFRS 9 simplified approach to measure the lifetime ECLs on its lease receivables. Through this approach, the Company recognises the ECLs at each reporting date, from the initial recognition.

To measure the ECLs, the Company has grouped its lease receivables based on shared credit risk characteristics (e.g. by sectors) and days past due.

Initially, the entire lease portfolio are allocated into pre-defined sectors per the Bank of Mauritius sector-wise distribution by sectors, and further disaggregated based on specific parameters, determined by management.

<u>Computing the Probability of Default ("PD") under the simplified approach:</u>

The Company determines the default rate based on the provision matrix, which uses the free-flow rate method based on the Company's observed historical default rates. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company further calibrates the provision matrix to adjust the historical credit loss experience with forward looking information. For example, if the forecast economic conditions (e.g. gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in any particular sector, the historical observed default rates are updated, and changes in the forward looking estimates are analysed and the assessment of correlation between historical observed default rates and the forward economic information refreshed.

Considering the imperfect relation dependent and independent variables, management has determined the weighted average default rate for the purpose of computing the ECLs, which are adjusted for expected changes in the Mauritian economy, based on management's estimates, to arrive at the probability weighted lifetime loss rate.

Given that all leases are secured by the underlying collaterals, the Company has determined the LGD by determining the fair value of the collaterals on a sample basis to provide a representative unbiased picture of its whole lease book (e.g. by covering model, year of purchase, type of asset, etc). The fair value of the collateral has been performed by independent reputed valuers. The fair value of the collateral is further adjusted to incorporate the estimated cost to sell based on past experience and an additional haircut based on management's best estimate of the expected loss observed from the historical proceeds received from the sale of a repossessed asset against its fair value at the time of repossession.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(A) Simplified approach for lease receivables

This haircut is applied to arrive at the expected cash flows expected from foreclosure of the asset. The net fair value of the collaterals is arrived after applying the adjustments for the cost to sell and the haircut and compared against the total lease receivable outstanding and arrears, to determine the LGD.

Computing the ECLs

ECLs are computed as the product of the LGD and the PD as detailed above, and the exposure at default ("EAD") which is the lease receivable inclusive of accrued interest at period end.

For the performing book (i.e. leases which are not more than 90 days overdue), the bucket wise probability weighted PDs is applied to the lease receivable and the corresponding LGD at period end.

For the non-performing book, i.e. leases which are more than 90 days overdue which management considers as being in default, the Company performs an individual assessment of the lease by considering the value of the underlying collateral, sustainability of any business plans, availability of any other financial support, subsequent receipts, and the timing of any future cash flows. The impairment loss is computed by comparing the expected cash flows (recoverable amount) against the outstanding lease receivable amount at the end of each reporting period. The PD of the impaired asset is assumed to be at 100%.

(B) General ("Three Stage") approach for other financial instruments

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in credit risk since initial recognition ("SICR").

SICR

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The Company has applied the backstop of 30 days as prescribed under IFRS 9 and a financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments, i.e. would move from Stage 1 to Stage 2.

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

- Short term forbearance;
- Standing order or direct debit cancellation;
- Extension to terms granted; and
- Previous arrears within the last 12 months.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(B) General ("Three Stage") approach for other financial instruments

SICR

For wholesale customers, if the borrower is on the watchlist or if the instrument meets one or more of the below criteria:

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance* or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; and
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/leases.

Stage classification

Exposures would be classified into three stages as follows:

Stage 1	Exposures for where a significant increase in credit risk has not occurred since origination. For these exposures, 12-month ECLs are recognised.
Stage 2	Exposures for which a significant increase in credit risk has occurred since origination. The Company assesses whether a significant increase in credit risk has occurred based on qualitative and quantitative drivers; as well as exposures that are more than 30 days past due contractual payment date. Lifetime ECLs are recognised for these assets.
Stage 3	Exposures which meet the definition of default. The Company has defined default as exposures that are more than 90 days past due, forbearance, as well as indicators that an exposure is unlikely to pay. Lifetime expected credit losses are recognised for these assets.

(C) Measuring ECLs under the general approach

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

ECL = PD x LGD x EAD

Financial statement	ECL approach
Cash and cash equivalents Deposits with financial institutions	Credit risk from balances with banks and financial institutions is considered to be negligible since the counterparties are reputed financial institutions with high quality external credit ratings. Based on management's assessment, the ECLs have been computed using a 12-month PD under Stage 1 and LGD under the Basel III recommendations.
Investment securities	Investment securities at amortised cost represent investments made in bonds issued by the Government of Mauritius. The sovereign risk is considered to be negligible. Based on management's assessment, the ECLs have been computed using a 12-month PD under Stage 1 and LGD under the Basel III recommendations.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(C) Measuring ECLs under the general approach (cont'd)

ECL = PD x LGD x EAD

Financial statement	ECL approach
Loans and advances	The Company has two types of loans, namely staff loans and speedy loans to civil servants, employees of parastatal bodies, state-owned companies, public entities & pensioners of schemes administered by SICOM. The monthly repayment for both the staff and speedy loans is automatically done from the borrowers' monthly salary by "check-off". Given the absence of any default since the set-up of the speedy loan scheme, and the very low levels of arrears, the Bank has applied a hybrid approach for the computation of the ECLs, taking into account the following: • A proxy model whereby management has considered the industry observed ECL as well as the attrition rate in the region for the public sector; • The Basel III prescribed LGDs for unsecured exposures and associated PDs; and • Specific client sectors which management considers to represent higher credit risk for which an additional provisioning has been provided (E.g. gambling).
Other assets	Other assets include receivables from related parties as well as other short-term debtors (e.g. rental income receivable, residual value receivable, registration fees, etc.). Given the history of no write offs and post year end receipts, the entire receivables have been categorised as under Stage 1 and a corresponding ECL computed.

(D) Default

The Company considers a financial asset to be in default when contractual payments are more than 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held.

A loan is considered to be non-performing when the days in default are more than 90 days past due.

(E) Write offs

Loans, lease receivables and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains, which will be presented under 'other income' in profit or loss.

The Company is also guided by the requirements set out by the internal policies on write offs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Impairment of financial assets (cont'd)

(F) Modification loss

Refer to Note 2.10 for details of modification of a financial asset and when it can result in a derecognition. This note provides details on the ECLs.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan/ lease is considered to be originated-credit impaired. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Company's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan/ lease is credit impaired due to the existence of evidence of credit impairment (see above), the Company performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan/ lease is no longer credit-impaired. The loss allowance on forborne loans/ leases will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance on modification of financial assets'. Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original). Modification losses for financial assets are included in profit or loss.

(G) Presentation of ECLs in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the revaluation reserve; and
- for loan commitments as a provision under "other liabilities".

(H) Movement between stages

Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Except for renegotiated leases, financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.12 Financial liabilities

Financial liabilities carried at amortised cost consist mainly of deposits from customers and other liabilities. All financial liabilities are recognised initially at fair value and in the case of any borrowings, net of transaction costs incurred. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the effective interest rate method (EIR) amortisation process.

2.13 Offsetting financial instruments and transactions

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

2.14 Leasing

<u>The Company as a lessee</u>

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessee (cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

The Company did not make any such adjustments during the periods presented.

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss

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

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

The Company as a lessor

The Company is engaged in the provision of leases to both individuals and corporates. The Company's portfolio is made up of principally motor vehicles and equipment. As part of the wider risk management principles of the Company, the risks associated with the lease portfolio was monitored through a strong credit assessment, determining the financed amount as part of the cost of the asset based on the customers' credit risk profile, and considering other collaterals where applicable (e.g. guarantors).

The Company, as a lessor, recognises and measures the rights and obligations under a lease as per the general requirements of *IFRS 16 Leases*. Consequently those rights and obligations are not subject to the general recognition and measurement requirements of *IFRS 9 Financial Instruments*. However, the lease receivables recognised by the Company are subject to the derecognition and impairment requirements of IFRS 9 which have been described in notes 2.9 and 2.11(A).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessor

(i) Recognition and initial measurement for finance lease receivables

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Company, and thus the lease payment receivable is treated by the Company as repayment of principal and interest income to reimburse and reward the lessor for its investment and services. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

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

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Company aims to allocate interest income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Company's finance lease receivable.

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in finance lease receivables.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease receivables to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the Company's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease is revised and any reduction in respect of amounts accrued is recognised immediately.

Operating leases

Assets leased out under operating leases are included in equipment in the statement of financial position. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Assets classified as operating leases are depreciated over their useful lives on a basis consistent with similar fixed assets.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks. For the purpose of the presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of less than three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.16 Investment securities

Investment securities comprise investments in:

i) Quoted equities designated at FVTOCI in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition and impairment is not recognised in profit or loss;
ii) Unquoted equities whose business model is to hold to collect contractual cash flow. The contractual cash flow does not meet the SPPI test since return are not fixed and depends on the performance of the funds. These have thus been classified as FVTPL.
iii) Debt instruments held to collect contractual cash flow and gave rise to cash flows representing sole payment and payments of principal and interest. These are classified and measured as debt instruments at amortised cost.

2.17 Loans and advances

The 'loans and advances' caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method. Expected credit losses on these loans and advances are computed in the manner described in note 2.11(C).

2.18 Equipment

Recognition and measurement

Equipment is initially stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required.

Cost of an item of equipment includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing equipment at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an item of equipment. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Items of equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of equipment have different useful lives, then they are accounted for as separate items (major components) of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. The gain or loss arising on the disposals or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.18 Equipment (cont'd)

Depreciation

Depreciation is calculated to write off the cost of items of equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of equipment for the current and comparative periods are as follows:

Improvement to leasehold building	10%
Furniture and fittings	10%
Computer equipment	20%
Motor vehicles	5- 7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

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

Assets under operating leases are depreciated over their expected useful lives net of any residual value.

2.19 Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and are assessed at each reporting period whether there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 5 to 12.5 years.

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 in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.20 Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on guidance from independent tax advisors.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit,and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current tax and deferred tax for the year

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

Other tax exposures

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The Corporate Social Responsibility (CSR) charge for the current period is measured at the amount expected to be paid to the Mauritius Revenue Authority. The Company is also subject to the Advanced Payment System (APS) whereby it pays income tax on a quarterly basis.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.21 Deposits from customers

Deposits are received from individual and corporate clients. Deposits are repayable and derecognised on demand or when the deposits come to maturity. Deposits are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.22 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders and the Bank of Mauritius.

2.23 Retirement benefit obligations

Defined contribution plan

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

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

Defined benefit plan

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

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

Remeasurement of the net defined benefit liability, which comprise 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 Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period 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 period 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.

Unfunded benefits

In addition to the Defined Benefit Plan, the Company also provides benefits outside the pension funds to members of the defined benefit plans.

The liability recognised in the statement of financial position in respect of unfunded benefits is the present value of the unfunded obligation at the end of the reporting period. The unfunded obligation is calculated annually by independent actuaries using the projected unit credit method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.23 Retirement benefit obligations (Cont'd)

Unfunded benefits (cont'd)

Remeasurement of the net unfunded liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, 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 Company determines the interest expense on the unfunded liability for the period by applying the discount rate used to measure the unfunded obligation at the beginning of the annual period to the unfunded liability, taking into account any changes in the unfunded liability during the period as a result of benefit payments. Interest expense 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.

State Plan

Contributions to the Contribution Sociale Generalisee plan are expensed to the profit or loss in the period in which they fall due.

Short term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.24 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.25 Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.26 Repossessed assets pending disposal

Repossessed assets pending disposal are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.27 Foreign currencies

Functional and presentation currency

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

Monetary assets and monetary liabilities denominated in foreign currencies at the end of each reporting period are translated into Mauritian rupees at the rate of exchange ruling at that date. Foreign currency transactions are converted into Mauritian rupees at the exchange rate ruling at the dates of the transactions. Exchange differences arising on the settlement and the retranslation of monetary items are recognised in profit or loss.

2.28 Interest income and expense

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

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

2.29 Income from leasing business

Finance lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return on the net investment amount outstanding on the finance leases.

Operating lease income is recognised over the term of the lease using the straight-line method over the lease term.

2.30 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been reclassified to conform with changes in presentation in the current year.

As required by the Bank of Mauritius *Guideline on Public Disclosure of Information*, disclosures have been made with comparative information for two years.

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Classification as finance or operating leases

The directors have considered the guidance set out in IFRS 16 Leases to determine the classification of leases as finance or operating leases, and had to consider whether the significant risks and rewards of ownership are transferred to the lessees.

Establishing groups of assets with similar credit risk characteristics

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 2.11(A) for details of the characteristics considered in this judgement. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Key estimation uncertainty

Discount rate used to determine the carrying amount of the Company's defined benefit obligation

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the Company's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 17.

Incremental borrowing rate used to determine the value of right-of-use assets

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities in line with the principles set out under IFRS 16. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects the rate the Company 'would be subject to', which requires either estimation when no observable rates are available or adjustments to reflect the terms and conditions of the lease.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key estimation uncertainty (cont'd)

Calculation of loss allowance

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on lease receivables between 1 and 90 days past due had been 5 per cent higher (lower) as of 30 June 2024, the loss allowance on lease receivables would have been Rs 0.02 million higher(lower) (2023: Rs 0.01 million) higher(lower).

The impact of a 5 per cent increase/decrease in the ECL rates on the loss allowance of lease receivables between 91 and 180 days as of 30 June 2024 would have been Rs 0.01 million higher (lower). (2023: 0.05 million). If the ECL rates on lease receivables between 181 and 360 days past due had been 5 per cent higher (lower) as of 30 June 2024, the loss allowance on lease receivables would have been Rs 0.01 million higher (lower) (2023: Rs 0.05 million) higher(lower).

If the loss rate on the loan book would have been 5% higher as of 30 June 2024, the total impairment provisioning on the loan portfolio would have been Rs 0.05 million higher (2023: Rs 0.05 million).

4. CATEGORIES OF FINANCIAL INSTRUMENTS

	At amortised cost	FVTOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 2024				
Financial assets				
Cash and cash equivalents	**98,156,521**	**-**	**-**	**98,156,521**
Investment securities	**122,154,425**	**1,027,500**	**53,576,696**	**176,758,621**
Deposits with financial institutions	**339,744,629**	**-**	**-**	**339,744,629**
Loans and advances to customers	**704,067,065**	**-**	**-**	**704,067,065**
Net investment in finance lease	**1,022,262,638**	**-**	**-**	**1,022,262,638**
Other assets	**17,903,293**	**-**	**-**	**17,903,293**
Financial liabilities				
Deposits from customers	**1,991,934,932**	**-**	**-**	**1,991,934,932**
Lease liabilities	**11,417,139**	**-**	**-**	**11,417,139**
Other liabilities	**17,893,203**	**-**	**-**	**17,893,203**
Dividend payable	**21,868,264**	**-**	**-**	**21,868,264**

	At amortised cost	FVTOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 2023				
Financial assets				
Cash and cash equivalents	50,969,311	-	-	50,969,311
Investment securities	122,553,134	891,000	46,142,735	169,587,869
Deposits with financial institutions	375,466,820	-	-	375,466,820
Loans and advances to customers	707,035,845	-	-	707,035,845
Net investment in finance lease	755,215,794	-	-	755,215,794
Other assets	6,157,969	-	-	6,157,969
Financial liabilities				
Deposits from customers	1,601,514,322	-	-	1,601,514,322
Lease liabilities	12,702,584	-	-	12,702,584
Other liabilities	9,927,695	-	-	9,927,695
Dividend payable	21,297,528	-	-	21,297,528

4. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	At amortised cost	FVTOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 2022				
Financial assets				
Cash and cash equivalents	249,629,110	-	-	249,629,110
Investment securities	250,098,180	852,000	41,289,493	291,472,673
Deposits with financial institutions	571,406,336	-	-	571,406,336
Loans and advances to customers	569,897,626	-	-	569,897,626
Net investment in finance lease	697,103,005	-	-	697,103,005
Other assets	6,558,981	-	-	6,558,981
Financial liabilities				
Deposits from customers	1,912,824,781	-	-	1,912,824,781
Lease liabilities	13,931,569	-	-	13,931,569
Other liabilities	5,241,985	-	-	5,241,985
Dividend payable	8,460,265	-	-	8,460,265

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5. CASH AND CASH EQUIVALENTS

	2024	2023	2022
	Rs.	Rs.	Rs.
Cash at bank	**91,697,951**	45,220,241	31,254,786
Call deposits	**6,458,570**	5,749,070	218,374,324
Cash and cash equivalents (current)	**98,156,521**	50,969,311	249,629,110

Call deposits bear interests in the range of 0.00% to 1.98% (2023: 0.00% to 3.04% and 2022: 0.00% to 0.75%) per annum. Management has assessed the impact of the allowance for expected credit losses on cash and cash equivalents as not being material for both the current and prior years.

6. INVESTMENT SECURITIES

	Quoted equity instruments designated at FVTOCI*	**Unquoted equity instruments measured at FVTPL**	**Debt instruments measured at amortised Cost**	**2024 Total**	2023 Total	2022 Total
	Rs.	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.
At 1 July	**891,000**	**46,142,735**	**122,651,255**	**169,684,990**	292,440,081	299,613,086
Additions	**-**	**1,945,255**	**-**	**1,945,255**	2,084,357	1,308,108
Redemptions	**-**	**-**	**-**	**-**	(127,788,842)	-
Increase/(decrease) in fair value	**136,500**	**5,488,706**	**-**	**5,625,206**	2,807,885	(7,947,944)
Interest and amortisation of premium /discount	**-**	**-**	**(399,028)**	**(399,028)**	141,509	(533,169)
At 30 June	**1,027,500**	**53,576,696**	**122,252,227**	**176,856,423**	169,684,990	292,440,081
Allowance for expected credit losses (Stage 1)	-	-	**(97,802)**	**(97,802)**	(98,121)	(200,408)
	1,027,500	**53,576,696**	**122,154,425**	**176,758,621**	169,586,869	292,239,673
<u>Remaining term to maturity:</u>						
- Between 1 to 5 years *(Non-Current)*	**-**	**-**	**122,154,425**	**122,154,425**	122,553,134	152,250,446
- More than 5 years *(Non-Current)*	**-**	**-**	**-**	**-**	-	97,847,734
- no fixed term	**1,027,500**	**53,576,696**	**-**	**54,604,196**	47,033,735	42,141,493
	1,027,500	**53,576,696**	**122,154,425**	**176,758,621**	169,586,869	292,239,673

*The FVTOCI designation was made because the investments are expected to be held for the long term for strategic purposes and recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy and realising their performance potential in the long run.

6. INVESTMENT SECURITIES (CONT'D)

	2024	2023	2022
	Rs.	Rs.	Rs.
Allowance for expected credit losses - Stage 1			
At beginning of the year	**98,121**	200,408	426,414
Release of allowances for expected credit losses	**(319)**	(102,287)	(226,006)
At end of the year	**97,802**	98,121	200,408

Allowances for expected credit losses on investments in government bonds are classified under stage 1 and there was no movement between stages during the years 2024, 2023 and 2022.

(i) Investment securities at FVTPL comprise principally unquoted securities in local funds. The fair value is based on the ex-div Net Asset Value ("NAV") of the underlying funds at the end of the reporting date.

(ii) Investment securities at FVTOCI comprise principally local quoted securities. The fair value of local quoted securities is based on the latest market price published by the Stock Exchange of Mauritius at the end of the reporting date.

(iii) Debt instruments at amortised cost comprise investments in Government of Mauritius Bonds bearing interests at rates in the range of 5.00% to 8.29% (2023 and 2022: ranging from 5.00% to 8.29%) per annum and maturing between August 2027 and January 2028.

7. DEPOSITS WITH FINANCIAL INSTITUTIONS

These consist of deposits with local banks and other financial institutions for period ranging from one to five years and with interest at rates in the range of 3.40% to 5.42% (2023: 3.40% to 5.42%, 2022: 3.00% to 9.50%) per annum.

	2024	2023	2022
	Rs	Rs	Rs
Term deposits	**315,000,000**	365,000,000	552,954,663
Accrued interest receivable	**25,127,272**	10,889,696	19,167,813
	340,127,272	375,889,696	572,122,476
Less: allowance for expected credit losses (Stage 1)	**(382,643)**	(422,876)	(716,140)
	339,744,629	375,466,820	571,406,336
Remaining term to maturity			
Current			
Over 6 months and up to 12 months	**-**	-	24,271,560
Non-Current			
Over 1 year and up to 5 years	**340,127,272**	375,889,696	547,850,916
	340,127,272	375,889,696	572,122,476
Allowance for expected credit losses - Stage 1			
At beginning of the year	**422,876**	716,140	2,353,286
Release of allowances for expected credit losses	**(40,233)**	(293,264)	(1,637,146)
At end of the year	**382,643**	422,876	716,140

Allowance for expected credit losses on deposits with financial institutions are classified under stage 1 and there was no movement between stages during the years 2024, 2023 and 2022.

8. LOANS AND ADVANCES TO CUSTOMERS

	Note	2024	2023	2022
		Rs.	Rs.	Rs.
Staff loans	8.1	2,977,652	3,238,018	3,694,307
Speedy loans	8.2	701,089,413	703,797,827	566,203,319
		704,067,065	707,035,845	569,897,626

8.1 Staff loans

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	3,247,110	3,704,680	3,783,929
Additions	216,900	-	700,000
Repayments	(477,266)	(457,570)	(779,249)
	2,986,744	3,247,110	3,704,680
Less: allowance for expected credit losses (Stage 1)	(9,092)	(9,092)	(10,373)
At 30 June	2,977,652	3,238,018	3,694,307

	2024	2023	2022
Allowance for expected credit losses - Stage 1	Rs.	Rs.	Rs.
At beginning of the year	9,092	10,373	34,812
Release of allowances for expected credit losses	-	(1,281)	(24,439)
At end of the year	9,092	9,092	10,373

Allowance for expected credit losses on staff loans are classified under stage 1 and there was no movement between stages during the years 2024, 2023 and 2022.

	2024	2023	2022
	Rs.	Rs.	Rs.
Remaining term of maturity			
Current			
Up to 3 months	149,587	115,447	113,123
Over 3 months and up to 6 months	149,587	114,134	113,965
Over 6 months and up to 1 year	299,175	230,848	230,483
Non-current			
Over 1 year and up to 5 years	2,063,426	1,781,839	1,820,727
Over 5 years	324,969	1,004,842	1,426,382
	2,986,744	3,247,110	3,704,680

Staff loans bear interest at 2.00% to 4.00% (2023 and 2022: 2.00% to 4.00%) per annum and have repayment terms ranging between three to seven years. These relate principally to loans granted to staff members of the Company. Loans granted to staff members are categorised under the "Personal" category as per the Bank of Mauritius classification.

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

8.2 Speedy loans

	2024	2023	2022
	Rs	Rs	Rs
Gross amount	**701,999,426**	704,698,345	566,289,058
Less: allowance for expected credit losses (Stage 1)	**(910,013)**	(900,518)	(85,739)
At 30 June	**701,089,413**	703,797,827	566,203,319
Remaining term to maturity			
Current			
Up to 3 months	**46,670,565**	37,331,977	23,106,814
Over 3 months and up to 6 months	**34,259,219**	29,581,957	21,296,923
Over 6 months and up to 12 months	**69,288,053**	60,155,155	43,166,524
Non-current			
Over 1 year and up to 5 years	**501,834,351**	496,907,174	367,456,672
Over 5 years	**49,947,238**	80,722,082	111,262,125
	701,999,426	704,698,345	566,289,058

	2024	2023	2022
Allowance for expected credit losses - Stage 1	**Rs.**	Rs.	Rs
At beginning of the year	**900,518**	85,739	1,876,154
Charge/(Credit) for the year	**9,495**	814,779	(1,790,415)
At end of the year	**910,013**	900,518	85,739

Speedy loans bear interest at the rate of 5.9% to 8.7% per annum (2023: 5.9% to 8.7% and 2022: 5.9%) and have repayment terms ranging between one to seven years. These loans are categorised under the "Personal" category as per the Bank of Mauritius classification.

9. EQUIPMENT

	Computer Equipment	Furniture and Fittings	Motor Vehicles	Motor Vehicles under operating lease	Total
COST	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2021	4,174,590	584,411	512,648	11,539,836	16,811,485
Disposal	-	-	-	(515,874)	(515,874)
Additions	190,413	637,721	-	-	828,134
At 30 June 2022	4,365,003	1,222,132	512,648	11,023,962	17,123,745
Disposal	-	-	(512,648)	(2,195,191)	(2,707,839)
Additions	-	42,570	-	36,218,584	36,261,154
At 30 June 2023	4,365,003	1,264,702	-	45,047,355	50,677,060
Additions	-	-	-	111,890,466	111,890,466
At 30 June 2024	**4,365,003**	**1,264,702**	**-**	**156,937,821**	**162,567,526**
DEPRECIATION					
At 1 July 2021	3,515,438	448,310	512,648	5,575,477	10,051,873
Disposal	-	-	-	(371,429)	(371,429)
Charge for the year	281,234	97,773	-	1,519,977	1,898,984
At 30 June 2022	3,796,672	546,083	512,648	6,724,025	11,579,428
Disposal	-	-	(512,648)	(1,448,384)	(1,961,032)
Charge for the year	248,798	130,390		1,658,409	2,037,597
At 30 June 2023	4,045,470	676,473	-	6,934,050	11,655,993
Charge for the year	75,911	78,117	-	13,785,614	13,939,642
At 30 June 2024	**4,121,381**	**754,590**	**-**	**20,719,664**	**25,595,635**
NET BOOK VALUE					
At 30 June 2022	568,331	676,049	-	4,299,937	5,544,317
At 30 June 2023	319,533	588,229	-	38,113,305	39,021,067
At 30 June 2024	**243,622**	**510,112**	**-**	**136,218,157**	**136,971,891**

The directors have reviewed the carrying value of the equipment of the Company and are of the opinion that at 30 June 2024, the carrying value has not suffered any impairment (2023 and 2022: Nil).

9. EQUIPMENT (CONT'D)

Equipment include motor vehicles leased out under operating leases to third parties, that are expected to generate yield 6.0% to 9.75% (2023: 6.0% to 9.0% and 2022: 8%) on an ongoing basis. The motor vehicles held have committed lessees up to seven years.

At the end of the reporting period, the Company has contracted with lessees the following future income (including buy-back options):

	Motor Vehicles		
	2024	2023	2022
	Rs.	Rs.	Rs.
Within one year	**27,313,314**	8,387,200	2,442,067
In the first to the second year	**26,063,314**	7,937,100	2,303,261
In the second to the third year	**26,063,314**	6,687,100	-
In the third to the fourth year	**36,693,205**	6,687,100	-
In the fourth to the fifth year	**32,439,365**	9,772,043	-
In the fifth to the sixth year	**4,327,690**	6,167,016	-
In the sixth to the seventh year	**1,449,559**	335,454	-
	154,349,761	45,973,013	4,745,328

10. INTANGIBLE ASSETS

	Computer Software
COST	Rs.
At 1 July 2021	14,673,960
Additions	763,962
At 30 June 2022	15,437,922
Additions	182,480
At 30 June 2023	15,620,402
Additions	25,300
At 30 June 2024	**15,645,702**
AMORTISATION	
At 1 July 2021	12,694,142
Charge for the year	1,265,231
At 30 June 2022	13,959,373
Charge for the year	505,786
At 30 June 2023	14,465,159
Charge for the year	205,950
At 30 June 2024	**14,671,109**
NET BOOK VALUE	
At 30 June 2022	1,478,549
At 30 June 2023	1,155,243
At 30 June 2024	**974,593**

The directors have reviewed the carrying value of the intangible assets of the Company and are of the opinion that at 30 June 2024, the carrying value has not suffered any impairment (2023 and 2022: Nil).

11. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and movement during the year:

Cost

	2024	2023	2022
	Rs	Rs	Rs
At beginning of the year	**14,720,757**	14,720,757	12,098,879
Additions	**-**	-	14,720,757
Termination	**-**	-	(12,098,879)
At 30 June	**14,720,757**	14,720,757	14,720,757

Depreciation

	2024	2023	2022
	Rs	Rs	Rs
At beginning of the year	**2,453,460**	981,384	2,419,776
Charge for the year	**1,472,076**	1,472,076	1,384,680
Termination	**-**	-	(2,823,072)
At 30 June	**3,925,536**	2,453,460	981,384
Net book value	**10,795,221**	12,267,297	13,739,373

Lease liabilities

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	2024	2023	2022
	Rs	Rs	Rs
At beginning of the year	**12,702,584**	13,931,569	10,193,990
Interest expense	**538,479**	594,939	614,713
Payable	**-**	-	(162,133)
Payments	**(1,823,924)**	(1,823,924)	(1,580,799)
Additions	**-**	-	14,720,757
Termination	**-**	-	(9,854,959)
At 30 June	**11,417,139**	12,702,584	13,931,569

	2024	2023	2022
	Rs	Rs	Rs
Analysed as:			
Current	**1,344,493**	1,285,444	1,228,982
Non-current	**10,072,646**	11,417,140	12,702,587
	11,417,139	12,702,584	13,931,569

11. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

Lease liabilities (cont'd)

	2024	2023	2022
	Rs	Rs	Rs
Disclosure required by IFRS 16:			
Maturity analysis			
Year 1	**1,344,497**	1,285,444	1,333,913
Year 2	**1,406,263**	1,344,497	1,180,515
Year 3	**1,470,866**	1,406,263	1,344,497
Year 4	**1,538,438**	1,470,866	1,406,263
Year 5	**1,609,113**	1,538,438	1,470,866
Onwards	**4,047,962**	5,657,076	7,195,515
	11,417,139	12,702,584	13,931,569

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:	**2024**	2023	2022
	Rs	Rs	Rs
Depreciation expense of right-of-use assets	**1,472,076**	1,472,076	1,384,680
Interest expense on lease liabilities (Note 21)	**538,479**	594,939	614,713
Gain on termination of rental agreement with holding company (Note 26)	**-**	-	579,151

The total cash outflow for leases was Rs 1,823,924 (2023: Rs 1,986,006 and 2022: Rs 1,580,799).

12. NET INVESTMENT IN FINANCE LEASES

		2024	2023	2022
		Rs.	Rs.	Rs.
(a)	Gross investment in finance leases	**1,023,197,493**	759,431,162	698,137,653
	Interest receivable	**7,702,317**	3,306,447	3,232,805
	Investment in finance leases before ECL	**1,030,899,810**	762,737,609	701,370,458
	Allowance for expected credit losses	**(8,637,172)**	(7,521,815)	(4,267,453)
	Net investment in finance leases	**1,022,262,638**	755,215,794	697,103,005

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(b) Gross and net investment in finance leases

	2024	2023	2022
	Rs.	Rs.	Rs.
Gross investment in finance leases:-			
- Within one year	**301,748,828**	236,877,636	216,366,833
- Within 1 to 2 years	**268,230,129**	197,353,650	191,960,009
- Within 2 to 3 years	**223,139,702**	168,068,930	147,564,214
- Within 3 to 4 years	**176,358,733**	120,673,284	115,603,091
- Within 4 to 5 years	**120,101,285**	73,180,593	65,123,419
- More than five years	**101,060,831**	53,130,503	38,545,290
	1,190,639,508	849,284,596	775,162,856
Less: Unearned finance income	**(191,170,584)**	(104,769,625)	(88,820,345)
	999,468,924	744,514,971	686,342,511
Instalments due	**31,430,886**	18,222,638	15,027,947
Allowance for expected credit losses	**(8,637,172)**	(7,521,815)	(4,267,453)
Present value of minimum lease payments receivable	**1,022,262,638**	755,215,794	697,103,005

(c) Investment in finance leases before ECL analysed as follows:

Current	**268,557,190**	217,773,504	197,518,650
Non-Current	**762,342,620**	544,964,105	503,851,808
Total	**1,030,899,810**	762,737,609	701,370,458

Credit concentration of risk by industry sectors

	2024	2023	2022
	Rs.	Rs.	Rs.
Manufacturing	**11,000,304**	7,719,507	4,182,646
Transport	**89,503,137**	59,829,507	45,105,656
Construction	**53,877,490**	21,133,594	15,214,057
Personal	**628,033,649**	490,924,934	505,772,890
Financial and business services	**72,583,641**	54,689,819	24,288,482
Education	**8,903,164**	8,735,117	4,995,298
Tourism	**24,709,650**	19,445,942	20,993,158
Information, Communication and Technology	**14,366,436**	12,395,006	12,593,985
Others*	**119,285,167**	80,342,368	63,956,833
	1,022,262,638	755,215,794	697,103,005

**(Includes Wholesale, Health,Agriculture and Security Services)*

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(d) Allowance for expected credit losses

	ECL on non-performing leases	ECL on performing leases	Total
	Rs.	Rs.	Rs.
At 1 July 2021	9,365,620	802,213	10,167,833
Provision released during the year	(5,509,979)	(390,401)	(5,900,380)
At 30 June 2022	3,855,641	411,812	4,267,453
At 1 July 2022	3,855,641	411,812	4,267,453
Provision charged during the year	3,029,443	224,919	3,254,362
At 30 June 2023	6,885,084	636,731	7,521,815
At 1 July 2023	**6,885,084**	**636,731**	**7,521,815**
Provision charged for the year	**795,063**	**320,294**	**1,115,357**
At 30 June 2024	**7,680,147**	**957,025**	**8,637,172**

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12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(d) Allowances for expected credit losses (Cont'd)

Analysis by industry sector

	2024					2023	2022
	Gross leases	In default leases	ECL on performing leases	ECL on non-performing leases	Total allowance for expected credit losses	Total allowance for expected credit losses	Total allowance for expected credit losses
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Manufacturing	11,016,569	383,876	16,265	-	16,265	31,261	38,530
Transport	92,890,078	11,735,973	267,869	3,119,072	3,386,941	630,790	639,124
Construction	55,215,695	9,826,418	31,910	1,306,295	1,338,205	175,069	98,763
Personal	630,786,622	35,495,484	401,495	2,351,478	2,752,973	6,145,595	3,480,337
Financial and business services	72,693,290	8,675,581	7,046	102,603	109,649	4,467	6,236
Education	8,904,241	-	1,077	-	1,077	794	820
Tourism	25,139,271	2,443,872	12,658	416,963	429,621	117	-
Information, Communication and Technology	14,420,732	2,825,293	24,381	29,915	54,296	-	1,232
Others*	119,833,312	6,307,668	194,324	353,821	548,145	533,722	2,411
	1,030,899,810	**77,694,165**	**957,025**	**7,680,147**	**8,637,172**	**7,521,815**	**4,267,453**

**(Includes Wholesale, Health,Agriculture and Security Services)*

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(e) Ageing of past due debt

	2024	2023	2022
	Rs.	Rs.	Rs.
1-90 days	**1,196,877**	4,248	398,867
91-180 days	**24,353,698**	10,471,444	3,170,058
181-360 days	**32,852,079**	10,218,550	8,678,626
More than 360 days	**19,291,511**	12,935,857	9,987,307
	77,694,165	33,630,099	22,234,858

Leases are classified as "past-due and impaired", when contractual payments are in arrears for more than 90 days.

(f) Interest rate profile

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 **6.65%** (2023: 6.39% and 2022: 6.44%) per annum with interest rates ranging from 5.75% to 9.50% (2023 and 2022: ranging from 4.95% to 12.5%) per annum.

Unguaranteed residual values of assets leased under finance leases at end of reporting date are estimated at **Rs 20,608,072** (2023: Rs 20,763,765 and 2022: Rs 17,482,207).

(g) Ageing analysis (Provision matrix)

For purpose of the Company's disclosure regarding credit quality, its finance leases have been analysed as follows:

	Net investment in finance leases					
		Days past due				
30 June 2024	**Current**	**1-90 days**	**91 -180 days**	**181- 360 days**	**>360 days**	**Total**
Expected credit loss rate	**0.09%**	**0.12%**	**5.36%**	**6.41%**	**22.01%**	
Estimated total gross carrying amount at default (Rs)	**695,445,912**	**257,759,733**	**29,468,349**	**28,934,305**	**19,291,511**	**1,030,899,810**
Expected credit losses (Rs)	**654,513**	**302,512**	**1,579,585**	**1,854,760**	**4,245,802**	**8,637,172**

12. NET INVESTMENT IN FINANCE LEASES (CONT'D)

(g) Ageing analysis (Provision matrix) (Cont'd)

30 June 2024 (Cont'd)	**Neither past due nor impaired**	**Past due but not impaired**	**Impaired**	**Net Investment in finance leases before impairment**	**Allowance for expected credit losses**	**Net Investment in finance leases**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Leases	**695,445,912**	**257,759,733**	**77,694,165**	**1,030,899,810**	**(8,637,172)**	**1,022,262,638**

	Net investment in finance lease					
		Days past due				
30 June 2023	**Current**	**1-90 days**	**91 -180 days**	**181- 360 days**	**>360 days**	**Total**
Expected credit loss rate	0.07%	0.14%	8.45%	9.47%	38.90%	
Estimated total gross carrying amount at default (Rs)	549,297,914	179,809,596	10,475,692	10,218,550	12,935,857	762,737,609
Expected credit losses (Rs)	380,757	255,974	884,810	968,107	5,032,167	7,521,815

	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Net Investment in finance leases before impairment**	**Allowance for expected credit losses**	**Net Investment in finance leases**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Leases	549,297,914	179,809,596	33,630,099	762,737,609	(7,521,815)	755,215,794

	Net investment in finance lease					
		Days past due				
30 June 2022	**Current**	**1-90 days**	**91 -180 days***	**181- 360 days**	**>360 days**	**Total**
Expected credit loss rate	0.06%	0.08%	0.00%	3.29%	36.67%	
Estimated total gross carrying amount at default (Rs)	537,920,929	141,214,671	3,170,058	9,392,537	9,672,263	701,370,458
Expected credit losses (Rs)	298,667	113,145	-	309,286	3,546,355	4,267,453

	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Net Investment in finance leases before impairment**	**Allowance for expected credit losses**	**Net Investment in finance leases**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Leases	537,920,929	141,214,671	22,234,858	701,370,458	(4,267,453)	697,103,005

** Time buckets with nil allowances for credit losses are a result of collaterisation of the exposures which fully cover the outstanding amounts.*

13. OTHER ASSETS

	2024	2023	2022
	Rs.	Rs.	Rs.
Receivables from group companies			
Dividend receivable	**2,747,751**	2,196,145	2,433,730
Management fees and other receivable from SICOM Unit Trusts	**1,245,616**	560,783	816,421
Amount due from SICOM Unit Trusts	**679,859**	-	-
Amount due from subsidiaries of the Holding Company	-	546,850	856,741
Amount due from holding company	**1,783,888**	392,935	215,340
	6,457,114	3,696,713	4,322,232
Other financial assets			
Operating lease rental due	**8,783,481**	576,455	509,156
Others	**2,692,690**	1,889,431	1,732,834
Less allowance for expected credit losses (stage 1)	**(29,992)**	(4,630)	(5,241)
	11,446,179	2,461,256	2,236,749
Non-financial assets			
Repossessed assets pending disposal	**5,526,000**	6,135,000	8,750,000
Prepayments	**3,585,034**	3,232,858	3,225,209
VAT receivable	**19,721,130**	5,471,134	74,075
	28,832,164	14,838,992	12,049,284
	46,735,457	20,996,961	18,608,265
Current	**44,042,767**	19,107,530	16,371,516
Non-Current	**2,692,690**	1,889,431	2,236,749
	46,735,457	20,996,961	18,608,265

(a) The receivables from group companies are unsecured and non-interest bearing and are usually settled within 30-90 days. Management has assessed the impact of expected credit losses on those receivables as immaterial given the absence of default in the past and that these are usually subsequently settled within 30-90 days.

(b) Others include fees owed by leasing clients which are usually settled at the time of maturity of the lease.

(c) Management has assessed the ECL on operating lease rental due as immaterial for both the current and prior years given that these amounts are recoverable within 1 to 3 months.

(d) There were no transfers between the ECL stages for both the current and prior years.

(e) The movement in repossessed assets pending disposal is as follows:

	2024	2023	2022
	Rs.	Rs.	Rs.
At the beginning of the year	**6,135,000**	8,750,000	-
Transfer from finance leases	-	920,066	12,945,964
Disposal	-	(920,066)	(307,277)
Fees relating to repossessed assets	-	240,745	-
Fair value loss recognised in profit or loss	**(609,000)**	(2,855,745)	(3,888,687)
Closing balance	**5,526,000**	6,135,000	8,750,000

14. DEPOSITS FROM CUSTOMERS

	2024	2023	2022
	Rs.	Rs.	Rs.
Deposits from customers	**1,936,019,011**	1,580,354,918	1,889,340,011
Accrued interest	**55,915,921**	21,159,404	23,484,770
	1,991,934,932	1,601,514,322	1,912,824,781

Time deposits with remaining term to maturity

	2024	2023	2022
	Rs.	Rs.	Rs.
Retail customers			
Current			
Up to 3 months	**26,461,853**	58,022,406	89,849,668
Over 3 months and up to 6 months	**29,633,990**	45,761,572	75,480,301
Over 6 months and up to 12 months	**96,891,699**	93,349,297	94,348,086
Non-Current			
Over 1 year and up to 7 years	**1,017,902,049**	738,370,134	857,531,890
	1,170,889,592	935,503,409	1,117,209,945
Corporate customers			
Current			
Up to 3 months	**10,850,995**	2,383,277	6,610,326
Over 3 months and up to 6 months	**112,933,088**	3,704,885	44,054,077
Over 6 months and up to 12 months	**25,703,257**	9,024,781	148,524,978
Non-Current			
Over 1 year and up to 5 years	**671,558,000**	650,897,970	596,425,455
	821,045,340	666,010,913	795,614,836
TOTAL	**1,991,934,932**	1,601,514,322	1,912,824,781

The time deposits bear interests at rates ranging from 1.35% to 5.25% (2023: 0.7 % to 5.2 % and 2022: 0.3% to 4.50%) per annum.

15. TAXATION

Income Tax

Income tax is calculated at the rate of 17% (2023 and 2022: 17%) on the profit for the year as adjusted for income tax purposes.

(a) Current tax assets

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**979,690**	3,289,141	395,220
Income tax charge for the year	**(471,716)**	(2,877,393)	(1,516,987)
Corporate Social Responsibility tax ('CSR')	**(62,895)**	(383,651)	(203,206)
Tax paid	**1,738,029**	951,593	4,614,114
At 30 June	**2,183,108**	979,690	3,289,141

15. TAXATION (CONT'D)

(b) Tax expense

	2024	2023	2022
	Rs.	Rs.	Rs.
Current tax expense	**471,716**	2,877,393	1,516,987
CSR	**62,895**	383,651	203,206
Underprovision in deferred tax assets in previous year	**-**	-	(4,592,362)
Deferred tax expense	**2,630,530**	1,391,641	1,094,533
Charge/(credit) for the year	**3,165,141**	4,652,685	(1,777,636)

(c) The tax on the Company's profit before tax differs from the theoretical amount that would arise from using the basic tax rate of the Company as follows:

	2024	2023	2022
	Rs.	Rs.	Rs.
Profit before tax	**28,892,511**	29,708,600	8,175,617
Tax at the rate of 17% (2023 and 2022: 17%)	**4,911,727**	5,050,462	1,389,855
Tax effect of:			
- Exempt income	**(3,312,421)**	(2,277,496)	400,682
- Expenses not deductible for tax purposes	**7,689,538**	1,371,307	2,247,921
- Underprovision of deferred tax assets in previous year	**-**	-	(4,592,362)
- Other temporary differences	**(6,123,703)**	508,412	(1,223,732)
Charge/(credit) for the year	**3,165,141**	4,652,685	(1,777,636)

The Finance (Miscellaneous Provisions) Act 2024, which was gazetted on 27 July 2024, introduced a new Corporate Climate Responsibility ("CCR"), levy of 2% of chargeable income as from the year of assessment ("YoA") commencing on 1 July 2024. This new levy is not considered as substantively enacted as at the reporting date under the provisions of IAS 12 *Income Taxes* and hence has not been accrued in these financial statements. The amount payable for the YoA 2024-25 in respect of the financial year ended 30 June 2024 is estimated at Rs 63,000.

(d) Deferred tax assets/(liabilities)

		2024	2023	2022
		Rs.	Rs.	Rs.
(i)	Deferred tax assets	**6,307,779**	6,213,483	4,976,126
	Deferred tax liabilities	**(5,515,315)**	(2,567,109)	(494,521)
		792,464	3,646,374	4,481,605

(ii) The movement in the deferred tax asset is as follows:

	2024	2023	2022
	Rs.	Rs.	Rs.
At the beginning of the year	**3,646,374**	4,481,605	(197,894)
Underprovision in deferred tax in previous year	**-**	-	4,592,362
Charged to profit or loss (note 15(b))	**(2,630,530)**	(1,391,641)	(1,094,533)
(Charged)/credited to other comprehensive income	**(223,380)**	556,410	1,181,670
At 30 June	**792,464**	3,646,374	4,481,605

15. TAXATION (Cont'd)

(d) Deferred tax assets/(liabilities) (Cont'd)

(iii) 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:

Deferred tax liabilities	Accelerated tax depreciation
	Rs.
At 1 July 2021	920,708
Credited to profit or loss	(426,187)
At 30 June 2022	494,521
Charged to profit or loss	2,072,588
At 30 June 2023	**2,567,109**
Charged to profit or loss	**2,948,206**
At 30 June 2024	**5,515,315**

Deferred tax assets

	Allowance for expected credit losses	Retirement benefit obligations	Total
	Rs.	Rs.	Rs.
At 30 June 2021	(469,043)	1,191,857	722,814
Underprovision in previous year	3,006,079	1,586,283	4,592,362
Charged to profit or loss	(1,631,730)	111,010	(1,520,720)
Credited to other comprehensive income	-	1,181,670	1,181,670
At 30 June 2022	905,306	4,070,820	4,976,126
Credited to profit or loss	631,137	49,810	680,947
Credited to other comprehensive income	-	556,410	556,410
At 30 June 2023	**1,536,443**	**4,677,040**	**6,213,483**
Credited to profit or loss	**178,276**	**139,400**	**317,676**
Charged to other comprehensive income	**-**	**(223,380)**	**(223,380)**
At 30 June 2024	**1,714,719**	**4,593,060**	**6,307,779**

16. OTHER LIABILITIES

	2024	2023	2022
	Rs.	Rs.	Rs.
Current			
Staff costs including pension costs, PAYE and passage benefits	**1,231,150**	1,204,357	1,003,760
Audit fee	**706,152**	672,525	640,500
Professional fee	**131,150**	65,559	65,555
Amount due to Holding Company	**1,799,570**	1,600,421	-
Others (including registration and survey fee payable, refunds to clients)	**14,842,613**	6,303,982	4,198,247
Allowance for expected credit losses on undrawn commitments- Stage 1	**19,870**	80,851	39,978
	18,730,505	9,927,695	5,948,040

The above payables are unsecured, non-interest bearing and are usually settled within 30-90 days.

There were no transfers between the ECL stages during the current and prior years.

17. RETIREMENT BENEFIT OBLIGATIONS

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

	2024	2023	2022
	Rs.	Rs.	Rs.
Funded defined benefit obligation	**24,406,000**	25,062,000	21,847,000
Unfunded defined benefit obligation	**2,612,000**	2,450,000	2,099,000
Liability recognised in the statement of financial position	**27,018,000**	27,512,000	23,946,000

The Company operates a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final year leading up to retirement.

The assets of the fund are held independently and administered by State Insurance Company of Mauritius Ltd.

The most recent actuarial valuations of plan assets and the present value of defined benefit obligations were carried out at 30 June 2024 by QED Actuaries & Consultants (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost, were measured using the Projected Unit Credit Method.

(a) Funded pension benefits

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

	2024	2023	2022
	Rs.	Rs.	Rs.
Present value of funded obligations	**50,356,000**	46,842,000	40,511,000
Fair value of plan assets	**(25,950,000)**	(21,780,000)	(18,664,000)
Liability recognised in the statement of financial position	**24,406,000**	25,062,000	21,847,000

(ii) The movements in the statement of financial position are as follows:

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**25,062,000**	21,847,000	15,508,000
Profit or loss charge	**2,749,000**	2,218,000	1,665,000
Other comprehensive income (credit)/charge	**(1,224,000)**	3,129,000	6,705,000
Contributions paid	**(2,181,000)**	(2,132,000)	(2,031,000)
At 30 June	**24,406,000**	25,062,000	21,847,000

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

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**46,842,000**	40,511,000	34,565,000
Current service cost	**1,225,000**	1,019,000	834,000
Administrative expenses and risk premiums	**(137,000)**	(82,000)	(74,000)
Interest expense	**2,894,000**	2,274,000	1,904,000
Employee contributions	**532,000**	512,000	472,000
Benefits paid	**(473,000)**	(451,000)	(434,000)
Liability experience loss	**282,000**	1,937,000	1,972,000
Liability (gain)/loss due to change in financial assumption	**(809,000)**	1,122,000	1,272,000
At 30 June	**50,356,000**	46,842,000	40,511,000

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Funded pension benefits (Cont'd)

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

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**21,780,000**	18,664,000	19,057,000
Interest income	**1,370,000**	1,075,000	1,073,000
Contributions to plan assets	**2,713,000**	2,644,000	2,503,000
Administrative expenses and risk premiums	**(137,000)**	(82,000)	(74,000)
Benefits paid	**(473,000)**	(451,000)	(434,000)
Return on planned assets excluding interest income	**697,000**	(70,000)	(3,461,000)
At 30 June	**25,950,000**	21,780,000	18,664,000

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

	2024	2023	2022
	Rs.	Rs.	Rs.
Current service cost	**1,225,000**	1,019,000	834,000
Net interest on net defined benefit liabilities	**1,524,000**	1,199,000	831,000
Total included in "personnel expenses" (note 24)	**2,749,000**	2,218,000	1,665,000

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

	2024	2023	2022
	Rs.	Rs.	Rs.
Return on plan assets excluding interest income	**(697,000)**	70,000	3,461,000
Liability experience loss	**282,000**	1,937,000	1,972,000
Liability (gain)/loss due to change in financial assumptions	**(809,000)**	1,122,000	1,272,000
Total actuarial (gains)/losses	**(1,224,000)**	3,129,000	6,705,000

(vii) The fair value of the plan assets at the end of the reporting period for each category are as follows:

	2024	2023	2022
	Rs.	Rs.	Rs.
Distribution of plan assets at end of year			
Loans, Government securities and cash	**13,766,475**	12,301,344	16,237,680
Local equities	**12,048,585**	9,363,222	2,239,680
Property	**134,940**	115,434	186,640
Total	**25,950,000**	21,780,000	18,664,000

(viii) Principal actuarial assumptions at end of period:

	2024	2023	2022
	%	%	%
Discount rate	**5.65**	6.00	5.45
Future long term salary increases	**3.50**	4.00	3.75
Future pension increases	**3.50**	4.00	2.75

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Funded pension benefits (Cont'd)

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2024	2023	2022
	Rs.	Rs.	Rs.
Increase due to 1% decrease in discount rate	**41,017,000**	37,891,000	32,485,000
Decrease due to 1 % increase in discount rate	**61,943,000**	58,024,000	50,627,000
Increase due to 1% increase in salary	**56,700,000**	53,061,000	46,520,000
Decrease due to 1% decrease in salary	**44,800,000**	41,445,000	35,391,000
Increase due to 1% increase in pension	**55,296,000**	51,503,000	44,391,000
Decrease due to 1% decrease in pension	**45,949,000**	42,711,000	37,108,000

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 obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

(x) The defined benefit pension plan exposes the Company to normal risks such as inflation risk, longevity risk, administrative risk, exclusion risk, investment risk, default risk:

Inflation risk: if salary increases are significantly higher than assumed;
Longevity risk: if actual post-retirement mortality is lower than assumed;
Administrative risk: if the data provided in respect of the employees or benefits is incomplete or incorrect;
Exclusion risk: the risk of discontent of employees who are ineligible for these benefits;
Investment risk: the risk that the return earned by plan assets is lower than expected; and
Default risk: The risk of default on the instruments underpinning the plan assets.

(xi) The Company expects to pay **Rs 2,228,000** (2023: Rs 2,183,000) in contributions to its post-employment benefit plans for the year ending 30 June 2025.

(xii) The weighted average duration of the defined benefit obligation is **17 years** (2023: 16 years) at the end of the reporting

(b) State plan

	2024	2023	2022
	Rs.	Rs.	Rs.
Contributions expensed	**97,111**	92,728	95,085

(c) Unfunded defined benefit plan

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

	2024	2023	2022
	Rs.	Rs.	Rs.
Present value of unfunded obligations	**2,612,000**	2,450,000	2,099,000
Liability recognised in the statement of financial position	**2,612,000**	2,450,000	2,099,000

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Unfunded defined benefit plan (cont'd)

(ii) The movements in the statement of financial position are as follows:

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**2,450,000**	2,099,000	1,685,000
Profit or loss charge (Note 24)	**252,000**	207,000	168,000
(Income)/expense recognised in other comprehensive income	**(90,000)**	144,000	246,000
At 30 June	**2,612,000**	2,450,000	2,099,000

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

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**2,450,000**	2,099,000	1,685,000
Current service cost	**99,000**	88,000	74,000
Interest expense	**153,000**	119,000	94,000
Liability (gain)/loss due to change in financial assumption	**(90,000)**	144,000	246,000
At 30 June	**2,612,000**	2,450,000	2,099,000

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

	2024	2023	2022
	Rs.	Rs.	Rs.
Liability experience (gain)/loss	**(1,000)**	102,000	173,000
Liability (gain)/loss due to change in financial assumptions	**(89,000)**	42,000	73,000
Total actuarial (gain)/loss	**(90,000)**	144,000	246,000

(v) Principal actuarial assumptions at end of period:

	2024	2023	2022
	%	%	%
Discount rate	**5.65**	6.00	5.45
Future long term salary increases	**3.50**	4.00	3.75
Future pension increases	**3.50**	4.00	2.75

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 obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

18. DIVIDEND PAYABLE

Current	2024 Rs.	2023 Rs.	2022 Rs.
At 1 July	**21,297,528**	8,460,265	14,154,317
Dividend declared	**21,868,264**	21,297,528	8,460,265
	43,165,792	29,757,793	22,614,582
Dividend paid	**(21,297,528)**	(8,460,265)	(14,154,317)
At 30 June	**21,868,264**	21,297,528	8,460,265

A dividend of Rs 1.09 per share (2023: Rs 1.10 and 2022: Rs 0.43) representing 85% of the profit after tax in respect of the year ended 30 June 2024 was declared by the directors on 30 June 2024.

19. STATED CAPITAL

The stated capital comprises 20,000,000 ordinary shares at Rs 10 each. The Company has one class of ordinary shares which carries a right to vote.

20. OTHER RESERVES

	2024 Rs.	2023 Rs.	2022 Rs.
Statutory reserve (note (a) below)	**68,702,712**	64,843,607	61,085,220
Investment revaluation reserve (note (b) below)	**7,500**	(129,000)	(168,000)
Actuarial losses reserve (note (c) below)	**(18,103,589)**	(19,194,209)	(16,477,619)
General risk reserve (note (d) below)	**37,780,344**	6,928,761	6,572,649
At 30 June	**88,386,967**	52,449,159	51,012,250

(a) Statutory reserve

Under Section 21 of the Banking Act 2004, any financial institution shall maintain a reserve account and shall, each year, transfer therein a sum equal to not less than 15% of the profit of the year after due provision for income tax until the balance in the Reserve Account is equal to the amount paid as stated capital. An amount of Rs 3,859,105 was transferred in 2024 (2023: Rs 3,758,387 and 2022: Rs 1,492,988).

(b) Investment revaluation reserve

Investment revaluation reserve comprises the cumulative net change in the fair value of investment securities that have been recognised in other comprehensive income until the investments are derecognised or impaired.

(c) Actuarial losses reserve

Actuarial losses reserve represents the cumulative remeasurement of the defined benefit obligation recognised.

(d) General risk reserve

General risk reserve relates to amount set aside in respect of impairment in the lease and loan portfolio, in addition to impairment allowances computed under IFRS 9. The Company has been transferring the shortfall between the impairment provisioning computed under IFRS 9 and the minimum provisioning required by the Bank of Mauritius *Guideline Classification, Provisioning and Write Off of Credit Exposures,* to the general risk reserve.

With the enforcement of the Guideline in September 2024, management has performed an assessment of the Company's compliance to the provisioning requirements of the Guideline, and has determined it prudent to make an appropriation of Rs 30,851,583 (2023: Rs 356,112) from retained earnings to the general risk reserve to cater for the expected shortfall at 30 June 2024.

21. NET INTEREST INCOME

	2024	2023	2022
	Rs.	Rs.	Rs.
Interest income			
Cash and cash equivalents	**42,362**	434,837	549,650
Investment securities	**6,258,972**	10,824,506	14,174,831
Deposits with financial institutions	**15,450,590**	11,792,667	22,604,748
Loans and advances to holding company	**-**	-	3,458,119
Loans and advances to customers	**47,383,069**	40,350,456	25,767,575
Others	**93,009**	104,790	122,386
Total interest income calculated under EIR method	**69,228,002**	63,507,256	66,677,309
Others			
Interest income on finance lease receivables	**56,435,023**	43,541,552	44,429,092
Total interest income	**125,663,025**	107,048,808	111,106,401
Interest expense			
Deposits from customers	**64,627,914**	50,344,902	53,263,662
Interest expense on lease liabilities	**538,479**	594,939	614,713
Total interest expense	**65,166,393**	50,939,841	53,878,375
Net interest income	**60,496,632**	56,108,967	57,228,026

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and liabilities:

	2024	2023	2022
	Rs.	Rs.	Rs.
Financial assets measured at amortised cost	**69,228,002**	63,507,256	66,677,309
Financial liabilities measured at amortised cost	**65,166,393**	50,939,841	53,878,375

22. DIVIDEND INCOME

	2024	2023	2022
	Rs.	Rs.	Rs.
Financial assets at FVTOCI	**38,400**	15,900	45,300
Financial assets at FVTPL	**2,743,456**	2,159,609	2,417,830
	2,781,856	2,175,509	2,463,130

23. NET IMPAIRMENT LOSSES/(GAINS) ON FINANCIAL ASSETS

	2024	2023	2022
	Rs.	Rs.	Rs.
Investment securities (note 6)	**(319)**	(102,287)	(226,006)
Loans and advances to holding company	**-**	-	(6,998)
Staff loans (note 8.1)	**-**	(1,281)	(24,439)
Speedy loans (note 8.2)	**9,495**	814,779	(1,790,415)
Deposits with financial institutions (note 7)	**(40,233)**	(293,264)	(1,637,146)
Investment in finance leases (note 12 (d))	**1,115,357**	3,254,362	(5,900,380)
Other financial assets (note 13)	**25,362**	(611)	(15,682)
Undrawn commitments (note 16)	**(60,981)**	40,873	2,655
Charge/(credit) for the year	**1,048,681**	3,712,571	(9,598,411)

24. PERSONNEL EXPENSES

	2024	2023	2022
	Rs.	Rs.	Rs.
Wages and salaries	**12,216,678**	12,398,183	11,396,020
Other payroll costs	**9,099,433**	8,531,606	8,058,347
Pension costs - funded defined benefit plans (note 17(a)(v))	**2,749,000**	2,218,000	1,665,000
Other post retirement benefit (note 17(b))	**97,111**	92,728	95,085
Pension costs - unfunded defined benefit plans (note 17 (c)(ii))	**252,000**	207,000	168,000
	24,414,222	23,447,517	21,382,452

25. OTHER EXPENSES

	2024	2023	2022
	Rs.	Rs.	Rs.
Management fees payable to holding company	**21,463,118**	21,099,411	24,954,186
Directors and secretary fees	**2,963,268**	2,691,967	2,118,552
Licence fees	**2,310,500**	2,310,500	2,310,500
Professional charges	**181,429**	78,463	86,659
Audit fees	**706,151**	672,525	640,500
IT expenses	**275,011**	118,407	981,900
Others (including commissions to agent, advertising and insurance)	**3,284,696**	4,336,341	2,761,998
	31,184,173	31,307,614	33,854,295

26. OTHER INCOME

	2024	2023	2022
	Rs.	Rs.	Rs.
Management fee income from SICOM Unit Trusts	**3,305,657**	2,929,505	3,340,562
Gain on termination of rental agreement for office space with Holding Company (Note 11)	**-**	-	579,151
Penalty on early termination of deposit from customers	**1,779,280**	12,611,077	-
Other miscellaneous income	**-**	21,662	154,333
Gain on sale of investment securities	**-**	8,452,642	-
	5,084,937	24,014,886	4,074,046

27. HOLDING COMPANY

The Directors regard the State Insurance Company of Mauritius Ltd, a Company incorporated in Mauritius, as the holding Company.

28. RELATED PARTY DISCLOSURES

This note covers the required disclosures as per IAS 24 and the regulatory requirements set out by the Bank of Mauritius.

(i) Loans and advances to holding company

(a) Capital element

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**-**	-	69,977,307
Repayments	**-**	-	(69,977,307)
At 30 June	**-**	-	-

28. RELATED PARTY DISCLOSURES (CONT'D)

(i) Loans and advances to holding company (Cont'd)

(b) Interest received/receivable

	2024	2023	2022
	Rs.	Rs.	Rs.
Receivable and received for the year	-	-	3,458,119

(ii) Directors and key management personnel

(a) Capital element - Deposits from customers

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	43,957,187	44,819,687	45,780,628
Additions	26,558,109	21,961,350	13,356,778
		-	
	70,515,296	66,781,037	59,137,406
Encashments	(27,704,653)	(22,823,850)	(14,317,719)
At 30 June	42,810,643	43,957,187	44,819,687

The terms of the deposits from customers are set out in note 14.

(b) Interest payable

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	110,922	118,678	134,746
Payable for the year	1,590,187	1,299,075	1,360,541
	1,701,109	1,417,753	1,495,287
Paid during the year	(1,068,897)	(1,306,831)	(1,376,609)
At 30 June	632,212	110,922	118,678

(iii) Finance lease to key management personnel

(a) Capital element

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	592,286	867,592	1,126,904
Additions	7,173,475	-	-
Repayments	(1,178,364)	(275,306)	(259,312)
At 30 June	6,587,397	592,286	867,592

(b) Interest receivable

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	-	-	-
Receivable during the year	166,187	44,566	60,560
Received during the year	(166,187)	(44,566)	(60,560)
At 30 June	-	-	-

The terms of the finance lease are set out in note 12(f).

None of the finance leases to key management personnel was impaired for the current and prior years. These leases carried an immaterial allowance for expected credit losses for both the current and prior years.

Granting of finance leases to key management personnel is subject to the governance process in line with the requirements of the Bank of Mauritius Guideline on Related Party Transactions.

28. RELATED PARTY DISCLOSURES (CONT'D)

(iv) Loans and advances to Director and key management personnel

Capital element

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**2,706,006**	3,083,710	1,790,074
Additions	**-**	-	1,500,000
Repayments	**(371,432)**	(377,704)	(206,364)
At 30 June	**2,334,574**	2,706,006	3,083,710

Interest receivable

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**-**	4,869	-
Receivable during the year	**110,818**	127,233	71,092
Received during the year	**(110,818)**	(132,102)	(66,223)
At 30 June	-	-	4,869

The terms of the loans are set out in note 8.1.

None of the loans to key management personnel was impaired for the current year. These leases carried an immaterial allowance for expected credit losses for both the current and prior years.

Granting of loans to director and key management personnel is subject to the governance process as required by the Bank of Mauritius through its Guideline on Related Party Transactions.

(v) Rent payable to Holding Company (Recognised under IFRS16)

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**-**	162,083	-
Payable during the year	**1,823,928**	1,823,923	1,742,882
	1,823,928	1,986,006	1,742,882
Paid during the year	**(1,823,928)**	(1,986,006)	(1,580,799)
At 30 June	**-**	-	162,083

The terms of the above expenses are set out in a lease agreement between SICOM Ltd and the Company. The lease liabilities balance at 30 June 2024 is **Rs 11,417,139** (Note 11).

28. RELATED PARTY DISCLOSURES (CONT'D)

(vi) Management fees from Sicom Unit Trust - Sicom General Fund

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**155,825**	346,900	942,302
Receivable for the year	**2,048,420**	1,858,094	2,105,534
	2,204,245	2,204,994	3,047,836
Received during the year	**(1,653,289)**	(2,049,169)	(2,700,936)
At 30 June	**550,956**	155,825	346,900

The terms of the above management fees are set out in a Trust deed between SICOM General Fund and the Company.

(vii) Management fees from Sicom Unit Trust - Sicom Overseas Diversified Fund

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**404,958**	432,146	584,368
Receivable for the year	**1,243,496**	1,071,410	1,235,028
	1,648,454	1,503,556	1,819,396
Received during the year	**(953,794)**	(1,098,598)	(1,387,250)
At 30 June	**694,660**	404,958	432,146

The terms of the above management fees are set out in a Trust deed between SICOM Overseas Diversified Fund and the Company.

(viii) Management fees to Holding Company

	2024	2023	2022
	Rs.	Rs.	Rs.
Payable for the year	**21,463,118**	21,099,411	24,954,186
	21,463,118	21,099,411	24,954,186
Paid during the year	**(19,663,548)**	(19,859,189)	(24,954,186)
At 30 June	**1,799,570**	1,240,222	-

The terms of the above expenses are set out in a service level agreement between SICOM Ltd and the Company.

(ix) Dividend payable to Holding Company (99% holding)

	2024	2023	2022
	Rs.	Rs.	Rs.
Payable during the year	**21,649,581**	21,084,552	8,375,662

(x) Dividend income from Sicom Unit Trust - Sicom General Fund

	2024	2023	2022
	Rs.	Rs.	Rs.
Receivable during the year	**1,834,397**	1,468,130	1,659,924

(xi) Dividend income from Sicom Unit Trust - Sicom Overseas Diversified Fund

	2024	2023	2022
	Rs.	Rs.	Rs.
Receivable during the year	**913,352**	723,720	757,906

28. RELATED PARTY DISCLOSURES (CONT'D)

(xii) Other transactions with Holding Company

	2024	2023	2022
	Rs.	Rs.	Rs.
Charge for the year	**236,374**	348,618	341,281

(xiii) Investment in Sicom Unit Trust - Sicom General Fund

(a) Number of units

	2024	2023	2022
At beginning of the year	**1,620,452**	1,521,470	1,481,147
Additions	**84,536**	98,982	40,323
At 30 June	**1,704,988**	1,620,452	1,521,470

(b) Value of units (at cost)

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**19,153,423**	17,790,437	17,107,365
Additions	**1,221,544**	1,362,986	683,072
At 30 June	**20,374,967**	19,153,423	17,790,437

(c) Market value of units

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year (ex-div)	**23,464,156**	21,741,814	24,157,508
Additions	**1,221,121**	1,362,986	683,072
Fair value adjustment	**1,997,373**	359,356	(3,098,766)
At 30 June	**26,682,650**	23,464,156	21,741,814

(xiv) Investment in Sicom Unit Trust - Sicom Overseas Diversified Fund

(a) Number of units

	2024	2023	2022
At beginning of the year	**1,385,374**	1,333,403	1,300,262
Additions	**46,662**	51,971	33,141
At 30 June	**1,432,036**	1,385,374	1,333,403

(b) Value of units (at cost)

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year	**14,793,814**	14,072,443	13,447,407
Additions	**723,720**	721,371	625,036
At 30 June	**15,517,534**	14,793,814	14,072,443

28. RELATED PARTY TRANSACTIONS (CONT'D)

(xiv) Investment in Sicom Unit Trust - Sicom Overseas Diversified Fund (cont'd)

(c) Market value of units

	2024	2023	2022
	Rs.	Rs.	Rs.
At beginning of the year (ex-div)	**22,678,570**	19,547,679	23,963,821
Addition	**723,720**	721,371	625,036
Fair value adjustment	**3,491,343**	2,409,520	(5,041,178)
At 30 June	**26,893,633**	22,678,570	19,547,679

(xv) Compensation of Directors and key management personnel

	2024	2023	2022
	Rs.	Rs.	Rs.
Short term benefits	**11,792,038**	10,929,208	10,131,569
Post employment benefits	**916,000**	738,000	1,195,000

There are no other long term benefits, termination benefits or share based payments for both the current and prior years.

(xvi) Contribution to defined benefit pension plan

	2024	2023	2022
	Rs.	Rs.	Rs.
Contribution	**2,181,000**	2,132,000	2,031,000

(xvii) Sale of Securities to Holding Company

	2024	2023	2022
	Rs.	Rs.	Rs.
Disposal of debt instruments measured at amortised cost	**-**	125,867,723	-

(xviii) Sale of Securities to Sister Company

	2024	2023	2022
	Rs.	Rs.	Rs.
Disposal of debt instruments measured at amortised cost	**-**	10,373,761	-

(ix) Amount receivable from Sister company

	2024	2023	2022
	Rs.	Rs.	Rs.
Receivable for the year	**1,783,888**	546,850	856,741

The amount outstanding for leases are secured by the underlying leased assets. No guarantees have been given or received.

The ECL for group entities is immaterial for both current and prior years.

29. FINANCIAL RISK MANAGEMENT

29.1 Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Please refer to the relevant disclosures in the Corporate Governance Report and the Risk Management Report within this Annual report.

29.2 Financial risk factors

The Company manages its exposure to market risk (including interest rate risk and price risk), credit risk and liquidity risk through the Risk Management function.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return on risk.

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company manages its exposure to interest rate risk by use of a proper mix in fixed and floating rate borrowings and use of natural hedging.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(i) *Interest rate risk*

The Company is exposed to interest rate fluctuations on the domestic markets. The Company monitors closely interest rate trends and related impact on its income for performance evaluation and better management.

The interest rate profile of the Company at 30 June was:

	2024	2023	2022
	% p.a.	% p.a.	% p.a.
Financial assets			
Net investment in finance leases	**5.75 to 9.50**	4.95 to 12.50	4.95 to 12.50
Balances with local banks	**0.00 to 1.98**	0.00 to 3.04	0.00 to 0.75
Loans to holding company	**-**	-	9.00
Staff loans	**2.00 to 4.00**	2.00 to 4.00	2.00 to 4.00
Speedy loans	**5.90 to 8.70**	5.90 to 8.70	5.90
Deposits with financial institutions	**3.40 to 5.42**	3.40 to 5.42	3.00 to 9.50
Government of Mauritius Bonds	**5.00 to 8.29**	5.00 to 8.29	5.00 to 8.29
Financial liabilities			
Deposit from customers	**1.35 to 5.25**	0.70 to 5.20	0.30 to 4.50

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) *Interest rate risk (Cont'd)*

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	2024		2023		2022	
Change in interest rate	**Impact on Profit before tax**	**Impact on Equity**	Impact on Profit before tax	Impact on Equity	Impact on Profit before tax	Impact on Equity
	Rs.	**Rs.**	Rs.	Rs.	Rs.	Rs.
+5 basis point	**300**	**255**	2,674	2,273	108,828	92,504
-5 basis points	**(300)**	**(255)**	(2,674)	(2,273)	(108,828)	(92,504)

The increase or decrease in the interest rate sensitivity is due to fluctuations in bank balances and deposits with financial institutions with floating rates at 30 June 2024 as compared to 30 June 2023 and 30 June 2022.

The interest rate sensitivity analysis excludes government securities and fixed deposits and leases which have fixed interest rates and will not be affected by fluctuations in the level of interest rates.

(ii) *Other price risks*

The Company is exposed to equity price risks arising from equity investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

	2024	2023	2022
	Rs	Rs	Rs
Equity	**54,604,196**	47,033,735	42,141,493

The following table details the Company's sensitivity to a 5% and 10% increase/decrease in the prices of securities investments.

	2024	2023	2022
	Rs	Rs	Rs
Increase/decrease of 5% in prices of securities	**2,730,210**	2,351,687	2,107,075
Increase/decrease in net assets/income			
Increase/decrease of 10% in prices of securities	**5,460,420**	4,703,374	4,214,149
Increase/decrease in net assets/income			

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's main income generating activity is lending to customers through loans and leases and therefore credit risk is a principal risk.

Credit risk mainly arises from loans and advances to customers, deposits with financial institutions, net investment in finance leases, investments in debt securities and other receivables. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

Credit risk management

The Company's Risk Management Committee delegated by its Board of Directors is responsible for managing the Company's credit risk by:

a) Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, IFRS Accounting Standards as issued by the IASB and relevant supervisory guidance.

b) Identifying, assessing and measuring credit risk across the Company, from an individual instrument to a portfolio level.

c) Creating credit policies to protect the Company against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

d) Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, etc.

e) Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

f) Developing and maintaining the Company's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

g) Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk on financial instruments in the statement of financial position, before taking into account any collateral held or other credit enhancements, after allowance for impairment where appropriate.

	2024	2023	2022
	Rs.	Rs.	Rs.
Cash and cash equivalents	**98,156,521**	50,969,311	249,629,110
Investment securities at amortised cost	**122,154,425**	122,553,134	250,098,180
Deposits with financial institutions	**339,744,629**	375,466,820	571,406,336
Loans and advances	**704,067,065**	707,035,845	569,897,626
Net investment in finance leases	**1,022,262,638**	755,215,794	697,103,005
Other assets	**17,903,293**	6,157,969	6,558,981
	2,304,288,571	2,017,398,873	2,344,693,238

Other assets exclude non financial assets such as prepayments and VAT receivable.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Credit quality

The table summarises the loss allowance as of the year end by class of asset:

	2024	2023	2022
	Rs.	Rs.	Rs.
Investment securities (Note 6)	**97,802**	98,121	200,408
Deposits with financial institutions (Note 7)	**382,643**	422,876	716,140
Loans and advances to customers (Note 8.1 and 8.2)	**919,105**	909,610	96,112
Net investment in finance leases (Note 12)	**8,637,172**	7,521,815	4,267,453
Other assets (Note 13)	**29,992**	4,630	5,241
Undrawn commitments (Note 16)	**19,870**	80,851	39,978
	10,086,584	9,037,903	5,325,332

Refer to notes 12(g) and 8 for the relevant disclosures on the credit quality of the lease book and loan book respectively.

Collateral and other credit enhancments

The Company has a range of policies and practices to mitigate credit risk. Customers to whom leases and loans are granted have to meet the Company's risk appetite criteria and have the right profile to service their credit obligations.

The Company also has banking relationships with only reputed financial institutions with good credit ratings and hence the credit risk on these financial instruments (e.g cash and cash equivalents, deposits with financial institutions) is considered to be negligible. The Company's investment securities are in the bonds issued by the Government of Mauritius, and the sovereign credit risk is considered to be low.

For finance leases, the ownership of leases assets remain with the Company until full settlement of the lease when it is then transferred to the lessee. Collaterals for impaired leases are reviewed by the Company in line with the regulatory provisions and the Company's internal policies. The fair value of the collaterals are obtained by independent surveyors and factors in the ECL computations for the non-performing book, after taking into account the cost to sell and a haircut based on expected loss on repossession.

As a last resort, the Company would repossess leased assets for impaired exposures, after all other means of remediation and recoveries have been exhausted. Financial assets which are credit impaired and related collaterals held in order to mitigate potential losses are shown below:

	Gross exposure	**Impairment allowance**	**Fair value of collateral held**
	Rs.	**Rs.**	**Rs.**
Credit impaired leases at 30 June			
2024	**77,694,165**	**7,680,147**	**89,057,582**
2023	33,630,099	6,885,084	46,560,647
2022	22,234,858	3,855,641	31,036,530

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled either by delivery of cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and non-derivative financial liabilities. The tables have been drawn up based on the discounted cashflows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The maturity profile of the financial instruments (gross of impairment allowances) is summarised as follows:

AT 30 JUNE 2024	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	98,156,521	-	-	-	-	-	98,156,521
Investment securities							
Investment securities at FVTPL	53,576,696	-	-	-	-	-	53,576,696
Investment securities at FVTOCI	1,027,500	-	-	-	-	-	1,027,500
Debt instruments measured at amortised cost	-	-	-	-	122,252,227	-	122,252,227
	54,604,196	-	-	-	122,252,227	-	176,856,423
Deposits with financial institutions	-	-		-	340,127,272	-	340,127,272
Loans and advances							
Staff loans	-	149,587	149,587	299,175	2,063,426	324,969	2,986,744
Speedy loans	-	385,513	933,524	1,956,226	424,845,676	273,878,487	701,999,426
	-	535,100	1,083,111	2,255,401	426,909,102	274,203,456	704,986,170
Net investment in finance leases	-	115,723,815	74,264,294	143,242,640	787,829,849	101,060,831	1,222,121,429
Other assets	17,933,285	-	-	-	-	-	17,933,285
Total financial assets	170,694,002	116,258,915	75,347,405	145,498,041	1,677,118,450	375,264,287	2,560,181,098

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2024 (CONT'D)	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities							
Deposits from customers	-	40,861,266	156,009,776	133,427,230	1,787,566,197	135,122,384	2,252,986,853
Other liabilities	17,873,333	-	-	-	-	-	17,873,333
Lease liabilities	-	455,982	455,982	911,964	7,295,712	4,255,832	13,375,472
Dividend payable	-	-	21,868,264	-	-	-	21,868,264
Total financial liabilities	17,873,333	41,317,248	178,334,022	134,339,194	1,794,861,909	139,378,216	2,306,103,922
Undrawn commitments	-	16,375,000	-	-	-	-	16,375,000
Net liquidity gap	152,820,669	58,566,667	(102,986,617)	11,158,847	(117,743,459)	235,886,071	237,702,178

AT 30 JUNE 2023	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	50,969,311	-	-	-	-	-	50,969,311
Investment securities							
Investment securities at FVTPL	46,142,735	-	-	-	-	-	46,142,735
Investment securities at FVTOCI	891,000	-	-	-	-	-	891,000
Debt instruments measured at amortised cost	-	-	-	-	122,651,255	-	122,651,255
	47,033,735	-	-	-	122,651,255	-	169,684,990
Deposits with financial institutions	-	-	-	-	375,889,696	-	375,889,696

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2023 (CONT'D)	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets (cont'd)							
Loans and advances							
Staff loans	-	139,501	137,336	274,672	2,008,259	1,041,697	3,601,465
Speedy loans	-	40,358,585	40,229,869	80,029,079	584,260,016	84,814,146	829,691,695
	-	40,498,086	40,367,205	80,303,751	586,268,275	85,855,843	833,293,160
Net Investment in finance leases	-	61,701,285	59,765,700	115,410,651	559,276,457	53,130,503	849,284,596
Other assets	6,162,599	-	-	-	-	-	6,162,599
Total financial assets	104,165,645	102,199,371	100,132,905	195,714,402	1,644,085,683	138,986,346	2,285,284,352
Financial liabilities							
Deposits from customers	-	95,521,388	57,345,896	110,235,031	1,454,443,615	92,638,369	1,810,184,299
Other liabilities	9,108,760	-	-	-	-	-	9,108,760
Lease liabilities	-	455,982	455,982	911,964	7,295,712	6,079,760	15,199,400
Dividend payable	-	-	21,297,528	-	-	-	21,297,528
Total financial liabilities	9,108,760	95,977,370	79,099,406	111,146,995	1,461,739,327	98,718,129	1,855,789,987
Undrawn commitments	-	35,524,655	8,953,478	-	-	-	44,478,133
Net liquidity gap	95,056,885	(29,302,654)	12,080,021	84,567,407	182,346,356	40,268,217	385,016,232

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The maturity profile of the financial instruments is summarised as follows:

AT 30 JUNE 2022	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	249,629,110	-	-	-	-	-	249,629,110
Investment securities							
Investment securities at FVTPL	41,289,493	-	-	-	-	-	41,289,493
Investment securities at FVTOCI	852,000	-	-	-	-	-	852,000
Debt instruments at amortised cost	-	-	-	-	-	250,298,588	250,298,588
	42,141,493	-	-	-	-	250,298,588	292,440,081
Term deposits	-	-	-	24,271,560	547,850,916	-	572,122,476
Loans and advances							
Staff loans	-	140,590	140,590	312,737	2,102,291	1,515,263	4,211,471
Speedy loans		29,263,410	29,224,574	58,054,622	438,560,481	116,019,391	671,122,478
	-	29,404,000	29,365,164	58,367,359	440,662,772	117,534,654	675,333,949
Net investment in finance leases	-	24,510,522	53,627,078	104,711,181	520,250,733	38,545,290	741,644,804
Other assets	6,553,560	-	-	-	-	-	6,553,560
Total financial assets	298,324,163	53,914,522	82,992,242	187,350,100	1,508,764,421	406,378,532	2,537,723,980

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2022 (CONT'D)	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities							
Deposits from customers	-	141,177,768	134,204,122	251,805,933	1,458,949,461	61,166,291	2,047,303,575
Other liabilities	5,202,007	-	-	-	-	-	5,202,007
Lease liabilities	-	455,982	455,982	911,964	7,295,712	7,903,688	17,023,328
Dividend payable	-	-	8,460,265	-	-	-	8,460,265
Total financial liabilities	5,202,007	141,633,750	143,120,369	252,717,897	1,466,245,173	69,069,979	2,077,989,175
Undrawn commitments	-	23,282,142	13,537,222	-	-	-	36,819,364
Net liquidity gap	293,122,156	(111,001,370)	(73,665,349)	(65,367,797)	42,519,248	337,308,553	422,915,441

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's assets and liabilities measured at fair values on a recurring basis.

AT 30 JUNE 2024

	Level 1	**Level 2**	**Total**
	Rs.	**Rs.**	**Rs.**
Financial assets			
Investment securities held at:			
- FVTOCI	**1,027,500**	**-**	**1,027,500**
- FVTPL	**-**	**53,576,696**	**53,576,696**
	1,027,500	**53,576,696**	**54,604,196**

AT 30 JUNE 2023

	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Financial assets			
Investment securities held at:			
- FVTOCI	891,000	-	891,000
- FVTPL	-	46,142,735	46,142,735
			-
	891,000	46,142,735	47,033,735

AT 30 JUNE 2022

	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Financial assets			
Investment securities held at:			
- FVTOCI	852,000	-	852,000
- FVTPL	-	41,289,493	41,289,493
	852,000	41,289,493	42,141,493

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments (Cont'd)

The below table shows the fair value of the Company's financial assets and liablities that are not measured at fair value on a recurring basis (but fair value disclosures are required).These are classified under level 2 based on observable inputs using discounted cash flows. During the year, the Company has made no transfers between the different fair value levels.

	Carrying value			**Fair Value**		
	2024	2023	2022	**2024**	2023	2022
	Rs.	Rs.	Rs.	**Rs.**	Rs.	Rs.
Financial Assets						
Cash and cash equivalents	**98,156,521**	50,969,311	249,629,110	**98,156,521**	50,969,311	249,629,110
Deposits with financial institutions	**339,744,629**	375,466,820	571,406,336	**335,003,856**	372,513,795	571,406,336
Loans and advances						
-Staff loans	**2,977,652**	3,238,018	3,694,307	**2,977,652**	3,238,018	3,694,307
-Speedy loans	**701,089,413**	703,797,827	566,203,319	**701,089,413**	703,797,827	566,203,319
Net investment in finance lease	**1,022,262,638**	755,215,794	697,103,005	**1,022,262,638**	755,215,794	697,103,005
Investment securities						
- Bonds	**122,154,425**	122,553,134	250,098,180	**136,268,267**	142,164,391	250,098,180
Other assets	**17,903,293**	6,157,969	6,558,981	**17,903,293**	6,157,969	6,558,981
Financial Liablities						
Deposit from customers	**1,991,934,932**	1,601,514,322	1,912,824,781	**1,985,944,742**	1,607,202,157	1,906,916,461
Other liabilities	**17,893,203**	9,189,611	5,241,985	**17,893,203**	9,189,611	5,241,985
Dividend payable	**21,868,264**	21,297,528	8,460,265	**21,868,264**	21,297,528	8,460,265
Lease liabilities	**11,417,139**	12,702,584	13,931,569	**11,417,139**	12,702,584	13,931,569

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and call deposit to be received on demand.

(ii) Deposits with financial institutions

The estimated fair value of fixed interest bearing deposits with financial institutions not quoted in active market is based on discounted cash flows using interest rates for new deposits with similar maturity.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments (Cont'd)

(iii) Investment in government bonds

The estimated fair value of investment in government bonds represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Deposits from customers

The estimated fair value of fixed interest bearing deposits from customers not quoted in active market is based on discounted cash flows using interest rates for new deposits with similar maturity.

(v) Other loans (including speedy loans) and net investment in finance lease

The carrying amount of loans and finance leases approximate their fair value.

(vi) Other financial assets and liablities

Other assets and liablities are repayable on demand. Their fair values are therefore considered as being equal to their carrying value.

Currency profile

The Company has no financial assets and liabilities in any other currency than Mauritian Rupees.

30. CAPITAL RISK MANAGEMENT

Being an entity regulated by the Bank of Mauritius, the Company is mandated through the Banking Act 2004, to maintain at all times, a minimum share capital of Rs 200 million with a minimum capital adequacy ratio of 10%. This condition was met for both the current and prior financial years with the capital adequacy ratio of **27.2%** at 30 June 2024 (2023: 37.7% and 2022: 39.6%). There has been no change in the capital risk management procedures and policies of the Company from the prior year.

The Company's objectives when managing capital are to comply with the regulatory requirements and to safeguard its ability to continue as a going concern so that it can continue providing returns to its shareholders and benefits to other stakeholders. Through efficient capital management, the Company also endeavours to maintain a strong capital base to support the development of its business.

31. CONTINGENT LIABILITIES

The Company has received a tax assessment from the Mauritius Revenue Authority for an amount of **Rs 2,126,421** in relation to the tax year 2018/2019 with respect to adjustments made in connection with interest income following the adoption of IFRS 9 and the deductibility under Section 57 of the Income Tax Act for specific expenses. Based on the advice received from its tax advisor after taking into account all relevant statutory tax pronouncements, the Company has not made any provisions for the liability of Rs 2,126,421 in the financial statements, in respect of the above tax assessment, as at 30 June 2024, as it is of the view that no liability will devolve from the tax assessment.

32. COMMITMENTS FOR FUTURE LEASES

At 30 June 2024, the Company had capital commitment of **Rs 16,375,000** (2023: Rs 44,478,133 and 2022: Rs 36,819,364) in respect of future leases.

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Dividend	Lease liabilities
	Rs	Rs
At 1 July 2022	8,460,265	13,931,569
Movement in interest	-	757,021
Dividend for the year	21,297,528	-
Repayment of lease liabilities	-	(1,986,006)
Dividend paid	(8,460,265)	-
At 30 June 2023	21,297,528	12,702,584
Movement in interest	-	538,479
Dividend for the year	21,868,264	-
Repayment of lease liabilities	-	(1,823,924)
Dividend paid	(21,297,528)	-
At 30 June 2024	**21,868,264**	**11,417,139**

34. EVENTS AFTER THE REPORTING PERIOD

There are no events after the end of reporting period which the directors consider may materially affect the financial statements for the year ended 30 June 2024.