

BCP BANK
(MAURITIUS)



20 24

ANNUAL
REPORT

TABLE OF CONTENTS

06

About BCP Bank (Mauritius) Ltd

08

**Directeur Général Banque
de l'international Message**

10

Groupe BCP

12

CEO Message

14

BCP Bank (Mauritius) Ltd

20

Board of Directors
- Senior Management Team

26

Management Discussion & Analysis

80

Corporate Governance Report

100

Independent Auditors' Report

- Statement of Profit or Loss and other Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

114

**Notes to and forming part of
the financial statement**





BCP BANK
(MAURITIUS)



BCP BANK
(MAURITIUS)



BCP BANK
(MAURITIUS)



About BCP BANK (Mauritius) LTD

BCP Bank (Mauritius) Ltd (the 'Bank') is a subsidiary of the Banque Centrale Populaire ('BCP') Group (the 'Group'), since October 2018.

The Bank presents the advantage of being the only North and West-African banking institution present in Mauritius. It supports investors seeking international expansion worldwide, with a particular focus on Africa, where the Group holds a strong presence and has developed an in-depth knowledge of the region's specificities.

BCP Bank (Mauritius) Ltd has a universal banking model with a strong focus on Corporate & Institutional Banking and Premium/Private Banking.



Message from the Directeur Général
Banque de l'International,
Groupe Banque Centrale Populaire ('BCP')

It is with great pride that we acknowledge the performance BCP Bank (Mauritius) Ltd, and its role in our Group's vision for Africa and the region. The Bank's solid performance in 2024 reflects the ongoing commitment to delivering value to our clients, partners, stakeholders and the broader economy. This has been a period of resilience, transformation and growth, despite the evolving economic landscape and global challenges. Through strategic partnerships and customer-centric initiatives, we have strengthened our position as a trusted financial partner, catering and adapting to our client base.

Groupe BCP has consistently demonstrated its commitment to expanding its presence across Africa with its position as a leading pan-African financial group. BCP Bank (Mauritius) Ltd acts as the gateway to Africa and Asia, via the reputation of the established International Financial Centre, in Mauritius. This year, the Bank has excelled in delivering on its targets by ensuring tailored financial services, facilitating international trade & cross border financing, supporting global business clients and institutional investors, domestic corporate business, consumer banking, and contributing to sustainable economic growth.

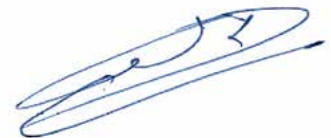
We are proud of the appointment of Mrs. Sangeetha Ramkelawon as Chief Executive Officer ("CEO") of BCP Bank (Mauritius) Ltd and more so as the first woman CEO in Mauritius. We are confident that with her expertise, her command in this sector and support of her team, she will definitely take BCP Bank (Mauritius) Ltd to new heights. This is a testament of the trust the Group places in diversity.

On behalf of the Group, I would like to place on record gratitude towards Mr. Abdelwafi ATIF, a seasoned BCP Banker, for his leadership over the past six years since 2018, period during which the business model was transformed with a solid foundation for growth, alongside with Mrs. Sangeetha Ramkelawon, as Deputy CEO of the Bank.

The Bank's success would not have been possible without the dedication of our people, the trust of our clients and the unwavering support of the Group. I extend my gratitude to all our stakeholders for their continued confidence in BCP Bank (Mauritius) Ltd.

I extend my appreciation to the Board of Directors, the Management and the entire team of the Bank for their commitment, dedication and hard work.

As we step in 2025, we remain committed to sustainability and service excellence. With a clear vision and a strong foundation, we will continue to embrace the opportunities and contribute meaningfully to Mauritius.



Mr. Othmane Tajeddine

Directeur Général - Banque de l'international
Non-Executive Director - Board of Directors



A ROBUST AFRICAN AMBITION

Founded in the 1920's and reckoned as a leading institution in Morocco, enjoying financial strength and dynamic growth, the Group is a Panafrican Group listed on the Casablanca Stock Exchange with a global footprint and presence in **32 countries**.

In Africa, BCP ranks as the 6th largest Bank by total assets.

RATINGS

**STANDARD
& POOR'S**

BB / stable

MOODY'S

Ba1 / stable

BCP GROUP AT A GLANCE



5 Billion / 49 Billion

- Market capitalization of USD 5 Billion (as of 21/09/23)
- Consolidated total assets of USD 49 Billion (as of 30/06/23)



Approx. 9.3 Million

- 7.2 million clients in Morocco
- Approx. 2.1 million clients in Sub-Saharan Africa



Listed on Casablanca Stock Exchange



8,852 / 18,600

- 8,852 distribution points, including 1,374 bank branches in Morocco and 393 in Sub-Saharan Africa
- Around 18,600 employees



CEO's Message

It is my honour to address you for the first time as the Chief Executive Officer and Executive Director of BCP Bank (Mauritius) Ltd. As I step into this role after being the Deputy Chief Executive Officer of our bank for 6 years, I would like to express my sincere gratitude to our former CEO, Mr. Abdelwafi ATIF, for his leadership and commitment, which were instrumental in laying the foundation of our institution.

A Year of Strong Performance and Strategic Growth

In 2024, BCP Bank (Mauritius) Ltd reaffirmed its position within the BCP Group, delivering strong growth and operational excellence. Our performance was driven by an ambitious international business strategy, the consolidation of our domestic market, and our alignment with the Group's overarching vision of expansion, innovation, and sustainable banking.

A key driver of our success has been the continued growth of our cross-border lending business, which plays a strategic role in supporting the Group's international ambitions. Through our expertise in structured financing and trade solutions, we have strengthened our position as a regional banking hub, facilitating investment flows across Africa, the Middle East, and beyond. Despite global economic uncertainties, our cross-border lending portfolio has demonstrated resilience and high-value growth, reinforcing our ability to connect businesses to new opportunities across diverse markets.

Our international banking business, a cornerstone of our strategic roadmap, recorded growth in assets, further strengthening our role as a player in the region.

On the local market, we reinforced our market presence with outstanding performance in premium consumer banking segment, demonstrating our ability to adapt, grow, and create value for our clients in a dynamic economic landscape.

Financial and Operational Highlights

- Revenue increased by over 28%, reflecting strong commercial momentum.
- Cost-to-income ratio improved by more than six percentage points, below 50%, a testament to our commitment to operational efficiency.
- Disciplined risk management, sustained business growth, and optimized expense control led to a substantial improvement in key profitability indicators.
- Profit for the year exceeded MUR 400 million, marking a year-on-year increase of over 45%.

These results underscore our resilience, agility, and strategic alignment with the BCP Group's vision.

Looking Ahead

As we move forward into 2025, we do so with confidence, ambition, and a shared vision with the Group. With a solid capital foundation and strong market position, we are well positioned to accelerate growth, strengthen client relationships, and reinforce our role as a trusted financial partner.

Innovation remains at the heart of our strategy. In line with the BCP Group's digital transformation agenda, we will continue to expand our digital capabilities, enhance our expertise, and strengthen our market presence to create even greater value for our clients and drive long-term, sustainable growth.

At the same time, we will continue to scale our cross-border lending activities, leveraging the strength of the BCP Group's international network to facilitate trade, investment, and growth across key markets. Our focus will remain on providing tailored financing solutions that support businesses in seizing new opportunities, reinforcing our reputation as a preferred banking partner for cross-border transactions.

None of this would be possible without the unwavering commitment of our colleagues, the trust of our clients, and the support of our stakeholders and the Group. I extend my heartfelt appreciation to all of them as we work together to shape the future of BCP Bank (Mauritius) Ltd and contribute to the success of the BCP Group.



Sangeetha RAMKELAWON
Chief Executive Officer
Executive Director - Board of Directors

SHAREHOLDING

The shareholding and group structure of BCP Bank (Mauritius) Ltd is as follows:



OUR BUSINESS SEGMENTS



Global Business



Trade Finance



Corporate Banking



Premium Banking



Cross border lending



Small and Medium Enterprise (SME)

OUR CORRESPONDENT BANKING NETWORK

NATIXIS SA, Paris

NATIONAL BANK OF CANADA, Montréal

BANK OF CHINA (MAURITIUS) LIMITED, Mauritius

CAIXABANK SA, Barcelona

IDFC FIRST BANK LIMITED, India

SUMITOMO MITSUI BANKING CORPORATION, Tokyo

BANQUE CENTRALE POPULAIRE (BCP), Morocco

WELLS FARGO BANK NATIONAL ASSOCIATION, New York

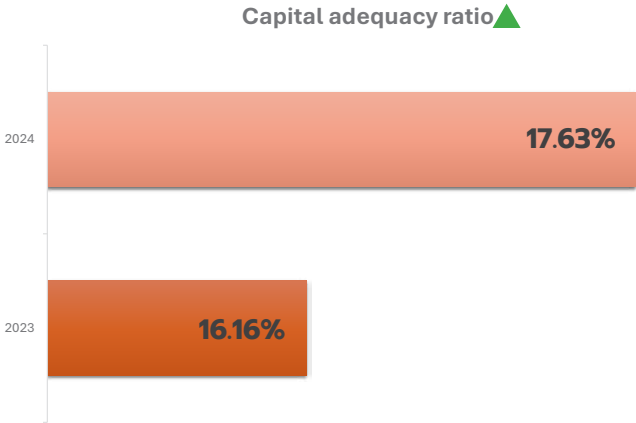
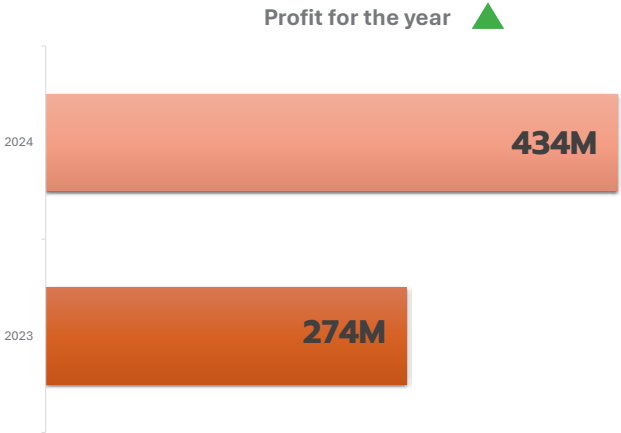
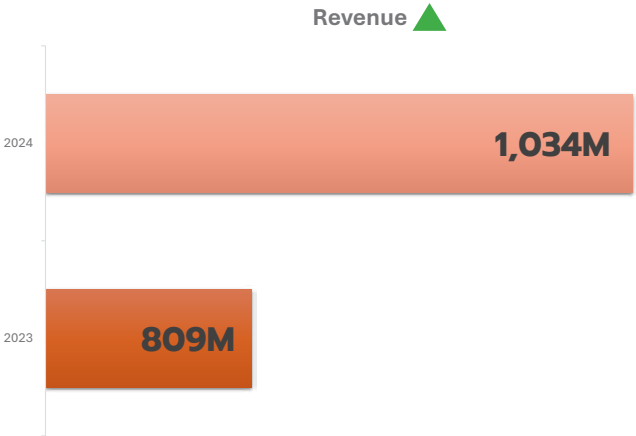
CHAABI INTERNATIONAL BANK OFFSHORE, Morocco

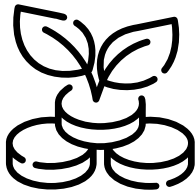
BANQUE ATLANTIQUE COTE D'IVOIRE, Ivory Coast

STANDARD BANK OF SOUTH AFRICA LTD, Johannesburg

**AS A SUBSIDIARY OF GROUPE
BANQUE CENTRALE POPULAIRE,
BCP BANK (MAURITIUS) LTD
HAS ACCESS TO OVER 1000
CORRESPONDENT BANKING PARTNERS.**

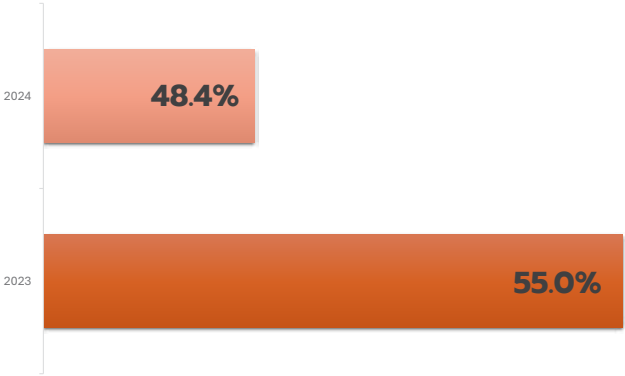
FINANCIAL HIGHLIGHTS



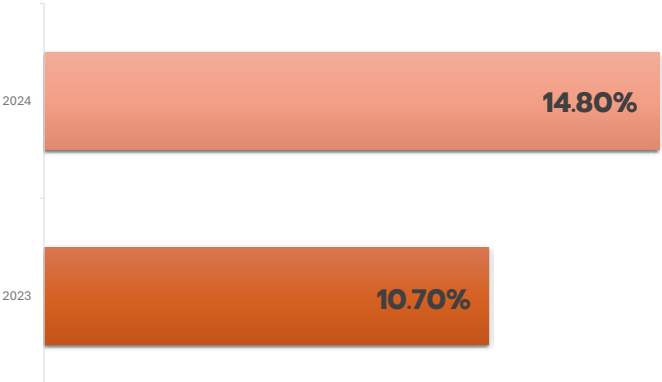


**Efficiency &
Return Ratio**

Cost-to-income ratio ▼



Return on average equity ▲



OUR PEOPLE



163

No of staff (excluding trainees)



MALE

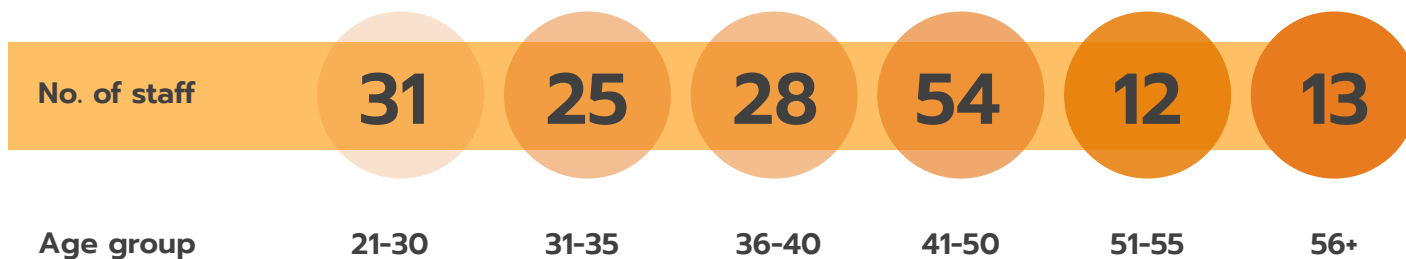
52%



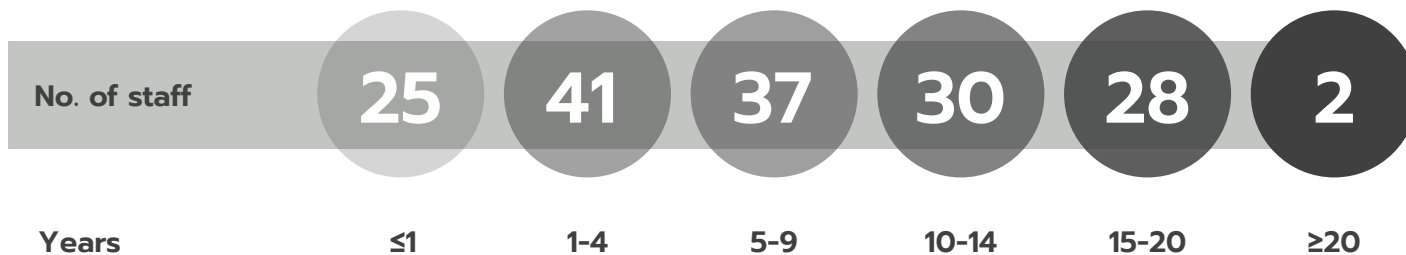
FEMALE

48%

AGE DISTRIBUTION



LOYALTY



CORPORATE INFORMATION

● **Company Secretary**

Mr. Desigan PONNAN

● **Registered Office**

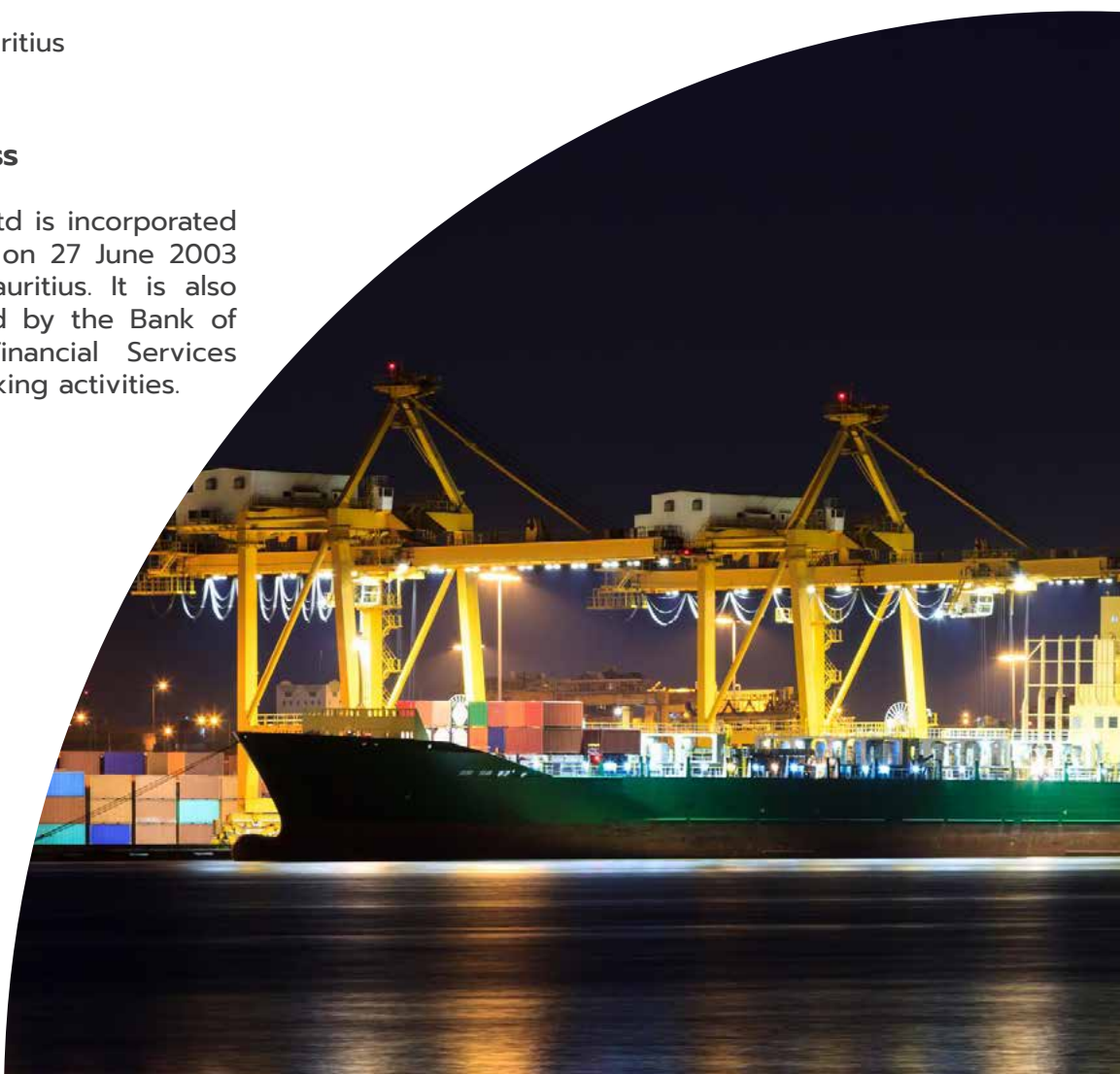
9th Floor, Maeva Tower,
Corner Silicon Avenue and Bank Street,
CyberCity Ebène Mauritius

● **Auditors**

KPMG
KPMG Centre
31, Cybercity Ebène Mauritius

● **Nature of business**

BCP Bank (Mauritius) Ltd is incorporated as a private company on 27 June 2003 in the Republic of Mauritius. It is also regulated and licensed by the Bank of Mauritius and the Financial Services Commission for its banking activities.



BOARD OF DIRECTORS

DIRECTORS' PROFILE

The Board consists of 8 members who are experienced professionals with expertise in a variety of fields and most of which hold strategic positions within BCP Group.



MOHAMMED KAMAL MOKDAD*
Chairperson



Mohammed Kamal Mokdad is the "Directeur Général de la BCP et de l'International". He is also a member of Boards for many entities of the BCP Group. Mr. Mokdad joined BCP's Executive Management after an extensive international experience in audit and advisory in France, Morocco and across Sub-Saharan Africa. He started his career in Paris where he joined an international professional services firm specialized in audit and advisory. He led various engagements for European groups, mainly in the banking and insurance sectors. In 2007, he was appointed as Partner and was entrusted with the reshaping of the "Financial Services". In 2010, he was awarded Morocco's Managing Partner and Financial Services Leader in Africa. Mr. Mokdad holds a degree in Economics and Finance from the Institute of Political Studies Paris (Sciences-Po Paris), as well as an international certificate in political studies. He is a Chartered Accountant and holds an MBA.

Country of residence : Morocco



HANANE EL BOURY



Hanane El Boury is the Executive Director of the Financial Institutions Group at Banque Centrale Populaire. Mrs El Boury holds an MBA from ESA Toulouse. She sits as Non-Executive Director on the Boards of different entities of the BCP Group. She has over 24 years of experience in the financial services sector.

Country of residence : Morocco

* Mr. Mohammed Kamal Mokdad resigned 27/02/2025

**OTHMANE TAJEDDINE**

Othmane Tajeddine is the 'Directeur Général en charge de la Banque de l'International' at Banque Centrale Populaire. Mr. Tajeddine holds a 'Mastère en Economie et Gestion des Entreprises' from University Hassan II.

Country of residence : Morocco

**ABDESLAM BENNANI**

Abdeslam Bennani is the 'Directeur Général en charge du Corporate & Investment Banking' in the BCP Group. Mr. Bennani holds a 'Diplôme d'Etudes Supérieures Spécialisées en Contrôle de gestion et Audit Interne' from the University of Bordeaux IV. He has over 26 years of experience in the financial services sector.

Country of residence : Morocco

C CHAIRPERSON
CM COMMITTEE MEMBERS
NED NON-EXECUTIVE DIRECTORS
ED EXECUTIVE DIRECTORS

MEMBERS OF THE BOARD
CORPORATE GOVERNANCE COMMITTEE
NOMINATION AND REMUNATION COMMITTEE
CREDIT COMMITTEE
AUDIT COMMITTEE
RISK MANAGEMENT COMMITTEE

Board of Directors (Continued)
Directors' Profile (Continued)



SOUMIA FATHALLAH



Soumia Fathallah is currently the Executive Director of the Group Transaction Banking division at Banque Centrale Populaire and has 25 years of experience in the financial services sector. She holds a 'Master Système d'Information et Contrôle de Gestion' from University of Rennes and a bachelor in Business Administration from the University of Al Akhawayn.

Country of residence : Morocco



HICHAM BELCAID (until 09/11/2024)



Hicham Belcaid is the 'Directeur Banque de l'Entreprise' at BCP International and has 29 years of experience in the banking sector. He holds a 'Maîtrise en Sciences de Gestion' and 'DESS en Ingénierie et Gestion des Systèmes d'Information' from University of Toulouse.

Country of residence : Morocco



JEAN-LOUIS VINCIGUERRA (until 22/03/2025)
Independent Director

CM
NED

CM

C

Jean-Louis Vinciguerra holds a Masters in Political Sciences from 'Institut d'Etudes Politiques de Paris', a PhD in Economics from Paris Panthéon-Assas and has completed the Management Development Program at the Harvard Business School. Mr Vinciguerra has been the Director of Finance and Operations and Senior Executive Vice President of France Telecom since 1998. He has banking experience as Senior Partner of Rothschild and Company, then BZW and finally Indosuez as Head of Investment Banking Division for Asia-Pacific. He began his career in 1971 with Pechiney, where Mr. Vinciguerra served as Group Director Finance and Operations, Vice President of Finance and Deputy Managing Director of Packaging Division. He served as the Chairman and Chief Executive Officer of American National Can from 1994 to 1995. He also served as Head of the Asia Department at Crédit Agricole Indosuez.

Country of residence : Morocco



ABDELWAFI ATIF
Executive Director until 14/01/2025

CM
ED

CM

Abdelwafi Atif is the Chief Executive Officer (CEO) of the Bank. He holds a 'Diplôme des Etudes Universitaires Générales Sciences Economiques' from the University Sidi Med Ben Abdellah in Morocco and a 'Diplôme des Etudes Supérieure Bancaires' from Institut Technique de Banque/ CNAM in Paris. Before joining BCP Bank (Mauritius) Ltd, he was the Chief Executive Officer of Chaabi International Bank Offshore, a subsidiary of Banque Centrale Populaire. Mr. Atif has over 35 years of banking experience and holds directorships in two of the BCP Group's international subsidiaries.

Country of residence : Mauritius

SENIOR MANAGEMENT TEAM

● Role and Responsibilities of the Chief Executive Officer

The Chief Executive Officer, with the active involvement and overview of the Board, is responsible for the strategic direction of the Bank and must, therefore, take the initiative of setting the vision and long and short-term goals. He ensures that an appropriate strategic planning process is in place and takes the lead in coming up with a proposed strategic plan, including the objectives to be achieved. The Board will examine the plan and provide an objective assessment thereof. In addition, the conduct of business is entrusted to the Chief Executive Officer, who has the responsibility to operate within the risk appetites and policies set by the Board while adhering to regulatory requirements. To this end, various committees involving the Bank's senior officers are in place to support the Chief Executive Officer to deliberate on key issues for informed decision-making.

● Profile of the Senior Management Team

The profiles of the Senior Management Team led by Mrs Sangeetha RAMKELAWON are as follows:



SANGEETHA RAMKELAWON

Deputy Chief Executive Officer

(appointed Chief Executive Officer and Executive Director as from 15/01/2025)

Sangeetha Ramkelawon is the Chief Executive Officer of BCP Bank (Mauritius) Ltd since 15th January 2025. Prior to this, she served as Deputy Chief Executive Officer at BCP Bank (Mauritius) Ltd. She has more than 20 years of experience in the financial services sector since she graduated in Management with a specialisation in International Finance. She has extensive experience in the Global Business sector, which she has built since her early days in her career. She held senior positions at Deutsche Bank for 13 years where she led the cash management and trade finance business with extensive exposure to Europe, Asia and US markets. In 2016, she joined one of the leading French banking group BPCE subsidiary in Mauritius - Banque des Mascareignes Ltee as Director of Corporate and Institutional Banking. In 2018, she was the Interim CEO during the phase of the acquisition of the Bank by Groupe Banque Centrale Populaire. As from November 2018, she was appointed Deputy Chief Executive Officer by the Board of Directors of the Bank. Sangeetha served as Vice Chairperson and is currently Director on the Board of Mauritius Finance. Sangeetha is a member of Mauritius Institute of Directors and Women Directors Forum. She also serves as Alternate Director on the Board of the Mauritius Bankers Association.

Country of residence : Mauritius



SHAKIL DABY

Director of Corporate and Institutional Banking

Shakil Daby joined the Bank in September 2016 in the capacity of Head of Corporate and was appointed as Director Corporate and Institutional Banking in January 2019. Shakil has a career spanning over 18 years of banking experience within the international banking sector in wholesale and global banking markets. Prior to joining BCP Bank (Mauritius) Ltd, Shakil held various roles in Mauritius and abroad with HSBC Bank (Mauritius) Limited and corporate firms where he was actively involved in driving corporate strategy, revenue expansion and market growth. Shakil is a Chartered Banker from the UK Chartered Banker Institute and is a holder of a Bachelor of Arts (with Honours) in Law and Management from Middlesex University London, UK.

Country of residence : Mauritius



NADIA DANDJEE

Director Finance and Operations

Nadia Dandjee holds a Master's degree in Business Administration with a specialisation in Accounting, from HEC Business School in France. She started her career in 1995 as auditor with Deloitte Touche Tohmatsu. She joined BNP Paribas in 1997, where she occupied several management positions in Finance and IT over 14 years. From 2010 to 2012, she was successively promoted to Operations Manager and Product and Business Development Manager in the Outsourcing business unit of the Harel Mallac Group. In 2012, she joined BCP Bank (Mauritius) Ltd as "Responsable – Organisation et Maitrise d'Ouvrage". In 2016, she was promoted to Finance Director. In 2017, she successfully followed the ESSEC General Management Program and was appointed as Director Finance and Operations.

Country of residence : Mauritius



RAVIND KUMAR (ASHLAY) BHOJUN

Chief Risk Officer

Ravind has more than 16 years of experience in the banking industry with specialisation in credit risk underwriting, risk management and commercial banking. He joined BCP Bank (Mauritius) Ltd as Chief Risk Officer on 01 September 2023. Since then, he has been instrumental in revamping the risk management framework, leading on several critical risk projects and setting a well-balanced risk culture throughout the Bank. Prior joining BCP Bank (Mauritius) Ltd, Ravind has worked at SBM Bank (Mauritius) and Bank One Ltd where he occupied the key role of the Head of Credit Risk Management. He is a holder of a BSc (Hons) in Economics and Finance from the University of Mauritius and a M.A. in Economics from University of Pune, India.

Country of residence : Mauritius

01

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis

CAUTIONARY NOTE

The Management Discussion Analysis (MDA) includes forward-looking statements and there are risks that forecasts, projections and assumptions contained therein may not materialise, and actual results may vary from the plans and expectations. BCP Bank (Mauritius) Ltd (the Bank) does not plan to update any forward-looking statements periodically and the reader should stand cautioned not to place any undue reliance on such forecasts.

FINANCIAL HIGHLIGHTS

	2024	2023	2022
Income Statement (Rs' million)			
Net interest income	844	672	447
Revenue	1,034	809	606
Profit before Tax	451	295	174
Profit for the year	434	274	145
Statement of Financial Position (Rs' million)			
Total assets	34,871	31,961	27,205
Total loans (net)	21,424	18,737	17,349
Total deposits	25,244	20,474	14,825
Shareholder fund	3,157	2,708	2,430
Risk weighted assets	22,748	22,705	18,057
Performance Ratios (%)			
Return on average assets	1.3	0.9	0.5
Return on average equity	14.8	10.7	6.3
Non-interest income / Revenue	18.3	16.9	26.1
Loans (net) to deposits ratio	84.9	91.5	117.0
Cost-to-income ratio	48.4	55.0	80.7
Asset Quality (%)			
Non-performing asset ratio	3.6	5.2	5.9
Provision Coverage ratio	83.2	76.0	60.2

PERFORMANCE AGAINST OBJECTIVES 2024 AND FORECAST FOR 2025

Objectives for FY 2024

Performance in FY 2024

Objectives for FY 2025

Revenue

The Bank will continue to expand its footprint regionally and globally to new countries and businesses, and revenue is expected to grow by 31%.

The revenue level was almost on target and increased by 28% with the cross-border business making a strong contribution to this performance.

The Bank forecasts a total Revenue of MUR 1.2 bn on the back of higher average volume of loans mitigating the predicted decreasing interest rates on the market.

Operating expenses

Operating expenses will increase, on the back of an extensive investment plan in technology and human capital.

Operating expenses increased by 13%, with human capital being the main vector of investment during the year under review.

In line with further investments in technology and human capital, operating expenses are expected to increase by 24%.

Cost-to-income ratio

The cost-to income ratio is projected to remain above 50%.

The Bank improved significantly on its cost-to-income ratio and achieved 48.4% for the year.

The cost-to income ratio is targeted to be around 50%.

Return on equity (ROE)

The Bank aims to achieve a ROE of 10%.

Return on average equity reached 14.8% which was above the target set.

The Bank aims to attain a minimum return on average equity of 10%.

Return on average assets (ROAA)

The Bank will maintain a minimum ROAA of 0.9%.

ROAA increased by 4bps to reach 1.3%.

ROAA will improve further, above the minimum threshold of 1%.

Management Discussion & Analysis (Continued)

Performance against objective 2024 and forecast for 2025 (Continued)

Asset quality

The growth of the loan portfolio, coupled with the close monitoring of credit risk will lead to the NPL to decrease further.

The NPL declined to 3.6%, compared to 5.2% the previous year.

Strong monitoring of the existing credit portfolio and disciplined credit risk appetite will keep the NPL below industry norms.

Capital Adequacy Ratio (CAR)

The CAR will remain well above the regulatory threshold.

CAR improved and stood at 17.63%.

The CAR is expected to be well above the regulatory threshold.

Loans and advances (net)

The Bank will maintain its focus on the development of its Trade Finance, Global Business, and Cross-border activities; and the loans and advances book is anticipated to show a solid expansion of 35%.

Period end gross loans and advances went up by 13% with loans extended to non-resident entities demonstrating a 25% average growth.

International banking will remain the key pillar of the bank's development strategy, and the loans and advances book is anticipated to show a solid expansion of 23% on year-to-date average balances.

Deposits

Deposits are the Bank's main source of funding and are expected to demonstrate a 22% growth to sustain its financing operations.

Deposits experienced a growth of 23% from 2023.

Deposits are expected to demonstrate an average growth rate of 19%.

INTERNATIONAL ECONOMIC PERFORMANCE AND OUTLOOK 2025

Global growth is stabilizing amidst lower global inflation and growing trade in goods and services. Global inflation continued to decline due to falling energy and food prices, improving supply chains, and the delayed impact of stringent monetary policies. Going forward, global headline inflation is forecast to decline to an average of 2.7% in 2025-26, broadly consistent with target levels in advanced and emerging economies.

On the other hand, Global trade in goods and services rebounded in 2024, growing by an estimated 2.7% after a slow expansion in the previous year. Global trade is predicted to grow by 3.1% and 3.2% in 2025 and 2026, respectively.

However, the growth prospects will be insufficient to foster sustained economic development, with the possibility of further headwinds from heightened policy uncertainty, adverse trade policy shifts, geopolitical tensions, persistent inflation, and climate-related natural disasters. The modest growth outlook and various challenges emphasize the necessity for decisive policy measures. Global policy initiatives are crucial to protect trade, address debt vulnerabilities, ensure price stability, and tackle climate change. For the longer term, the World Bank argues that to put development goals on track, interventions that mitigate the impact of conflicts, lift human capital, bolster labour force inclusion, enhance macroeconomic stability and confront food insecurity will be critical.

Regional Prospects

Against a backdrop of heightened trade restrictive measures and subdued global growth, EMDE regions face varying growth prospects this year. Growth is projected to moderate in East Asia and Pacific, amid weak domestic demand in China, as well as in Europe and Central Asia due to decelerations in some large economies following strong growth last year. In contrast, a pickup is anticipated in Latin America and the Caribbean, the Middle East and North Africa, South Asia, and SubSaharan Africa, partly underpinned by robust domestic demand. In 2026, growth is expected to strengthen in most regions.

MAURITIUS ECONOMIC PERFORMANCE IN 2024

The nation's economic performance in 2024 demonstrated remarkable resilience amid global uncertainties.

Mauritius economy managed to rebound strongly from the economic slowdown caused by the COVID-19 pandemic, achieving a projected GDP growth rate of 5.2% in 2024. This growth was largely driven by a recovery in consumer spending, an uptick in tourism, and an increase in foreign direct investments (FDIs). The government's proactive approach, including fiscal stimulus measures and business incentives, played a pivotal role in rejuvenating the economy.

Tourism

As a crucial pillar of the Mauritian economy, the tourism sector experienced a significant revival. The island welcomed over 1.3 million tourists in 2024 thanks to competitive travel packages, and enhanced connectivity with key markets in Europe, Africa, and Asia. This recovery contributed to job creation and revitalized related industries such as hospitality, retail, and transportation. Tourism revenues were expected to reach 13.5% of GDP by the end of the year.

Financial Services

Mauritius solidified its position as a growing financial hub, attracting investments in the banking, insurance, and FinTech sectors. The government's focus on strengthening regulatory frameworks boosted investor confidence and cemented its reputation as a reliable offshore financial centre.

Foreign Direct Investments (FDIs) in Mauritius

FDI inflows into Mauritius increased by approximately 12% year-on-year, highlighting the island's continued appeal to foreign investors. The stability of the political landscape, combined with investor-friendly policies and a robust legal framework, has helped attract investments across various sectors, including the following Real Estate Development, Renewable Energy and Technology and FinTech.

MAURITIUS OUTLOOK 2025

Mauritius' economic performance in 2024 has set the stage for a promising 2025 and the economic momentum is set to be sustained, driven by strong construction activity and the solid performance of tourism and financial services, amongst others.

The tourism sector is poised for further growth in 2025 with the government planning to diversify tourism offerings, focusing on niche markets such as eco-tourism, medical tourism, and luxury travel experiences. Mauritius has set an ambitious target to achieve carbon neutrality by 2050, opening the door for investments in renewable energy. The government is expected to introduce additional incentives for projects in solar, wind, and green hydrogen technologies in 2025.

One of Mauritius' objectives is to become a digital and FinTech hub in the region. With the government's strong support for digital innovation, the country offers lucrative prospects for tech-focused investments. The establishment of a FinTech regulatory sandbox enables startups to test their solutions within a controlled environment, reducing entry barriers for new technologies. In 2025, sectors like digital banking, AI-driven analytics, and cybersecurity will likely grow significantly, presenting attractive opportunities for investors.

Management Discussion & Analysis (Continued)

INCOME STATEMENT ANALYSIS

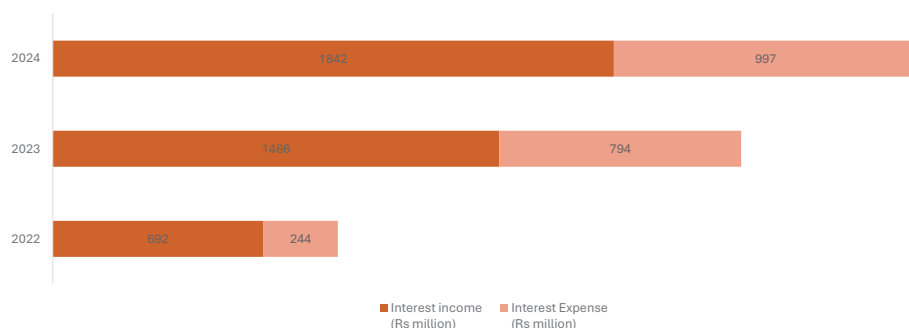
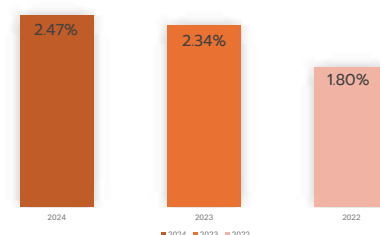
The Bank delivered a strong performance in 2024 with an increase in operating income of Rs 533 million, representing an increase of 46% over last year and net profit after tax of Rs 434 million, 58% increase over last year. The main contributor to our income has been our cross border/ international banking business.

● Net interest income

The Net Interest Income reached Rs 844 million, an increase of 26% compared to 2023, on account of a comparatively higher volume of interest-earning assets.

The ratio of net interest income to total average interest earning assets showed a sustained improvement of 13 basis points over 2023.

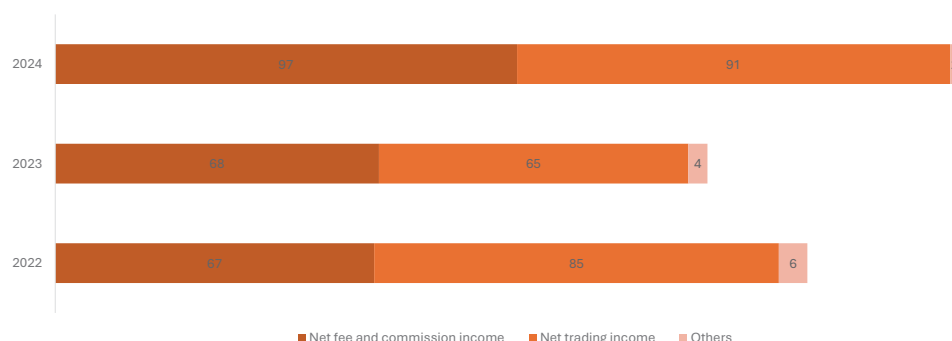
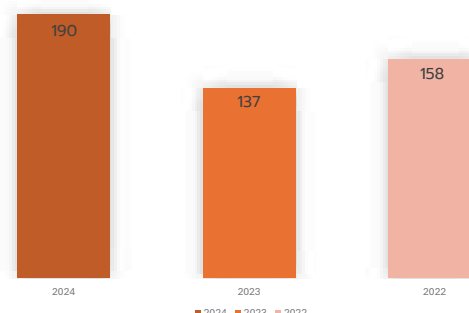
Net interest income to average earning assets



● Non-interest income

Non-interest income recorded a growth of 38% and stood at Rs 190 million over the year. Net and fee commission income, amounted to Rs 97 million for the year ended 31 December 2024, an increase of 42%, boosted by trade finance commissions. Despite the challenges in the foreign exchange market, net trading income increased by 41% to Rs 91 million.

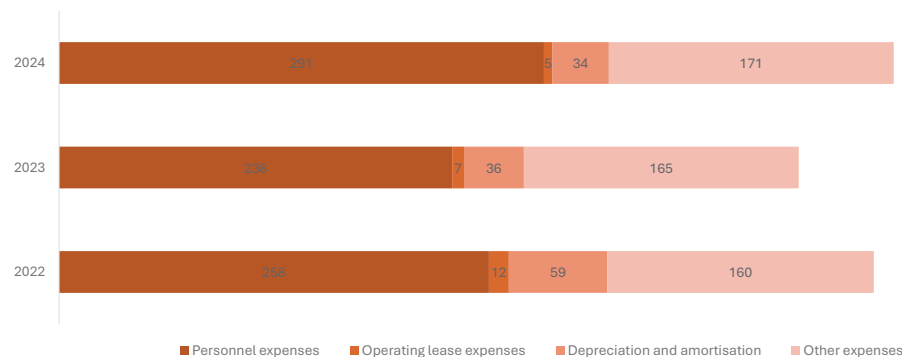
Total Non-interest income



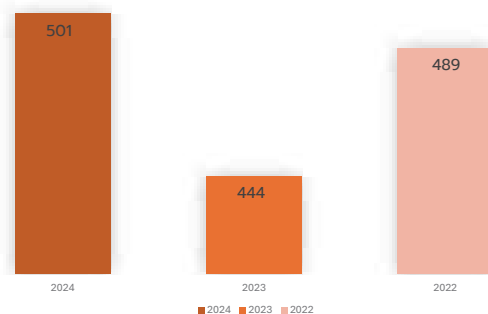
Operating expenses

Operating expenses increased by 13% mainly due to an increase of 23% in HR costs, driven mainly by recruitment of new staff and payment of additional local statutory benefits requirements. Other expenses are mainly related to IT-related costs.

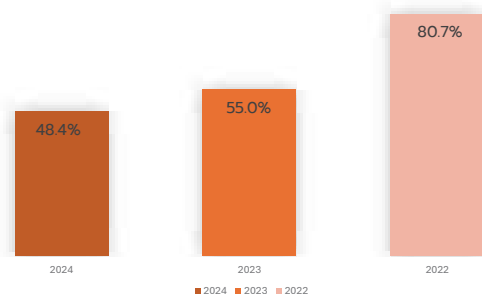
The increase of 28% in revenue more than year ended 31 December 2023 offsets the increase in operating expenses, thereby weighing positively on the cost to income ratio, which improved to 48% in 2024 compared to 55% in 2023.



Total Non-interest income

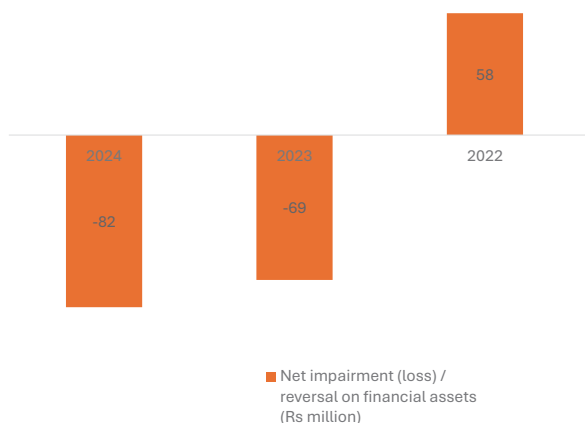


Cost to income ratio



Impairment charges

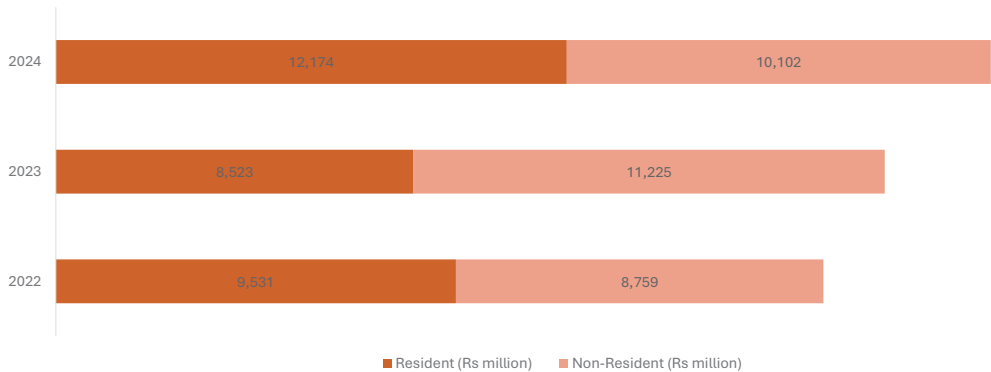
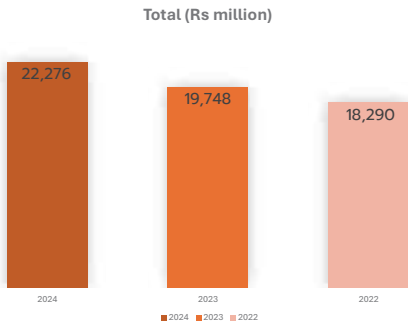
The revised and enhanced IFRS 9 model yielded lower ECL for most of the Bank's portfolio and consequently an ECL Stage 1 and 2 release was recorded for the year ended 31 December 2024. This compensated the specific provision made on the largest impaired exposure of the Bank for the year ended 31 December 2024. An overall net impairment charge of Rs 82 million was therefore recognized in 2024.



FINANCIAL POSITION STATEMENT

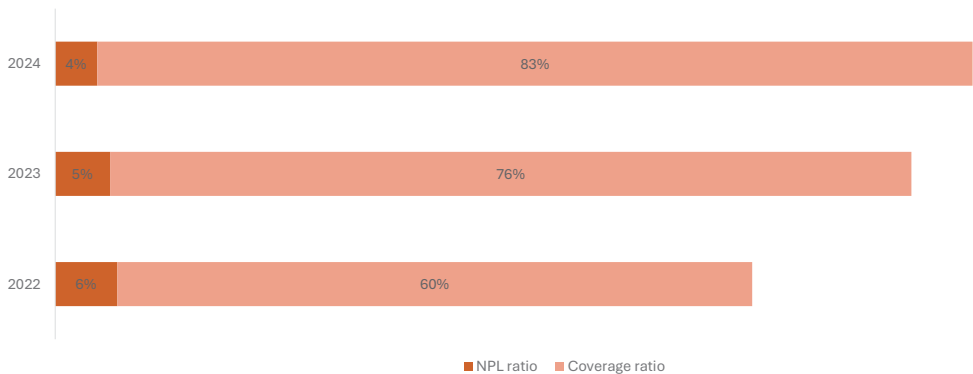
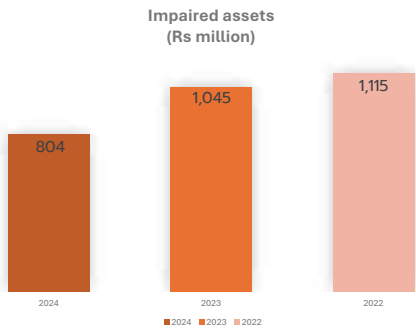
Loans and advances (gross)

Period end gross loans and advances went up by 13%, and reached Rs 22.3 billion, mainly driven by the sustained expansion in the cross-border activities. Loans extended to non-resident entities demonstrated a 25% average growth. On the domestic market, the corporate loan portfolio stagnated, while the retail segment increased by 4% on year-to-date average, despite a highly competitive market.



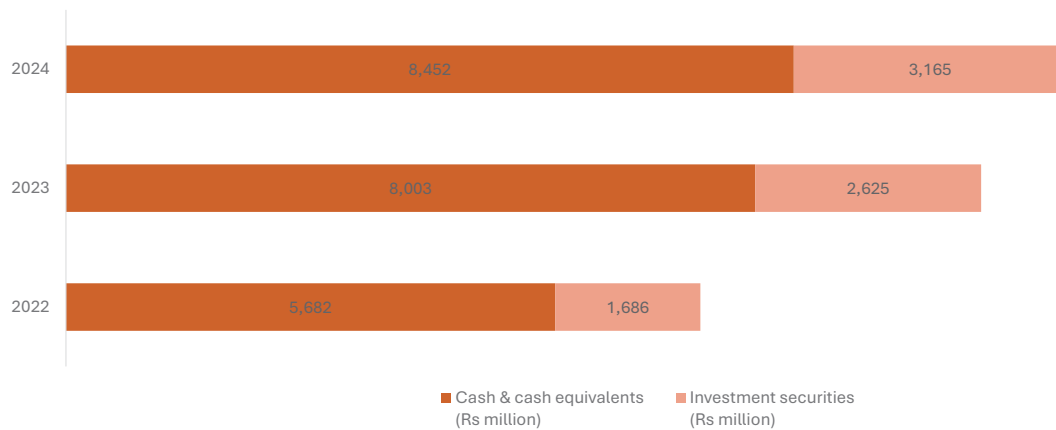
Asset quality

Non-performing ratio improved over the year to 4% as compared to 5% in December 2023 as a result of write offs under local prudential regulations. The coverage ratio changed to 83% in December 2024 from 76% in December 2023. This reflects the Bank’s prudent approach in credit risk management and its proactive measures to mitigate credit losses.

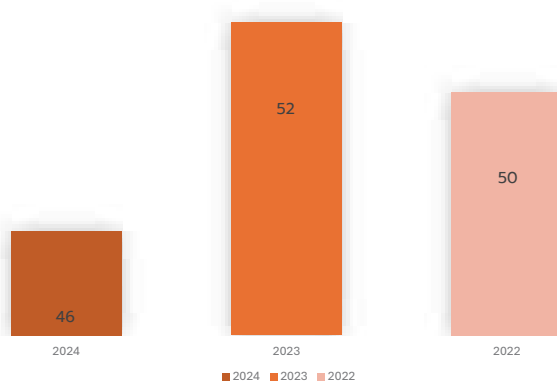


● Liquid assets

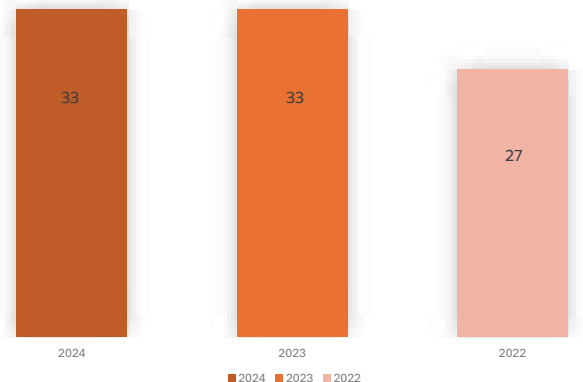
The Bank's liquid assets, comprising of cash and cash equivalents along with investment securities, reached Rs 11.6 billion as at end of December 2024, an increase of 9% compared to 2023. This upward trend underscores the Bank's steady commitment to maintaining a robust liquid position to meet prudential liquidity requirements. Ensuring adequate cash resources to meet current and future financial obligations remains a major priority for the Bank, both in normal and stressed scenarios. The Bank's liquid assets as a percentage of its total deposits represented 46% as at end of December 2024, against 52% in the preceding year. Moreover, these liquid assets constituted 33% of the Bank's total assets same level as reported in the previous year.



% liquid assets / Total deposits



% liquid assets / Total assets

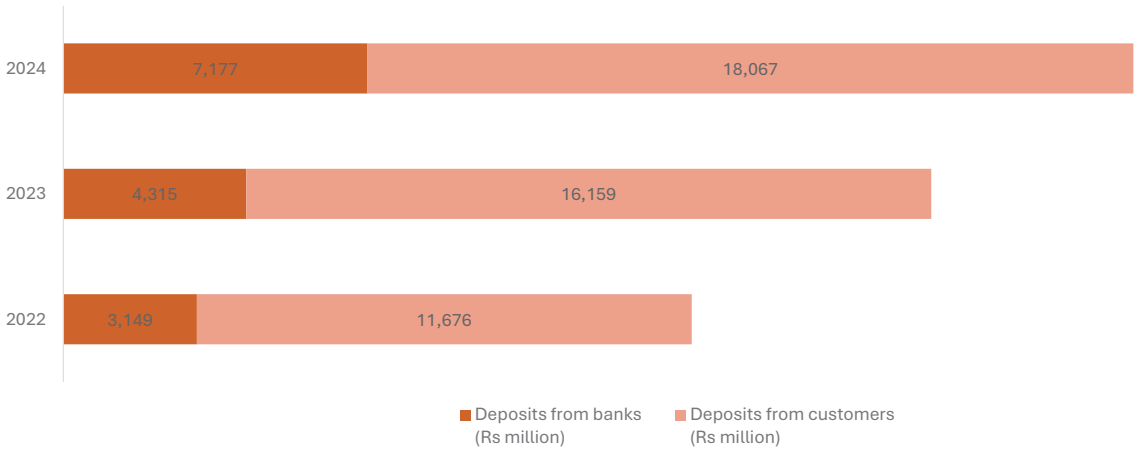
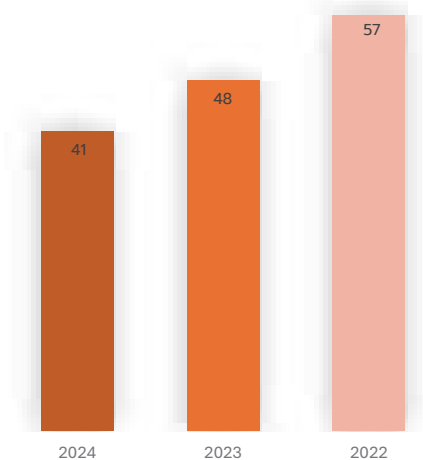


Deposits

Total deposits from banks and customers reached Rs 25.2 billion as at end of December 2024, reflecting a 23% growth from December 2023. Though all segments contributed to this performance, the non-resident deposits increased on year to date average by 46%. Despite challenging market conditions, the Bank remains committed to attract, retain and maintain a well-diversified deposits base to support the expansion of its cross-border lending activities.

The CASA (Current Account Savings Account) ratio dropped to 41% as at end of December 2024 from 48% as at end of December 2023. Despite this drop, the Bank is continuously monitoring and managing an optimal and efficient funding structure.

CASA deposits ratio



Borrowed funds

The Bank's reliance on borrowed funds decreased notably, as a result of the Bank's effort to grow a sustainable deposit base. Borrowed funds dropped by 33%, from Rs 5.3 billion as at end of December 2023 to Rs 3.6 billion as at end of December 2024. These borrowings, predominantly in foreign currency, are sourced from affiliated entities within the group, and reputable development financial institutions. These funds are mainly directed towards supporting the Bank's cross-border banking activities.

● Capital management

The Bank closed the financial year 2024 with a capital adequacy ratio of 17.63%, well above the minimum regulatory requirement of 12.5%.

BUSINESS SEGMENT REVIEW

● Corporate & Institutional Banking (CIB)

In 2024, in line with our strategy and roadmap, CIB strengthened its position through trade finance, specialized lending, and institutional banking, driving a 9% asset book growth. Cross-border transactions and structured deals expanded our client base, while deposits grew by 12%, reflecting deepened trust and liquidity strength. The domestic market faced challenges due to limited investment opportunities, tightened FX availability to serve our importers market segment.

Key Highlights

- Trade & Institutional Banking Expansion through strengthened partnerships and larger volumes of transactions.
- Digital & Risk Management Enhancements through improved efficiency and client experience, with the rollout of our new e-Banking Corporate Banking platform, BCP Connect.

Outlook

We aim to enhance our digital capabilities, and deepen institutional partnerships to support long-term growth & Consumer Banking.

● Consumer Banking (Retail, SME & Private Banking)

2024 witnessed strong commercial performance driven by customer-focused initiatives. We introduced new retail and SME banking products, launched specialized training programs to our people, and upgraded our Port Louis Business Centre to enhance service delivery and client experience. Despite market challenges in foreign currency availability, our Private Banking division played a pivotal role in serving our clientele.

Key Highlights

- Tailored banking solutions through new products introduced.
- Customer engagement & digital banking growth through strengthened client relationships and accessibility.
- Infrastructure & Talent Investment through the renovated Business Centre and training to upskill our teams.
- Foreign Currency Solutions by sourcing deposits through access for high-net-worth clients.
- Pan-African Growth Strategy—initiated through group synergy and other institutional partnerships developed via our presence in select events.

Outlook

We remain committed to enhancing digital services, growing our SME portfolio, and fostering customer trust to drive sustainable expansion. Foreign Currency Solutions by sourcing deposits through access for high-net-worth clients. Our goal is to expand our international reach, enhance our wealth management capabilities, and strengthen our position as a trusted financial partner for global clients.

● Conclusion

Across CIB, Consumer Banking, and Private Banking, 2024 was marked by strong performance and innovation. As we transit to 2025, we remain focused on unlocking opportunities, driving digital transformation, and delivering long-term value for our clients and stakeholders.

COMPLIANCE FUNCTION

Over time, the role of the Compliance Function in banks has evolved from, not only promulgating regulations and internal bank policies largely in an advisory capacity, but to a pivotal role with an expanded focus on actual identification, mitigation and management of compliance risks.

The Compliance Function at BCP Bank (Mauritius) Ltd is fully independent, with a direct line of reporting to the Board Risk Management Committee and the Board of Directors.

It has adopted the general principles of the Basel Committee on Banking Supervision on Compliance and Compliance Function in Banks, aligned with the BCP Group Compliance Charter and standards. However, with the coming into force of the new Guideline on Compliance Risk Management and Governance Framework issued by the Central Bank in November 2024, the Bank is now reviewing its current policy, standards and practices to fully align with the requirements of this new guideline. All banks, in Mauritius, have been given a transition period until the end of May 2025, to ensure complete adoption and implementation. This new guideline sets out the minimum requirements in implementing a strong compliance culture and an effective governance and risk management framework for compliance risk.

Positioned in the second line of defence, the objective of the Compliance Function is to assess, monitor and report on compliance risks covering regulatory, internal policies, code of conduct & standards and good governance practices. The general approach adopted to manage the compliance risk is to promote a compliance-oriented compliance culture across the Bank by adhering to the applicable laws, regulations, guidelines and business standards, in order to safeguard the Bank's reputation and that of its customers and stakeholders and at the same time ensure a sustainable growth. That is, the Compliance Function plays an important role between the conduct of business operations and overall adherence to regulations and guidelines.

In the year 2024, the board-approved compliance programme included the following activities:

➤ Testing and Monitoring

- Test regulatory and policy driven activities.
- Closely monitor client onboarding and transactions in line with the Anti-Money Laundering & Combatting the Financing of Terrorism and Proliferation (AML-CFTP).
- Conduct regular screening of the Bank's customer-base, to ensure compliance with sanction laws. Proactively identify compliance/ AML-CFTP risks, assess impacts/ likelihood & implement adapted controls.

➤ Regulatory Coordination

- Ensure liaison and coordination with the regulators and other supervisory bodies.
- Maintain a line of communication and foster a trusted relationship with regulatory authorities.
- Identify applicable regulations & guidelines and ensuring internal adoption & implementation.
- Ensure timely replies to correspondences from the Central Bank as well as queries from regulatory authorities.

➤ **Governance, Policy Management & Advisory**

- Reinforce the compliance framework and continuously enhance compliance policies & procedures to promote strong ethical behavior regarding business operations.
- Provide regulatory advisory services and building awareness on regulatory obligations.
- Promote a compliance-oriented compliance culture across the Bank.
- Ensure prompt dissemination of compliance-related information to relevant business units.
- Engage with the different front-office and back-office business units for customer on-boarding requests and assist them in the on-boarding process.
- Nurture the working relationship with the different departments/ units across the Bank.

➤ **Relationship with Correspondent Banks & Other Financial Institutions**

- Participate in regular AML-CFT&P reviews performed by correspondent banks.
- Ensure queries on transactions are addressed on a timely basis.
- Ensure adherence to risk statements of correspondent banks.
- Maintain up-to-date country risk rating, in line with the country risk methodology adopted by the Bank.

➤ **Enterprise-Wide AML Risk Assessment**

- Reassess the Bank's ML-TF risk to which the Bank is exposed per client, channel, product & service.
- Identify gaps, determine the mitigation controls and areas of enhancement through an action plan.

➤ **Training**

- Dispense training on AML-CFT&P regulations and obligations.
- Promote ongoing awareness of compliance-related rules and regulations.

● Code de Déontologie & Ethique

In 2024, the Groupe BCP has issued two new components as part of the implementation of the 'Système de Management Anti-Corruption (SMAC)', namely the anti-corruption policy and the whistleblowing policy. The new anti-corruption policy confirms BCP Group's commitment to implementing a Zero Tolerance policy towards all forms of corruption and reinforces the principles and rules governing the fight against corruption administered at the highest level by the management and governance body.

On the other hand, the whistleblowing policy describes the procedures for reporting and handling ethics alerts, as well as the various channels to be used.

At the level of BCP Bank (Mauritius) Ltd, we have set up our own Code, aligned with the Groupe BCP's philosophy and expectations as well as the local regulations in force. The Bank has adopted the values integrity, loyalty, professionalism, quality, confidentiality, transparency and solidarity as benchmarks. These core principles and values are clearly articulated in the Bank's Code de Déontologie & Ethique, in order to instill a culture of integrity throughout the Bank and further strengthen the relationship of trust with its customers and external partners.

The Board of Directors has a direct oversight on the implementation of the Code and any breach thereof. All employees are personally accountable and are required to act in accordance with the Code.

INTERNAL AUDIT FUNCTION

The Internal Audit function provides independent, objective assurance and consulting activity designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

● Independence of the Internal Audit Team

The Internal Audit's independence is secured through its direct reporting line to the Audit Committee. The Director of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Executive Officer. The Director of Internal Audit has access to the Chairperson of the Audit Committee and is an invitee to the Audit committee meetings, thereby establishing its independence.

Moreover, in order to maintain objectivity, the Director of Internal Audit is not involved or responsible for any other function in the Bank.

The Internal Audit department is governed by an Internal Audit charter. The charter was updated in 2022 and approved by the Audit Committee and the Board of Directors. The charter mainly aims to define and establish the objective, scope, authority, responsibilities, and position of the Internal Audit function within BCP Bank (Mauritius) Ltd, in line with good governance principles. It also sets the professional and moral terms required of the auditors.

The charter guarantees the Internal Audit team, unrestricted access to the Chairperson of the Board and the Audit Committee as well as all personnel, documents, records and explanations required in the performance of its duties. In this context, no professional secrecy or reserved area can be opposed to it except for regulated sectors.

● Audit Plan

The Internal Audit's plan is subject to review by the BCP Group Internal Audit department through analysis of the risk assessment and methodology applied for the conception of the plan. The latter has a broad oversight on the local audit plan to ensure coverage of key risk areas and ensures alignment of the audit methodology across the Group in line with the industry best practices.

Thereafter, the Internal Audit plan is approved annually by the Audit Committee. The plan is conceptualised using a risk-based approach designed to add value and improve the Bank's operations and caters for variations to be more responsive to ad-hoc requests from the Board and Management.

The progress of the audit plan is reviewed on a quarterly basis by the Audit Committee and the latter is apprised of the Internal Audit findings, the identified control deficiencies and remedial measures / recommendations during each committee. The Audit Committee is also informed of the follow-up of recommendations / open items until its closure as well as any other emerging matters related to the Internal Audit department.

Management Discussion & Analysis (Continued)
Internal Audit Function (Continued)

● **Qualifications And Experiences**

The Internal audit department comprises of multi-skilled staff, having an average of over 20 years of banking experience. The audit staff hold diverse qualifications related to the banking and auditing/ accounting fields.

RISK MANAGEMENT REPORT**● Chief Risk Officer (CRO) Statement**

The financial year 2024 has been eventful both domestically and internationally with general/presidential elections held in almost every part of the world, including in United States, India, France and various African countries, including Mauritius. While in certain regions the election results have only ensured a continuation of existing policies, on the other hand other regions have seen a change in government/president, leading to uncertainties and potential instabilities.

The tensed Middle East situation and the potential economical war between China and U.S, following the election of the new U.S President, will certainly lead to geo-political tensions, instability in the commodities supplies, and thereby affecting mostly vulnerable economies through imported hyperinflation, currency depreciation and ultimately higher cost of borrowings or difficulties in servicing existing foreign debts.

The African market, which remains the focus market for BCP Bank (Mauritius) Ltd, continues to provide potential opportunities to exploit. However, although certain 'relatively big' economies with the like of Kenya, Nigeria, Senegal, Ivory Coast and Ghana are showing potential recoveries, any investment in Africa continues to be evaluated cautiously with the associated risks being well ring-fenced, especially in the Western African region (Mali, Burkina Faso, Cameroon, etc.) where political situation remains fragile.

On the domestic front, despite the change of government, the Mauritian economy continues its recovery path post pandemic. All the major sectors, such as finance, tourism, construction/real estate, continue to contribute significantly to the GDP. The stability and robustness of the financial sector is still luring foreign investments to the island. However, FX instability remain the main macroeconomic concern of the Bank of Mauritius (BoM). The BoM continues to closely monitor the situation through its regular Monetary Policy Committee (MPC) and intervene in the market whenever required.

As such, the Risk Management Framework of the Bank is updated accordingly to assess and manage all the risks associated with its core activities, thereby remaining vigilant and resilient to any potential shock. BCP BM Risk Management Framework is based on a robust and integrated approach which considers all relevant risks, including credit, market, liquidity, operational, legal, compliance and reputational. The Bank has in place a robust risk identification and assessment approach to identify the most material risks and to develop appropriate mitigation strategies to ensure it operates within the risk appetite, as approved by the Board.

Management Discussion & Analysis (Continued)
 Risk Management Report (Continued)
 CRO Statement (Continued)

The Bank's robust risk management efforts have indeed been effective and helped the Bank in having a stable asset quality portfolio growth despite operating in such unprecedented conditions. The Bank Key Risk Indicators (KRIs) have also been trending positively within acceptable thresholds. Further enhancing its risk mitigation & control framework, the Bank embarked on a journey to modernise and improve its risk management tools. Accordingly, during FY2024, the Bank invested and successfully implemented and updated several key critical projects and/or controls:

- The Bank's internal rating, probability of default (PD), Loss Given Default (LGD) and Expected Credit Loss (ECL) tools have been updated. Moreover, the Bank has also readjusted its methodology and model to align with the new BoM Guideline on Classification, Provisioning and Write Off of Credit Exposure.
- Stress testing methodology and ICAAP scenarios have been enhanced, adapting to the market reality.
- Cyber-security risk management remains a top priority with the Bank engaging in the required investment during FY2024 to mitigate this increasing risk and to be also compliant with the new BoM Guideline on Cyber and Technology Risk Management, effective as from June 2024.
- The Bank continues to upgrade its existing climate/ESG framework to gradually factor in the climate related financial risk in its decision-making process.
- The execution of migrating to a new core banking system has already started. The core banking system will surely improve the Bank's MIS capabilities to ease and enhance analysis, controls, reporting and decision making. The data governance framework shall be further enhanced during the forthcoming years.

With the local & global environment expected to evolve in 2025 mainly due to:

- Overall global economic uncertainty following the protectionism strategy of the new US President, which also put at stake the renewal of the African Growth and Opportunity Act (AGOA) that may have negative impact on trade competitiveness of African export.
- The continuous and increasing Geo/internal political tensions, especially in the Western African region, which remains a major regional market for the Bank.
- The new dimension that Middle East crisis has taken with the involvement of the Houthis, attacking on Red Sea shipping. These maritime disruptions will indirectly benefit China's Belt and Road Initiative (BRI) and further lead to spillover geo-politics tensions.
- The change in the Mauritian sovereign Moody's outlook from 'stable' to 'negative' based on new revelations from the new government in respect to economic indicators, may potentially lead to a temporarily 'wait and see' approach by investors and thus further negatively impacting the economic growth.
- The New Monetary Policy Strategy being put in place by the BoM may potentially have short/mid-term impact on debt serviceability of clients.

And with the Bank's commitment to better serve its clients with innovative products and online/technology-oriented services, the risk management framework will surely necessitate continuous readjustment. In that respect, the Bank's Management Team shall continue to monitor the situation throughout 2025 and will readjust or strengthen its risk management framework accordingly as and when required.

● Risk Governance Structure

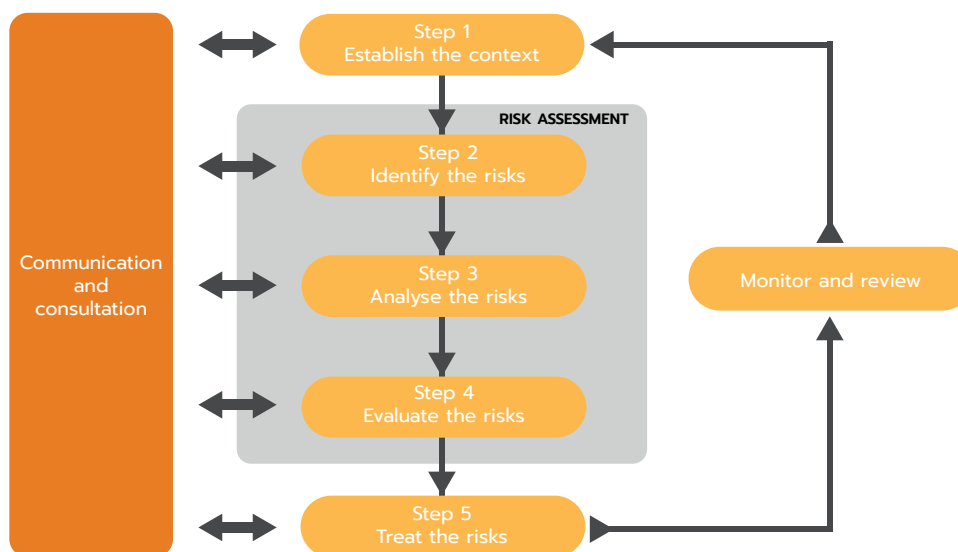
The Risk and Compliance framework and policies, as approved by the Risk Management Committee and the Board, outlines the approach to manage risk at the Bank.

Governance committees are held at both the Board and Management level which have clearly stipulated directives and delegated authorities that are reviewed regularly. The Board oversees and ensures adequate risk management across the Bank and delegates specific duties to sub committees for a scrutiny of the risk management process. The composition and function of these committees, at Board and Management level, are described in the Corporate Governance Report. The Committees with oversight on Risk management are:

At Board Level	At Management Level
• Risk Management Committee (RMC) • Audit Committee (AC) • Credit Committee (CC)	• Risk Committee (RC) • Credit Committee (CC) • Provision, Watchlist and Arrears Committee • Treasury Committee • Assets and Liability Committee (ALCO) • Compliance Committee • Organizational & Information System Committee

● Risk Management Framework

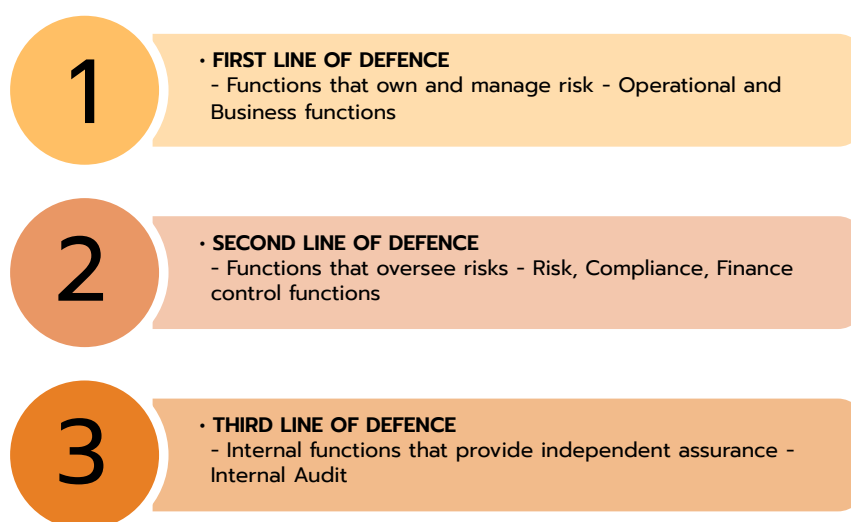
The Risk Management framework and policies set out the requirements for effective surveillance of risks, including the identification, assessment, measurement, monitoring, managing, and reporting of risks, and requirements for the effective management of capital.



Management Discussion & Analysis (Continued)
Risk Management Report (Continued)
Risk Management Framework (Continued)

The risk management function adopts a consistent and integrated approach to identify and assess the potential risks arising from its banking activities. All material risks are treated, based on the Bank's strategic objectives and regular monitoring is performed based on the internal control mechanisms in line with risk policies and related procedures, and compliance to legal and regulatory requirements.

The Bank adopts the 3-lines of defence governance model, and it aims at promoting transparency, accountability and consistency through the clear identification and segregation of risks.



Retaining a top-down approach, the Board of Directors ensures the risk appetite of the Bank is in adequation with the strategic objectives of the organisation and the projected risk appetite is cascaded to business lines that helps in the decision-taking process to promote soundness of activities.

The Board is ultimately responsible for assuring a proper identification, measurement, mitigation, monitoring, and management of risks. In addition, the Board ensures that the Bank abides to internal policies and prudential norms, regulatory and legal requirements.

The key risk types faced and managed by the Bank include:

RISKS	DESCRIPTION
Credit Risk	Credit risk, also known as counterparty risk, is the risk of default of a debt that may arise from a borrower failing to honour its contractual obligations of any financial contract. In line with all the relevant BoM Guidelines, the Bank adopts internationally proven best practices in respect to its credit risk evaluation process/approval. Despite the global uncertainties and increased credit risk, the Bank has been resilient with a very stable asset quality. Moreover, a few watchlist accounts were also successfully accompanied, cured and reclassified as Stage 1 assets.
Country Risk	Country risk, also referred to as cross-border risk is the uncertainty arising when economic, social, and political conditions and events in a particular country adversely affect counterparty's ability to fulfil its financial obligations. As part of its risk strategy and appetite, the Bank undergoes a proper country risk assessment prior to onboarding any cross-border transaction. The Bank has a pre-defined country risk assessment matrix that is used to evaluate whether the credit exposure and sources of income to service debt facilities are considered as an acceptable risk and falling within the Bank's appetite. Avoiding any concentration to specific countries, the Bank has a pre-approved country limit methodology which is mainly dependent on the sovereign external credit rating (by Moody's, S&P, Fitch) and the Bank's Tier 1.
Market Risk	Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices. In addition, to adherence to the regulatory norms, the Bank has set internal limits for the monitoring of market risk, based on the market environment and business objectives. Several factors, such as market volatility, product liquidity and accommodation of client business and management experiences are taken into consideration while setting the limits.
Liquidity Risk	Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. Preventing any significant gap between the maturity profile of assets and liabilities, the Bank ensures that it holds a liquidity reserve composed of high-quality liquid assets whose market value and liquidity would be preserved during adverse market conditions. The Bank's liquidity risk tolerance is transposed into comprehensive risk indicators and supported by adequate limits, both internal and regulatory.

Management Discussion & Analysis (Continued)
 Risk Management Report (Continued)
 Risk Management Framework (Continued)

RISKS	DESCRIPTION
Operational Risk	Operational risk is a key focus area for the Bank and range from potential loss resulting from inadequate or failed internal processes, people, and information systems or from external events that can disrupt the flow of business operations. In view to enhance and strengthen the Bank's capability in all areas of operational risk, the implementation of an enhanced Risk Control Self-Assessment (RCSA) framework has been the core focus.
Information Risk	The risk relating to potential adverse effect on the confidentiality, availability, or integrity of information or information systems due to unauthorised access, use, modification, disclosure, destruction of digital information, or breach of information systems.
Cyber & Technology Risk	Cyber & Technology risk relates to the risk that the Bank's digital infrastructure and technologies could be compromised, leading to financial losses, reputational harm, legal consequences, or disruptions in services. Hence, effective risk management strategies, including robust cybersecurity measures, continuous monitoring and technology upgrades are critical for the Bank to safeguard against the potential threats, vulnerabilities and challenges as the financial sector worldwide accelerates digital transformation.
Climate-related financial risks	Climate-related financial risks refer to the set of potential risks that may result from climate change that could potentially impact the safety and soundness of individual financial institutions and have broader financial stability implications for the banking system. A Bank's most material climate-related risks result from its lending to customers, with the latter being unable to repay its debt due to credit-related losses incurred because of climate-related changes.
Compliance Risk	Compliance risk is an organisation's potential exposure to legal or regulatory penalties, financial loss, reputational damage or impairment to integrity or any other financial or non-financial impact, which may have arisen due to non-compliance with legal, regulatory and other compliance obligations. The Bank is fully compliant with prudential regulations and continues to further enhance its compliance risk management framework in line with international best practices.
Reputational Risk	BCP Bank (Mauritius) Ltd being part of the BCP pan-African Group has the responsibility to preserve the Group's established market reputation. As such, the Bank ensures that proper and extensive due diligence is carried out prior to being involved in any activity, event, or transaction. The Bank has not been involved or hit in by any adverse events during the year 2024.

ENTERPRISE-WIDE RISK POLICY

The Bank is directly regulated by the Bank of Mauritius and falls under the consolidated supervision of its Moroccan parent bank, Groupe Banque Centrale Populaire.

The Bank's risk policy, as approved by the Risk Management Committee and the Board of Directors incorporates all the requirements of the BCP Group International's risk policy as well as requirements of the Bank of Mauritius legislations and guidelines. The risk policy covers, inter alia:

- The Risk Management Framework and Structure, detailing the main functions of risk division;
- The credit risk policy, detailing:
 - The credit initiation, evaluation and approval process;
 - The delegated authorities in terms of credit approval;
 - The limit of exposures by types of facilities, by sector, by country, by rating, by counterparty, by Group and by currency;
 - The main guidelines in respect of credit impairment monitoring, management, and recovery; and Cross-border lending and exposures.
- The Governance Structure and terms of reference for the various risk management committee;
- The operational risk; and
- The market risk (liquidity, currency, and interest rate risk).

A. CREDIT RISK

Credit risk also known as counterparty risk, is the risk of default of a debt that may arise from a borrower failing to honour their contractual obligations of any financial contract. Concentration risk, which is also a component of credit risk, is described as the level of risk in a Bank's portfolio arising from concentration to a single counterparty, group, sector, or country. The major capital requirement arises from credit exposures and banks are required to maintain sufficient capital to remain within regulatory norms.

The Board has ultimate control and oversight of the credit risk policies, which are subject to review on an annual basis. The policies are designed to provide effective internal control within the Bank.

Any developments in the customers' financial situation are closely monitored by the Bank, thus enabling it to assess whether the basis for granting the credit facility has changed. Credit facilities are generally granted on the basis of an understanding of customers' individual financial circumstances, cash flows, assessments of market conditions and collaterals. The facilities should match the customers' credit worthiness, financial position and assets to a reasonable degree and customers should be able to substantiate their repayment capacity. In order to reduce credit risk, the Bank generally requires collateral that corresponds to the risk with regards to the product segment.

● Credit Risk Management

The enterprise-wide credit risk policy, approved and reviewed by the Risk Management Committee and the Board, sets forth the principles by which the Bank conducts its credit risk management activities. The credit processes are designed with the aim of combining an appropriate level of authority in its credit approval processes with timely, responsive decision-making and customer-oriented services.

The process for each department is tailored to the risk profile and service requirements of its customers and product portfolio. Key parameters, associated with credit structuring and approval, are periodically reviewed to ensure their continued relevance. The credit appraisal and measurement process, leading to approval/rejection, is segregated from loan origination in order to maintain the independence and integrity of credit decision making.

● Credit Risk Management Process

Effective management of credit risk requires the establishment of an appropriate credit risk process in line with the Bank's risk appetite and in compliance with Bank of Mauritius guidelines.

● Credit Origination

Credit origination is undertaken by a dedicated team in the front-office. Credit origination involves operational evaluation of the credit request, with details on the deal and rationale for financing, details on clients' background, competitor, environment, client financials, products base, markets, details of the key business risks locally and overseas (whenever applicable) and a review of MCIB database and search report.

● Credit Evaluation

The credit evaluation decision is independent of the front office functions. Credit evaluation involves:

- Credit Risk rating of the underlying prospective borrower. The Bank has onboarded a new credit risk scoring model, Moody's EDF-X, for the risk grading of SMEs, Corporate and Financial Institutions clients. With regards to retail clients, an internally developed probability of default model had been developed.
- Evaluation of the credit request taking into consideration the quantitative and qualitative information on the counterparty and analysing the inherent risks. The evaluation exercise also looks at the resulting risks, after mitigating factors, for example security taking;
- Assessing the risk-return relationship, through the use of an internally developed tool; and
- Review and analysis of compliance with limits as set by the Bank and/or regulators.

● Credit Approval

Credit management is required to review and approve credit applications up to their level of delegated authority. Credit approval authority is delegated within a structure that is tiered according to the counterparty rating, exposure and credit risk type based on either a positive or negative recommendation for submissions to the next higher sanctioning level. The local Credit Committee has comprehensive mandates and delegated authorities, as delegated by the Board, and set out in our risk policy. Requests outside the delegation of the local Credit Committee are submitted for approval to the parent's Credit Committee.

● Credit Risk Control and Monitoring

The role of the Risk Control and Monitoring functions, independent from the credit risk evaluation process include the following:

- Monitor credit risk (review of warning signals, impairment, unauthorised overdraft, financial difficulties, watchlist monitoring);
- Monitor compliance with risk policy and the regulatory guidelines;
- Monitor compliance with limits approved as well as with the terms and conditions of approval;
- Monitor on-going compliance, after the disbursement of funds.

It is noted that periodic reviews are scheduled for the continuous assessment of all counterparties. This is complemented by the reviews undertaken at the Risk Management Committee, for higher risk counterparties whereby watchlist customers are monitored on a quarterly basis.

In addition, with regards to its cross-border exposure and to comply with the Guideline on Cross Border Exposure, the Bank ensures that a set of additional minimum standards are adhered to, to mitigate the main cross-border risks.

● Impairment and Provisioning

Loans and advances are analysed and categorised based on credit quality using the following definitions:

- Performing loans are loans that are neither past due nor specifically impaired, are current and fully compliant with all contractual terms and conditions.
- Early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.
- Non-performing loans are those loans for which the Bank have identified objective evidence of default, such as a breach of a material loan covenant or condition, or instalments are due and unpaid for 90 days or more. Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering the recoverability of discounted future cash flows, including collateral.
- Impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. All non-performing loans are individually assessed for impairment and impairment provisions are recognised in line with IFRS 9. The committee relating to impairment and provisioning is the Non-Performing Loan Review and Provisioning Committee. The committee reviews all “loans with arrears” and evaluates and approves:
 - The strategy for recovery; and
 - The fair value of the loan and hence the required level of specific provisions.

● Credit Risk Concentration

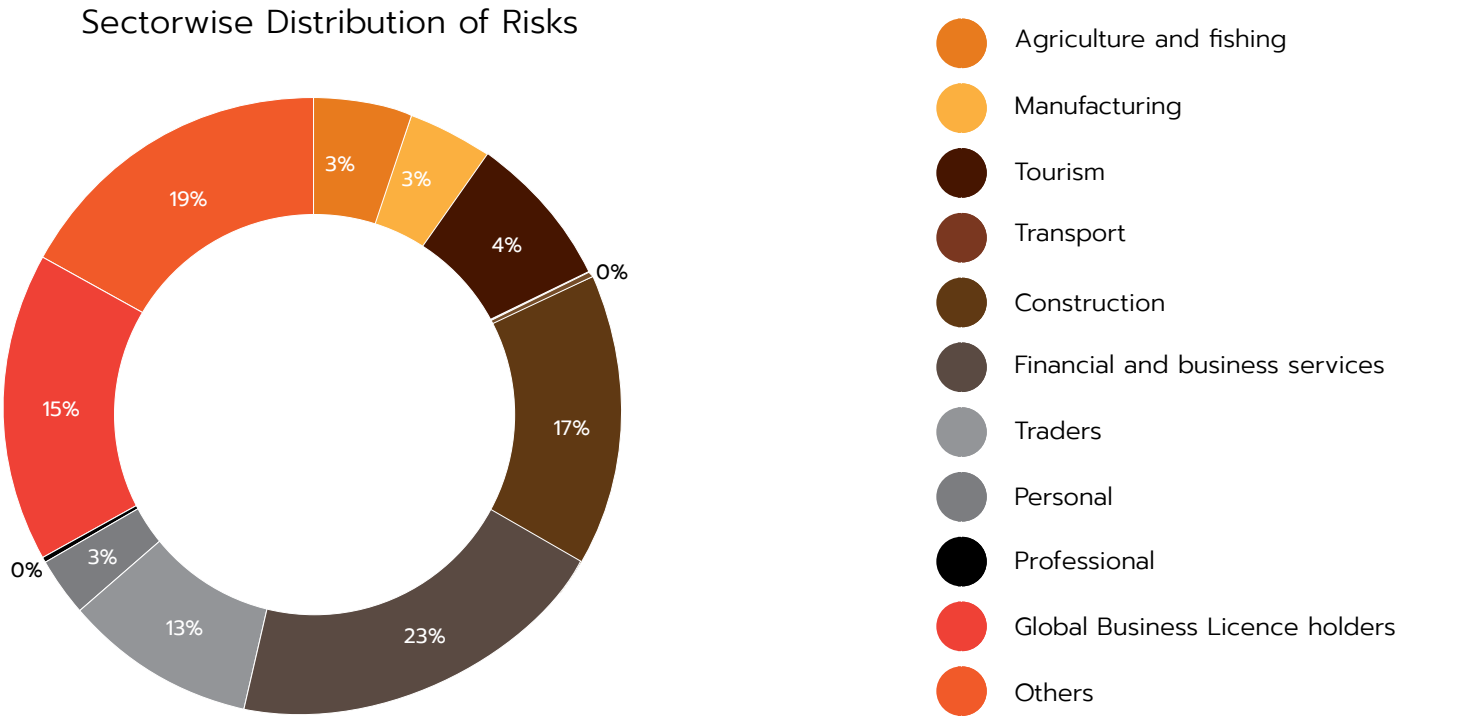
The Bank maintains a portfolio of credit risk that is adequately diversified and avoids unnecessarily excessive concentration risks. Diversification is achieved through setting maximum exposure guidelines to individual counterparties, group, sectors, and countries.

In aggregate, any individual or group exposure (in MUR) of 10% above the Bank's Tier 1 Capital shall not exceed 800% of its Tier 1 Capital, and 1200% for exposure in foreign currency. The Bank has always ensured that its large exposures are kept within the regulatory limits.

As at 31 December 2024, the aggregate concentration ratio of large exposures above 10% of the Bank's Tier 1 Capital was at **534.93%**, well within the regulatory limit as shown below:

REGULATORY CONCENTRATION LIMIT	AS AT 31 DECEMBER 2024
Credit exposure (in MUR) to any single customer shall not exceed 25% of the Bank's Tier 1 capital base.	Highest single customer (MUR): Nil
Credit exposure (in FCY) to any single customer shall not exceed 50% of the Bank's Tier 1 capital base.	Highest single customer (FCY): 32.39%
Credit exposure (in MUR) to any group of connected counterparties customer shall not exceed 40% of the Bank's Tier 1 capital base.	Highest group of closely related customers (MUR): 18.40%
Credit exposure (in FCY) to any group of connected counterparties customer shall not exceed 75% of the Bank's Tier 1 capital base.	Highest group of closely related customers (FCY): 37.90%
Aggregate large credit exposures to all customers and group of connected counterparties shall not exceed 800% (MUR) or 1200% (FCY) of the Bank's Tier 1 Capital base.	Aggregate large credit exposures (MUR): 89.27% Aggregate large credit exposures (FCY): 445.66%

The sector-wise distribution of credit of the Bank as at 31 December 2024 is as per shown below:



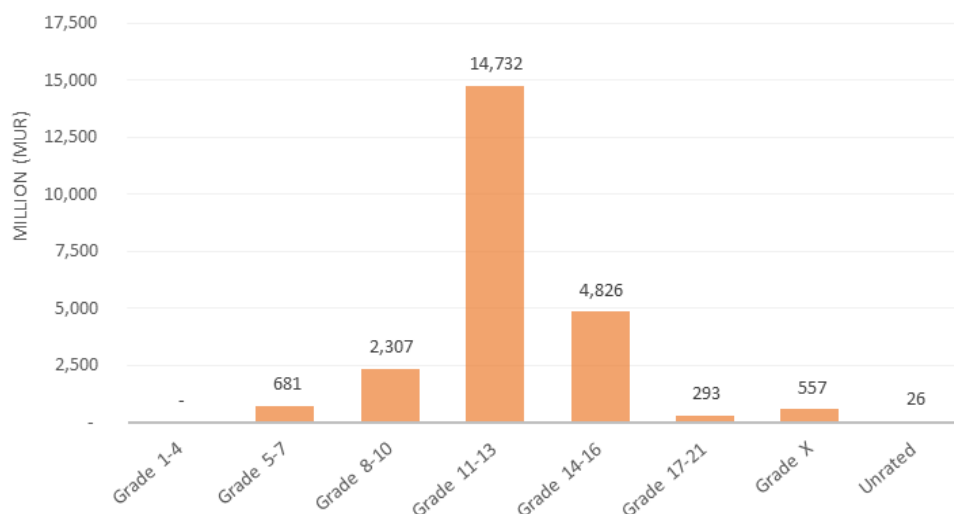
● Credit Quality

The Bank's Risk Management framework include an internal credit risk grading mechanism for non-retail credit counterparties. For Small and Medium Enterprises, Corporates and Financial Institutions customers, the Bank uses the Moody's EDF-X credit scoring tool. The model uses both qualitative and quantitative information to internally rate our customers, whereby the rating scale ranges between Aaa to C. The lowest risk grade being Aaa and the highest Ca/C. All impaired counterparties are assigned an internal rating of X.

Internal Rating	Moody's EDF-X	Credit Quality	PD >=	PD <=
1	Aaa	Prime	0.01%	0.02%
2	Aa1	High Grade	0.02%	0.03%
3	Aa2		0.03%	0.05%
4	Aa3		0.05%	0.09%
5	A1	Upper medium grade	0.09%	0.14%
6	A2		0.14%	0.18%
7	A3		0.18%	0.22%
8	Baa1	Lower medium grade	0.22%	0.28%
9	Baa2		0.28%	0.43%
10	Baa3		0.43%	0.66%
11	Ba1	Non-investment grade speculative	0.66%	1.10%
12	Ba2		1.10%	1.65%
13	Ba3		1.65%	2.48%
14	B1	Highly speculative	2.48%	3.71%
15	B2		3.71%	5.57%
16	B3		5.57%	8.35%
17	Caa1	Substantial risk	8.35%	50.00%
18	Caa2	Extremely speculative		
19	Caa3	Imminent default with little prospect for recovery		
20	Ca			
21	C			
X	-	Default (Impaired)	100%	
U	-	Unrated	-	

Management Discussion & Analysis (Continued)
 Risk Management Report (Continued)
 A. Credit Risk (Continued)
 Credit Quality (Continued)

The credit quality of the Bank's non-retail loan portfolio as of 31 December 2024 is illustrated as below:



● Credit Risk Mitigation

Collateral, guarantees, derivatives, on-balance sheet and off-balance sheet netting are widely used to mitigate credit risk. Credit risk policies and procedures ensure that credit risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical, and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

Irrespective of the credit risk mitigation used, all decisions are based upon the customer or counterparty's credit profile, cash flow performance, ability to repay and collaterals.

The main types of collateral taken are:

- fixed charge over residential, commercial and industrial properties;
- floating charge over plant and equipment and other assets;
- guarantee and pledge over financial instruments such as debt securities, equities, and banks deposits;
- insurance cover from insurance companies with investment grade; and
- corporate guarantee/cross guarantee.

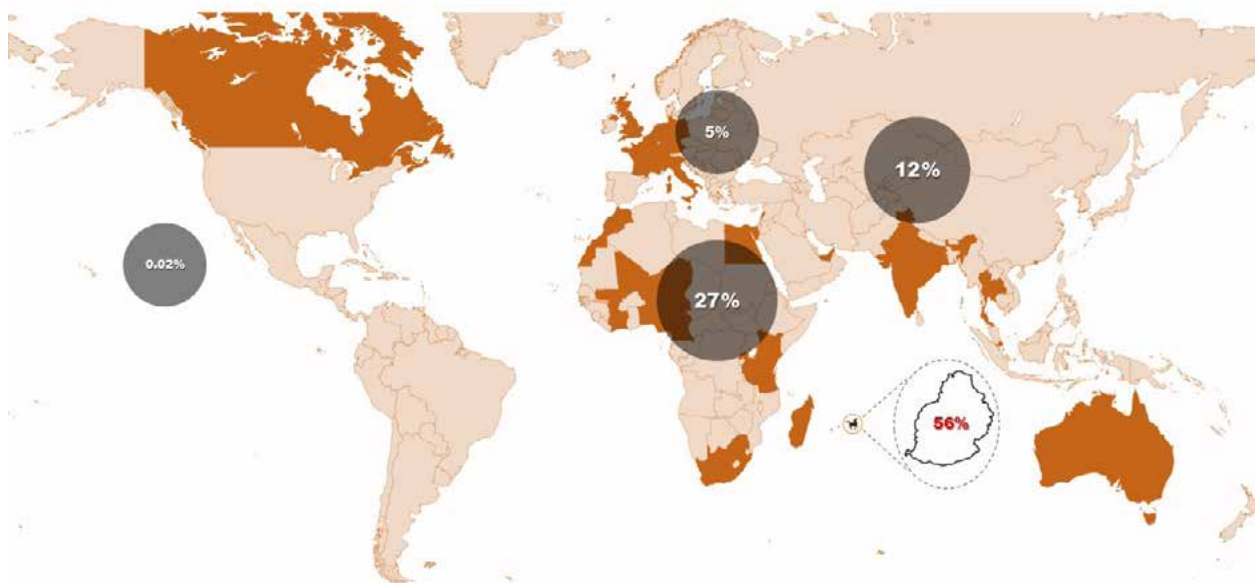
B. COUNTRY RISK

Country risk refers to the uncertainty arising when economic, social, and political conditions and events in a particular country adversely affect counterparties or a financial institution's ability to fulfil its financial obligations. The Bank determines the capital requirement for country risk by taking into consideration the country risk grading and assigning a risk weightage depending on the maturities of the financial contracts as per the Guideline on Standardised Approach to Credit Risk.

The Risk Management Committee and the Board approve the limits for country exposure which have been set at the Bank in consultation with the BCP Group and these limits are reviewed annually. The Bank monitors the country risk events such as the downgrading of the credit risk grading of the sovereign impacted political and social factors, deterioration of economic indicators and currency depreciation. In addition, the Bank ensures that the exposures to these countries are regularly monitored and in case of any adverse event, the limits are reviewed, capped, or put on hold as required.

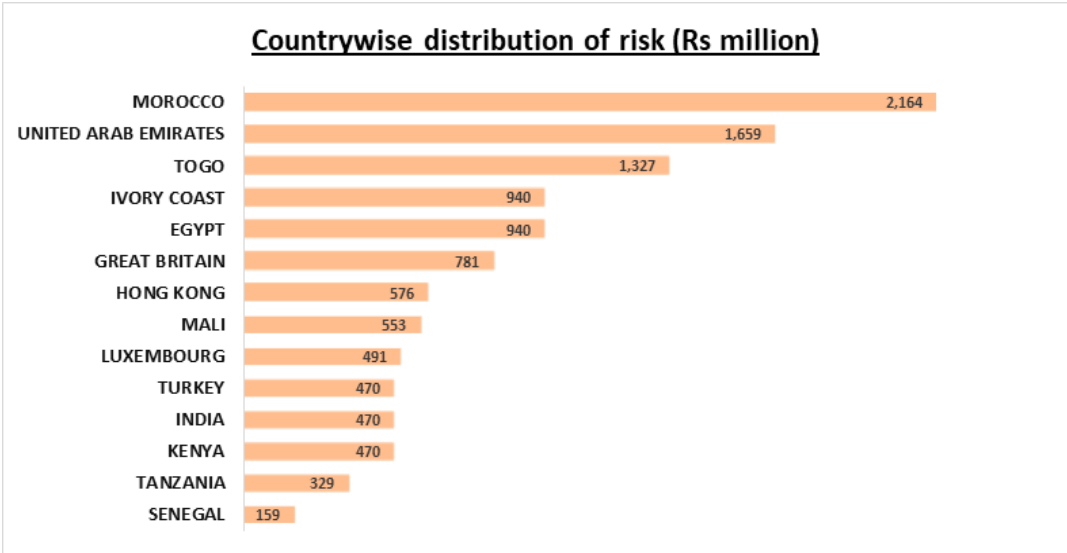
All countries to which the Banque Centrale Populaire (BCP) Group and the Bank are exposed are reviewed at least annually. External credit agencies ratings are used to determine ratings for country, sovereign and transfer and convertibility risk. In determining the ratings, extensive use is made of the Bank's network of operations, country visits and external information sources as catered for in its policies in compliance with regulations. These ratings are also a key input into the Bank's credit rating models, with credit loan conditions and covenants linked to country risk events.

The map below illustrates the countries whereby the Bank currently hold exposures as of 31 December 2024 and the concentration of exposure by region.



Management Discussion & Analysis (Continued)
Risk Management Report (Continued)
B. Country Risk (Continued)

The distribution of exposures by country other than Mauritius is illustrated below as of 31 December 2024.



Country risk is mitigated through a number of methods, including:

- political and commercial risk insurance;
- co-financing with multilateral institutions;
- co-financing with prime banks or investors; and
- structures to mitigate transferability and convertibility risk such as collection, collateral and managing deposits outside the jurisdiction in question after obtaining an appropriate legal advice/opinion from a reputable legal counsel in the relevant jurisdiction.

C. MARKET RISK

Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices. In essence, market risk is the risk arising from changes in the markets to which an organization has exposure. Market risk is rated based upon, but not limited to, an assessment of the following evaluation factors:

- The sensitivity of the financial institution's earnings or the economic value of its capital to adverse changes in interest rates, foreign exchange rates, commodity prices, or equity prices.
- The ability of management to identify, measure, monitor, and control exposure to market risk given the institution's size, complexity, and risk profile;
- The nature and complexity of interest rate risk exposure arising from non-trading positions; and
- Where appropriate, the nature and complexity of market risk exposure arising from trading and foreign operations.

The most common types of market risk include interest rate risk, equity risk, commodity risk, and currency risk. The Bank's key market risks are:

- foreign currency risk; and
- interest rate risk in the banking book.

The Governance committees overseeing market risk are the Risk Management Committee, the Asset & Liability Management Committee and Treasury Committee. The Board is ultimately responsible for setting the risk appetite in respect of market risk, in compliance with the prudential guidelines set by the Bank of Mauritius. Operating within this framework, the Asset & Liability Management Committee and Treasury Committee review and take decisions concerning the overall mix of assets and liabilities within the balance sheet. The committees set and review liability allocation objectives and target to sustain both the diversification and growth of the Bank's balance sheet and income statement from a funding, market, and profitability perspective, while taking into account the changing economic and competitive landscapes. The Asset & Liability Management Committee, which meets on a quarterly basis under the chairmanship of the Chief Executive Officer, is under the purview of the Chief Financial Officer and attended by the business unit heads including the Risk Department. Furthermore, under the Risk Management Division, the market risk acts as the risk control and risk-monitoring function related to market risk activities, including counterparty credit and operational risk arising from market risk activities.

The framework of policies, principles, and main functional responsibilities in relation to the management of market risk at the Bank are established as per the risk policy, as approved by the Board and reviewed periodically.

In addition to adherence to the regulatory norms, the Bank has set internal limits for the monitoring of market risk, based on the market environment and business objectives. Several factors, such as market volatility, product liquidity and accommodation of client business and management experiences are taken into consideration while setting the limits.

Management Discussion & Analysis (Continued)
 Risk Management Report (Continued)
 C. Market Risk (Continued)

The Bank maintains different levels of limits:

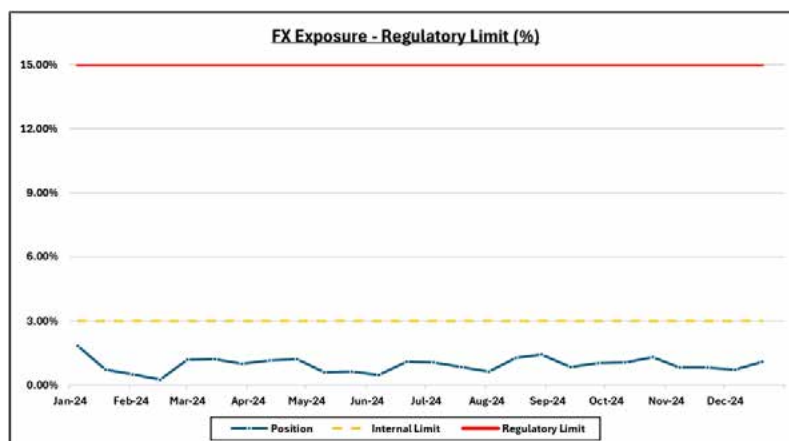
- **Dealers' limits** - dealers operate within limits approved and the middle office treasury makes a second level of control with sign-off from delegated signatories ahead of a deal that triggers their dealing limits are required;
- **Counterparty limits** - exposure is determined according to the nature of the contract and its maturity;
- **Product limits** - dealers can only transact in products that have been approved. Product limits are tightly monitored at the treasury back office as a first level of control and the treasury middle office being the second level of control; and
- **FX Exposure limit** - FX exposure is monitored daily in line with the Bank of Mauritius Guideline and the daily reporting requirement.

● Foreign Currency Risk

The currency risk is managed according to existing regulations and guidelines of the regulators. It considers naturally offsetting risk positions and manages the residual risk through limit setting. The Bank holds open exposures with respect to the banking book. As per the Bank of Mauritius Guideline on Foreign Currency Exposure, overall currency exposure may not exceed 15% of Tier 1 Capital and single currency limit is set at 10% of Tier 1 Capital.

Gains or losses on derivatives that have been designated as either net investment or cash flow hedging relationships are reported directly in other comprehensive income (OCI), with all other gains and losses on derivatives being reported in profit or loss.

While the Bank does not actively take foreign exchange risk in its core deposit taking and lending operations, it services clients' activity in products across foreign exchange and structured Forex products and acting as a dealer for corporate and institutional clients does require the management of 'open positions' from foreign exchange transactions with these counterparties. These positions are monitored daily as per prudential trading limits that have been delegated to dealers by the Board on intra-day and overnight open exposures.



The Bank's net open position, either overbought/oversold, against the Rupee has not exceeded the Bank's internal limit nor the 15% of Tier I capital regulatory limit, throughout the financial year ended 31 December 2024, in compliance with the Bank of Mauritius requirement.

● Interest Rate Risk

Interest rate risk is the risk that has an impact on net interest income that arises from structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities. For the Bank, such risks are further divided into the following sub-risk types:

- Repricing risk: timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities;
- Yield curve risk: shifts in the yield curve that have adverse effects on the Bank's income or underlying economic value; and
- Basis risk: price not moving in line with the changing market price, e.g., impact of a portfolio of current account at 0% interest rate on the net interest income further to reduction in the Bank's deposit rates.

Banking book-interest rate risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income). The Bank's approach to managing banking book-interest rate risk is governed by applicable regulations and is influenced by the competitive environment in which the Bank operates. The Bank monitors banking book interest rate risk operating under the oversight of Assets & Liabilities Management Committee (ALM).

Interest rate risk limits are set in relation to changes in forecast banking book earnings. All assets, liabilities and derivative instruments are allocated to gap intervals based on either their repricing or maturity characteristics. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling. The interest rate view is formulated, following meetings of the monetary policy committees, or notable market developments.

D. LIQUIDITY RISK

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. Banks manage their liquidity risk through effective Asset Liability Management.

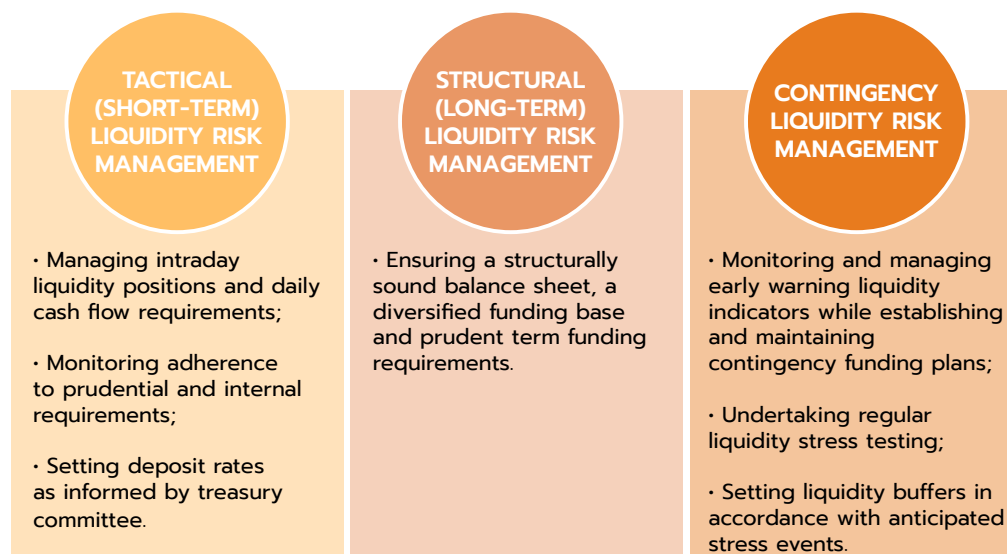
Liquidity reflects the capacity of a Bank to deploy cash, convert assets into cash, or secure funds in a timely manner to meet obligations as they come due without incurring undue losses. A bank transforms short term deposits into long term loans which makes it inherently vulnerable to liquidity risk. This vulnerability can extend beyond the Bank and affect the market. Effective liquidity risk management protects the Bank and the system from disruptive effects of liquidity shortfall. Liquidity shortfall at one institution can have system-wide repercussions.

The Bank's funding strategy is to prevent any significant gap between the maturity profile of assets and liabilities and ensures that it holds a liquidity reserve composed of high-quality liquid securities whose market value and liquidity would be preserved during adverse market conditions. The Bank's liquidity risk tolerance is transposed into comprehensive risk indicators and supported by adequate limits. The main indicators are the liquidity gap and the liquidity ratios, which are calculated under stress scenarios.

The Bank manages liquidity in accordance with the regulatory norms and within its risk appetite. The liquidity risk management governance framework supports the measurement and management of liquidity across the Bank to ensure that payment obligations can be met, under both normal and stressed conditions. Liquidity risk management ensures that the Bank has the appropriate amount, diversification and tenor of funding and liquidity to always support its asset base.

The Board Committee, the Risk Management Committee, the Assets & Liabilities Management Committee and the Treasury Committee oversee the liquidity positions and ensure that the resulting liquidity risk that the Bank is exposed to is managed efficiently with the internal limits set and regulatory guidelines issued by the Bank of Mauritius.

As per principles outlined in the Bank's liquidity risk policy, the following approach is adopted to manage the liquidity risk:



● Structural Liquidity Mismatch

Structural liquidity mismatch analysis is performed regularly to anticipate the mismatch between payment profiles of balance sheet items, to highlight potential risks within the Bank's defined liquidity risk thresholds. Expected aggregate cash outflows are subtracted from expected aggregate cash inflows. Limits are set internally to restrict the cumulative liquidity mismatch between expected inflows and outflows of funds in different time buckets. These mismatches are monitored on a regular basis with active management intervention if internal potential limit breaches are evidenced.

Whilst following a consistent approach to liquidity risk management in respect of the foreign currency component of the balance sheet, specific indicators are observed in order to monitor changes in market liquidity as well as the impacts on liquidity as a result of movements in exchange rates.

● Funding Strategy

Funding markets are evaluated on an ongoing basis to ensure that appropriate funding strategies are executed depending on the market, competitive and regulatory environment. The Bank makes use of a diversified funding strategy, sourcing liquidity in both domestic and international markets, and incorporates a coordinated approach to access loans across the BCP Group.

Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, geographic regions, and counterparties.

A component of the funding strategy is to ensure that sufficient contractual term funding is raised in support of term lending and to ensure adherence to the structural mismatch limits and guidelines.

● Contingency Funding Plans

A Contingency Funding Plan (CFP) is, at its core, a liquidity crisis management instrument. The document is prepared as a directive for a future emergency and as a response plan and potential forecast of how a distant liquidity event may unfold.

The CFP's value lies in its utility both as a crisis management document and as a regular deep dive into the Bank's liquidity profile. As an assessment tool, the contingency planning process provides additional insight into the Bank's liquidity strengths and weaknesses beyond the Bank's normal reporting activities. In this role, the CFP serves as a comprehensive evaluation, which complements ongoing asset/liability monitoring. This endeavour can provide new risk mitigation knowledge that management can use to protect the Bank both in an emergency and in the day-to-day competitive arena.

Stress testing and scenario analysis are based on hypothetical as well as historical events. These are conducted on the Bank's funding profiles and liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to the Bank's ability to maintain sufficient liquidity under adverse conditions.

● Liquidity Coverage Ratio ('LCR')

In line with Basel III principles, the Bank of Mauritius introduced in 2017 the LCR requirements for banks through the Guideline on Liquidity Risk Management. The objective of the LCR is to ensure that Banks maintain an adequate stock of unencumbered high quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30-calendar daytime period, under a severe liquidity stress scenario.

$$\frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days)} \geq 100\%$$

As per regulatory requirements, the Bank reports the LCR status to the Bank of Mauritius on a fortnightly basis and publishes the LCR on a quarterly basis. The Bank's consolidated LCR position as at December 2024 stands at 761%, which is comfortably above the 100% regulatory limit requirement.

● Net Stable Funding Ratio ('NSFR')

Under Basel III, the NSFR aims to strengthen the resilience of a bank over a longer time horizon. It achieves this by requiring the Bank to maintain a stable funding profile relative to the composition of its assets and off-balance sheet activities so as to mitigate any future funding stress.

The NSFR effectively recognises a Bank's maturity transformation role in the credit creation and resource allocation process. It seeks to limit the Bank's over-reliance on short-term wholesale funding, or the running of large funding gaps meant to sustain rapid balance sheet growth.

In June 2024, the Bank of Mauritius issued a guideline mandating that banks initially maintain an NSFR of at least 70% for all material currencies and on a consolidated basis. This minimum requirement increased to 100% as at end December 2024.

As at 31 December 2024, the Bank reported a consolidated NSFR of 152%, well above both the current regulatory requirements. This accomplishment underscores the Bank's proactive approach in ensuring a robust and balanced funding structure, contributing to its long-term stability and resilience.

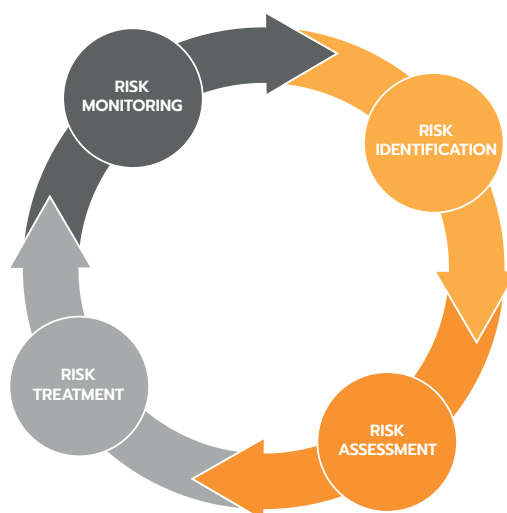
● Liquidity Buffer

Portfolios of highly marketable liquid securities over and above prudential and regulatory requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within defined limits based on diversification and liquidity.

E. OPERATIONAL RISK

Operational risk, as defined by the Basel Committee on Banking Supervision (BCBS), is “the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The definition includes legal risk but excludes strategic and reputational risks.”

The Bank’s operational risk management approach is governed by the regulatory norms as guided by the Bank of Mauritius Guideline on Operational Risk Management and Capital Adequacy Determination through a systematic and continuous identification and evaluation of the Bank’s operational risk exposure by maintaining strong emphasis on internal control, followed by action risk strategies such as: terminate, transfer, accept or mitigate each risk. The following diagram illustrates the overall risk management process:



The risk reporting is based on this approach and with a view to maintaining sound operations. The primary governance committees overseeing operational risk, including the various subtypes, are:

- Risk Management Committee (Board Committee);
- Audit Committee (Board Committee);
- Risk Committee;
- Compliance Committee.

● Incident Reporting

The Bank has in place an Operational Risk tool, namely ‘eFront’, provided by the Group where all incidents, including all operational risk losses related to operational errors and internal control breaches, including ‘near misses’ are recorded. The gathering and examination of the Bank’s own loss data provides management with essential information and serves as the foundation for operational risk management.

The platform is a crucial component of the Operational Risk framework and serves as a radar for capturing occurrences related to operational risk events. It is accessible to designated members across the Bank who carry the responsibility to promptly report and escalate any operational risk incident following occurrence within their business line.

● Operational Risk Charge

The Bank applies the Basic Indicator Approach in determining the required operational risk capital, mainly driven by its more conservative results and ease of computation. The capital charge, under the Basic Indicator Approach, is measured by applying 15% to the average of positive annual gross income over the previous three years.

● Business Continuity Management and Resilience

Business Continuity Management (BCM) is a framework for identifying an organisation's risk of exposure to internal and external threats. The goal of BCM is to provide the Bank with the ability to respond effectively to threats such as natural disasters or data breaches and protect the business interests of the organisation. BCM includes disaster recovery, business recovery, crisis management, incident management, emergency management and contingency planning.

The Bank's business continuity management system emphasises the importance of:

- Understanding continuity and preparedness needs, as well as the necessity for establishing business continuity management policy and objectives.
- Implementing and operating controls and measures for managing an organisation's overall continuity risks.
- Monitoring and reviewing the performance and effectiveness of the business continuity management system.
- Continual improvement based on objective measurements.

The Bank's BCM framework forms an integral part of the BCM policy that clearly defines the roles and responsibilities of each member involved in the BCM Plan and the framework is governed and controlled by the Risk Management department. There is a dedicated Crisis Management Committee in place that is constituted of key members of Senior Management during a crisis.

Check and controls have been diligently implemented to ensure the following:

- Readiness of the infrastructure and other services for employees working from home.
- Systems can be managed remotely without the physical presence of IT employees (Operations, Support etc.)
- Setup of sufficient IT support for remotely working employees and review the number of application licenses that ensure enhanced secured remote access.
- Diligent checks and controls to ensure the above, the readiness of infrastructure, safeguard all its activities, clients, and the organisation.

The Bank has also catered for its business and operational risks with the establishment of emergency measures and organisational instructions in order to ensure continuity of operations according to level of risks, set up reaction plans, prepare scenarios, plans and measures to restore business operations.

● **Contrôle Permanent**

“Contrôle Permanent” refers to all verification activities carried out by operational staff and their supervisors in the processing of operations (first-based Line of Defence – LoD1), as well as by the compliance, internal control, and risk management functions (second-based line of Defence – LoD2). The main mission of the permanent control system is to ensure compliance, security, and validation of operations performed and adherence to internal rules, thereby containing all risks at an acceptable level within the Bank’s risk appetite. The system consists of:

1. First-based Line of Defence (LoD1)

These cover all verifications implemented on operational activities to contain risks at an acceptable level within the Bank’s risk appetite. The control activities comprising first-level permanent control can be defined as any combination of actions and/or measures aimed at limiting the probability of a risk occurring or reducing its consequences for the Bank. These actions are the responsibility of all agents performing operational activities (drafting contracts, validating operations, analyzing supporting documents during KYC, back office, etc.), constituting the Bank’s first line of defence.

2. Second-based Line of Defence (LoD2)

These encompass all verifications aimed at ensuring that the means implemented by LoD1 controls allow for containing risks at an acceptable level within the Bank’s risk appetite. Thus, LoD2 controls aim to ensure the correct definition and effective implementation of first-level controls and/or review the quality of these controls’ execution as well as the correction of identified anomalies. Second-level permanent controls are carried out by staff exclusively dedicated to the risk management function, independently of the operational lines they control.

F. CYBER & TECHNOLOGY RISK MANAGEMENT

As cyber threats evolve, safeguarding sensitive financial data and maintaining the operational integrity of banking systems has become the Bank's priority.

To prevent cyber threats and attacks and to stay ahead of cybercriminals in this rapidly changing digital landscape, the Bank has adopted different solutions, enforced best practices and embarked on a regular sensitization campaign.

- In 2024, the Bank has worked on the cyber project as defined in the Cyber & Technology Risk Management guideline published in May 2023 by the Bank of Mauritius and effective as from June 2024.
- An independent cyber assessment done on the cyber project by an external auditor for our level of compliance to this guideline.
- The Bank has allocated the necessary budget to enforce our cyber security environment by the implementation of a SOC/SIEM (Security Operations Centre/ Security Information & Event Management) for a 24/7 monitoring.
- The appointment of a CISO to lead the cyber strategy and established controls is a clear indication of the commitment to minimise cyber risks and provide a safe networking environment.
- Other projects
 - Development of the Cyber & Technology strategy and Cyber & Technology Risk Framework and review of our Incident Response Plan
 - Setting up of an IAM/PAM (Identity Access Management/ Privileged Access Management) solution to ensure identification and management of user access across the banks and focussing on the admin rights through the PAM solution
 - Encryption solutions to encrypt all data including data in transit
 - Centralised Asset Management tool to enable management of all IT assets
 - Upgrading our firewalls with the next generation ones for better security
 - Setting up of our SOC/SIEM (as defined above) for a 24/7 monitoring
 - Vulnerability Assessment and Penetration testing (VAPT) done to protect against internal and external threats and identify vulnerabilities
- In-house training provided to the newcomers and e-learning modules (with the support of the Group) provided to all staffs.
- Phishing simulations done to further reinforce our detection capacity when receiving emails.

As cyber threats will continue to evolve, cyber threat intelligence as a proactive tool to fight against cyber-attacks and the use of SIEM to monitor abnormal behaviour will enable the Bank to stay one step ahead. Additional controls will be introduced and a continuous sensitization campaigns to educate our staffs on new threats will be planned.

G. CLIMATE-RELATED AND ENVIRONMENTAL FINANCIAL RISK

Environmental risks are the risks posed by the exposure of institutions to counterparties that may be negatively affected by environmental factors, including factors resulting from climate change and factors resulting from other environmental degradation. There are multiple drivers of environmental risk such as climate change, air pollution, water pollution, scarcity of freshwater, land contamination, biodiversity loss and deforestation. Of these environmental risk drivers, climate change stands out due to its wider impact and ability to exacerbate other environmental risk drivers at a global level. Climate risk is one of the prominent environmental risks.

As a lending institution, BCP Bank (Mauritius) Ltd faces climate risks on a twofold basis:

- Climate risks from the Bank's own business operations
- Accelerated conventional risks (i.e., credit, market, operational, liquidity etc.) due to climate risks faced by the Bank's customers

BCP Group proactively implemented an Environmental and Social (E&S) Responsibility Framework in 2012 and in 2016. The BCP Group also launched its first green products and further consolidated its pledge by defining 15 strategic commitments covering four main areas, namely:

- (1) demonstrating ethics in its day-to-day activities;
- (2) committing to socio-economic development;
- (3) acting against climate change; and
- (4) acting as a responsible employer.

BCP Bank (Mauritius) Ltd has always been a responsible corporate citizen through its focus on diverse environmental, social and governance initiatives. The Bank's ESG policy highlights its commitment to sustainable business practices and making a positive impact on society. Moving forward to the financial year under review, triggered by the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, BCP Bank (Mauritius) Ltd has embarked on a journey to embed climate-related and environmental financial risks in the Bank's strategy, risk management, governance and is also considering implementing ESG metrics as part of the Bank's performance monitoring. The Bank is accompanied by an external consultant on this project and much progress has already been made including the following:

Governance: The Bank is implementing climate governance practices and is incorporating E&S roles & responsibilities at all levels from Board, Board sub-committees, Management and Support, and Business functions.

Strategy: The Bank has identified areas of climate risks and opportunities which will be incorporated in strategy going forward; refer to below sensitivity analysis.

Risk Management: The Bank has done a sensitivity analysis and climate scenario analysis of its corporate lending book, the latter being material to the Bank. This allowed the Bank to understand the financial implications of climate change on the business. Accordingly, to ensure that climate related risks are effectively managed, the Bank is implementing a Climate Risk Management Policy.

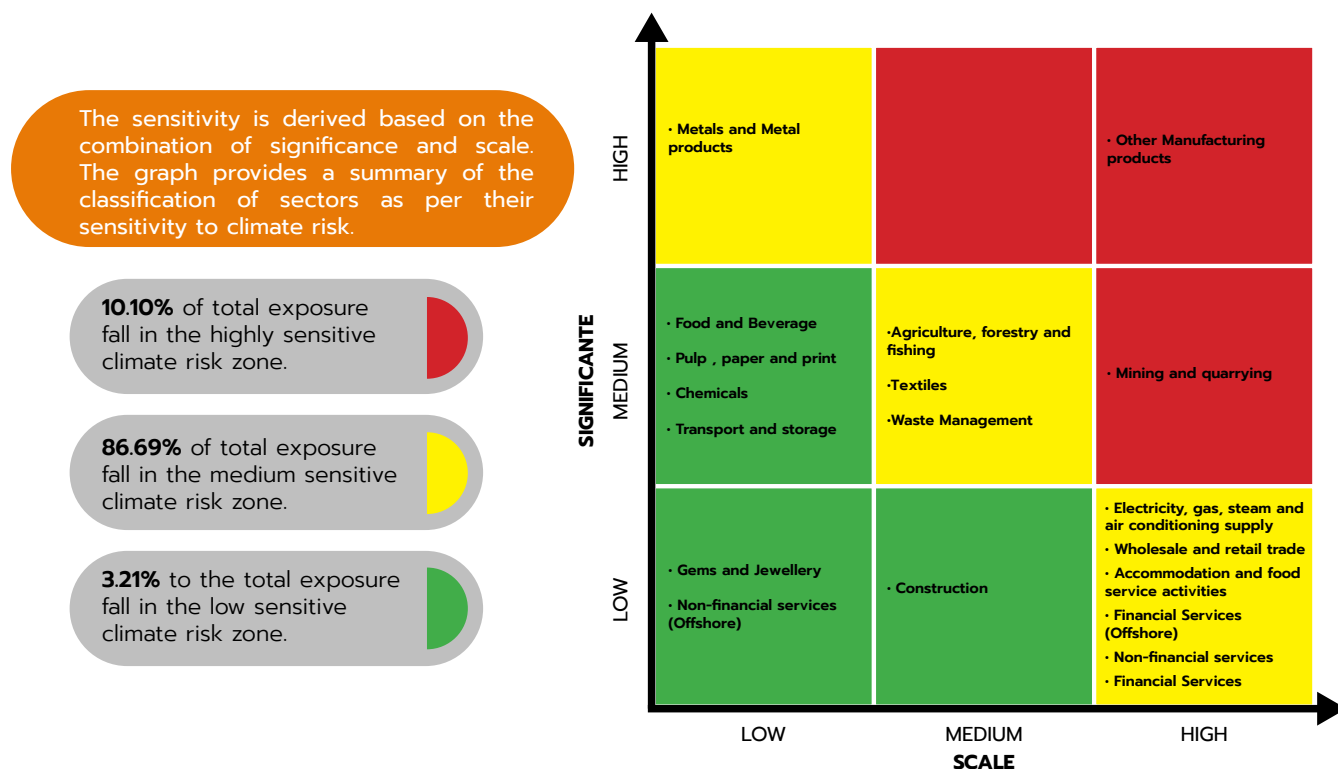
Metrics and Targets: The Bank is putting in place processes to track and report on relevant sustainability related KPIs.

● Results of the Sensitivity Analysis

The sensitivity analysis conducted on the corporate book of the Bank is based on significance and scale to evaluate the climate sensitivity of the Bank to sectors where it has exposure.

- Significance is defined as a combination of the sector wise GHG emissions and transition risk as well as the sector wise credit risk.
- Scale is defined as the materiality of the exposure towards the sector in terms of credit exposure size and exposure weighted tenor.

Based on the significance and scale of each sector where the Bank has exposure, the climate risk sensitivity score for each sector and the overall portfolio has been assigned as shown in Figure below:



As of December 2024, 10.10% of the total exposure of the Bank fall in the highly sensitive climate risk zone, 86.69% falls in the medium sensitive climate risk zone and 3.21% falls in the low sensitive climate risk zone.

H. CAPITAL MANAGEMENT

The Bank's fundamental objective as regards to capital management is to ensure that the Bank maintains an acceptable level of capital resources for effective business operations and sustainable business development.

The Risk Management function is designed to ensure that the Bank remains within regulatory requirements and that the Bank is capitalised in line with the BCP Group's target ratios and regulations, as approved by the Board; the key responsibilities are:

- Risk-adjusted performance measurement, and managing the ICAAP and capital planning process, including stress testing;
- Measurement and analysis of regulatory and economic capital, internal and external reporting and implementation of new regulatory requirements; and
- Providing support on deal pricing, balance sheet utilisation and management of capital consumption against budgets.

At the regulatory level, the minimum capital adequacy ratio (CAR) set by Bank of Mauritius for banks presently stands at 10% of risk weighted assets plus a capital conservation buffer of 2.50%. Overall, the Bank is committed to comply with the stipulated thresholds, including capital limits and buffers.

The Bank has established a capital management policy that sets the framework for sound and efficient capital management. It formalises the Bank's capital planning process which is administered through an effective governance structure.

BASEL III

Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in November 2010 in response to the financial crisis of 2007–2008. Basel III accord has been introduced in order to improve the Banks' ability to handle shocks in financial stress and thus be more resilient and in order to promote stability in the international financial system. The measures aim to strengthen the regulation, supervision and risk management of banks globally.

Basel III strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. It proposes many newer capital, leverage and liquidity standards to strengthen the regulation, supervision and risk management of the banking sector. The capital standards and new capital buffers will require banks to hold more capital and higher quality of capital than under current Basel II rules. The new leverage and liquidity ratios introduce a non-risk based measure to supplement the risk based minimum capital requirements and measures to ensure that adequate funding is maintained in case of crisis.

OBJECTIVES OF BASEL III

The main objectives of Basel III rules are to ensure that banks hold sufficient capital, maintain healthy leverage and liquidity ratios, and build up countercyclical buffers.

Increased quality, quantity, and consistency of capital	Increased focus on Common Equity Tier (CET 1); and
	Increased capital levels.
Increased risk coverage	Credit valuation adjustment (CVA) for over the counter (OTC) derivatives, being the capital charge for potential mark-to-market losses associated with deterioration in counterparty creditworthiness;
	Asset value correlation being the increased capital charge on exposures to financial institutions; and
	Strengthened standards for collateral management, margin period of risk, management of general wrong-way risk and stress testing.
Capital conservation buffer	Build up capital during favourable economic conditions that can be drawn on during times of stress.
Pillar 2 and domestic systemically important bank (D-SIB) buffer	Additional buffer to be held against systemic risk requirements.
Countercyclical buffer	Capital buffer deployed by national jurisdictions when system wide risk builds up.
	Ensures capital adequacy takes macro-financial environment into account.
Leverage ratio	The leverage ratio is used to capture just how much debt the Bank has relative to its capital, specifically "Tier 1 capital," including common stock, retained earnings and qualifying other assets. The ratio is calculated as Tier 1 qualifying capital/on and off-balance sheet exposures, as defined by the Basel Committee on Banking Supervision (BCBS), and to measure against the BoM prescribed minimum ratio.

CAPITAL STRUCTURE

Regulatory capital adequacy is measured through three risk-based ratios:

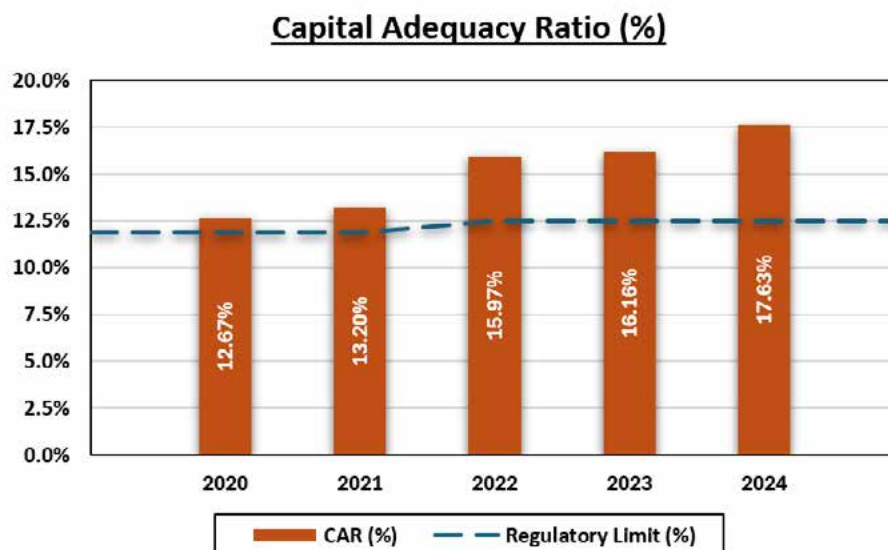
- CET I: Ordinary share capital, share premium and retained earnings divided by total risk-weighted assets;
- Tier I: CET I plus perpetual non-cumulative instruments with principal loss absorption features issued under the Basel III rules divided by total risk-weighted assets. Perpetual non-cumulative preference shares issued under Basel I and II are included in tier I capital but are subject to regulatory phase-out requirements;
- Total capital adequacy: Tier I plus other items such as the general allowance for credit impairment and subordinated debt with principal loss-absorption features issued under Basel III divided by total risk-weighted assets. Subordinated debt issued under Basel I and Basel II are included in total capital but are subject to regulatory phase-out requirements; and for each of the three categories above, the Bank of Mauritius has defined in its Guideline on Eligible Capital a single set of criteria that the instruments are required to meet before they can be included in the relevant category.

LIMITS AND MINIMA APPLICABLE

As per the Bank of Mauritius Guideline on Scope of Application of Basel III and Eligible Capital for the implementation of Basel III, the following limits and minima are applicable as of date:

- A minimum Core Equity Tier 1 ratio of 6.5%;
- A minimum Tier 1 ratio of 8%;
- A minimum Capital Adequacy Ratio of 10%; and
- A minimum Capital Adequacy Ratio with Capital Conservation Buffer totalling 12.50% as per Bank of Mauritius.

The Bank's Capital Adequacy Ratio stood at 17.63% as at 31 December 2024, well above the applicable regulatory minimum requirement of 12.50%.



SUPERVISORY REVIEW PROCESS - INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

The Bank is guided by its ICAAP which includes the assessment of capital adequacy concerning the risk profile, the business environment, growth, and strategic plans for the forthcoming years. Furthermore, the results of the assessment are used as an input to the capital contingency plan and capital plan and for the formulation of its risk appetite.

The overall purpose of the ICAAP document is to inform the Board of the ongoing assessment of the risks the Bank faces and how they intend to mitigate those risks along with how much capital is needed both now and, in the future, having considered all mitigating factors. It contains an informative description of the methodology and procedures that the Bank uses to assess and mitigate its risks and to make sure that adequate capital is maintained to support its risks beyond the core minimum requirements. It delineates the process through which the Bank assesses the extent to which it holds sufficient capital to support its business activities.

Specifically, through the ICAAP, the Bank assesses its forecast capital supply and demand relative to its regulatory and internal capital targets under various scenarios. The Bank's capital plan is defined every year during the budgeting and strategic planning exercise while financial year risk appetite limits are set by the Board.

Exposures are monitored on a quarterly basis against those limits and reported to the Risk Management Committee. The ICAAP framework has been developed and applied at the Bank pursuant to the issue of the Bank of Mauritius Guideline on Supervisory Review Process in April 2010. The document which is approved by the Board is reviewed annually to ensure that the Bank remains well capitalised after considering all material risks.

Stress tests represent an important tool for exploring potential vulnerabilities to exceptional but plausible events and therefore forms an integral part of the ICAAP. The ICAAP exercise takes into account the assessment of Pillar 1 risk types (i.e., credit, operational and market risks) and Pillar II risk types (i.e., concentration of risk, liquidity risk, interest rate risk, strategic risks, residual risks and so on). These assessments are carried out over a three-year horizon with a view to understanding the sensitivity of the key assumptions of the capital plan to the realisation of plausible stress scenarios and in order to evaluate how the Bank can continue to maintain adequate capital under such scenarios. The key objective of the stress-testing framework is to ensure that the organisation adopts a consistent and integrated approach to risk identification, mitigation, and management.

As a subsidiary of BCP Group and benefitting from the implicit and explicit support of its sole shareholder, BCP Bank (Mauritius) Ltd leverages on various tools to raise its capital as and when needed. Capital may be raised through the issue of ordinary shares, preference shares or subordinated debt, in multiple currencies. In addition, the Bank uses various instruments issued by its shareholder to mitigate its credit risk, namely through unfunded risk participation and others.

The concept of adequacy covers both an honest and efficient operation of the ICAAP and a sound conceptual approach, including the timeliness, the relevance, and the reasonableness of the methodological underpinnings.



Scan for a glimpse of our 2024 story.

From client events to product campaigns, media milestones and cultural celebrations, discover how we've grown together this year!

02

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

Good corporate governance remains integral to the way the Bank operates. The Bank is committed to operating in a correct, principled and commercially astute manner and staying accountable to its stakeholders. The Bank holds the view that transparency and accountability is essential for the Bank to thrive and succeed in the short, medium and long term.

● Governance Framework

The Bank operates within a clearly defined governance framework as per its Constitution, Charte de Gouvernance d'Entreprise et Règles de Bonne Conduite (hereinafter referred to as 'the Board Charter') and Code of Ethics. Through this framework, the Board balances its role of providing risk oversight and strategic counsel while ensuring adherence to regulatory requirements and risk tolerance. The governance framework provides for delegation of authority while enabling the Board to retain effective control. The Board delegates authority to relevant Board committees and the Chief Executive Officer with clearly defined mandates and authorities, while preserving its accountability.

Board committees facilitate the discharge of Board responsibilities and provide in-depth focus on specific areas. Each committee has a mandate, which the Board reviews regularly. Mandates for each committee set out its role, responsibilities, scope of authority, composition and terms of reference, as set out in the Board Charter, which has been duly approved by the Board. The committees report to the Board through their respective chairman and minutes of all committee meetings are submitted to the Board.

The Board delegates authority to the Chief Executive Officer to manage the business and affairs of the Bank. This delegated authority is set out in writing, together with the matters reserved for Board decision. The Senior Management Committee and Operational Management Committee assist the Chief Executive Officer in the day-to-day management of the affairs of the Bank, subject to statutory parameters and matters reserved for the Board. As a Public Interest Entity, the Bank has applied the principles and provisions of the National Code of Corporate Governance for Mauritius (2016) in all material aspects.

● Governance Structure

The Governance Framework is as follows:

- Board of Directors
- Board committees, namely:
 - Audit Committee;
 - Risk Management Committee;
 - Corporate Governance Committee;
 - Nomination and Remuneration Committee; and
 - Credit Committee

● Board of Directors

The role of the Board:

The Board provides effective leadership based on an ethical foundation. It strives to balance the interests of the Bank and those of its various stakeholders. It is the highest decision-making body in the Bank and is responsible for the Bank's strategic direction. It ensures that strategy is aligned with the Bank's values and monitors strategy implementation and performance targets in relation to the agreed risk profile. It is collectively responsible for the long-term success of the Bank and is accountable to shareholder for financial and operational performance. An annual meeting of shareholder is held every year to that effect.

In line with banking regulations, the Board decides on the Bank's corporate governance and risk management objectives for the year ahead. The relevant governance and risk management committees monitor performance against governance and risk objectives, respectively, and reports are submitted to the Board. The evaluation of the Board and Board committees for the year 2024 is being carried out by an external and independent facilitator through the Mauritius Institute of Directors (MlOD).

The Board's terms of reference are set out in a written charter, the Board Charter, as approved by the Board. The Board charter is reviewed as and when required and complies with the provisions of the Guideline on Corporate Governance, the Companies Act 2001, the Banking Act 2004, the Bank's Constitution, and any relevant legislations and guidelines. It sets out the guidelines with regards to:

- composition of the Board;
- terms of office;
- reporting responsibilities;
- rules of engagement; and
- matters reserved for Board decision.

The Board's key terms of reference are set out below:

- provide effective leadership based on an ethical foundation;
- approve the strategy and ensure that the Bank's objectives take into account the need to align its strategy and risk profile, together with the performance levels and sustainability concerns of stakeholders;
- review the corporate governance and risk and capital management processes and ensure that there is an effective risk management process and internal control system;
- delegate relevant authority to the Chief Executive Officer and the Deputy Chief Executive Officer and monitor their performance;
- determine the terms of reference and procedures of all Board committees, review the Board's and committees' performance annually, and review their reports and minutes;
- ensure that the Audit Committee is effective and independent;
- ensure that an adequate budget and planning process exists, measure performance against budgets and plans, and approve annual budgets;
- consider and approve the annual financial statements and the annual report, results, dividend announcements and notice to shareholders before the Annual General Meeting;

Corporate Governance Report (Continued)
Board of Directors (Continued)

- approve significant acquisitions, mergers, takeovers, divestments of operating companies, equity investments and new strategic alliances;
- establish the policies and procedures to comply with the requirements of the Guideline on Related Party Transactions;
- review the Bank's transactions with related parties in line with the Conduct Review Policy, ensuring that the latter is in compliance with all reporting and/or approval procedures of the Bank of Mauritius;
- review and approve all credit facility with related parties; and
- ensure that transactions which could materially affect the financial stability of the Bank are identified at source and review all related party transactions when said dealings are above 2% of Tier 1 Capital.

Board meetings allow sufficient time for consideration of all items. Care is taken to ensure that the Board attends to matters critical to the Bank's success, with sufficient attention to compliance and administrative matters.

While directors have a duty to keep up to date with industry, legal and regulatory developments, it is also the responsibility of the Board to provide them with adequate information, training and development. In this respect, the Head of Compliance through the Risk Management Committee, present on a quarterly basis all regulatory changes effective in the banking sector and the Head of Legal & Company Secretary ensure that all the directors are kept up to date of any changes.

The Bank has a unitary Board structure with executive and non-executive directors. The Board functions effectively and efficiently and is considered to be of an appropriate size for the Bank, taking into account, among other considerations, the need to have sufficient directors to structure Board committees appropriately, the regulatory requirements as well as the need to adequately address the Board's succession plans. Non-executive directors bring diverse perspectives to Board deliberations, and constructive challenge of the views of executive director and management is encouraged.

The directors' nomination and appointment process is guided by the legal and regulatory requirements and the Bank's constitution.

The Company Secretary acts as secretary to the Board of Directors. All directors have access to the services and advice of the Company Secretary, whose role is defined in the Companies Act 2001.

The roles of the Chairman and Chief Executive Officer continue to be substantively different and separated. The Chairman is a non-executive director responsible for leading the Board, ensuring its effective functioning and setting its agenda, in consultation with the Company Secretary and the Chief Executive Officer. The Board is aware of the other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their responsibilities effectively. The Company Secretary maintains a register of directors' interests, which is available upon written request by the shareholder. There is ongoing engagement between senior management and the Board. In addition to the executive director, senior management attend Board meetings. Directors have unrestricted access to management information, as well as the resources to carry out their duties and responsibilities. The Board has, through its Risk Management Committee, approved a comprehensive information security policy (Charte de Sécurité des Systèmes d'Informations), an information policy and an information technology policy.

BOARD COMMITTEES**● THE AUDIT COMMITTEE**

In line with the Banking Act 2004 and international best practice, the Audit Committee's principal responsibilities are to:

- review the interim and annual financial statements and key audit matters, summarised financial information, dividend declaration and all financial information and recommend them to the Board for approval;
- evaluate the adequacy and effectiveness of the accounting policies and all proposed changes in accounting policies and practices;
- review the basis for determination as a going concern;
- review the effectiveness of financial management, including the management of financial risks, the quality of internal accounting control systems and reports produced, including financial reporting risks and internal financial controls;
- review the impact of new financial systems, tax and litigation matters on financial reporting;
- review and approve the Bank external audit plan;
- oversee the appointment of external auditors, their terms of engagement and fees;
- review significant differences of opinion between external auditors and management;
- review the external auditors' management reports concerning deviations from and weaknesses in accounting and operational controls, and ensure that management takes appropriate action to satisfactorily resolve issues;
- review, approve and monitor the internal audit plan and charter;
- consider and review the internal auditors' significant findings and management's response;
- evaluate annually the role, independence and effectiveness of the internal audit function in the overall context of the Bank's risk management system;
- ensure that both Internal and External Auditors' independence and objectivity are maintained;
- monitor the maintenance of proper and adequate accounting records and the overall financial and operational environment;
- overseeing the Bank's financial reporting process and risks ensuring the integrity thereof and satisfying itself that significant judgement made by management are sound; and
- managing the level and nature of non-audit services, if any, provided by the External Auditors.

The Audit Committee is comprised of three non-executive directors and one independent director of the Bank. The Chairman of the Board is not a member of the Audit Committee. The Head of Internal Audit, the External Auditors and relevant Senior Management officers attend the committee. The Company Secretary acts as secretary to the Audit Committee. The Audit Committee meets at least four times in a year.

EXTERNAL AUDITORS

The present External Auditors were initially appointed upon the recommendation of the Audit Committee to the Board and approved at the Annual Shareholder’s Meeting. Their mandate was renewed for the financial year ended 2024. The aforesaid appointment is done in line with the Banking Act 2004.

The fees incurred by the Bank are:

Rs 000	2024	2023	2022
Audit fees payable to auditors	5,971	5,380	4,948
The fee payable to auditor for agreed-upon procedures engagement	404	41	41

Subject to the approval of the Central Bank, KPMG will be proposed for reappointment as auditors for the year ending 31 December 2025.

THE RISK MANAGEMENT COMMITTEE

In line with the requirements of the guidelines of the Bank of Mauritius and the international best practice, the main responsibilities of the Risk Management Committee are to:

- determine the Bank’s risk appetite;
- monitor the current and future risk profile to ensure that the Bank is managed within risk appetite;
- consider and approve the macroeconomic scenarios used for stress testing, and evaluate the results of stress testing;
- approve all risk governance standards, frameworks and relevant policies;
- monitor all risk types;
- approve risk disclosure in published reports;
- review and recommend the ICAAP (Internal Capital Adequacy Assessment Process) and internal capital target ratio ranges to the Board for approval and monitor the utilisation of capital to make sure that the Bank has, at any time, a capital adequacy ratio corresponding to at least the regulatory minimum requirements;
- review the impact on capital of significant transactions entered into by the Bank;
- review and approve the strategy, policies and practices relating to the management of the Bank’s liquidity;
- approve the risk policy, which sets out the credit granting process and limits;
- monitor large and impaired credits as well as the overall level of provisioning, that is, overseeing credit and risk exposures;
- review reports and activities of the financial crime control unit to ensure the mitigation and control of fraud and related risks;
- review, approve and monitor the compliance plan;
- monitor compliance with the Companies Act 2001, Banking Act 2004 and all other applicable legislations and guidelines; and
- oversee the Bank’s overall strategic direction, relating to information governance, information technology and security and related expenditures.

The Risk Management Committee is comprised of 2 non-executive directors of the Bank and the Chief Executive Officer, also executive director. The Chairman of the Board is not a member of the Committee. The Chief Risk Officer, Head of Compliance and relevant Senior Management officers attend the committee. The Company Secretary acts as secretary to the Risk Management Committee. The Risk Management Committee reports to the Board, through its Chairman. The Risk Management Committee meets on a quarterly basis.

● THE CORPORATE GOVERNANCE COMMITTEE

In line with the Guidelines of the Bank of Mauritius, the Corporate Governance Committee's responsibilities are to:

- deal with all Corporate Governance issues and make recommendation to the Board accordingly;
- ensure that the Bank complies with the Code of Corporate Governance and Corporate Governance Guideline issued by the Bank of Mauritius;
- ensure that disclosures are made in the annual financial statements in compliance with the disclosure provisions in accordance with the best international practice;
- ensure effective communication between stakeholders; and
- assess the effectiveness of the Board, its committees and its individual directors, on an annual basis.

The Corporate Governance Committee is comprised of two non-executive directors and one independent director. In line with the Banking Act 2004, the Bank being a subsidiary of a foreign entity, its Board of directors can be composed of 40% of non-executive directors instead of 40% of independent directors. The Board of the Bank is composed of 78% of non-executive directors. The Company Secretary and relevant Senior Management officers (as and when required) attend the committee. The Company Secretary acts as secretary to the Corporate Governance Committee. The report is made by the Chairman to the Board. The Corporate Governance Committee meets at least once a year.

● THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of three non-executive directors. The Committee is responsible for making recommendations to the Board on the appointment of directors and senior executives. The Committee also oversees remuneration and compensation of directors, senior management and other key personnel with a view to attract, retain and motivate them. The experience and skills of the directors are disclosed in the director's profile on pages 20 to 25.

The responsibilities of the Nomination and Remuneration Committee include:

- ascertaining whether the potential directors, Chief Executive Officer, Deputy Chief Executive Officer and senior officers are fit and proper persons, have the required skills and expertise, and are free from material conflicts of interest, and ensuring that an induction programme is provided to new directors;
- reviewing the Board structure, size and composition (including balance between independent/non-executive/executive) and the composition of Board committees;
- reviewing, for submission to the Board, remunerations for directors and executives/senior officers as well as proposals of promotion to the Senior Management;
- reviewing the performance of the Chief Executive Officer and the Deputy Executive Officer; and
- reviewing the succession plan of senior executives and the list of talents.

The Nomination and Remuneration Committee meets at least once a year.

● THE CREDIT COMMITTEE

The Credit Committee consists of the Chairman of the Board and two non-executive directors. The Committee reviews and recommends and/or approves credit requests, which are outside the delegated authority of the Bank's local Credit Committee.

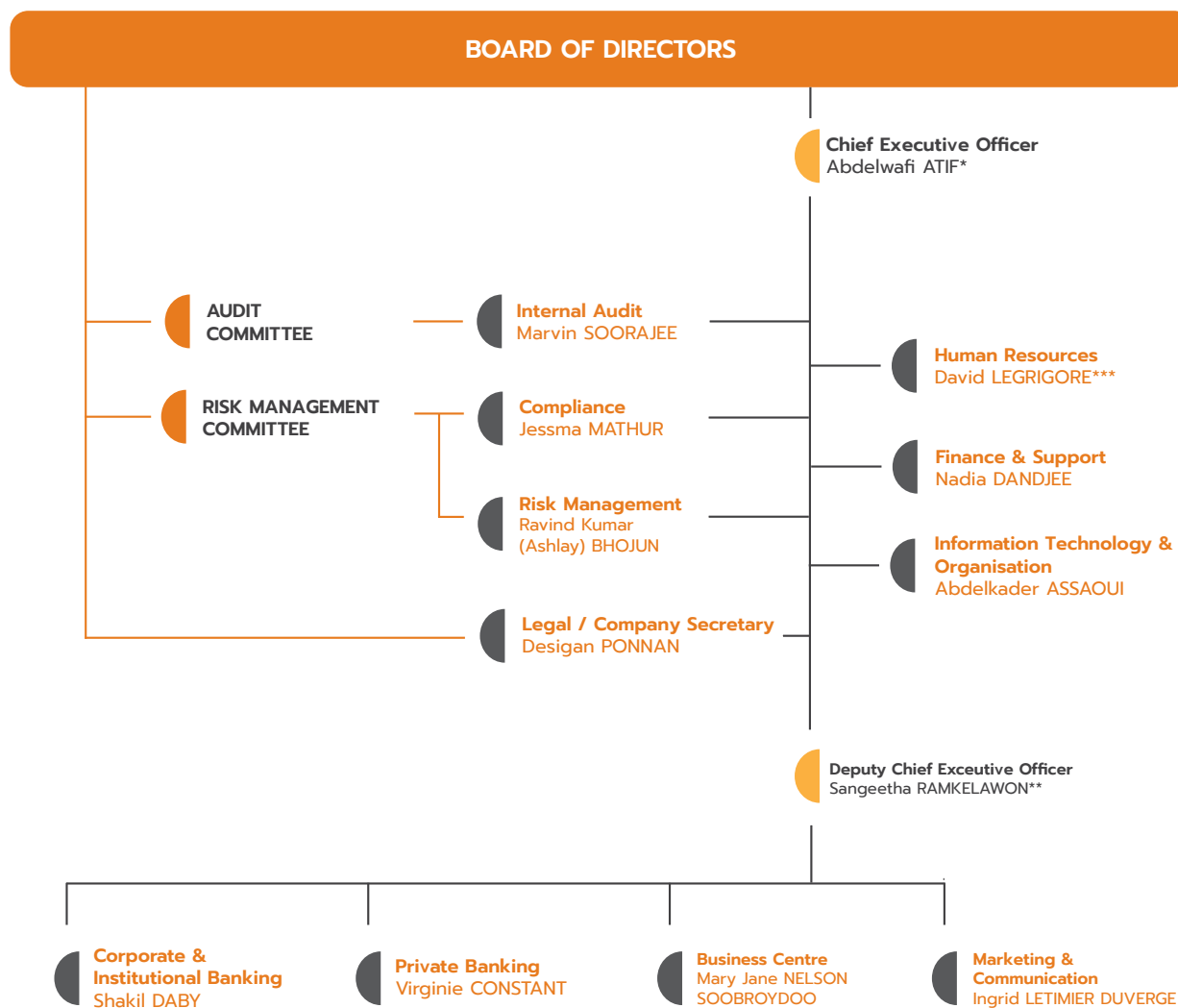
The responsibilities of the Credit Committee include:

- reviewing the credit requests; and/or
- approving the credit requests.

● ATTENDANCE FOR BOARD MEETING AND COMMITTEES

		BOARD COMMITTEES					
		Board of Directors	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Credit Committee
Number of meetings held from January to December 2024		4	4	4	1	3	n/a
Executive	Abdelwafi ATIF	4	4	4	1	3	-
	Kamal MOKDAD	4	n/a	n/a	1	3	-
Non Executive	Soumia FATHALLAH	4	4	n/a	n/a	n/a	-
	Abdeslam BENNANI	4	n/a	n/a	n/a	3	-
	Hicham BELCAID	4	4	3	n/a	n/a	-
	Hanane EL BOURY	4	4	3	n/a	n/a	-
	Othmane TAJEDDINE	2	n/a	3	0	1	-
Independent	Jean-Louis VINCIGUERRA	4	4	n/a	1	n/a	-

ORGANISATION CHART



* Until 14.01.2025

** Appointed Chief Executive Officer and Executive Director as from 15/01/2025

*** Until 31.12.2024

MATERIAL CLAUSES OF THE BANK'S CONSTITUTION

Some of the main clauses of the Bank's constitution are as follows:

- the duration of the Bank is unlimited;
- the Bank is a private company limited by shares;
- pre-emptive rights – Future issue of shares that rank to voting or distribution rights, or both, shall be offered to the holder of shares already issued in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders;
- distributions – The Board may authorise a distribution of dividend by the Bank;
- subject to BoM approval, the Bank may, to the extent provided by the provisions of Section 62 of the Companies Act 2001, by special resolution reduce its stated capital to such amount as it thinks fit;
- the minimum number of directors is five and the maximum number of directors is twelve.

DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

● STATEMENT OF RECRUITMENT AND REMUNERATION PHILOSOPHY

The Bank's recruitment and remuneration philosophy for Management and staff is based on meritocracy and ensures that:

- full protection is provided, at the lower end of the income ladder, against cost of living increases;
- fairness and equity are promoted throughout the organisation;
- opportunities are given to all employees to benefit from the financial results and development of the Bank. Indeed, all staff members of the Bank receive an annual bonus based on the performance of the Bank as well as their own rated contribution thereto. Generally, the finalisation of remuneration packages is anchored on a range of factors including qualifications, skills scarcity, past performance, potential, market norms, responsibilities shouldered and experience. With a view to attaining appropriate remuneration levels, the Bank is guided by the following considerations:
 - general market conditions are regularly surveyed in order to ensure that remuneration packages are motivating and competitive;
 - superior team and Bank performance is stimulated and rewarded with strong incentives; and
 - remuneration practices are regularly reviewed and restructured where necessary, providing clear differentiation between individuals' contribution to the Bank's performance.

The Bank do not have any Employee Share Scheme nor any Share Options Plans.

Corporate Governance Report (Continued)
Director Duties, Remuneration and Performance (Continued)

● REMUNERATION OF DIRECTORS

The non-executive directors (external to the Bank) receive a fee for each Board meeting or other Board committees. The remuneration packages of executive directors are determined based on a number of factors including qualifications, skills, market conditions and responsibility shouldered and is approved by the Nomination and Remuneration Committee.

Remuneration paid to the Directors is as follows:

Directors	Status	Director's attendance and remuneration							Total (Rs)
		Remuneration 2024	Annual fees 2024	Board	Audit Committee	Risk Management/ Conduct Review Committee	Corporate Governance Committee	Nomination and Remuneration Committee	
Abdelwafi ATIF	Executive	7,777,050	-	-	-	-	-	-	7,777,050
Kamal MOKDAD	Chairman	-	1,333,735	307,785	-	-	76,650	151,455	1,869,625
Jean-Louis VINCIGUERRA	Independent	-	359,083	246,228	246,228	-	61,320	-	912,859
Othmane TAJEDDINE	Non Executive	-	359,083	123,600	-	184,920	-	61,308	728,911
Hicham BELCAID	Non Executive	-	-	205,190	205,190	153,170	-	-	563,550
Hanane EL BOURY	Non Executive	-	-	205,190	205,190	154,100	-	-	564,480
Soumia FATHALLAH	Non Executive	-	-	205,190	205,190	-	-	-	410,380
Abdelslam BENNANI	Non Executive	-	-	205,190	-	-	-	100,970	306,160
Total		7,777,050	2,051,901	1,498,373	861,798	492,190	137,970	313,733	13,133,015

During the year, all files beyond local delegation, approved by Group Credit Committee were ratified by the credit committee via circularisation.

INTEGRATED SUSTAINABILITY REPORTING

● ETHICS AND ORGANISATIONAL INTEGRITY

The Board aims to provide effective and ethical leadership, and ensures that its conduct and that of management is aligned to the Bank's values and to the Bank's Code of Ethics. The Bank's value and Code of Ethics, as approved by the Board, are designed to empower employees and enable effective decision-making at all levels of the business according to defined ethical principles and values. The Board regularly monitors and evaluates compliance with the Bank's values and Code of Ethics. The Bank has in place a whistleblowing policy to ensure a fair and ethical environment for its staff.

In ensuring that the Bank operates ethically, the Board uses the inclusive stakeholder model of governance that considers and promotes the interests of all the Bank's stakeholders.

● SHAREHOLDERS' AGREEMENT

There is currently no shareholders' agreement between the Bank and its sole shareholder.

● SIGNIFICANT CONTRACTS

There is currently no significant contract between third parties and the Bank.

● MANAGEMENT AGREEMENTS

There is currently no management agreement between third parties and the Bank.

● ENVIRONMENT

The Bank fully subscribes to and actively supports a Clean Environment Policy. To the extent possible, unnecessary printing is avoided and information and instructions are conveyed through electronic channels.

● HEALTH AND SAFETY

The Bank is fully committed towards the Health and Safety of its employees and aspires to create a culture whereby the management of risk and prevention of harm is part of everyday business. The Bank recognises that managing Health and Safety risk is a core management activity and an important component of its values.

● SOCIAL ISSUES

The Bank has fulfilled its Corporate Social Responsibility, by supporting various initiatives during the year. BCP Bank (Mauritius) Ltd believes in the importance of investing in the community especially in the young generations.

● POLITICAL CONTRIBUTIONS

No political contribution was made during the year under review.

● GOING CONCERN

There is no reason to believe that the Bank will not be a going concern in the year ahead.

● DIVIDEND POLICY

The Bank has no formal dividend policy. Any dividend pay-out will be subject to the Bank complying with the Guideline on Payment of Dividend published on 24 September 2020 and revised in November 2022. No dividend was distributed in 2024.

RELATED PARTY TRANSACTIONS POLICIES AND PRACTICES

The Bank of Mauritius' Guideline on Related Party Transactions, as revised in May 2022, is articulated around three main elements, namely:

- the role of the Board of Directors of a financial institution and that of its Senior Management in establishing and implementing appropriate policies on related party transactions and administering the process for handling the transactions;
- the definition of the different types of related party transactions and the setting out of regulatory limits on credit exposures to related parties; and
- the definition of basic rules for monitoring and regulatory reporting of related party transactions and their disclosure in the annual report.

As a general rule, related parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercise significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. All transactions with a related party must be carried out on terms and conditions that are at least as favourable to the Bank as market terms and conditions.

Related party transactions include:

- loans, finance leases and service agreements;
- giving a guarantee on behalf of a related party;
- making an investment in any securities of a related party;
- deposits and placements; and
- professional service contracts.

The Guideline defines 3 categories of related party transactions for the purpose of regulatory reporting and limits, namely:

- Category 1 - Directors, their close family members and any entity where any of them holds more than a 10% interest; Shareholders owning more than 10% of the financial institution's capital; Directors of any controlling shareholder; and Entities (excluding subsidiaries) where the financial institution holds more than a 10% interest;
- Category 2 - Senior Management, their close family members and any entity where any of them holds more than 10% interest; Senior Management of any controlling shareholder; and Subsidiaries of the financial institution;
- Category 3 - Senior Management, provided their exposures are within the terms and conditions of their employment contract.

Corporate Governance Report (Continued)
Related Party Transactions Policies and Practices (Continued)

Categories 3 above, as well as exposures representing less than 2% of the institution's Tier 1 capital, are excluded from regulatory limits which are set, in aggregate, at:

- 60% of Tier 1 capital for category 1; and
- 150% thereof for the total of categories 1 and 2.

The Bank adheres to the Guideline on Related Party Transactions ('Guideline'). In line with this guideline, the Board of Directors meets on a quarterly basis, reviews all related party transactions, approve Category 1, 2 and 3 related party transactions and monitor compliance with the Guideline. The related party reporting to the Bank of Mauritius is made on a quarterly basis. Conflicts-of-interest and related party transactions are conducted in accordance with the related party transactions policy and Code of Ethics.

Note 28 to the Financial Statements sets out on and off-balance sheet exposures to related parties as at 31 December 2024.

A copy of the annual report is available on the Bank's website.

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

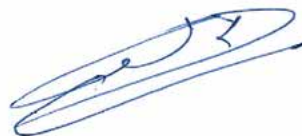
Name of Public Interest Entity: BCP Bank (Mauritius) Ltd

Reporting Period: 31 December 2024

We, the directors of BCP Bank (Mauritius) Ltd, confirm that, to the best of our knowledge, the Bank has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) and Guideline on Corporate Governance, in all material aspects.



Sangeetha RAMKELAWON
Chief Executive Officer



Othmane TAJEDDINE
Director - Board of Directors

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Bank's operations in Mauritius presented in this annual report have been prepared by Management, which is responsible for their integrity, consistency, objectivity and reliability. International Accounting Standards/International Financial Reporting Standards 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 Bank 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 Bank's policies, procedure manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through the Audit Committee, Corporate Governance, Risk Management Committee and the Board which comprise of an Independent Director, oversees Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

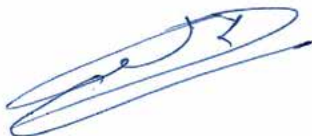
The Bank's Head of Internal Audit, who has full and free access to the Audit Committee, conducts a well-designed programme of internal audits in coordination with the Bank's External Auditors. In addition, the Bank's Compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

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

The Bank's External Auditors, KPMG, have full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.



Sangeetha RAMKELAWON
Chief Executive Officer



Othmane TAJEDDINE
Director - Board of Directors



Jean-Louis VINCIGUERRA
Chairperson - Audit Committee

SECRETARY'S CERTIFICATE

In my capacity as Company Secretary of BCP Bank (Mauritius) Ltd (the "Bank"), I hereby confirm that, to the best of my knowledge and belief, the Bank has filed with the Registrar of Companies, for the financial year ended 31 December 2024, all such returns as are required of the Bank under the Companies Act 2001.

A handwritten signature in blue ink, appearing to read 'Desigan Ponnann', with a horizontal line underneath.**Desigan PONNAN**

Date: 21 March 2025

03

INDEPENDENT AUDITORS' REPORT



KPMG
 KPMG Centre
 31, Cybercity
 Ebène
 Mauritius
 Telephone +230 406 9999
 Telefax +230 406 9988
 BRN No. F07000189
 Website www.kpmg.mu

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BCP Bank (Mauritius) Ltd (the Bank), which comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policies information, as set out on pages 110 to 214.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BCP Bank (Mauritius) Ltd as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act, Banking Act and Financial Reporting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 Matter

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.



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

Report on the Audit of the Financial Statements

Key Audit Matter (continued)

Expected credit losses ("ECL") for loans and advances to customers

Refer to the following notes in the financial statements:

Note 1 (n) (ix) – Material accounting policies – Impairment: Expected Credit Losses (ECL)
 Note 1(f) – Use of judgements and estimates – Allowance for impairment on loans and advances
 Note 12 – Loans and advances to customers
 Note 13 – Allowance for/ (Reversal of) credit impairment on financial assets
 Note 29 (b) – Financial risk review – Credit risk

Key audit matter

The Bank's gross loans and advances to customers amount to Rs'000 16,736,230 at 31 December 2024 and allowances for credit losses on loans and advances to customers for the year amount to Rs'000 784,724.

The Bank follows a three-stage approach to recognise the ECL as explained below:

Stage 1 and 2 exposures:

Complex models are used for the purposes of determining the ECL for stage 1 and stage 2 exposures. These include a number of significant judgments, such as:

- Determining the criteria for a significant increase in credit risk, which includes defining the forbearance and delinquency status for customers and determination of the number of days past due.
- Choosing appropriate models and assumptions for the measurement of ECL which includes determining the:

Probability of Default (PD): for ECL calculation Point in Time (PIT) PDs are used which are reflective of current economic conditions and do not contain adjustment for prudence.

Loss Given default (LGD): The estimates are dependent on the type of collateral security underpinning the credit exposure;

How the matter was addressed in our audit

Our audit procedures included the following:

Obtained an understanding of management's credit risk management processes and tested the design and implementation, and operating effectiveness of controls over credit origination, credit monitoring and credit remediation, including controls over management's ECL model which supports the assumptions used in determining the PD, LGD and EAD, as well as the governance process over forward-looking information and macro-economic scenarios.

Assessed the adequacy and accuracy of ECL disclosures in accordance with IFRS 9, Financial Instruments ("IFRS 9"), IFRS 7 Financial Instruments: Disclosures ("IFRS 7") and IFRS 13, Fair Value Measurement ("IFRS 13").

Stage 1 and 2 exposures:

Our procedures included the following:

Evaluated the completeness and accuracy of the data used in the model. For completeness, we performed a reconciliation of all loans and advances to customers, subject to ECL against the ECL model of the Bank. For a sample of loans and advances to customers, we traced the data inputs to source documents in order to determine the accuracy of data used in the model.



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

Report on the Audit of the Financial Statements

Key Audit Matter (continued)

Expected credit losses ("ECL") for loans and advances to customers

Refer to the following notes in the financial statements:

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 Note 13 – Allowance for/ (Reversal of) credit impairment on financial assets
 Note 29 (b) – Financial risk review – Credit risk

Key audit matter

Exposure at Default (EAD): The EAD is estimated by considering the current drawn balance at the reporting date and adjusting it with a "Credit Conversion Factor (CCF)" which allows for the expected drawdown of the remaining limit by the time of default.

- Establishing relevant forward-looking into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Probability of Default (PD) estimates provided by Moody's EDF-X tool incorporate a forward-looking view of risk, aligning with the market's current assessment of the credit cycle which are updated regularly.
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Stage 3 exposures:

For loans and advances which are credit impaired (stage 3 exposures), ECL are based on lifetime expected credit losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes indicators such as long-term forbearance, insolvency, deceased, breach of financial covenant(s), disappearance of an active market for financial asset,

How the matter was addressed in our audit

Stage 1 and 2 exposures (Continued):

Where credit losses were calculated on a modelled basis (stage 1 and stage 2) we performed the following audit procedures, in conjunction with our credit risk specialists:

- Critically assessed the ECL modelling methodology applied by management to determine the appropriateness of the PDs, LGDs and EADs used to compute the stage 1 and 2 ECL allowances against the requirements of IFRS 9, and the Bank's internal policies.
- Performed an independent ECL estimate based on independently derived PDs, LGDs and EADs and compared the independent ECL output to the Bank's ECL.
- Incorporated an independently estimated forward-looking information (FLI) by adopting a simplistic FLI model which used GDP data to adjust the Probability of default (PD) in our independent ECL calculation, to assess the reasonability of management's forward-looking information.



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

Report on the Audit of the Financial Statements

Key Audit Matter (continued)

Expected credit losses ("ECL") for loans and advances to customers	
Refer to the following notes in the financial statements:	
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Key audit matter	How the matter was addressed in our audit
financial difficulties and probable bankruptcy of obligors as well as when the borrower is more than 90 days past due on its contractual payments. Significant judgements, estimates and assumptions are applied at each reporting date, whereby the Bank reviews individually all loans and advances classified in Stage 3 to assess whether an allowance for impairment should be recorded. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank make judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results which may differ, resulting in future changes to the allowance. Due to the significance of loans and advances to customers and the estimation uncertainty and judgements applied in the determination of expected credit losses for loans and advances to customers, additional audit effort was applied and thus ECL for loans and advances to customers was a key audit matter.	▪ Performed independent credit reviews over a sample of loans and advances to customers to evaluate whether there has been any significant increase in credit risk for stage 1 and 2 exposures and whether they are adequately covered by collateral and critically assess whether they are classified under the correct stage. Stage 3 exposures: For stage 3 exposures, our procedures included the following: ▪ Our internal IT specialists performed testing over the IT application controls in respect of the calculation of days past due to ensure that exposures with more than 90 days past due are classified as stage 3. ▪ Challenged the valuation of credit losses on a sample of stage 3 loans and advances to customers by developing our own expectation of the amount of the expected credit losses based on our assessment of the expected future cash flows and recoverability of collateral held. ▪ Where collateral was applied in the determination of the ECL, on a sample basis, we inspected the valuation reports of the collateral held and assessed whether the valuation amounts are reasonable in comparison to most recent external market data.



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

Report on the Audit of the Financial Statements

Key Audit Matter (continued)

Expected credit losses ("ECL") for loans and advances to customers	
Refer to the following notes in the financial statements:	
Note 1 (n) (ix) – Material accounting policies – Impairment: Expected Credit Losses (ECL)	
Note 1(f) – Use of judgements and estimates – Allowance for impairment on loans and advances	
Note 12 – Loans and advances to customers	
Note 13 – Allowance for/ (Reversal of) credit impairment on financial assets	
Note 29 (b) – Financial risk review – Credit risk	
Key audit matter	How the matter was addressed in our audit
	▪ Evaluated the independence, competence, and capabilities of the independent appraisers with reference to their qualifications and industry experience. ▪ Assessed the collateral valuation techniques applied by the independent appraisers against the Bank's policy, industry standards, IFRS 7 Financial Instruments: Disclosures ("IFRS 7") and IFRS 13, Fair Value Measurement ("IFRS 13").

Other Information

The directors are responsible for the other information. The other information comprises About BCP Bank (Mauritius) Ltd, Directeur Général Banque de l'international Message, Groupe BCP, CEO message, BCP Bank (Mauritius), Board of Directors, Management Discussion & Analysis and Corporate Governance Report but does not include the financial statements and our auditors' 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.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Responsibilities of Directors for the Financial Statements

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 the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act, Banking Act and Financial Reporting Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the bank or to cease operations, or have no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Use of our Report

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



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF BCP BANK (MAURITIUS) LTD**

Report on other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Bank other than in our capacity as auditors.

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

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

Banking Act

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 Banking Act and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Financial Reporting Act

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



KPMG
Ebène, Mauritius

Signed by:
Mervyn Lam Hung
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Mervyn Lam Hung
Licensed by FRC

Date: **28 March 2025**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023	2022
		Rs 000	Rs 000	Rs 000
Interest income		1,841,603	1,465,654	691,792
Interest expense		(997,446)	(793,910)	(244,476)
Net interest income	2	844,157	671,744	447,316
Fee and commission income		118,737	91,395	97,312
Fee and commission expense		(21,962)	(23,308)	(29,956)
Net fee and commission income	3	96,775	68,087	67,356
Net trading income	4	91,491	64,826	85,398
Net gain/(loss) from financial derivatives at fair value through profit or loss	4	569	(879)	95
Net gain from sales of securities	5	-	-	3,104
Other income	5	825	4,935	2,427
		189,660	136,969	158,380
Revenue		1,033,817	808,713	605,696
Personnel expenses	6(a)	(290,617)	(236,441)	(257,730)
Operating lease expenses	7	(5,282)	(6,846)	(12,034)
Depreciation and amortisation	15&16	(33,455)	(36,433)	(58,570)
Other expenses	8	(171,218)	(164,702)	(160,524)
		(500,572)	(444,422)	(488,858)
Operating profit		533,245	364,291	116,838
(Allowance for)/reversal of credit impairment on financial assets	13(b)	(82,205)	(68,998)	57,514
Profit before tax		451,040	295,293	174,352
Taxation charge	9(a)	(17,514)	(20,941)	(29,757)
Profit for the year		433,526	274,352	144,595
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Net change in fair value of financial assets through other comprehensive income		12,398	11,625	(51,802)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefit obligations	6(b)	907	(5,307)	(9,550)
Other comprehensive income/(loss)		13,305	6,318	(61,352)
Total comprehensive income for the year		446,831	280,670	83,243

STATEMENT OF FINANCIAL POSITION AS AT ENDED 31 DECEMBER 2024

		2024	2023	2022
	Notes	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	10	8,452,253	8,003,310	5,682,174
Loans and advances to banks	11	5,472,429	5,195,145	4,082,741
Loans and advances to customers	12	15,951,506	13,541,379	13,265,759
Investment securities	14	3,165,440	2,625,111	1,686,317
Derivative financial instruments	21	-	-	133
Property and equipment	15	25,120	36,429	51,202
Intangible assets	16	50,727	50,691	25,646
Deferred tax assets	9(c)	69,864	64,979	67,514
Other assets	17	1,683,892	2,443,534	2,343,459
Total assets		34,871,231	31,960,578	27,204,945
LIABILITIES				
Deposits from banks	18	7,177,100	4,315,294	3,149,054
Deposits from customers	19	18,067,007	16,158,503	11,675,660
Borrowed funds	20	3,577,978	5,305,982	6,882,728
Derivative financial instruments	21	177	746	-
Subordinated liabilities	22	932,305	854,208	464,654
Current tax liabilities	9(d)	22,882	18,025	868
Provisions	23	74,949	93,204	101,023
Other liabilities	23	1,861,359	2,503,973	2,500,985
Total liabilities		31,713,757	29,249,935	24,774,972
EQUITY				
Share capital	24	2,398,825	2,398,825	2,398,825
Retained earnings/(accumulated losses)		470,245	153,584	(74,308)
Reserves		288,404	158,234	105,456
Total equity		3,157,474	2,710,643	2,429,973
Total liabilities and equity		34,871,231	31,960,578	27,204,945

These financial statements were approved and authorised for issue by the Board of Directors on 21 March 2025.



Sangeetha RAMKELAWON
Chief Executive Officer



Othmane TAJEDDINE
Director - Board of Directors



Jean-Louis VINCIGUERRA
Chairperson - Audit Committee

STATEMENT OF CHANGES IN EQUITY AS AT ENDED 31 DECEMBER 2024

	Share capital	Reserves			Retained earnings/ accumulated losses	Total
		Statutory reserve	General banking reserve	Fair value reserve		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance at 01 January 2022	2,218,065	107,164	-	28,405	(187,664)	2,165,970
Increase in share capital	180,760	-	-	-	-	180,760
Total comprehensive income						
Profit for the year	-	-	-	-	144,595	144,595
Other comprehensive income for the year	-	-	-	(51,802)	(9,550)	(61,352)
Transfer to statutory reserve	-	21,689	-	-	(21,689)	-
Total comprehensive income for the year	-	21,689	-	(51,802)	113,356	83,243
At 31 December 2022	2,398,825	128,853	-	(23,397)	(74,308)	2,429,973
Balance at 01 January 2023	2,398,825	128,853	-	(23,397)	(74,308)	2,429,973
Total comprehensive income						
Profit for the year	-	-	-	-	274,352	274,352
Other comprehensive income for the year	-	-	-	11,625	(5,307)	6,318
Transfer to statutory reserve	-	41,153	-	-	(41,153)	-
Total comprehensive income for the year	-	41,153	-	11,625	227,892	280,670
At 31 December 2023	2,398,825	170,006	-	(11,772)	153,584	2,710,643
Balance at 01 January 2024	2,398,825	170,006	-	(11,772)	153,584	2,710,643
Total comprehensive income						
Profit for the year	-	-	-	-	433,526	433,526
Other comprehensive income for the year	-	-	-	12,398	907	13,305
Transfer to Statutory reserve	-	40,470	-	-	(40,470)	-
Transfer to General banking reserve on performing exposures	-	-	68,243	-	(68,243)	-
Transfer to General banking reserve on non-performing exposures	-	-	9,059	-	(9,059)	-
Total comprehensive income for the year	-	40,470	77,302	12,398	316,661	446,831
At 31 December 2024	2,398,825	210,476	77,302	626	470,245	3,157,474

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

		Notes	2024	2023	2022
			Rs 000	Rs 000	Rs 000
Cash flows from operating activities					
Profit before tax			451,040	295,293	174,352
Adjustments for:					
- Depreciation and amortisation	15&16		33,455	36,433	58,570
- Allowance for/(reversal of) credit impairment on financial assets	13(b)		82,205	68,998	(57,514)
- Profit on sale of property and equipment			(825)	(3,873)	(230)
- Profit on sale of investment securities	5		-	-	(3,104)
- Net interest income	2		(844,157)	(671,744)	(447,316)
- Unrealised foreign exchange loss/(gain)			12,050	(28,447)	(12,434)
			(266,232)	(303,340)	(287,676)
Changes in:					
- Loans and advances to banks			(83,596)	(1,002,947)	(885,279)
- Loans and advances to customers			(1,700,245)	(137,048)	31,431
- Investment securities			(456,592)	(958,040)	382,594
- Other assets			686,293	31,465	(97,882)
- Deposits from banks			2,654,542	1,126,319	56,882
- Deposits from customers			1,269,088	4,444,388	(2,951,093)
- Other liabilities			(465,900)	(215,423)	881
			1,637,358	2,985,374	(3,750,142)
Interest received			1,791,647	1,441,759	665,222
Interest paid			(944,746)	(678,778)	(203,743)
Income tax paid			(21,025)	(868)	(869)
Net cash generated/(used in) from operating activities			2,463,234	3,747,487	(3,289,532)
Cash flows from investing activities					
- Acquisitions of property and equipment			(12,844)	(8,701)	(2,870)
- Proceeds from sale of property and equipment			2,228	18,716	1,175
- Acquisitions of intangible assets			(8,835)	(37,832)	(7,298)
Net cash used in from investing activities			(19,451)	(27,817)	(8,993)
Cash flows from financing activities					
- Proceeds from subordinated loan			115,563	384,696	459,598
- Proceeds from (repayment)/issue of borrowed funds	20		(1,981,960)	(1,844,682)	2,454,531
- Proceeds from issue of shares	24		-	-	180,760
- Payment on lease liabilities	15		(20,670)	(19,538)	(25,698)
- Interest paid on lease liabilities	15		(885)	(1,780)	(2,951)
Net cash (used in)/generated from financing activities			(1,887,952)	(1,481,304)	3,066,240
Net increase/(decrease) in cash and cash equivalents			555,831	2,238,366	(232,285)
Cash and cash equivalents at 01 January			8,003,310	5,682,174	5,827,617
Effect of exchange rate fluctuations on cash and cash equivalents held			(106,888)	82,770	86,842
Cash and cash equivalents at 31 December			8,452,253	8,003,310	5,682,174

04

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes to the financial statements

1. MATERIAL ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial statements of BCP Bank (Mauritius) Ltd (the "Bank"), have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), in compliance with the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004, and regulations and guidelines issued by the Bank of Mauritius, in so far as the operations of the Bank are concerned. The Bank is primarily involved in corporate and retail banking.

The Bank's financial statements have been prepared on a going concern basis.

Where necessary, comparative figures have been amended to conform with changes in presentation, or in accounting policies in the current year.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period that the assumptions changed. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(f).

b) BASIS OF MEASUREMENT

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

ITEMS	MEASUREMENT BASIS
Equity securities at FVOCI	Fair value
Defined contribution pension plan	Fair value
Derivative financial instruments.	Fair value

c) BASIS OF ACCOUNTING

The Bank's financial statements have been prepared on a going concern basis as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and potential impacts on the profitability, capital and liquidity of the Bank.

d) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in Mauritian rupees (Rs), which is the Bank's functional and presentation currency. Except when otherwise indicated, financial information presented in Mauritian rupees has been rounded to the nearest thousand.

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

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

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

e) CHANGES IN MATERIAL ACCOUNTING POLICIES**NEW STANDARDS EFFECTIVE DURING THE CURRENT FINANCIAL PERIOD*****1. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases******2. Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements***

1 and 2 are not applicable to the Bank since the Bank does not have any such transaction.

3. Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional was removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The amendments confirm that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The Bank has assessed the right to defer settlement of its liability for at least twelve months after the end of the reporting period based on the substance of the conditions specified in the loan agreement and have assessed that these liabilities should be considered as non-current.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

f) USE OF JUDGEMENTS AND ESTIMATES

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

Determination of functional currency

The determination of the functional currency of the Bank is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Bank as Mauritian Rupees (Rs).

Significant increase in credit risk

ECLs are measured as an allowance equal to 12-months ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk.

The Bank however describes in note 29(b), how it establishes the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection of approval of models used to measure ECL.

Allowance for impairment on loans and advances

The measurement of the expected credit allowance for impairment for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 29 (b).

At each reporting date, the Bank reviews individually all loans and advances classified in Stage 3 to assess whether an allowance for impairment should be recorded in the statements of profit or loss and other comprehensive income.

Judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank make judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 29 (b).

The allowance for impairment on loans and advances is disclosed in more details in Note 13.

Employee benefits

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

The assumptions used in determining the net cost / (income) for pensions include the discount rate. The actuarial report determines the appropriate discount rate at the end of each year which is validated by the Bank. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Should there be a 1% increase in the future long-term salary increase assumption, there would be an increase in the retirement benefit obligation by Rs 56.3m and a 1% increase in discount rate would lead to a increase of Rs 28.8m in the retirement benefit obligation.

Asset lives and residual values

The Bank reviews the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

Deferred tax

Deferred tax is recognized to the extent that it is probable that future taxable income will be available against which unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Recognition of deferred tax assets depends on management's intention of the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefit thereon. The outcome of their actual utilization may be different.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

f) Use of judgements and estimates (Continued)

Measurement of fair value of financial instruments with significant unobservable inputs

The 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. Fair values should be first calculated with reference to observable inputs where these are available. Only where these are unavailable that the Bank employs less observable inputs. Unobservable input are used where observable or less observable input are unavailable. The fair value of securities not quoted in an active market may be determined by the Bank using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Bank would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions and contingencies

Provisions and contingencies are recognised in the financial statements when the Bank has a present obligation as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. A reliable estimate is required to be made. Management makes various assumptions to determine whether to recognise a provision and its amount thereafter. For potential litigation and claims, management relies on the advice of the Bank's Legal and counsels.

g) MATERIAL ACCOUNTING POLICIES

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

The amendments require the disclosure of "material" rather than "significant" accounting policies. These amendments did not result in any changes to the accounting policies themselves, and the below-disclosed policies are all material from the revised IAS 1 norm perspective.

h) INTEREST INCOME AND EXPENSES

1. Effective interest rate ('EIR')

Interest income and expense are recognized in the statement of profit or loss and other comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the EIR includes transaction costs and fees received that are integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue a financial asset or a financial liability. Interest income on loans and advances to customers and banks has been calculated using the contractual rate which approximates the effective interest rate method.

2. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount using the EIR method and, for financial assets, adjusted for any expected credit allowance for impairment.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit allowance for impairment; the 'gross carrying amount of a financial liability' is the amortised cost of a financial liability.

3. Calculation of interest income and expense

The EIR of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

Presentation

Interest income calculated under the EIR presented in the statement of profit or loss and other comprehensive income includes interest on financial assets measured at amortised cost.

Interest expense presented in the statement of profit or loss and other comprehensive income includes interest on financial liabilities measured at amortised cost.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

i) FEES AND COMMISSION

Fee and commission income and expense that are integral to the EIR on a financial asset or financial liability are included in the measurement of the effective interest rate (see (f) above).

Other fees and commission income, which relate mainly to transaction and service fees, card fees, credit-related fees, are recognized as the related services are performed.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fees and commission expenses are recognized based on the applicable service contracts as the related services are performed.

j) PROFIT ARISING FROM DEALING IN FOREIGN CURRENCIES

Profit arising from dealing in foreign currencies comprise of net gains on foreign exchange transactions.

k) NET GAIN/(LOSS) FROM FINANCIAL DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain/(loss) from financial derivatives at fair value through profit or loss includes all realized income/ (expense), and unrealized fair value changes arising on derivatives designated at fair value through profit or loss.

l) LEASES

At inception of a contract, the Bank assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

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

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

Notes to the financial statements (Continued)
 1. Material accounting policies (Continued)
 l) Leases (Continued)

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

- 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 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 within the “Other Liabilities” caption note to the statement of financial position.

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

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

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

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

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

The right-of-use assets are presented as a separate line within the “Property and Equipment” caption note to the statement of financial position.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

l) Leases (Continued)

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Operating lease expenses" in the statement of profit or loss and other comprehensive income (see note 7).

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

m) INCOME TAX

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

i) Current income tax assets and/or liabilities

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

A Bank is liable to tax at the rate of 5% on the first Rs 1.5 bn of its chargeable income and at the rate of 15% above the Rs 1.5 bn.

ii) Special Levy

Special levy on banks was amended under the Finance Act 2018 and 2019 and is now governed under the VAT Act. Special levy on Banks having leviable income are calculated at the rate of 5.5% of net interest income and other income before deduction of expenses. Special levy is applicable on income derived from transactions with residents other than companies holding Global Business Licence. The levy for a Bank in operation since 30 June 2018 is capped at 1.5% of the levy payable in that particular year of assessment. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

iii) Corporate Social Responsibility

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. The Bank makes a statutory provision for CSR activities at the rate of 2% of chargeable income as per Income Tax Act 1995 Section 50L. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income arising from banking transactions with residents other than non-residents and companies holding a Global Business Licence, of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.

iv) Corporate Climate Responsibility Levy ("CCR levy")

The Finance Act 2024, published on 27 July 2024, introduced the imposition of the CCR Levy, which is intended to support national efforts aimed at protecting, managing, investing in, and restoring Mauritius' natural ecosystem, as well as addressing the impacts of climate change.

The CCR Levy applies to companies having a turnover exceeding MUR 50 million. For the purposes of assessing the relevance of the CCR Levy to a taxpayer, the term "turnover" has been defined as gross income, including exempt income derived from all sources.

The CCR Levy is applicable at the rate of 2% of a company's chargeable income. Exempt income, as well as income falling outside the scope of taxation, is not included in a company's chargeable income and will, hence, not be subject to the CCR Levy. The CCR Levy applies as from the year of assessment beginning 1 July 2024.

v) Deferred income tax

Deferred tax is provided for on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Deferred taxes have been computed at the appropriate rates taking into consideration the temporary differences arising from the Bank's transactions with resident and non-resident persons.

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

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

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

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

n) FINANCIAL ASSETS AND FINANCIAL LIABILITIES**i) Recognition and Initial measurement**

The Bank initially recognises loans and advances to banks and customers, deposits from banks and customers, borrowed funds, and other liabilities on the date on which they are originated. All other financial instruments (including regular way purchases and sales of and investment securities or any other financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument on initial recognition is generally its transaction price.

ii) Classification**Financial assets**

On initial recognition, a financial asset is classified and measured as either: Amortised Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. The Bank's investment securities are measured at FVOCI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has elected to measure its investment in Swift at FVOCI.

No asset is recognised at FVTPL in the Bank's statement of financial position.

→ Business model assessment

The Bank makes an assessment of the objective of a business model in which 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 or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank'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;
- 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 Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Bank's retail and corporate banking business comprises primarily of loans to customers that are held for collecting contractual cash flows.

→ Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the following is considered:

- contingent events that would change the amount / timing of cash flows;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans to employees for which the Bank has the option to revise the interest rate upon termination of employment. These reset rights are limited to the market rate at the time of revision. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that takes into consideration the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding. The Bank reclassifies debt instruments only when the business model for managing these assets changes. There were no changes during the year.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

n) Financial assets and financial liabilities (Continued)

iii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to recognise equity investments at FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Bank's right to receive payments is established.

iv) Derecognition of financial assets

The Bank 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 the Bank neither transfers nor retains substantially all of the risks and rewards of ownership nor it has retained control of the financial asset.

v) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or have expired.

vi) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency in which the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

Notes to the financial statements (Continued)
 1. Material accounting policies (Continued)
 n) Financial assets and financial liabilities (Continued)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first calculates the gross carrying amount of the financial asset using the original EIR of the asset and recognises the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified asset.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the EIR on the instrument.

vii) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from group of similar transactions such as in the Bank's foreign exchange trading activities.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

n) Financial assests and financial liabilities (Continued)

viii) Fair Value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

ix) Impairment

Expected Credit Losses (ECL)

The Bank recognises allowance for impairment for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets carried at amortised cost and FVOCI
- loan commitments issued
- financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Bank measures allowance for impairment at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- financial assets on which credit risk has not increased significantly since their initial recognition (i.e. Stage 1); and
- debt investment securities that are determined to have low credit risk at the reporting date.

The Bank considers a debt instrument security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Bank does not apply the low credit risk exception to any other financial instruments.

12-month ECL is the portion of ECL that result from default events on a financial instrument which are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL is recognised are referred to as “Stage 1” financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as “Stage 2” financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as “Stage 3” financial instruments.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

n) Financial assests and financial liabilities (Continued)

ix) Impairment (Continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date; as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows the Bank expects to receive

When discounting future cash flows, the following discount rates are used:

financial assets other than purchased or originated credit impaired (POCI) financial assets: the original EIR or an approximation thereof.

Undrawn loan commitments: the EIR, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment.

Restructured financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (i.e. Stage 3 financial instruments). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would otherwise not consider;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

Presentation of allowance for ECL in the statement of financial position

Allowances for impairment for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a reduction from the gross carrying amount of the assets
- Loan commitments: generally, as a provision
- Where a financial instrument includes both a drawn and undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component. The Bank presents a combined allowance for impairment for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the allowance for impairment over the gross amount of the drawn component is presented as a provision.
- Debt instruments measured at FVOCI; no allowance for impairment is recognised in the statement of financial position because their carrying amount is their fair value. However, the allowance for impairment is disclosed and is recognised in retained earnings.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank 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. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "net impairment loss on financial assets" in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the Central Bank and amounts due to or from other financial institutions which are short term, highly liquid with original maturities of three months or less from the acquisition date, and that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

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

p) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments include forward foreign exchange contracts and currency swaps. These are initially recognised at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value. Gains or losses arising from change in fair value of the derivatives are included in the statement of profit or loss and other comprehensive income as net gain/(loss) from financial derivatives at fair-value through profit or loss. Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies.

Fair values of forwards involving Mauritian Rupees are based on treasury bills rate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately in profit or loss. The Bank's derivative transactions, while providing effective economic hedges under the Bank's Risk Management policies, do not qualify for hedge accounting under the specific rules of IFRS 9 and are, therefore treated as derivatives held for trading with fair value gains and losses reported in the statement of profit or loss and other comprehensive income.

q) INVESTMENT SECURITIES

The "investment securities" caption in the statement of financial position includes:

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

For equity instruments measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

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

r) PROPERTY AND EQUIPMENT

i) Recognition and measurement

Items of property and 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 property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in the statement of profit or loss and other comprehensive income.

ii) Subsequent costs

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

iii) Depreciation

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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of significant items of property and equipment are as follows:

Improvement to leasehold property	3-5 years
Computer equipment	3-5 years
Office equipment	3-5 years
Furniture, fixtures and fittings	5 years
Motor vehicles	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

s) INTANGIBLE ASSETS

Intangible assets mainly comprise of software.

Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in the statement of profit or loss and other comprehensive income over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

t) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

u) DEPOSITS AND SUBORDINATED LIABILITIES

Deposits and subordinated liabilities are the Bank's source of debt funding.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and subordinated debts liabilities are initially measured at fair value minus incremental direct transactions costs. Subsequently they are measured at their amortised cost under the effective interest method, except where the Bank designates liabilities at FVTPL.

v) ACCEPTANCES, LETTERS OF CREDIT AND FINANCIAL GUARANTEE CONTRACTS

Acceptances and letters of credit

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

Financial guarantee contracts

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

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of:

- the allowance for impairment determined in accordance with IFRS 9; and
- the premium received on initial recognition less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

w) PROVISIONS

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

x) EMPLOYEE BENEFITS**i) Defined contribution plan**

The Bank operates a defined contribution plan. A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank 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.

Obligations to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss.

ii) Retirement and other benefit obligations

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

Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income on the net defined benefit liability or asset
- Remeasurement of the net defined benefit liability or asset

The Bank presents the first two components of defined benefit costs in profit or loss in the line-item personnel expenses. Curtailment/settlement gains and losses are accounted for as past service costs.

iii) Preferential loans to employees

The Bank grants loans to its employees at preferential rates. The interest rate on the loan reverts to market rate from the day the employee is no longer employed by the Bank.

iv) Termination benefits

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

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

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

y) SHARE CAPITAL AND RESERVES

The Bank classifies instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

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

z) DIVIDEND POLICY

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations and dividend payment has to comply to the requirements of the Guideline on Payment of Dividend issued by the Regulator.

aa) SEGMENT REPORTING

In accordance with the Bank of Mauritius Revised Guideline on Public Disclosure of information, the Bank's business has been split into resident and non-resident. Non-resident is essentially directed to the provision of international financial services that gives rise to foreign source income. Such services may be fund based or non-fund based. Resident relates to banking business other than non-resident business. Expenditure incurred by the Bank, but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

ab) OTHER CONTINGENT LIABILITIES

In the ordinary course of its business, the Bank may be involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

IFRIC 23 - The Mauritius Revenue Authority ("MRA") is of the view that the reverse charge mechanism applies to the Banking industry; however, there are still uncertainties on the applicability of this measure as at the reporting date.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards are effective and applicable to the Bank for annual periods beginning after 1 January 2025, and earlier application is permitted; however, the Bank has not opted for early application of the new or amended standards in preparing these financial statements.

1. Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.

Assessing exchangeability: When to estimate a spot rate

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

Estimating a spot rate: Meeting the estimation objective

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

Application of new and revised international financial reporting standards (IFRSs) (Continued)

Accounting standards issued but not yet effective (Continued)

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Bank anticipates that this standard and interpretation will be applied in the Bank's financial statements at the above effective dates in future periods and have not yet assessed the potential impact of the application of these amendments for the year ended 31 December 2024.

2. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

The amendments introduce an additional SPPI (solely payment of principal and interest) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG (environmental, social, and governance) target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The Bank is in the process of assessing the impact of the new amendments.

3. Annual Improvements to IFRS Accounting Standards – Amendments to:

- **IFRS 1 First-time Adoption of International Financial Reporting Standards;**
- **IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;**
- **IFRS 9 Financial Instruments;**
- **IFRS 10 Consolidated Financial Statements; and**

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

IFRS 1 amendments

The amendments improve consistency with the requirements in IFRS 9 and adds cross-references in IFRS 1 to the relevant hedge accounting paragraphs of IFRS 9, to improve the understandability of IFRS 1.

The Bank is in the process of assessing the impact of the new amendments.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

Application of new and revised international financial reporting standards (IFRSs) (Continued)

Accounting standards issued but not yet effective (Continued)

IFRS 7 amendments

The IASB amendments resolve inconsistencies in the wording and concepts between IFRS 7 and those in IFRS 9 and IFRS 13, in particular related to significant unobservable inputs into fair value measurement. The terminology in the illustrative example to IFRS 7 related to fair value disclosures has also been updated.

Further updates made to IFRS 7 were to remove obsolete references following the issue of IFRS 13.

The IASB has also clarified that the illustrative disclosure for fair value (included in the IFRS 7 implementation guidance) does not necessarily illustrate all the requirements in the relevant paragraphs of IFRS 7; and have simplified the explanation of the aspects of the disclosure that is not illustrated.

The Bank is in the process of assessing the impact of the new amendments.

IFRS 9 amendments

The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.

Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price.

The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.

If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases.

The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. However, the amendment does not address how to distinguish between derecognition and modification of a lease liability. The IASB has indicated that it may consider this issue as part of a future project.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

The Bank is in the process of assessing the impact of the new amendments.

IFRS 10 amendments

The IASB amendments resolve an inconsistency between paragraphs on the determination of whether other parties are acting as de facto agents. The amendments clarify that the relationship described is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

Notes to the financial statements (Continued)

1. Material accounting policies (Continued)

Application of new and revised international financial reporting standards (IFRSs) (Continued)

Accounting standards issued but not yet effective (Continued)

The Bank is in the process of assessing the impact of the new amendments.

4. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories being, operating, investing and financing activities, based on a company's main business activities. However, the company's net profit will not change.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

IFRS 18 also requires the disclosure of Management Performance Indicators ("MPMs") which are subject to audit. They are designed to capture some but not all 'non-GAAP' measures. The standard requires MPMs to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconciled to an amount determined under IFRS Accounting Standards. Furthermore, a company must state that it provides management's view of financial performance and is not necessarily comparable to those of other companies. Any changes or new MPMs must also be explained.

The Bank anticipates that this standard and interpretation will be applied in the Bank's financial statements at the above effective dates in future periods and have not yet assessed the potential impact of the application of these amendments for the year ended 31 December 2024.



Notes to the financial statements (Continued)

2. NET INTEREST INCOME

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Interest income*			
Cash and cash equivalents *	391,211	228,648	27,498
Loans and advances to banks*, **	327,050	308,381	104,010
Loans and advances to customers*, **	998,079	856,691	501,085
Investment securities***	125,263	71,934	59,199
Total interest income	1,841,603	1,465,654	691,792
Interest expense			
Cash and cash equivalents***	(28)	2,037	(7,860)
Deposits from banks***	(277,390)	(146,460)	(32,729)
Deposits from customers***	(383,130)	(282,941)	(74,278)
Borrowed funds***	(255,294)	(306,174)	(121,207)
Investment securities***	(506)	(329)	(3,744)
Subordinated loan	(80,213)	(58,263)	(1,707)
Lease liabilities	(885)	(1,780)	(2,951)
Total interest expense	(997,446)	(793,910)	(244,476)
Net interest income	844,157	671,744	447,316

* Interest income arises on financial assets measured at amortised cost.

** Interest income on loans and advances to customers has been calculated using the effective interest method.

*** Interest expense arises on financial liabilities measured at amortised cost.

The contract liabilities primarily relate to the non-refundable up-front fees received from customers on disbursed syndicated loans. This is recognised over the period for which the repayment of the syndicated loans are expected to effected. The weighted-average expected period at 31 December 2024 was 4.3 years.

3. NET FEE AND COMMISSION INCOME

Fee and commission income

Service fees
Transactional
Credit-related fees – Guarantees
Cards
Other
Total fee and commission income

Fee and commission expense

Interbank fees
Other
Total fee expense

Net fee and commission income

2024	2023	2022
Rs 000	Rs 000	Rs 000
8,206	7,727	8,402
47,111	43,052	43,312
49,648	30,246	31,020
12,018	9,806	12,323
1,754	564	2,255
118,737	91,395	97,312
(18,035)	(17,308)	(16,555)
(3,927)	(6,000)	(13,401)
(21,962)	(23,308)	(29,956)
96,775	68,087	67,356

4. NET TRADING INCOME & NET (LOSS)/GAIN FROM FINANCIAL DERIVATIVES

Net trading income
Net gain/(loss) from financial derivatives at fair value through profit or loss
Net gain on dealing in foreign currencies and derivatives

2024	2023	2022
Rs 000	Rs 000	Rs 000
91,491	64,826	85,398
569	(879)	95
92,060	63,947	85,493

5. OTHER INCOME

Net gain on sale of investment
Other income
Other income

2024	2023	2022
Rs 000	Rs 000	Rs 000
-	-	3,104
825	4,935	2,427
825	4,935	5,531

Notes to the financial statements (Continued)

6. PERSONNEL EXPENSES(a) Personnel expenses

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Wages and salaries	242,447	196,796	185,550
Compulsory social security contributions	12,538	10,773	10,043
Contribution in pension plan	15,506	13,614	13,165
Increase in liability for pension plan	5,854	7,668	1,848
Other personnel expenses	14,272	7,590	47,124
	290,617	236,441	257,730

(b) Retirement benefit obligation

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Reconciliation of present value of retirement benefit obligation			
Balance at 01 January	37,688	27,842	19,748
Included in profit or loss			
Current service cost	3,925	3,572	2,317
Past service cost	-	-	157
Interest expense	1,929	3,096	823
Curtailement/settlement loss on obligation	-	1,000	-
	5,854	7,668	3,297
Included in OCI			
Remeasurements (gain)/loss*	(968)	5,688	9,970
Other			
Benefits paid	-	(3,510)	(3,724)
Curtailement/settlement gain on obligation	-	-	(1,449)
	-	(3,510)	(5,173)
Balance at 31 December	42,574	37,688	27,842
 * Remeasurements (gain)/loss arises from:			
Change in financial assumptions	(845)	(11,068)	1,508
Experience loss	1,813	5,380	8,462
Remeasurements loss/(gain)	968	(5,688)	9,970

*Deferred tax movement on retirement benefit obligation is for the year ended 31 December 2024 is Rs 61k (2023: Rs 381k)

Principal actuarial assumptions at the end of the year

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Discount rate	5.11%	5.91%	5.91%
Rate of salary increases	5%	5%	5%
Retirement age	65	65	65

Sensitivity analysis on retirement benefit obligation at end of period

1% increase in discount rate	28,794	25,377	18,043
1% decrease in discount rate	59,177	52,658	39,742
1% of increase in salary increase assumption	56,369	50,286	37,577
1% of decrease in salary increase assumption	31,217	27,395	19,939
Effect of changing longevity - rate up	41,623	36,897	27,131
Effect of changing longevity - rate down	43,467	38,432	28,511

Notes to the financial statements (Continued)

6. Personnel Expenses (Continued)

(b) Retirement benefit obligation (Continued)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the reporting period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cash flows

The funding policy requires the Bank to make provision for all the required contributions, as determined by an actuarial report.

The weighted average duration of the defined benefit obligation is 18 years (2023 : 19 years).

Retirement Benefit Obligations have been calculated as per the requirements of IFRS and local laws and regulations by an independent actuary, MUA Pension Ltd.

Fund Investment

The contributions under the Bank's Pension Scheme are invested through Unit Linked Fund as per details below:

34% in Local Equity

38% in Local Fixed Income

24% in Foreign Investments

4% in Liquidity

These defined contribution plans, through the fund investment, expose the Bank to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Notes to the financial statements (Continued)

7. OPERATING LEASES EXPENSES

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Operating lease expenses	5,282	6,846	12,034

The Bank leases a number of branches under operating leases. The leases typically run for periods up to 1 year. There are no restrictions placed upon the lessee by entering the leases. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Less than one year	-	-	1,316

8. OTHER EXPENSES

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Software licensing and other IT costs	93,066	88,706	74,570
Professional fees	10,793	13,690	19,028
Other	67,359	62,306	66,926
	171,218	164,702	160,524

Notes to the financial statements (Continued)

9. INCOME TAXES**(a) Amounts recognised in profit or loss**

Current tax expense
Deferred tax (credit)/expense
Total income tax expense

2024	2023	2022
Rs 000	Rs 000	Rs 000
22,460	18,025	868
(4,946)	2,916	28,889
17,514	20,941	29,757

(b) Reconciliation of income tax

Profit before tax
Tax at statutory tax rate
Non-deductible expenses *
Non-taxable income **
Corporate Climate Responsibility Levy
Special levy on banks
Tax impact relating to offsetting of taxable profits and tax losses
Tax impact relating to differential tax rate
Deferred tax asset not recognised
Underprovision of current tax
Deferred tax movements
Total income tax credit

2024	2023	2022
Rs 000	Rs 000	Rs 000
451,040	295,293	174,352
35,897	19,139	10,868
1,391	1,242	1,008
(55)	(259)	(217)
6,019	-	-
869	869	868
-	-	2,385
(7,269)	-	-
1,559	-	-
525	-	-
(21,422)	(50)	14,845
17,514	20,941	29,757

* Non deductible expenses include net impairment loss on financial assets, increase in retirement benefit obligations.

** Non taxable income include proceeds from sale of investment, gain on disposal of PPE.

Special levy

The Bank shall be liable to pay the taxation authorities a special levy on its leviable income derived in every accounting period at the rate of 5.5% in case the Bank has a leviable income of not more than Rs 1.2 billion; and a rate of 4.5% in the case the Bank has a leviable income of more than Rs 1.2 billion.

The levy for the Bank in operation as from 30 June 2018 shall be either as above or 1.5 times of the levy payable for the year of assessment 2017-2018 (financial year ended 31 December 2017) whichever is lower. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

Notes to the financial statements (Continued)
9. Income taxes (Continued)

(c) Movement in Deferred tax balances

Balance at 01 January
(Charged)/credited to equity
Credited/(charged) to profit or loss
Balance at 31 December

Deferred tax assets

Allowance for loan losses
Other

Deferred tax liabilities

Accelerated capital allowances

Net deferred tax assets

2024	2023	2022
Rs 000	Rs 000	Rs 000
64,979	67,514	95,983
(61)	381	420
4,946	(2,916)	(28,889)
69,864	64,979	67,514
65,121	61,144	59,986
3,746	2,563	5,494
68,867	63,707	65,480
997	1,272	2,034
69,864	64,979	67,514

2024

Balance at 01 January
Property, Equipment and Software
Allowance for loan losses
Tax losses and Retirement Benefit Obligation

Balance at 31 December

2023

Balance at 01 January
Property, Equipment and Software
Allowance for loan losses
Tax losses and Retirement Benefit Obligation

Balance at 31 December

2022

Balance at 01 January
Property, Equipment and Software
Allowance for loan losses
Tax losses and Retirement Benefit Obligation
Balance at 31 December

(d) Current tax liabilities

Current tax liabilities (Incl Corporate Climate Responsibility & special levy)
--

		Total
		Rs 000
		64,979
		(275)
		3,977
		1,184
		69,864
		67,514
		(762)
		1,158
		(2,931)
		64,979
		95,983
		(1,325)
		(13,864)
		(13,280)
		67,514
2024	2023	2022
Rs 000	Rs 000	Rs 000
22,882	18,025	868

Notes to the financial statements (Continued)

10. CASH AND CASH EQUIVALENTS

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Cash in hand	6,654	18,460	21,364
Foreign currency notes and coins	1,853	3,616	12,380
Balances with central bank*	1,223,709	2,112,377	2,837,229
Money market placements**	6,953,243	5,563,079	2,411,645
Balances with banks abroad**	266,794	305,778	399,556
	8,452,253	8,003,310	5,682,174

* The 'Balances with central bank' include the mandatory restricted cash balance.

** Money market placements and balances with banks abroad include ECL amounting to MUR 5,224K.

11. LOANS AND ADVANCES TO BANKS

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Loans and advances to banks			
- in Mauritius	480,949	48,238	436,500
- outside Mauritius	5,058,638	5,169,435	3,670,443
	5,539,587	5,217,673	4,106,943
Less: allowance for impairment	(67,158)	(22,528)	(24,202)
	5,472,429	5,195,145	4,082,741
Remaining term to maturity			
Up to 3 months	944,172	1,629,970	1,737,962
Over 3 months and up to 6 months	1,867,884	1,989,061	1,239,077
Over 6 months and up to 12 months	2,304,621	1,158,442	227,204
Over 1 year and up to 5 years	422,910	440,200	902,700
	5,539,587	5,217,673	4,106,943

Notes to the financial statements (Continued)

12. LOANS AND ADVANCES TO CUSTOMERS

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Retail customers			
- Mortgages	2,752,439	2,692,907	2,909,196
- Other retail loans	453,061	388,700	414,760
Corporate customers	8,765,996	8,653,485	8,763,511
Entities outside Mauritius	4,764,734	2,795,020	2,095,745
	16,736,230	14,530,112	14,183,212
Less: allowance for impairment	(784,724)	(988,733)	(917,453)
	15,951,506	13,541,379	13,265,759
Remaining term to maturity			
Up to 3 months	5,807,307	4,072,782	3,738,040
Over 3 months and up to 6 months	1,481,891	1,247,946	1,051,691
Over 6 months and up to 12 months	346,310	350,186	261,363
Over 1 year and up to 5 years	4,357,032	2,507,778	2,081,840
Over 5 years	4,743,690	6,351,420	7,050,278
	16,736,230	14,530,112	14,183,212
Credit concentration of risk by industry sectors			
	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Agriculture and fishing	597,625	392,582	551,886
Manufacturing	507,045	908,867	918,641
Tourism	621,146	880,449	1,094,587
Transport	-	4,551	205,406
Construction	2,783,692	2,766,297	3,244,288
Financial and business services	3,796,039	2,440,276	1,746,828
Traders	2,140,490	1,593,512	1,395,984
Personal	448,495	355,203	410,070
Professional	4,565	5,921	4,690
Global Business licence holders	2,613,434	2,354,594	2,214,900
Others	3,223,699	2,827,860	2,395,932
	16,736,230	14,530,112	14,183,212

Notes to the financial statements (Continued)

13. ALLOWANCE FOR/(REVERSAL OF) CREDIT IMPAIRMENT ON FINANCIAL ASSETS

	Individual allowances for impairment	Collective allowances for impairment	Total				
(a) Movement in allowance for impairment							
	Rs 000	Rs 000	Rs 000				
At 1 January 2022	674,576	289,117	963,693				
Charge for the year	(3,027)	(15,929)	(18,956)				
At 31 December 2022	671,549	273,188	944,737				
(Reversal)/charge for the year	122,772	(53,528)	69,244				
At 31 December 2023	794,321	219,660	1,013,981				
Charge for the year	(124,813)	(23,288)	(148,101)				
At 31 December 2024	669,508	196,372	865,880				
(b) Allowance for/(reversal of) credit impairment on financial assets	2024	2023	2022				
	Rs 000	Rs 000	Rs 000				
Collective allowance for impairment (Note 13(a))	(23,288)	(53,528)	(15,929)				
Individual allowances for credit impairment on loans and advances (Note 13(a))	(124,813)	122,772	(3,027)				
Individual allowances for credit impairment on investment securities	-	-	(239,560)				
Foreign exchange changes	(24,944)	(1,363)	11,914				
Recovered amount	(8)	(2)	(36,563)				
Write offs	255,258	1,119	225,651				
	82,205	68,998	(57,514)				
(c) Allowance for credit impairment by industry sectors - Loans and advances to banks and customers	2024	2023	2022				
	Gross amount of loans	Impaired loans	Individual allowances for credit impairment	Collective allowances for impairment	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Agriculture and fishing	597,625	613	-	3,683	3,683	5,787	8,483
Manufacturing	507,045	53,519	53,517	1,653	55,170	204,944	229,890
Tourism	621,146	-	-	5,593	5,593	14,032	61,318
Transport	-	-	-	-	-	4,551	7,540
Construction	2,783,692	148,744	72,165	14,623	86,788	49,256	74,171
Banks	5,539,587	-	-	67,158	67,158	22,528	27,284
Financial and business services	3,796,039	-	-	29,033	29,033	27,156	28,641
Traders	2,140,490	5,175	5,171	13,226	18,397	45,622	44,209
Personal	448,495	107,087	49,400	2,014	51,414	129,843	142,593
Professional	4,565	2,995	2,995	40	3,035	3,087	3,064
Global business licence holders	2,613,434	-	-	11,939	11,939	73,496	64,615
Others	3,223,699	486,260	486,260	33,412	519,672	430,959	252,929
	22,275,817	804,393	669,508	182,374	851,882	1,011,261	944,737

Notes to the financial statements (Continued)

14. INVESTMENT SECURITIES

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Investment securities	3,165,440	2,625,111	1,686,317
Held at fair value through OCI:			
Government of Mauritius bonds	-	987,541	479,706
Bank of Mauritius notes	-	299,179	-
Treasury bills	-	732,775	199,870
Bank of Mauritius bills	-	454,080	1,004,706
Equity shares	2,370	2,282	2,035
Held at amortised cost:			
Government of Mauritius bonds	1,079,900	-	-
Bank of Mauritius notes	301,704	-	-
Treasury bills	1,481,679	-	-
Corporate bond	301,385	151,401	-
Less: allowance for impairment	(1,598)	(2,147)	-
	3,165,440	2,625,111	1,686,317

Notes to the financial statements (Continued)

15. PROPERTY AND EQUIPMENT

	Right-of- use- asset						
	Leasehold property	Improvement to leasehold property	Computer equipment	Office equipment	Furniture, fixtures & fittings	Motor vehicles	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cost							
Balance at 01 January 2022	144,796	50,140	121,980	22,228	8,494	6,556	354,194
Additions	15,677	473	1,941	456	-	-	18,547
Discontinuations	(43,663)	-	-	-	-	-	(43,663)
Disposal	-	-	-	-	-	(1,175)	(1,175)
Scrapped assets	-	(20,930)	(51)	(3,382)	(527)	(887)	(25,777)
Balance at 31 December 2022	116,810	29,683	123,870	19,302	7,967	4,494	302,126
Balance at 01 January 2023	116,810	29,683	123,870	19,302	7,967	4,494	302,126
Additions	1,290	4,083	1,814	171	-	2,647	10,005
Write-off	-	-	-	(15)	-	-	(15)
Disposal	-	(2,611)	(11,769)	(1,866)	(204)	(2,265)	(18,715)
Scrapped assets	-	(3,424)	(46)	(1,914)	(2,044)	-	(7,428)
Balance at 31 December 2023	118,100	27,731	113,869	15,678	5,719	4,876	285,973
Balance at 01 January 2024	118,100	27,731	113,869	15,678	5,719	4,876	285,973
Additions	503	-	2,631	393	-	3,427	6,954
Work in progress	-	6,393	-	-	-	-	6,393
Disposal	-	-	-	-	-	(2,228)	(2,228)
Scrapped assets	-	(408)	-	(251)	(225)	-	(884)
Balance at 31 December 2024	118,603	33,716	116,500	15,820	5,494	6,075	296,208
Accumulated depreciation and impairment losses							
Balance at 01 January 2022	75,704	44,067	108,085	21,570	8,181	6,310	263,917
Depreciation for the year	25,359	3,202	12,299	552	188	246	41,846
Disposal	-	-	-	-	-	(1,175)	(1,175)
Scrapped assets	(27,887)	(20,930)	(51)	(3,382)	(527)	(887)	(53,664)
Balance at 31 December 2022	73,176	26,339	120,333	18,740	7,842	4,494	250,924
Balance at 01 January 2023	73,176	26,339	120,333	18,740	7,842	4,494	250,924
Depreciation for the year	18,653	2,525	2,459	286	113	495	24,531
Write-off	-	-	-	(1)	-	-	(1)
Disposal	-	(2,390)	(11,769)	(1,854)	(204)	(2,265)	(18,482)
Scrapped assets	-	(3,424)	(46)	(1,914)	(2,044)	-	(7,428)
Balance at 31 December 2023	91,829	23,050	110,977	15,257	5,707	2,724	249,544
Balance at 01 January 2024	91,829	23,050	110,977	15,257	5,707	2,724	249,544
Depreciation for the year	18,870	1,504	2,168	314	12	1,788	24,656
Disposal	-	-	-	-	-	(2,228)	(2,228)
Scrapped assets	-	(408)	-	(251)	(225)	-	(884)
Balance at 31 December 2024	110,699	24,146	113,145	15,320	5,494	2,284	271,088
Carrying amounts							
Balance at 31 December 2022	43,634	3,344	3,537	562	125	-	51,202
Balance at 31 December 2023	26,271	4,681	2,892	421	12	2,152	36,429
Balance at 31 December 2024	7,904	9,570	3,355	500	-	3,791	25,120

Notes to the financial statements (Continued)
15. Property and equipment (Continued)

Included in the above items are right of use assets recognised as at 31 December 2024, over the following:

Right-of-use asset	Rs 000
Non-current asset	
Office building	118,603
Lease liabilities - Carrying amount	
	Rs 000
As at 01 January 2024 - Effect of adoption of IFRS 16 (refer to accounting policy)	28,503
Additions	503
Payments on lease liabilities *	(20,670)
As at 31 December 2024	8,336
Amount recognised in profit or loss for the year ended 31 December 2024	
	Rs 000
Depreciation expense on right-of-use assets	18,870
Interest expense on lease liabilities	885
Total amount recognised in profit or loss	19,755

* The payment on lease liabilities for the year ended 31 December 2023 amounted to Rs 19,538k (2022: Rs 25,698k)

16. INTANGIBLE ASSETS

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Cost			
Balance at 01 January	283,315	246,368	232,807
Additions	7,051	6,282	7,298
Work in progress	1,784	31,550	6,263
Write-off	-	(885)	-
Balance at 31 December	292,150	283,315	246,368
Accumulated amortisation			
Balance at 01 January	232,624	220,722	203,998
Amortisation for the year	8,799	11,902	16,724
Balance at 31 December	241,423	232,624	220,722
Net book value			
Balance at 31 December	50,727	50,691	25,646

Notes to the financial statements (Continued)

17. OTHER ASSETS

Accounts receivable and prepayments
Accrued interest receivable
Restricted balances with Central Bank
Balances due in clearing
Other receivables

2024	2023	2022
Rs 000	Rs 000	Rs 000
50,814	265,107	38,263
-	103,155	79,260
13,444	13,444	13,444
1,487,359	2,003,672	2,188,492
132,275	58,156	24,000
1,683,892	2,443,534	2,343,459

18. DEPOSITS FROM BANKS

Deposits
Current accounts
Time deposit with remaining term to maturity
Up to 3 months
Over 3 months and up to 6 months
Over 6 months and up to 12 months

2024	2023	2022
Rs 000	Rs 000	Rs 000
7,177,100	4,315,294	3,149,054
16,823	2,037	6,389
5,136,491	2,871,280	3,002,805
1,086,679	717,526	139,860
937,107	724,451	-
7,160,277	4,313,257	3,142,665

19. DEPOSITS FROM CUSTOMERS

Deposits
Retail customers
Current accounts
Savings accounts
Time deposits with remaining term to maturity
- Up to 3 months
- Over 3 months and up to 6 months
- Over 6 months and up to 12 months
- Over 1 year and up to 5 years

2024	2023	2022
Rs 000	Rs 000	Rs 000
18,067,007	16,158,503	11,675,660
1,530,266	1,044,884	1,177,588
1,459,003	1,466,564	1,656,690
2,989,269	2,511,448	2,834,278
681,216	347,487	162,054
218,961	208,686	73,813
999,223	1,123,953	840,227
473,289	506,504	648,227
2,372,689	2,186,630	1,724,321

Corporate customers
Current accounts
Savings accounts
Time deposits with remaining term to maturity
- Up to 3 months
- Over 3 months and up to 6 months
- Over 6 months and up to 12 months
- Over 1 year and up to 5 years

7,313,370	7,243,975	5,576,283
9,540	101,248	45,354
7,322,910	7,345,223	5,621,637
4,106,090	2,391,712	766,128
691,762	266,950	386,444
217,139	349,905	153,107
367,148	1,106,635	189,745
5,382,139	4,115,202	1,495,424

Notes to the financial statements (Continued)

20. BORROWED FUNDS**Borrowed funds**

Remaining term to maturity

- Up to 3 months
- Over 3 months and up to 6 months
- Over 6 months and up to 12 months
- Over 1 year and up to 5 years
- Over 5 years

Repayment of borrowed funds

Gross opening balance

Less : Gross closing balance

Effect of exchange rate fluctuations

Cash flows from financing activities

2024	2023	2022
Rs 000	Rs 000	Rs 000
3,577,978	5,305,982	6,882,728
97,970	980,200	1,747,221
247,479	1,225,250	1,672,865
5,911	1,477,943	991,141
3,226,618	1,622,589	1,816,751
-	-	654,750
3,577,978	5,305,982	6,882,728

2024	2023	2022
Rs 000	Rs 000	Rs 000
5,305,982	6,882,728	4,585,387
(3,577,978)	(5,305,982)	(6,882,728)
253,956	267,936	(157,190)
1,981,960	1,844,682	(2,454,531)

Borrowed funds are inclusive of a 14 m€ borrowing with a financial institution, which is subject to the bank complying with financial covenants.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments

2024	2023	2022
Rs 000	Rs 000	Rs 000
(177)	(746)	133

Derivative financial instruments include mainly foreign exchange forward contracts and currency swaps. These are initially recognized at fair value on the date the derivative contracts are entered into and subsequently remeasured at their fair values. Fair values of derivatives between two currencies are based on interest rate differential between the two currencies. Fair values of forwards are based on treasury bills rate or LIBOR prevailing at reporting date.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss.

Notes to the financial statements (Continued)

22. SUBORDINATED LIABILITIES**Subordinated loan**

Remaining term to maturity

- Over 3 months and up to 6 months
- Over 6 months and up to 12 months
- Over 1 year and up to 5 years
- Over 5 years

2024	2023	2022
Rs 000	Rs 000	Rs 000
932,305	854,208	464,654
18,739	-	-
1,725	-	-
706,025	-	-
205,816	854,208	464,654
932,305	854,208	464,654

23. OTHER LIABILITIES

Retirement benefit obligations

Creditors and accruals

Accrued interest payable

Lease liabilities

Provisions

Other liabilities

2024	2023	2022
Rs 000	Rs 000	Rs 000
42,574	37,688	27,843
263,687	242,175	159,093
-	186,085	72,733
8,336	28,503	46,751
74,949	93,204	101,023
1,546,762	2,009,522	2,194,565
1,936,308	2,597,177	2,602,008

Lease liabilities analysis**Current****Non current****Maturity analysis:**

Year 1

Year 2

Year 3

2024**Rs 000****3,468****4,868****8,336****3,468****3,624****1,244****8,336****Provisions****2024****Rs 000****74,949****Provisions analysis:****Opening balance****93,204**

Provisions made during the year

152,285

Provisions utilized during the year

(120,005)

Provisions reversed during the year

(10,689)

Provisions reclassified to other liabilities

(39,846)**Closing balance****74,949**

The provisions are based on expenses for the year ended 31 December 2024 which will be paid for in the year 2025.

Notes to the financial statements (Continued)

24. SHARE CAPITAL**Authorised and fully paid up ordinary share capital**

At 01 January,
Increase share in capital

At 31 December**Number of shares**

At 01 January,
Increase share in capital

At 31 December

2024	2023	2022
Rs 000	Rs 000	Rs 000
2,398,825	2,398,825	2,218,065
-	-	180,760
2,398,825	2,398,825	2,398,825
3,091,098	3,091,098	2,858,172
-	-	232,926
3,091,098	3,091,098	3,091,098

The issued capital comprises of fully paid ordinary shares at no par value.

The holder of ordinary shares is entitled to receive dividend and entitled to one vote per share at shareholder's meetings of the Bank.

25. RESERVES

Nature and purpose of reserves

FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value through OCI, until the assets are derecognised or impaired.

STATUTORY RESERVE

Statutory reserve represents accumulated transfers from retained earnings in accordance with relevant local banking legislations. These reserves are not distributable.

GENERAL BANKING RESERVE

This represents the amounts set aside by the Bank as appropriation of earnings, for unforeseeable risks and future loss, in accordance with the Bank of Mauritius' macro-prudential matters.

26. CATEGORIES OF FINANCIAL INSTRUMENT

The table on the next page summarises the carrying amount and approximate fair values of the Bank's financial assets and liabilities. It also illustrates the financial assets and liabilities on the Bank's financial position which are not measured at fair value.

The fair value of these financial assets and liabilities approximate their carrying amounts because they comprise of financial instruments which are liquid, have a short-term maturity, are linked to prime lending rate, do not have specific maturity, or are granted at a variable rate.

Notes to the financial statements (Continued)
26. Categories of financial instrument (Continued)

	Fair value through OCI	Fair value through profit or loss	Fair value at amortised cost	Carrying Amount	Fair Value
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
2024					
Assets					
Cash and cash equivalents	-	-	8,452,253	8,452,253	8,452,253
Loans and advances to banks	-	-	5,472,429	5,472,429	5,472,429
Loans and advances to customers	-	-	15,951,506	15,951,506	15,951,506
Investment securities	2,370	-	3,163,070	3,165,440	3,165,440
Other assets	-	-	1,683,892	1,683,892	1,683,892
	2,370	-	34,723,150	34,725,520	34,725,520
Liabilities					
Deposits from banks	-	-	7,177,100	7,177,100	7,177,100
Deposits from customers	-	-	18,067,007	18,067,007	18,067,007
Borrowed funds	-	-	3,577,978	3,577,978	3,577,978
Derivative financial instruments	-	177	-	177	177
Subordinated liabilities	-	-	932,305	932,305	932,305
Provisions	-	-	74,949	74,949	74,949
Other liabilities	-	-	1,861,359	1,861,359	1,861,359
	-	177	31,690,698	31,690,875	31,690,875
2023					
Assets					
Cash and cash equivalents	-	-	8,003,310	8,003,310	8,003,310
Loans and advances to banks	-	-	5,195,145	5,195,145	5,195,145
Loans and advances to customers	-	-	13,541,379	13,541,379	13,541,379
Investment securities	2,625,111	-	-	2,625,111	2,625,111
Derivative financial instruments	-	-	-	-	-
Other assets	-	-	2,443,534	2,443,534	2,443,534
	2,625,111	-	29,183,368	31,808,479	31,808,479
Liabilities					
Deposits from banks	-	-	4,315,294	4,315,294	4,315,294
Deposits from customers	-	-	16,158,503	16,158,503	16,158,503
Borrowed funds	-	-	5,305,982	5,305,982	5,305,982
Derivative financial instruments	-	746	-	746	746
Subordinated liabilities	-	-	854,208	854,208	854,208
Provisions	-	-	93,204	93,204	93,204
Other liabilities	-	-	2,503,973	2,503,973	2,503,973
	-	746	29,231,164	29,231,910	29,231,910
2022					
Assets					
Cash and cash equivalents	-	-	5,682,174	5,682,174	5,682,174
Loans and advances to banks	-	-	4,082,741	4,082,741	4,082,741
Loans and advances to customers	-	-	13,265,759	13,265,759	13,265,759
Investment securities	1,686,317	-	-	1,686,317	1,686,317
Derivative financial instruments	-	133	-	133	133
Other assets	-	-	2,343,459	2,343,459	2,343,459
	1,686,317	133	25,374,133	27,060,583	27,060,583
Liabilities					
Deposits from banks	-	-	3,149,054	3,149,054	3,149,054
Deposits from customers	-	-	11,675,660	11,675,660	11,675,660
Borrowed funds	-	-	6,882,728	6,882,728	6,882,728
Subordinated liabilities	-	-	464,654	464,654	464,654
Provisions	-	-	101,023	101,023	101,023
Other liabilities	-	-	2,500,985	2,500,985	2,500,985
	-	-	24,774,104	24,774,104	24,774,104

Notes to the financial statements (Continued)

27. CONTINGENCIES

(a) Commitments

Undrawn credit facilities

2024	2023	2022
Rs 000	Rs 000	Rs 000
2,533,281	2,349,228	1,305,720

(b) Pledged assets

Government Bonds*

2024	2023	2022
Rs 000	Rs 000	Rs 000
-	-	245,000

(c) Contingent liabilities

Acceptances on account of customers

Guarantees on account of customers

Letters of credit and other obligations on account of customers

Foreign exchange contracts

2024	2023	2022
Rs 000	Rs 000	Rs 000
-	56,729	6,961
933,675	1,188,730	813,406
1,213,445	898,534	160,883
19,634	391,445	214,077
2,166,754	2,535,438	1,195,327

*These relate to securities pledged as collateral under the overnight facility provided by Bank of Mauritius.

Notes to the financial statements (Continued)

28. RELATED PARTIES

Related parties are individuals and companies where the individual or company, directly or indirectly, has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The table below lists all balances and transactions conducted with related parties which are measured in accordance with the material accounting policies disclosed under note 1, for the respective line items.

		2024	2023	2022
	Nature of relationship	Rs 000	Rs 000	Rs 000
Balances at year end:				
Placements with banks	Holding company	1,026,856	4,225,920	1,746,000
Loans and advances (Note a)	Holding company	-	55,260	8,954
	Related companies	-	170,855	10,023
	Key management personnel	71,635	25,360	18,033
Deposits	Related companies	6,404,274	4,080,883	3,147,750
	Key management personnel	44,287	37,077	36,614
Cash and cash equivalents	Holding company	1,026,859	3	3
	Related companies	247,823	394,208	189,580
Borrowed funds (Note b)	Holding company	569,791	594,270	654,750
	Related companies	2,098,745	2,350,321	4,204,262
Subordinated liabilities	Related companies	932,305	854,208	464,654
Transactions during te year:				
(Loss)/income from Swap	Holding company	(165)	2,928	(17,436)
(Loss)/income/(loss) from foreign exchange transactions	Holding company	(1,751)	153,005	211
	Related companies	(1,227)	502	(1,157)
Interest expense	Holding company	15,634	17,217	7,568
	Related companies	481,936	391,972	120,803
	Key management personnel	1,159	962	254
Interest Income	Holding company	60,420	145,252	23,104
	Related companies	7,691	16,902	2,209
	Key management personnel	1,495	610	719
Fee and commission	Related companies	75	1,085	374
Fee and commission	Related companies	6,005	4,310	19
Technical assistance	Holding company	4,185	3,445	4,359
Management fee expense	Holding company	10,630	12,041	9,095
Reversal of previous management fee	Holding company	-	-	(54)

In addition, none of the credit facilities granted to the related parties was non-performing as at 31 December 2024.

Note a: All loans and advances and placements to banks to related parties are interest bearing.

Note b: All borrowed funds and deposits taken from related parties are interest bearing.

Terms and conditions of transactions with related parties.

All balances with related parties were unsecured.

The related party transactions were carried out under market terms and conditions with exception of loans and deposits to key management personnel who benefited from preferential rates as applicable to staff of the Bank. Credit facilities granted to related parties are secured except for credit cards and short terms loans and immaterial facilities.

Key management personnel compensation

Key management personnel compensation comprises the following:

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Short-term employee benefits (excluding remuneration and benefits paid to directors)	57,987	48,309	51,070
Directors remuneration and benefits	13,133	11,891	10,234
Post-employment benefits	3,486	2,961	2,400
	74,606	63,161	63,704

Compensation of the Bank’s key management personnel includes salaries and contributions to the post-employment retirement plan.

29. FINANCIAL RISK REVIEW

The Risk Management framework and policies set out the requirements for effective surveillance of risks, including the identification, assessment, measurement, monitoring, managing, and reporting of risks, and requirements for the effective management of capital.

The principal risks arising from financial instruments to which the Bank is exposed include credit risk, liquidity risk, market risk and operational risk.

(a) RISK MANAGEMENT FRAMEWORK AND GOVERNANCE STRUCTURE

The Bank adopt the 3-lines of defence governance model, and it aims at promoting transparency, accountability and consistency through the clear identification and segregation of risks.

Governance committees are held at both the Board and Management level which have clearly stipulated directives and delegated authorities that are reviewed regularly. The Board oversees and ensures adequate risk management across the Bank and delegates specific duties to sub committees for a scrutiny of the risk management process. The composition and function of these committees, at Board and Management level, are described in the Corporate Governance Report.

The Committees with oversight on Risk management are:

At Board Level	At Management Level
• Risk Management Committee (RMC) • Audit Committee (AC) • Credit Committee (CC)	• Risk Committee (RC) • Credit Committee (CC) • Provision, Watchlist and Arrears Committee • Treasury Committee • Assets and Liability Committee (ALCO) • Compliance Committee • Organizational & Information System Committee

(b) CREDIT RISK

Credit risk is the risk of loss arising out of failure of client counterparties to meet their financial or contractual obligations when due. Credit risk is composed of counterparty risk and concentration risk. The Bank's credit risk comprises mainly of financial institution, corporate and retail loans and advances, together with the counterparty credit risk arising from off-balance sheet commitments entered into with the Bank's clients and market counterparties.

The Bank manages credit risk through:

- maintaining a strong culture of responsible lending and a robust risk policy and control framework;
- identifying, assessing and measuring credit risk clearly and accurately across the Bank, from the level of individual facilities up to the total portfolio;
- defining, implementing and continually re-evaluating our risk appetite under actual and stress conditions;
- monitoring the Bank credit risk relative to limits; and
- ensuring that there is expert scrutiny and independent approval of credit risks and their mitigation.

The primary governance committees overseeing credit risk are the Bank's Credit Committee and the BCP Group Credit Committees, responsible for credit risk and concentration risk decision-making, and delegation thereof to credit officers and committees within defined parameters. The Bank has adopted the standardised approach for credit risk.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the time factor. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)

CREDIT PORTFOLIO ANALYSIS – CREDIT QUALITY

Loan and advances to banks

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Total neither past due nor credit impaired	5,539,587	5,217,673	4,106,943
Individually impaired	-	-	-
Total	5,539,587	5,217,673	4,106,943

Loan and advances to customers

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Total neither past due nor credit impaired	15,222,450	13,065,907	12,800,461
Past due but not credit impaired			
due up to 30 days	125,824	141,815	243,584
31-90 days	578,807	75,919	20,323
91-180 days	4,756	201,699	1,896
180 days+	-	-	1,616
Total past due but not credit impaired	709,387	419,433	267,419
Individually impaired	804,393	1,044,772	1,115,332

Investment Securities

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Total neither past due nor credit impaired	3,167,038	2,627,259	1,686,317
Individually impaired	-	-	-
Total	3,167,038	2,627,259	1,686,317

CREDIT PORTFOLIO ANALYSIS – ALLOWANCE FOR IMPAIRMENT

Loan and advances to banks

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Maturity less than 3 months	3,831	499	3,035
Maturity more than 3 months	67,158	22,528	24,202
Accrued interest	-	74	47
Total allowance for impairment - Collective	70,989	23,101	27,284

Loan and advances to customers

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Allowance for impairment			
Individual	669,508	794,321	671,549
Collective	115,216	194,412	245,904
Total allowance for impairment - individual and collective*	784,724	988,733	917,453

Investment Securities

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Total allowance for impairment - Collective	1,598	2,147	-

* The allowance for impairment for the year 2024 on Off-balance sheet items amounts to MUR 7,176K

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)

LOANS AND ADVANCES MODIFIED

Renegotiated loans and advances are exposures which have been refinanced, rescheduled, rolled over or otherwise modified following weaknesses in the counterparty's financial position.

Loans and advances to customers

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Gross carrying amount	14,654	132,197	147,965
<i>Out of which fully impaired</i>	612	6,959	-
Allowance for impairment	(956)	(2,284)	(11,686)
Net carrying amount	13,698	129,913	136,279

Loans and advances to customers

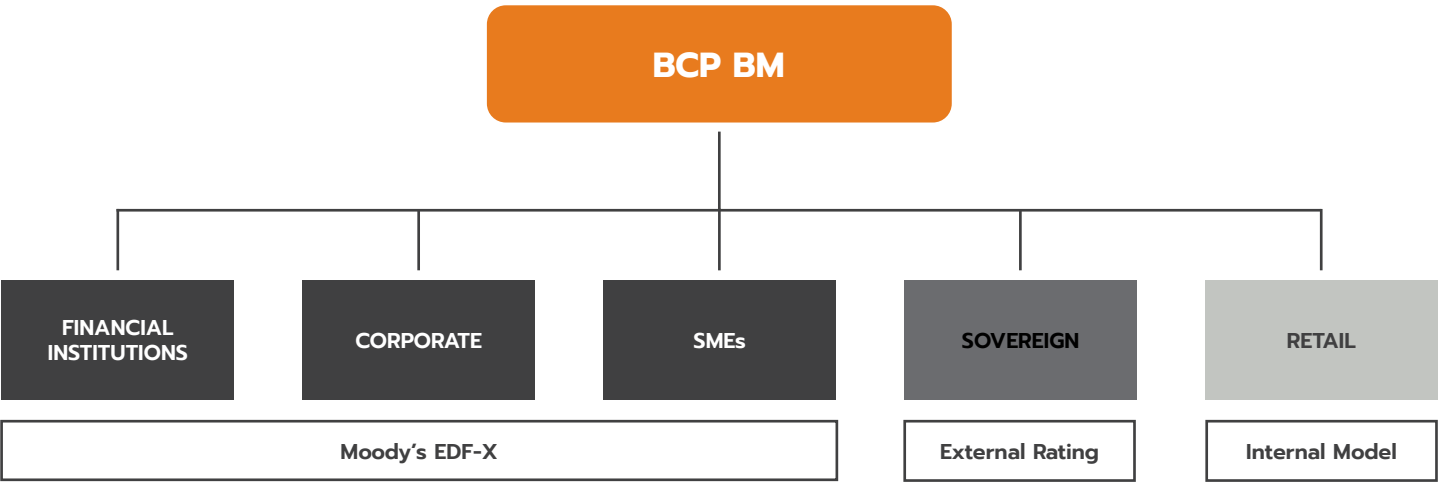
	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Financial assets modified during the year			
Gross carrying amount	4,763	4,646	140,026

None of the modifications in financial assets during the year resulted into a net modification gain or loss.

Notes to the financial statements (Continued)
 29.. Financial risk review (Continued)
 (b) Credit risk (Continued)

CREDIT PORTFOLIO ANALYSIS - BY RISK GRADE

The Bank’s credit portfolio can be categorised into 5 main market segments mainly Financial Institution, Corporates, Small & Medium Enterprises (SMEs), Sovereign and Retail for the purpose of credit risk grading and probability of default estimation. The following illustrates the approach adopted by the Bank.



The Bank uses Moody’s EDF-X tool as the credit rating model to assess and analyse the credit risk of borrowers within the Financial Institutions, Corporate and SMEs segments. The model uses both qualitative and quantitative information to internally rate our customers, whereby the rating scale ranges between Aaa to C. The lowest risk grade being Aaa and the highest Ca/C. The credit quality of the Bank’s sovereign exposures is assessed based on the external credit rating provided by either Moody’s, S&P or Fitch, and is aligned to the external risk grading principle of the BoM Guideline on Standardised Approach to Credit Risk.

Internal Rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Moody's equivalent Rating	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Credit portfolio analysis-by risk grade (Continued)

The Bank has reviewed its ECL framework during FY2024, and has consequently re-aligned the risk grades accordingly.

Loans and advances to banks*

	2024
	Rs 000
Outstanding Exposure	
Grade 1-4	-
Grade 5-7	896,601
Grade 8-10	942,314
Grade 11-13	1,521,263
Grade 14-16	1,982,869
Grade 17-21	196,540
Grade X (impaired)	-
No credit grading	-
Total gross amount	5,539,587
Allowance for impairment (collective)	(67,158)
Net carrying amount	5,472,429
Off-balance sheet	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	-
Grade 11-13	-
Grade 14-16	110,512
Grade 17-21	96,943
Grade X (impaired)	-
No credit grading	-
Total exposure	207,455

* Includes only loans and advances to banks with a maturity of greater than 3 months

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Credit portfolio analysis-by risk grade (Continued)

Loans and advances to banks (Continued)

	2023
	Rs 000
Outstanding Exposure	
Grade 0-4	103,498
Grade 5-7	5,114,175
Grade 8-9	-
Grade X (impaired)	-
No credit grading	-
Total gross amount	5,217,673
Allowance for impairment (collective)	(22,528)
Net carrying amount	5,195,145
Off-balance sheet	
Grade 0-4	-
Grade 5-7	655,757
Grade 8-9	-
Grade X (impaired)	-
No credit grading	-
Total exposure	655,757
* Includes only loans and advances to banks with a maturity of greater than 3 months	
	2022
	Rs 000
Outstanding Exposure	
Grade 0-4	10,797
Grade 5-7	4,096,146
Grade 8-9	-
Grade X (impaired)	-
No credit grading	-
Total gross amount	4,106,943
Allowance for impairment (collective)	(24,202)
Net carrying amount	4,082,741
Off-balance sheet	
Grade 0-4	-
Grade 5-7	145,734
Grade 8-9	-
Grade X (impaired)	-
No credit grading	-
Total exposure	145,734
* Includes only loans and advances to banks with a maturity of greater than 3 months	

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Credit portfolio analysis-by risk grade (Continued)

Loans and advances to customers

	2024
	Rs 000
<u>Non-Retail Customers</u>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	1,220,841
Grade 11-13	9,115,155
Grade 14-16	2,560,036
Grade 17-21	-
Grade X (impaired)	557,210
No credit rating	25,995
<u>Retail Customers</u>	
Grade 0-4	99,041
Grade 5-7	2,809,904
Grade 8-9	100,865
Grade X	247,183
No credit grading	-
Total gross amount	16,736,230
Allowance for impairment (individual and collective) *	(784,724)
Net carrying amount	15,951,506
Off-balance sheet	
<u>Non-Retail Customers</u>	
Grade 1-4	-
Grade 5-7	-
Grade 8-10	144,309
Grade 11-13	4,106,542
Grade 14-16	14,870
Grade 17-21	-
Grade X (impaired)	125
No credit rating	248
<u>Retail Customers</u>	
Grade 0-4	907
Grade 5-7	205,020
Grade 8-9	600
Grade X	325
No credit grading	-
Total exposure	4,472,946

*The allowance for impairment for the year 2024 on off-balance sheet items amounts to MUR 7,176K

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Credit portfolio analysis-by risk grade (Continued)

Loans and advances to customers (Continued)

	2023
	Rs 000
Grade 0-4	7,596,374
Grade 5-7	5,757,706
Grade 8-9	131,260
Grade X (impaired)	1,044,772
No credit grading	-
Total gross amount	14,530,112
Allowance for impairment (individual and collective)	(988,733)
Net carrying amount	13,541,379
Off-balance sheet	
Grade 0-4	2,511,499
Grade 5-7	1,324,526
Grade 8-9	1,313
Grade X (impaired)	125
No credit grading	-
Total exposure	3,837,463
	2022
	Rs 000
Grade 0-4	6,222,440
Grade 5-7	6,532,498
Grade 8-9	312,942
Grade X (impaired)	1,115,332
No credit grading	-
Total gross amount	14,183,212
Allowance for impairment (individual and collective)	(917,453)
Net carrying amount	13,265,759
Off-balance sheet	
Grade 0-4	1,726,904
Grade 5-7	412,430
Grade 8-9	1,702
Grade X (impaired)	200
No credit grading	-
Total exposure	2,141,236

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)

CREDIT QUALITY ANALYSIS

	2024				
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	12-month PD ranges	Stage 1	Stage 2	Stage 3	Purchased credit impaired Total
Loans and advances to banks at amortised cost					
Grade 1-4		-	-	-	-
Grade 5-7	0.10 - 0.10	896,601	-	-	896,601
Grade 8-10	0.45 - 0.45	942,314	-	-	942,314
Grade 11-13	1.12 - 1.72	1,521,263	-	-	1,521,263
Grade 14-16	2.50 - 5.63	1,982,869	-	-	1,982,869
Grade 17-21	8.73 - 8.73	196,540	-	-	196,540
Grade X (impaired)		-	-	-	-
No credit grading		-	-	-	-
Gross carrying amount		5,539,587	-	-	5,539,587
Allowance for impairment		(67,158)	-	-	(67,158)
Carrying amount		5,472,429	-	-	5,472,429

* Includes only loans and advances to banks with a maturity of greater than 3 months

Loans and advances to customers at amortised cost

Non-Retail Customers

Grade 1-4		-	-	-	-
Grade 5-7		-	-	-	-
Grade 8-10	0.30 - 0.45	1,220,841	-	-	1,220,841
Grade 11-13	0.66 - 1.72	9,078,150	37,005	-	9,115,155
Grade 14-16	2.50 - 5.63	2,538,694	21,342	-	2,560,036
Grade 17-21		-	-	-	-
Grade X (impaired)		-	-	557,210	557,210
No credit grading		25,949	46	-	25,995

Retail Customers

Grade 0-4	1.39	99,041	-	-	99,041
Grade 5-7	1.39	2,795,668	14,236	-	2,809,904
Grade 8-9	1.39	87,773	13,092	-	100,865
Grade X		-	-	247,183	247,183
No credit grading		-	-	-	-
Gross carrying amount		15,846,116	85,721	804,393	16,736,230
Allowance for impairment*		(108,433)	(6,783)	(669,508)	(784,724)
Carrying amount		15,737,683	78,938	134,885	15,951,506

* The allowance for impairment for the year 2024 on off-balance sheet items amounts to MUR 7,176K

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Credit quality analysis (Continued)

2023						
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	12-month PD ranges	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
Loans and advances to banks at amortised cost						
Grade 0-4	0-0.01	103,498	-	-	-	103,498
Grade 5-7	0-0.01	5,061,319	52,856	-	-	5,114,175
Grade 8-9	0-0.01	-	-	-	-	-
Grade X (Credit-impaired)	100	-	-	-	-	-
Gross carrying amount		5,164,817	52,856	-	-	5,217,673
Allowance for impairment		(22,528)	-	-	-	(22,528)
Carrying amount		5,142,289	52,856	-	-	5,195,145
Loans and advances to customers at amortised cost						
Grade 0-4	0.01-0.32	7,581,760	14,614	-	-	7,596,374
Grade 5-7	0.01-0.55	5,348,073	409,633	-	-	5,757,706
Grade 8-9	0.02-0.67	117,250	14,010	-	-	131,260
Grade X (Credit-impaired)	100	-	-	1,044,772	-	1,044,772
Gross carrying amount		13,047,083	438,257	1,044,772	-	14,530,112
Allowance for impairment		(184,263)	(10,149)	(794,321)	-	(988,733)
Carrying amount		12,862,820	428,108	250,451	-	13,541,379
2022						
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	12-month PD ranges	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
Loans and advances to banks at amortised cost						
Grade 0-4	0-0.01	10,797	-	-	-	10,797
Grade 5-7	0-0.01	3,790,596	305,550	-	-	4,096,146
Grade 8-9	0-0.01	-	-	-	-	-
Grade X (Credit-impaired)	100	-	-	-	-	-
Gross carrying amount		3,801,393	305,550	-	-	4,106,943
Allowance for impairment		(14,137)	(10,065)	-	-	(24,202)
Carrying amount		3,787,256	295,485	-	-	4,082,741
Loans and advances to customers at amortised cost						
Grade 0-4	0.01-0.27	4,887,802	1,334,638	-	-	6,222,440
Grade 5-7	0.01-0.61	5,842,136	690,362	-	-	6,532,498
Grade 8-9	0.02-1.00	159,554	153,388	-	-	312,942
Grade X (Credit-impaired)	100	-	-	1,115,332	-	1,115,332
Gross carrying amount		10,889,492	2,178,388	1,115,332	-	14,183,212
Allowance for impairment		(149,427)	(96,477)	(671,549)	-	(917,453)
Carrying amount		10,740,065	2,081,911	443,783	-	13,265,759

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)

CREDIT PORTFOLIO ANALYSIS - BY MARKET

The Bank has reviewed its ECL framework during FY2024, and has consequently re-assessed the categories of the homogenous market segments accordingly.

	2024			
	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks at amortised cost				
Banks and Credit Institutions	5,539,587	-	-	5,539,587
Allowance for impairment	(67,158)	-	-	(67,158)
Carrying amount	5,472,429	-	-	5,472,429
Off-balance sheet (loan commitments)				
Banks and Credit Institutions	207,455	-	-	207,455
Total	207,455	-	-	207,455
	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Corporates	11,790,855	54,080	534,051	12,378,986
SME	41,431	4,313	23,159	68,903
Banks and Credit Institutions	1,031,348	-	-	1,031,348
Retail	2,982,482	27,328	247,183	3,256,993
	15,846,116	85,721	804,393	16,736,230
Allowance for impairment*	(108,433)	(6,783)	(669,508)	(784,724)
Carrying amount	15,737,683	78,938	134,885	15,951,506
Off-balance sheet (loan commitments)				
Corporates	2,976,629	1,717	125	2,978,471
SME	5,200	-	-	5,200
Banks and Credit Institutions	1,282,424	-	-	1,282,424
Retail	206,526	-	325	206,851
Total	4,470,779	1,717	450	4,472,946
Investment securities at amortised cost				
Corporate bond	3,167,038	-	-	3,167,038
Allowance for impairment	(1,598)	-	-	(1,598)
Carrying amount	3,165,440	-	-	3,165,440

*The allowance for impairment for the year 2024 on off-balance sheet items amounts to MUR 7,176K

Note: Money market placements and balance with banks abroad include ECL amounting to MUR 5,224K (Refer to Note 10 Cash and Cash Equivalent)

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Credit portfolio analysis - by market (Continued)

	2023
	Rs 000
	Total
Loans and advances to banks at amortised cost	
Banks and Credit Institutions	5,217,673
Allowance for impairment	(22,528)
Carrying amount	5,195,145
Off-balance sheet (loan commitments)	
Banks and financial Institutions	655,757
Total	655,757
	Rs 000
	Total
Loans and advances to customers at amortised cost	
Corporates	10,392,456
Retail	389,571
Banks and Credit Institutions	967,011
Mortgages	2,781,074
	14,530,112
Allowance for impairment	(988,733)
Carrying amount	13,541,379
Off-balance sheet (loan commitments)	
Corporates	2,925,769
Retail	40,307
Banks and Credit Institutions	814,061
Mortgages	57,326
Total	3,837,463
Investment securities at amortised cost	
Corporate bond	151,401
Allowance for impairment	(2,147)
Carrying amount	149,254

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Credit portfolio analysis - by market (Continued)

	2022
	Rs 000
	Total
Loans and advances to banks at amortised cost	
Banks and Credit Institutions	4,106,943
Allowance for impairment	(24,202)
Carrying amount	4,082,741
Off-balance sheet (loan commitments)	
Banks and financial Institutions	145,734
Total	145,734
	Rs 000
	Total
Loans and advances to customers at amortised cost	
Corporates	10,358,022
Retail	458,061
Banks and Credit Institutions	396,473
Mortgages	2,970,656
	14,183,212
Allowance for impairment	(917,453)
Carrying amount	13,265,759
Off-balance sheet (loan commitments)	
Corporates	2,039,674
Retail	40,530
Banks and Credit Institutions	25,000
Mortgages	36,032
Total	2,141,236
Investment securities at amortised cost	
Corporate bond	-
Allowance for impairment	-
Carrying amount	-

The Bank assesses its credit portfolio with regards to ECL from a market segmentation perspective, thereby grouping counterparties by homogeneity in the context of probability of default. As for the loss given default, the estimates are dependent on the type of collateral security underpinning the credit exposure.

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

EXPECTED CREDIT LOSS MEASUREMENT

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

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Bank;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired;
- Please refer to Part (1) of ‘Expected credit loss measurement’ of the present note for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”. Please refer to Part (2) of ‘Expected credit loss measurement’ of the present note for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis respectively. Please refer to Part (3) of ‘Expected credit loss measurement’ of the present note for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Part (4) of ‘Expected credit loss measurement’ of the present note includes an explanation of how the Bank has incorporated this in its ECL models.

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

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

1) Determining Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank 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 Bank's historical experience and expert credit assessment and including forward-looking information.

The Bank uses the following criteria for determining whether there has been a significant increase in credit risk at each reporting date:

- Forbearance status: a customer is considered to be in forbearance if the latter has at least one "modified loan" which is generally a quantitative indicator of SICR.
- Monitoring of customers in the Watch List (WL): The purpose of the WL meetings is to review the main performing files that require a particular follow-up (presence of unpaid bills or overruns, alerts on the account, contagion for customers belonging to the same group, decommissioning doubtful).
- As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the allowance for impairment on an instrument return to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate "good behaviour" to provide evidence that its credit risk has declined sufficiently. The probation period is aligned to the new BoM Guideline on Guideline on Classification, Provisioning and Write-off of Credit Exposures.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by annual reviews to confirm that:

- the criteria is capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria does not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in allowance for impairment from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)

2) Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with the macro prudential rules issued by the Bank of Mauritius (BoM).

3) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expect to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Expected credit loss measurement (Continued)

3) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

Key assumptions for Stage 1 and Stage 2

The ECL is determined by projecting the PD, LGD and EAD by market segment as set out in Note 29 (b) Credit Portfolio analysis by market and are applied on a contract basis. The three components are multiplied together to arrive at the ECL. The key assumptions for PD, LGD and EAD are described below, taking into consideration any limitations as regards data used.

Probability of default

The probability of default (PD) can be defined as a measure of the likelihood that a borrower will not be able to repay their debt obligations within a specific time frame. The PD is one of the key parameters used in the computation of Expected Credit Losses (ECL) and the estimates reflect the credit profile of the borrower based on both quantitative and qualitative factors. Under IFRS 9, PD estimates shall change as borrowers move through economic cycle. Hence, for ECL calculation Point in Time (PIT) PDs are used which are reflective of current economic conditions and do not contain adjustment for prudence.

The Bank uses Moody's EDF-X tool as internal credit rating model to assess and analyse the credit risk of borrowers within the Financial Institutions, Corporate and SMEs segments. EDF-X provides both an internal rating grade and a PD estimate for each borrower based a combined score of quantitative and qualitative inputs. All the PD estimates generated by EDF-X include point-in-time adjustment to incorporate forward-looking information. The forward-looking view of risk aligning with the market's current assessment of the credit cycle and are updated monthly for private companies and daily for publicly listed firms. A qualitative overlay is also applied via a combination of qualitative company and industry factors with quantitative risk measure for a more comprehensive score. The final PD estimates are capped to the sovereign rating of the underlying borrower. The Bank's retail portfolio is a homogenous group of clients exhibiting relatively similar credit risk profile. As such, the Bank has built an Observed Default Rate PD model based on historical defaults of borrowers in retail portfolio over the past years. As for the PD estimation of the Bank's sovereign exposures, same is assessed based on the external credit rating provided by either Moody's, S&P or Fitch, and is aligned to the external risk grading principle of the BoM Guideline on Standardised Approach to Credit Risk. The minimum PD floor as per Basel is applied across all market segments.

Lifetime PDs are estimated for borrowers classified as Stage 2 with contracts having a remaining maturity of more than 12 months. The PD over a long time period is correlated with the likelihood of default over a shorter time period. Hence, the estimate of lifetime PDs starting with a 12-month PD may be performed by assuming a flat term structure. A common simplifying assumption is that a Hazard Rate (Credit Curve) of the credit risk process has a flat Term Structure, which means that the Marginal Default Probability on any given future year (conditional on survival) is the same as the first year. Thus, under this assumption, we can estimate the lifetime PD based on the function $PD_T = 1 - (1 - PD_1)^T$.

Notes to the financial statements (Continued)

29. Financial Risk review (Continued)

(b) Credit risk (Continued)

Expected credit loss measurement (Continued)

3) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

Key assumptions for Stage 1 and Stage 2 (Continued)

Exposure at Default

The EAD considers the current outstanding amounts of the loan book at the reporting date and loan commitments (off-balance sheet items which include trade financing facilities, undrawn credit facilities amongst others).

For loan commitments, the EAD is estimated by considering the current drawn balance at the reporting date and adjusting it with a "Credit Conversion Factor (CCF)" which allows for the expected drawdown of the remaining limit by the time of default. These CCF are in line with the BoM requirements. In estimating the Lifetime PD, the EAD at the reporting date will be considered as the EAD throughout the lifetime of the credit facility.

Loss given Default

The Loss Given Default (LGD) can be defined as the percentage exposure at risk that will likely not be recovered if a borrower defaults on their debt obligations. The estimates are dependent on the type of collateral security underpinning the credit exposure. The Bank's LGD framework for performing exposures has been aligned to Basel guidance by adopting the predefined LGD estimates based on the type of collateral.

Key assumptions for Stage 3

Credit-impaired assets, as defined earlier, are subject to individual assessment (which also factors in forward-looking information from a more holistic perspective).

As part of the individual assessment, the Bank determines the expected shortfall between contractual cash flows and expected cash flows. Expected cash flows are either in the form of short term and long-term payments (obtained from discussions with the client or the existence of financial forecasts for corporates) and cash flows to be generated from the foreclosure of collateral (usually fixed and or floating charges). These cash flows are together discounted at the contractual rate, which approximates the Effective Interest Rate. The discounts applied in estimating value from foreclosure are as per the requirement of the BoM Guidelines.

The ECL is then determined as the difference between the EAD at the reporting date and the expected cash flows to be received, discounted for time value of money.

The Bank of Mauritius has released in August 2024, a new revised Guideline on Classification, Provisioning and Write-off of Credit Exposures with an effective date as from 30th September 2024. The Bank has consequently reviewed its framework in line with the requirements of the new Guideline.

4) Forward-looking information incorporated in the ECL models

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The PD estimates provided by Moody's EDF-X tool incorporate a forward-looking view of risk, aligning with the market's current assessment of the credit cycle which are updated regularly.

Impairment provision under IFRS 9 is referred to as Expected Credit Loss (ECL) because it is determined based on the estimated expectation of an economic loss of asset under consideration. IFRS 9 provides a forward-looking approach laying out the requirement for making provision based on the expectation of credit losses even at the initial recognition of assets.

The major factors involved in the calculation of ECL are:

- Exposure at Default (EAD) – For any asset for which ECL is getting calculated, EAD represents the projected credit risk exposure at any given point of time;
- Probability of Default (PD) – This represents the projected possibility of default with respect to any asset;
- Loss Given Default (LGD) – This represents a projected economic loss to the company in case of default happens with respect to any asset. Existence of collateral and their valuation play an important role in the computation of this factor for any asset;
- The general formula for calculating the Expected Loss is defined as follows: $EL = EAD \times PD \times LGD$; and
- The Bank's ECL model is a general approach referred to as a two-stage approach because of the impact of changes in credit risk over the period of the asset on the ECL calculation. The major feature in this approach is determining the requirement for 12 months ECL or lifetime ECL by analysing whether there is a significant increase in the credit risk of an asset or not.

In determining whether there is a significant increase in credit risk or not, the following details have been analysed relating to the asset/receivable accounts which are under consideration for ECL:

- Any fluctuations with respect to external market indicators such as cost of debt or equity;
- Existence of any adverse changes in operational/economic situations;
- Any fluctuations with respect to internal value indicators including negative changes in credit rating;
- Fluctuations in the market value of the collateral held or changes in the repayment pattern;
- Major decline in the operating results; and
- Defaults in payments.

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)

5) Allowance for impairment

The following tables show reconciliations from the opening to the closing balance of the allowance for impairment by class of financial instrument. Comparative amounts for 2024, 2023 and 2022 represent the allowance account for credit losses and reflect the measurement basis under IFRS 9.

	2024				2023	2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	Stage 1	Stage 2	Stage 3	Total	Total	Total
Loans and advances to banks at amortised cost						
Balance at 01 January	22,528	-	-	22,528	24,202	15,895
New financial assets purchased	17,071	-	-	17,071	8,934	18,076
Financial assets repaid	(6,902)	-	-	(6,902)	-	-
Net remeasurement of allowance for impairment	34,461	-	-	34,461	(10,608)	(9,769)
Balance at 31 December	67,158	-	-	67,158	22,528	24,202
Adjustment for BoM Guidelines *	-	-	-	-	-	-
Loans and advances to customers at amortised cost						
Balance at 01 January	184,263	10,149	794,321	988,733	917,453	947,799
Transfer to Stage 1	13,606	(13,606)	-	-	-	-
Transfer to Stage 2	(3,424)	6,602	(3,178)	-	-	-
Transfer to Stage 3	(4,197)	-	4,197	-	-	-
New financial assets purchased	13,533	3,441	-	16,974	22,068	25,295
Write-offs	-	-	(255,258)	(255,258)	(1,119)	-
Financial assets repaid	(5,850)	(2)	-	(5,852)	(830)	(1,694)
Net remeasurement of allowance for impairment	(89,498)	199	129,426	40,127	51,161	(53,947)
Balance at 31 December	108,433	6,783	669,508	784,724	988,733	917,453
Adjustment for BoM Guidelines *	75,111	-	-	75,111	-	-
Investment securities at amortised cost						
Balance at 01 January	2,147	-	-	2,147	-	239,560
New financial assets purchased	836	-	-	836	2,147	-
Foreign exchange and other movements	-	-	-	-	-	(13,909)
Net remeasurement of allowance for impairment	(1,385)	-	-	(1,385)	-	(225,651)
Balance at 31 December	1,598	-	-	1,598	2,147	-
Adjustment for BoM Guidelines *	5,937	-	-	5,937	-	-

* The Bank also computes specific provision and general provisions in line with the requirements of the Bank of Mauritius Guideline on Classification, Provisioning and Write-Off of Credit exposures which is effective since September 2024.

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)
 5) Allowance for impairment (Continued)

According to the new BoM Guideline on Classification, Provisioning and Write-off of Credit Exposures, the Bank is required to provide for credit exposures under prudential norms – General Provisions for performing credit exposures and Specific Provisions for non-performing credit exposures.

The minimum level of General Provisioning on performing credit exposure is dependent on the type of credit exposure as follows:

EXPOSURE TYPE	PRUDENTIAL GENERAL PROVISIONS
Exposures with bullet repayment with remaining maturity of more than 2 years (other than those to sovereigns, central banks, Multilateral Development Banks and banks)	15%
Exposures to or guaranteed by counterparties whose rating is investment grade or better	0.5%
All other performing exposures	1%

In addition to General Provisions for performing exposures, the Bank is also required to make provisioning for exposures to certain sectors as a macroprudential measure as set out in the Guideline on Additional Macroprudential Measures for the Banking Sector.

TYPE OF FACILITY	MACROPRUDENTIAL PROVISION
Household - Housing	0.5%
Household - other than Housing	0.75%
Accommodation	1%
Construction (including commercial real estates)	1%

As for Specific Provisions, the minimum level of provisioning on non-performing exposures (NPEs) with regard to the prudential classification categories are as follows:

CLASSIFICATION CATEGORY	PRUDENTIAL PROVISIONS*
Sub-standard	25%
Doubtful	50%
Loss	75% 100%
*Applicable on credit exposures less the Net Realisable Value (NRV) of the security.	

Moreover, the Bank is also required to maintain a prudential provision of 100% on any amount of accrued interest on NPEs that is recognised as income but not actually received.

The Bank is aligned to the basis and conditions as set out in the Guideline to assess for eligible collateral, and for determining the net realizable value of collateral for non-performing exposures.

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)
 5) Allowance for impairment (Continued)

General and Portfolio Provisioning

Loans and advances that have been assessed individually and found not to be impaired are assessed together with all “neither past due nor credit impaired” loans and advances. This is to determine the level of General Provisions, in line with the Bank of Mauritius Guidelines.

The level of General Provisions are as follows:

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Gross Loans and advances to customers	16,736,230	14,530,112	14,183,212
Add Loans and advances to banks not qualified for exemption	5,539,587	5,217,673	4,106,943
Less Impaired loans	(804,393)	(1,044,772)	(1,115,332)
Less Loans secured by cash collateral	(76,326)	-	-
Net adjusted loans and advances	21,395,098	18,703,013	17,174,823

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Balance Sheet General Provision	196,372	219,660	273,188
General Reserve	68,243	-	-
	264,615	219,660	273,188

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)
 5) Allowance for impairment (Continued)

Significant Changes in Gross Carrying Amount

The table below illustrates the significant changes in gross carrying amount that contribute to changes in the allowance for impairment.

2024			
Impact: increase / (decrease)			
	Stage 1	Stage 2	Stage 3
	Rs 000	Rs 000	Rs 000
Loans and advances to customers at amortised cost			
Increase in corporate portfolio by Rs 586 M	(21,110)	-	-
Increase in global business portfolio by Rs 1,523 M	(32,761)	-	-
Decrease in the corporate portfolio by Rs 354 M	-	264	-
Decrease in corporate portfolio by Rs 181 M	-	-	(180,512)
Decrease in global business portfolio by Rs 3 M	-	-	109,198
Loans and advances to banks at amortised cost			
Acquisition of new clients in the financial institution by Rs 1,918 M	17,071	-	-
Repayment of credit facilities by financial institution of Rs 2,147 M	(6,902)	-	-
Investment securities at amortised cost			
Acquisition of new securities of Rs 150 M	836	-	-
2023			
Impact: increase / (decrease)			
	Stage 1	Stage 2	Stage 3
	Rs 000	Rs 000	Rs 000
Loans and advances to customers at amortised cost			
Increase in corporate portfolio by Rs 1,616 M	10,085	-	-
Increase in global business portfolio by Rs 2,648 M	28,231	-	-
Decrease in the corporate portfolio by Rs 1,045 M	-	(68,141)	-
Decrease in global business portfolio by Rs 466 M	-	(13,389)	-
Increase in existing provision of global business clients	-	-	165,871
Decrease in the textile and construction portfolio by Rs 52.3 M	-	-	(20,385)
Loans and advances to banks at amortised cost			
Acquisition of new clients in the financial institution by Rs 1,979 M	8,330	-	-
Repayment of credit facilities by financial institution of Rs 1,593 M	(5,018)	(10,065)	-
Investment securities at amortised cost			
Acquisition of new securities of Rs 150 M	2,147	-	-
2022			
Impact: increase / (decrease)			
	Stage 1	Stage 2	Stage 3
	Rs 000	Rs 000	Rs 000
Loans and advances to customers at amortised cost			
Decrease in global business portfolio by Rs 547.8 M	(10,965)	-	-
Acquisition of new clients in the global business book by Rs 466.2 M	-	13,388	-
Decrease in tourism portfolio by Rs 29.8 M due to transfer of a client from stage 2 to stage 1	-	(24,251)	-
An increase in housing portfolio amounting to Rs 11,426 M	-	-	4,345
A decrease in outstanding balance of retail portfolio of Rs 19,687 M	-	-	(6,897)
Loans and advances to banks at amortised cost			
Acquisition of new clients in the financial institution by Rs 1,532 M	5,721	-	-
Repayment of credit facilities by financial institution of Rs 544 M	(5,548)	-	-
Transfer of a financial institution client from stage 1 to stage 2	-	7,997	-

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)
 5) Allowance for impairment (Continued)

Concentration of Credit Risk

The Bank maintains a portfolio of credit risk that is adequately diversified and avoids unnecessarily excessive concentration risks. Diversification is achieved through setting maximum exposure guidelines to individual counterparties, sectors and geographic location.

Large Exposures

The Bank adopts the definition of "Large exposures", as defined by the Bank of Mauritius Guideline on Credit Concentration Risk. The table below shows the "Large exposures" as at 31 December 2024.

Customer / Group of closely related customers	Total exposures after set offs (Rs'm)	% of Tier 1 capital
1	1151	37.90%
2	984	32.39%
3	767	25.24%
4	708	23.31%
5	692	22.78%
6	681	22.44%
7	672	22.14%
8	638	20.99%
9	613	20.20%
10	559	18.40%
11	559	18.39%
12	539	17.74%
13	500	16.48%
14	497	16.37%
15	481	15.85%
16	473	15.56%
17	472	15.56%
18	470	15.47%
19	470	15.47%
20	470	15.47%
21	454	14.97%
22	447	14.71%
23	442	14.56%
24	423	13.93%
25	381	12.54%
26	365	12.03%
27	352	11.59%
28	344	11.32%
29	335	11.05%
30	306	10.07%
Aggregate exposure of "Large Exposures"	16,245	534.93%

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (b) Credit risk (Continued)
 Expected credit loss measurement (Continued)
 5) Allowance for impairment (Continued)
 Concentration of credit risk (Continued)

Sector Wise Distribution

Loans and advances to customers

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Agriculture and fishing	597,625	392,582	551,886
Manufacturing	507,045	908,867	918,641
Tourism	621,146	880,449	1,094,587
Transport	-	4,551	205,406
Construction	2,783,692	2,766,297	3,244,288
Financial and business services	3,796,039	2,440,276	1,746,828
Traders	2,140,490	1,593,512	1,395,984
Personal	448,495	355,203	410,070
Professional	4,565	5,921	4,690
Global Business licence Holders	2,613,434	2,354,594	2,214,900
Others	3,223,699	2,827,860	2,395,932
Total amount	16,736,230	14,530,112	14,183,212

Country Wise Distribution

Loans and advances to banks

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Togo	1,326,645	1,590,078	1,516,617
Mauritius	480,948	48,238	436,500
Madagascar	-	-	24,848
France	215,247	-	1,843
Kenya	472,414	660,300	28,984
Morocco	-	55,260	8,954
Niger	-	52,856	-
Nigeria	-	490,100	684,450
Ivory Coast	147,914	350,616	10,023
Ghana	-	-	305,550
Benin	-	-	209,790
Egypt	1,409,700	1,430,650	661,134
Tanzania	335,464	220,100	218,250
United Kingdom	681,355	220,100	-
Mali	-	99,375	-
Turkey	469,900	-	-
Total amount	5,539,587	5,217,673	4,106,943

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(b) Credit risk (Continued)

Expected credit loss measurement (Continued)

5) Allowance for impairment (Continued)

Country wise distribution (Continued)

Loans and advances to customers

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
Australia	4,081	5,958	7,106
Austria	-	-	1
Germany	6,575	7,517	7,663
Bahrain	36,516	40,123	41,471
Belgium	8,299	9,179	9,544
Cameroon	-	390	1,072
Canada	222	323	417
France	46,992	87,240	107,614
Hong Kong	534,790	511,534	481,707
Italy	1,867	2,035	2,194
India	472,539	-	-
Ivory Coast	1,219	27,083	29,474
Luxembourg	-	-	4
Madagascar	6,984	11,280	17,730
Mali	558,614	-	35
Mauritius	11,692,814	11,369,115	11,589,975
Malta	1,776	2,211	2,546
Morocco	1,750,051	1,285,892	799,346
Netherlands	-	1	1
Qatar	-	-	4,378
Reunion	72,833	83,129	118,987
Rwanda	1,723	1,800	1,846
Senegal	-	2	-
Singapore	1,727	123,093	37,434
South Africa	2,922	3,435	8,641
Togo	-	2	-
Seychelles	-	-	1,914
Switzerland	17,812	36,090	42,275
Russia	-	1	-
Monaco	-	7	-
United Arab Emirates	1,404,388	895,850	836,831
United Kingdom	104,645	24,403	30,510
Thailand	2,336	2,418	2,496
Liban	-	1	-
Turkey	1	-	-
Mayotte	4,503	-	-
Burkina Faso	1	-	-
Total amount	16,736,230	14,530,112	14,183,212

CREDIT RISK MITIGATION

Collateral

Collateral, guarantees, derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Policies and procedures ensure that credit risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

The main types of collateral taken are:

- Mortgage/fixed charges over residential, commercial and industrial properties;
- Floating charge over plant and equipment and the assets of the company.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker counterparties. Guarantor counterparties include banks, parent companies, shareholders and associated counterparties. Credit worthiness is established for the guarantor as for other counterparty credit approvals.

The below table illustrates credit risk exposure before and after taking into account the effects of collateral.

	2024		2023		2022	
	Carrying Amount Rs 000	Collateral Rs 000	Carrying Amount Rs 000	Collateral Rs 000	Carrying Amount Rs 000	Collateral Rs 000
Retail and Corporate						
Stage 1 and 2	18,391,947	12,501,435	23,697,873	11,957,018	17,911,703	16,435,560
Stage 3	804,843	35,874	1,045,025	1,185,512	1,115,332	1,543,237

(c) LIQUIDITY RISK

Liquidity risk is the risk that the Bank cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due. The nature of banking gives rise to continuous exposure to liquidity risk. Liquidity risk arises when the Bank, despite being solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so at materially disadvantageous terms. The Bank manages liquidity in accordance with approved policies, compliant with Bank of Mauritius guideline.

The liquidity risk management framework differentiates between:

- Tactical (shorter-term) risk management: managing intraday liquidity positions and daily cash flow requirements, and monitoring adherence to prudential and internal requirements and setting deposit rates as informed by the Treasury Committee.
- Structural (long-term) liquidity risk management: ensuring a structurally sound balance sheet, a diversified funding base and prudent term funding requirements.
- Contingent liquidity risk management: monitoring and managing early warning liquidity indicators while establishing and maintaining contingency funding plans, undertaking regular liquidity stress testing and scenario analysis, and setting liquidity buffers in accordance with anticipated stress events.

The primary governance committee overseeing this risk is the Risk Committee (Board Committee), the Asset & Liability Management Committee and Treasury Committee.

[illegible]

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(c) Liquidity risk (Continued)

[illegible][illegible]

(d) MARKET RISK

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, caused by adverse movements in market variables such as currency exchange and interest rates, credit spreads, recovery rates, correlations, equity, bond and commodity prices, and implied volatilities in all of these variables.

The Bank's key market risks are

- Banking book interest rate risk; and
- Foreign currency risk.

The governance committees overseeing market risk are the Risk Committee (Board Committee), the Asset & Liability Management Committee and Treasury Committee.

INTEREST RATE RISK IN THE BANKING BOOK

These are risks that have an impact on net interest income that arises from structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities. This is further divided into the following sub risk types:

- Repricing risk: timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities;
- Yield curve risk: shifts in the yield curve that have adverse effects on the income or underlying economic value; and
- Basis risk: hedge price not moving in line with the price of the hedged position.

The following demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables remaining constant, of the Bank's statement of profit or loss and other comprehensive income. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year based on the floating rate financial assets and liabilities held as at 31 December 2024.

Impact Analysis	Effect on Profit before tax	Effect on Equity
Increase by 200 bps	16,883	16,883
Decrease by 200 bps	(16,883)	(16,883)

29. Financial risk review (Continued)

Interest rate risk in the banking book (Continued)

[illegible]

Notes to the financial statements (Continued)
29. Financial risk review (Continued)
(d) Market risk (Continued)
Interest rate risk in the banking book (Continued)

2022	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets								
Cash and cash equivalents	2,386,620	357,897	-	-	-	-	2,940,692	5,685,209
Loans and advances to banks	650,349	1,087,613	1,239,077	227,204	902,700	-	-	4,106,943
Loans and advances to customers	1,497,800	682,007	1,051,691	262,231	1,734,303	7,395,053	1,560,127	14,183,212
Investment securities	818,743	385,834	-	-	369,063	110,642	2,035	1,686,317
Other assets	78,993	-	-	-	-	-	2,240,331	2,319,324
Total assets	5,432,505	2,513,351	2,290,768	489,435	3,006,066	7,505,695	6,743,185	27,981,005
Less: allowances for impairment								(944,737)
								27,036,268
Liabilities								
Deposits from banks	2,816,325	186,480	139,860	-	-	-	6,389	3,149,054
Deposits from customers	8,563,727	413,749	423,786	1,046,805	368,957	469,015	389,621	11,675,660
Borrowed funds	1,510,895	236,326	1,672,865	991,141	1,816,751	654,750	-	6,882,728
Subordinated liabilities	-	-	-	-	-	464,654	-	464,654
Other liabilities and provisions	2,318	2,464	7,234	13,022	6,309	10,728	2,559,933	2,602,008
Total liabilities	12,893,265	839,019	2,243,745	2,050,968	2,192,017	1,599,147	2,955,943	24,774,104
Interest rate sensitivity gap	(7,460,760)	1,674,332	47,023	(1,561,533)	814,049	5,906,548	3,787,242	3,206,901
Less: allowances for impairment								(944,737)
								2,262,164
Impact Analysis (decrease/increase) on 200 bps								45,243

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(d) Market risk (Continued)

Currency Risk

The Bank's primary exposures to foreign currency risk arise as a result of the translation effect on the respect to designated financial instruments, foreign-denominated cash balances and accruals and intragroup foreign-denominated debt.

	MUR	USD	GBP	EUR	Other	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
2024						
Assets						
Cash and cash equivalents	2,179,388	3,758,469	97,083	2,390,081	32,457	8,457,478
Loans and advances to banks	-	3,956,418	43,978	1,474,559	64,632	5,539,587
Loans and advances to customers	6,124,399	7,450,439	760	3,139,658	20,974	16,736,230
Investment securities	1,982,031	696,106	-	488,901	-	3,167,038
Other assets	1,545,847	7,941	5,854	16,032	223	1,575,897
	11,831,665	15,869,373	147,675	7,509,231	118,286	35,476,230
Less : allowances for impairment						(858,704)
Total assets						34,617,526
Liabilities						
Deposits from banks	27	4,189,447	-	2,987,626	-	7,177,100
Deposits from customers	6,798,688	8,039,484	139,684	2,998,001	91,150	18,067,007
Borrowed funds	-	2,161,529	-	1,416,449	-	3,577,978
Subordinated liabilities	-	932,305	-	-	-	932,305
Other liabilities and provisions	405,107	31,979	2,329	1,496,669	224	1,936,308
Total liabilities	7,203,822	15,354,744	142,013	8,898,745	91,374	31,690,698
Net on-balance sheet position	4,627,843	514,629	5,662	(1,389,514)	26,912	3,785,532
Less : allowances for credit impairment						(865,880)
Net on-balance sheet position less allowances for credit impairment						2,919,652
	MUR	USD	GBP	EUR	Other	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
2023						
Assets						
Cash and cash equivalents	1,666,612	4,826,079	85,295	1,364,391	61,432	8,003,809
Loans and advances to banks	-	2,677,883	55,260	2,436,292	48,238	5,217,673
Loans and advances to customers	5,595,598	5,625,500	974	3,308,040	-	14,530,112
Investment securities	2,187,160	437,817	-	2,282	-	2,627,259
Other assets	149,792	227,098	1,023	2,011,508	741	2,390,162
	9,599,162	13,794,377	142,552	9,122,513	110,411	32,769,015
Less : allowances for impairment						(1,013,981)
Total assets						31,755,034
Liabilities						
Deposits from banks	26	3,491,551	-	823,717	-	4,315,294
Deposits from customers	6,029,924	7,550,092	141,151	2,332,921	104,415	16,158,503
Borrowed funds	-	1,837,946	-	3,468,036	-	5,305,982
Subordinated liabilities	-	854,208	-	-	-	854,208
Other liabilities and provisions	422,618	82,939	2,718	2,088,157	745	2,597,177
Total liabilities	6,452,568	13,816,736	143,869	8,712,831	105,160	29,231,164
Net on-balance sheet position	3,146,594	(22,359)	(1,317)	409,682	5,251	3,537,851
Less : allowances for credit impairment						(1,013,981)
Net on-balance sheet position less allowances for credit impairment						2,523,870

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (d) Market risk (Continued)
 Currency risk (Continued)

2022	MUR	USD	GBP	EUR	Other	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets						
Cash and cash equivalents	1,544,064	2,534,169	73,200	1,458,669	75,107	5,685,209
Loans and advances to banks	-	2,111,765	10,798	1,984,380	-	4,106,943
Loans and advances to customers	5,648,847	4,897,164	1,929	3,635,270	2	14,183,212
Investment securities	1,684,282	-	-	2,035	-	1,686,317
Other assets*	1,449	73,725	5,142	2,237,402	1,606	2,319,324
	8,878,642	9,616,823	91,069	9,317,756	76,715	27,981,005
Less : allowances for impairment						(944,737)
Total assets						27,036,268
Liabilities						
Deposits from banks	44	2,120,180	-	1,028,830	-	3,149,054
Deposits from customers	5,859,278	4,294,724	89,216	1,373,788	58,654	11,675,660
Borrowed funds	-	2,195,268	-	4,687,460	-	6,882,728
Subordinated liabilities	-	464,654	-	-	-	464,654
Other liabilities and provisions	338,334	40,584	2,162	2,220,657	271	2,602,008
Total liabilities	6,197,656	9,115,410	91,378	9,310,735	58,925	24,774,104
Net on-balance sheet position	2,680,986	501,413	(309)	7,021	17,790	3,206,901
Less : allowances for credit impairment						(944,737)
Net on-balance sheet position less allowances for credit impairment						2,262,164

The foreign currency risk sensitivity analysis below reflects the expected financial impact on profit or loss and equity, in MUR equivalent, resulting from a change in foreign currency risk exposures, with respect to designated financial instruments, foreign-denominated cash balances and accruals and intragroup foreign-denominated debt. A 5% movement to foreign currency risk exposures was used for the year 2022, a 2% change for 2023 and a 2% change was used for year 2024.

	2024	2023	2022
	Rs000	Rs000	Rs000
Effect of change on profit or loss and equity	15,712	(8,525)	28,354

(e) CAPITAL MANAGEMENT

The Bank's objective in its capital management function is designed to ensure that regulatory requirements are adhered to and that the Bank are capitalised in line with the regulatory requirements. During the past year, the Bank have complied fully with all its externally imposed capital requirements.

At the regulatory level, the minimum capital adequacy ratio set by the Bank of Mauritius for banks presently stand at 10% of risk-weighted assets, with newly unveiled Basel III rules which came into force as from 1 July 2014, in relation to the Guideline on Scope of Application of Basel III and Eligible Capital as well as the Guideline for dealing with Domestic – Systemically Important Banks.

As per the Bank of Mauritius Guideline on Eligible Capital for the implementation of Basel III, the following limits and minima are applicable:

- A minimum Core Equity Tier 1 ratio of 6.5%;
- A minimum Tier 1 ratio of 8%; and
- A Minimum Capital Adequacy Ratio of 10%.

CAPITAL STRUCTURE

Regulatory capital adequacy is measured through three risk-based ratios:

- CET I: ordinary share capital, share premium and retained earnings divided by total risk weighted assets;
- Tier I: CET I plus perpetual, non-cumulative instruments with principal loss absorption features issued under the Basel III rules divided by total risk-weighted assets. Perpetual noncumulative preference shares issued under Basel I and II are included in tier I capital but are subject to regulatory phase-out requirements; and
- Total capital adequacy: Tier I plus other items such as the general allowance for credit impairments and subordinated debt with principal loss-absorption features issued under Basel III divided by total risk-weighted assets. Subordinated debt issued under Basel I and Basel II are included in total capital but are subject to regulatory phase-out requirements.

For each of the three categories above, the Bank of Mauritius has defined in its Guideline on Eligible Capital a single set of criteria that the instruments are required to meet before they can be included in the relevant category.

As at 31st December 2024, the Bank's capital instruments comprised of only Ordinary Shares issued.

The Bank's CET 1, Tier 1 and Tier 2 capital are as per below:

	2024	2023	2022
	Rs 000	Rs 000	Rs 000
BASEL III			
Tier 1 Capital			
Authorised and fully paid up ordinary share capital (note 24)	2,398,825	2,398,825	2,398,825
Retained Earnings	470,245	153,584	(74,308)
Accumulated other comprehensive income and other disclosed reserves	288,404	158,234	105,456
Deduct:			
Intangible Assets (note 16)	(50,727)	(50,691)	(25,646)
Deferred Tax (note 9)	(69,864)	(64,979)	(67,514)
CET 1 Capital	3,036,883	2,594,973	2,336,813
Additional Tier 1 Capital	-	-	-
Total Tier 1 Capital	3,036,883	2,594,973	2,336,813
Tier 2 Capital			
Subordinated liabilities (note 22)	932,305	854,208	464,654
Provisions or Loan-loss Reserves*	264,615	219,659	225,710
Total Tier 2 Capital	1,196,920	1,073,867	690,364
Total Capital Base	4,233,803	3,668,840	3,027,177

* The portfolio provision is subject to a maximum of 125% of credit risk-weighted assets calculated under the standardised approach.

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (e) Capital management (Continued)

RISK-WEIGHTED ASSETS CALCULATED UNDER THE STANDARDIZED APPROACH

Risk Weighted Assets for Credit Risk

The Bank has adopted the Standardised Approach for credit risk capital allocation.

2024				
Risk Weighted On-Balance Sheet Assets	Risk Weight %		Exposures after CRM Rs 000	Risk Weighted Assets Rs 000
Cash items	0 – 20		8,507	-
Claims on Sovereigns	0 – 150		2,866,200	-
Claims on Central banks	0		6,987,943	-
Claims on Multilateral development banks	0 – 150		-	-
Claims on banks	20 – 150		7,471,348	6,052,159
Claims on non-central government public sector entities	0 – 150		-	-
Claims on corporates	20 – 150		12,702,245	12,212,435
Claims included in the regulatory retail portfolio	75		36,203	27,152
Claims secured by residential property	35-125		2,786,994	1,343,046
Claims secured by commercial real estate	100-125		29,924	29,924
Past due claims	50-150		126,114	138,199
Other assets	100		1,877,442	1,877,442
Total Risk Weighted On-Balance Sheet Assets			34,892,920	21,680,357
Risk Weighted Off-Balance Sheet Assets	Credit Conversion Factor	Risk Weight	Exposures after CRM	Risk Weighted Assets
Transaction-related contingent items	50	0-100	600,764	300,382
Trade-related contingencies	20-100	0-100	371,483	171,472
Other commitments	20-50	0-100	1,976,258	592,941
Foreign exchange contracts	2	100	-	-
Total Risk Weighted Off-Balance Sheet Assets			2,948,505	1,064,795
Total Risk Weighted On & Off Balance Sheet Assets			37,841,425	22,745,152

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(e) Capital management (Continued)

Risk-weighted assets calculated under the standardized approach (Continued)

Risk weighted assets for credit risk (Continued)

2023				
Risk Weighted On-Balance Sheet Assets		Risk Weight %	Exposures after CRM Rs 000	Risk Weighted Assets Rs 000
Cash items		0 – 20	22,076	-
Claims on Sovereigns		0 – 150	2,496,500	-
Claims on Central banks		0	3,091,386	-
Claims on Multilateral development banks		0 – 150	-	-
Claims on banks		20 – 150	10,129,567	5,223,710
Claims on non-central government public sector entities		0 – 150	-	-
Claims on corporates		20 – 150	10,738,805	10,912,241
Claims included in the regulatory retail portfolio		75	34,224	25,668
Claims secured by residential property		35-125	2,687,364	1,271,240
Claims secured by commercial real estate		100-125	35,870	35,870
Past due claims		50-150	250,796	214,568
Other assets		100	2,649,725	2,649,725
Total Risk Weighted On-Balance Sheet Assets			32,136,313	20,333,022
Risk Weighted Off-Balance Sheet Assets	Credit Conversion Factor	Risk Weight	Exposures after CRM	Risk Weighted Assets
Transaction-related contingent items	50	0-100	896,098	448,049
Trade-related contingencies	20-100	0-100	1,212,717	242,543
Other commitments	20-50	0-100	2,349,140	653,783
Foreign exchange contracts	2	100	-	-
Total Risk Weighted Off-Balance Sheet Assets			4,457,955	1,344,375
Total Risk Weighted On & Off Balance Sheet Assets			36,594,268	21,677,397

2022				
Risk Weighted On-Balance Sheet Assets		Risk Weight %	Exposures after CRM Rs 000	Risk Weighted Assets Rs 000
Cash items		0 – 20	33,744	-
Claims on Sovereigns		0 – 150	1,706,950	-
Claims on Central banks		0	3,487,649	-
Claims on Multilateral development banks		0 – 150	-	-
Claims on banks		20 – 150	6,495,069	3,034,393
Claims on non-central government public sector entities		0 – 150	-	-
Claims on corporates		20 – 150	9,664,730	9,897,898
Claims included in the regulatory retail portfolio		75	50,742	38,056
Claims secured by residential property		35-125	2,906,533	1,403,395
Claims secured by commercial real estate		100-125	307,384	369,866
Past due claims		50-150	443,785	449,372
Other assets		100	1,849,924	1,849,924
Total Risk Weighted On-Balance Sheet Assets			26,946,510	17,042,904
Risk Weighted Off-Balance Sheet Assets	Credit Conversion Factor	Risk Weight	Exposures after CRM	Risk Weighted Assets
Transaction-related contingent items	50	0-100	746,514	373,257
Trade-related contingencies	20-100	0-100	181,387	179,969
Other commitments	20-50	0-100	1,305,720	460,651
Foreign exchange contracts	2	100	-	-
Total Risk Weighted Off-Balance Sheet Assets			2,233,621	1,013,877
Total Risk Weighted On & Off Balance Sheet Assets			29,180,131	18,056,781

Notes to the financial statements (Continued)

29. Financial risk review (Continued)

(e) Capital management (Continued)

Risk-weighted assets calculated under the standardized approach (Continued)

Risk Weighted Assets for Operational Risk

The Bank applies the Basic Indicator Approach in determining the required operational risk capital, mainly driven by its more conservative results and ease of computation. The capital charge, under the Basic Indicator Approach, is arrived at by applying 15% (denoted as alpha) to the average of positive annual gross income over the previous three years. This alpha percentage is set by regulator and relates to the industry-wide level of required capital.

The capital charge for the Bank has been computed as follows:

- **Annual gross income: Rs 1,034 million** (2023: Rs 809 million, 2022: Rs 606 million)
- **Average gross income over 3 years: Rs 816 million** (2023: Rs 653 million, 2022: Rs 550 million)
- **Capital charge for operational risk: Rs 122 million** (2023: Rs 98 million, 2022: Rs 82 million)

Risk Weighted Capital Adequacy Ratio

The regulatory Capital Adequacy Ratio is as follows

	2024	2023	2022
	Rs' 000	Rs' 000	Rs' 000
Core Equity Tier 1 Capital	3,036,883	2,594,973	2,336,813
Total Tier 1 Capital	3,036,883	2,594,973	2,336,813
Total Tier 2 Capital	1,196,920	1,073,867	690,364
Total Capital Base	4,233,803	3,668,840	3,027,177
Risk Weighted Assets*	24,019,387	22,705,429	18,956,353
CET 1 Ratio	12.72%	11.43%	12.33%
Tier 1 Ratio	12.72%	11.43%	12.33%
Capital Adequacy Ratio	17.63%	16.16%	15.97%

* Weighted assets relating to on-balance sheet and off-balance sheet exposures, operational risk and aggregate net open foreign exchange position.

(f) FAIR VALUES OF FINANCIAL INSTRUMENTS

The tables that follow analyse the Bank's financial assets and liabilities that are measured at fair value at the end of the reporting period, by level of fair value hierarchy as required by IFRS. The different levels are based on the extent to which observable market data and inputs are used in the calculation of the fair value of the financial assets and liabilities. The levels of the hierarchy are defined as follows:

Level 1 – fair values are based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – fair values are calculated using valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes financial assets and liabilities valued using quoted market prices in active markets for similar financial assets or liabilities, quoted prices for identical or similar financial assets or liabilities in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly derived or corroborated from observable market data.

Level 3 – fair values are based on valuation techniques using significant unobservable inputs. This category includes financial assets and liabilities where the valuation technique includes unobservable inputs that have a significant effect on the financial asset or liability's valuation. This category includes financial assets and liabilities that are valued based on quoted prices for similar financial assets or liabilities and for which significant unobservable adjustments or assumptions are required to reflect differences between the financial assets or liabilities.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It also summarises carrying amounts and fair values of those financial assets not presented on the Bank's statement of financial position at their fair values. The fair value of those financial assets and financial liabilities approximates their carrying amounts because they comprise financial instruments which are liquid, have short-term maturity, are linked to prime lending rate, do not have a specific maturity, or are granted at a variable rate.

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (f) Fair values of financial instruments (Continued)

Fair Values of Financial Instruments

Asset and Liabilities

2024

Assets

	Level 1	Level 2	Level 3	Carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	8,452,253	-	8,452,253
Loans and advances to banks	-	5,472,429	-	5,472,429
Loans and advances to customers	-	15,694,684	256,822	15,951,506

Liabilities

Deposits from banks	-	7,177,100	-	7,177,100
Deposits from customers	-	18,067,007	-	18,067,007
Borrowed funds	-	3,577,978	-	3,577,978

2023

Assets

	Level 1	Level 2	Level 3	Carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	8,003,310	-	8,003,310
Loans and advances to banks	-	5,195,145	-	5,195,145
Loans and advances to customers	-	13,338,164	203,215	13,541,379

Liabilities

Deposits from banks	-	4,315,294	-	4,315,294
Deposits from customers	-	16,158,503	-	16,158,503
Borrowed funds	-	5,305,982	-	5,305,982

2022

Assets

	Level 1	Level 2	Level 3	Carrying amount
	Rs 000	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	5,682,174	-	5,682,174
Loans and advances to banks	-	4,082,741	-	4,082,741
Loans and advances to customers	-	13,069,143	196,616	13,265,759

Liabilities

Deposits from banks	-	3,149,054	-	3,149,054
Deposits from customers	-	11,675,660	-	11,675,660
Borrowed funds	-	6,882,728	-	6,882,728

Notes to the financial statements (Continued)
 29. Financial risk review (Continued)
 (f) Fair values of financial instruments (Continued)

2024

Assets

Investment securities
 Derivatives financial instruments

Level 1	Level 2	Level 3	Carrying amount
Rs 000	Rs 000	Rs 000	Rs 000
-	3,165,440	-	3,165,440
-	-	-	-

2023

Assets

Investment securities
 Derivatives financial instruments

Level 1	Level 2	Level 3	Carrying amount
Rs 000	Rs 000	Rs 000	Rs 000
-	2,625,111	-	2,625,111
-	-	-	-

2022

Assets

Investment securities
 Derivatives financial instruments

Level 1	Level 2	Level 3	Carrying amount
Rs 000	Rs 000	Rs 000	Rs 000
-	1,686,317	-	1,686,317
-	133	-	133

Level 2 financial assets and financial liabilities

The above table sets out the Bank's principal valuation techniques as at 31 December 2024 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy. The fair value of investment securities and derivative financial instruments were determined using the discounted cash flow model.

Level 3 financial assets and financial liabilities

The fair value of an unquoted equity investment is deemed to be reliably measured if:

- The variability in the range of reasonable fair value estimates is not significant; or
- The probabilities of the various estimates within the range can be reasonably assessed.

In the specific case of investment in subsidiary, the Bank had considered the Net Assets approach as an appropriate estimate of fair value at the year ended 31 December 2020. Hence, there are no significant quantitative observable inputs which will affect the fair value of the investment in subsidiary.

Notes to the financial statements (Continued)

30. SEGMENTAL REPORTING

The Bank of Mauritius requires the Bank to disclose its assets and liabilities, operating income classified into resident and non resident.

 Stand-alone Balance Sheet

		2024			2023			2022		
		Total	Resident	Non-Resident	Total	Resident	Non-Resident	Total	Resident	Non-Resident
Note		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS										
Cash and cash equivalents	10	8,452,253	7,005,348	1,446,905	8,003,310	3,116,918	4,886,392	5,682,174	2,870,973	2,811,201
Loans and advances to banks	11	5,472,429	479,941	4,992,488	5,195,145	48,238	5,146,907	4,082,741	434,624	3,648,117
Loans and advances to customers	12	15,951,506	11,423,835	4,527,671	13,541,379	10,764,244	2,777,135	13,265,759	10,886,682	2,379,077
Investment securities	14	3,165,440	1,979,806	1,185,634	2,625,111	2,185,118	439,993	1,686,317	1,684,282	2,035
Derivative financial instruments	21	-	-	-	-	-	-	133	-	133
Property and equipment	15	25,120	25,120	-	36,429	36,429	-	51,202	51,202	-
Intangible assets	16	50,727	50,727	-	50,691	50,691	-	25,646	25,646	-
Deferred tax assets	9(c)	69,864	69,864	-	64,979	64,979	-	67,514	67,514	-
Other assets	17	1,683,892	79,691	1,604,201	2,443,534	140,297	2,303,237	2,343,459	111,263	2,232,196
Total assets		34,871,231	21,114,332	13,756,899	31,960,578	16,406,914	15,553,664	27,204,945	16,132,186	11,072,759
LIABILITIES										
Deposits from banks	18	7,177,100	57	7,177,043	4,315,294	61	4,315,233	3,149,054	1,304	3,147,750
Deposits from customers	19	18,067,007	14,954,126	3,112,881	16,158,503	13,319,879	2,838,624	11,675,660	10,038,487	1,637,173
Borrowed funds	20	3,577,978	-	3,577,978	5,305,982	-	5,305,982	6,882,728	-	6,882,728
Derivative financial instruments	21	177	-	177	746	-	746	-	-	-
Subordinated liabilities	22	932,305	-	932,305	854,208	-	854,208	464,654	-	464,654
Current tax liabilities	9(d)	22,882	22,882	-	18,025	18,025	-	868	868	-
Provisions	23	74,949	70,189	4,760	93,204	60,600	32,604	101,023	80,259	20,764
Other liabilities	23	1,861,359	185,440	1,675,919	2,503,973	250,133	2,253,840	2,500,985	210,822	2,290,163
Total liabilities		31,713,757	15,232,694	16,481,063	29,249,935	13,648,698	15,601,237	24,774,972	10,331,740	14,443,232
Equity										
Share capital	24	2,398,825			2,398,825			2,398,825		
Retained earnings		470,245			153,584			(74,308)		
Reserves		288,404			158,234			105,456		
Total equity attributable to the equity holders of the Bank		3,157,474			2,710,643			2,429,973		
Total liabilities and equity		34,871,231			31,960,578			27,204,945		

Notes to the financial statements (Continued)
30. Segmental Reporting (Continued)

● Annex 1: Operating Income

Note	2024			2023			2022		
	Total	Resident	Non-Resident	Total	Resident	Non-Resident	Total	Resident	Non-Resident
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	1,841,603	1,076,077	765,526	1,465,654	760,129	705,525	691,792	475,367	216,425
Interest expense	(997,446)	(502,027)	(495,419)	(793,910)	(381,305)	(412,605)	(244,476)	(150,896)	(93,580)
Net interest income	844,157	574,050	270,107	671,744	378,824	292,920	447,316	324,471	122,845
Fee and commission income	118,737	93,224	25,513	91,395	33,701	57,694	97,312	46,767	50,545
Fee and commission expense	(21,962)	(8,228)	(13,734)	(23,308)	(6,385)	(16,923)	(29,956)	(7,082)	(22,874)
Net fee and commission income	96,775	84,996	11,779	68,087	27,316	40,771	67,356	39,685	27,671
Net trading income	91,491	45,828	45,663	64,826	33,388	31,438	85,398	76,901	8,497
Net gain/(loss) on derivative held at fair value through profit or loss	569	-	569	(879)	-	(879)	95	-	95
Other income	825	825	-	4,935	4,935	-	5,531	5,531	-
	92,885	46,653	46,232	68,882	38,323	30,559	91,024	82,432	8,592
Operating Income	1,033,817	705,699	328,118	808,713	444,463	364,250	605,696	446,588	159,108

Notes to the financial statements (Continued)
30. Segmental Reporting (Continued)

● **Annex 2 - Sectorwise Distribution of Loans and Advances***

	Loans and Advances								
	2024			2023			2022		
	Total Rs 000	Resident Rs 000	Non-Resident Rs 000	Total Rs 000	Resident Rs 000	Non-Resident Rs 000	Total Rs 000	Resident Rs 000	Non-Resident Rs 000
Other Non-Financial Corporations									
A - Agriculture, forestry and fishing	597,625	597,625	-	394,353	394,353	-	554,917	554,917	-
B - Mining and quarrying	983,532	-	983,532	539,496	-	539,496	-	-	-
C - Manufacturing	507,045	507,045	-	918,884	797,499	121,385	926,187	926,187	-
D - Electricity, gas, steam and air conditioning supply	1,667,112	1,667,112	-	1,684,058	1,684,058	-	1,784,081	1,784,081	-
E - Water supply; sewerage, waste management and remediation activities	17,038	17,038	-	19,721	19,721	-	21,671	21,671	-
F - Construction	31,253	31,253	-	45,889	45,889	-	335,922	335,922	-
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	2,140,490	1,220,099	920,391	1,601,062	1,158,672	442,390	1,401,809	1,017,397	384,412
H - Transportation and storage	-	-	-	4,551	4,551	-	206,367	206,367	-
I - Accommodation and food service activities	621,145	621,145	-	890,254	890,254	-	1,098,320	1,098,320	-
J - Information and communication	1,067	1,067	-	2,171	2,171	-	2,157	2,157	-
L - Real estate activities	66,775	66,775	-	74,117	74,117	-	79,135	79,135	-
M - Professional, scientific and technical activities	26	26	-	429	429	-	1,379	1,379	-
N - Administrative and support service activities	6,656	6,656	-	63,168	63,168	-	64,204	64,204	-
P - Education	-	-	-	6,860	6,860	-	12,826	12,826	-
Q - Human health and social work activities	481,392	-	481,392	450,966	-	450,966	448,703	1,528	447,175
R - Arts, entertainment and recreation	101	101	-	101	101	-	101	101	-
S - Other service activities	-	-	-	-	-	-	-	-	-
Financial Corporations (excluding Global Business Companies)	8,238,524	857,831	7,380,693	7,479,398	724,729	6,754,669	6,098,095	483,789	5,614,306
Public Non-Financial Corporations	-	-	-	-	-	-	-	-	-
Global Business Corporations (GBCs)	2,613,434	2,613,434	-	2,370,754	2,370,754	-	2,225,425	2,225,425	-
Households	3,205,499	2,927,039	278,460	3,113,060	2,739,656	373,404	3,326,944	2,826,578	500,366
	21,178,714	11,134,246	10,044,468	19,659,292	10,976,982	8,682,310	18,588,243	11,641,984	6,946,259

*As per XBRL Return PSC 0100 and PSC 0104

Notes to the financial statements (Continued)
30. Segmental Reporting (Continued)

● Annex 3 - Deposits from Customers

	2024			2023			2022		
	Total Rs 000	Resident Rs 000	Non-Resident Rs 000	Total Rs 000	Resident Rs 000	Non-Resident Rs 000	Total Rs 000	Resident Rs 000	Non-Resident Rs 000
Retail Customers	5,361,958	3,564,188	1,797,770	4,698,079	3,289,982	1,408,097	4,558,598	3,234,604	1,323,994
- Current Accounts	1,530,266	777,838	752,428	1,044,884	663,394	381,490	1,177,588	740,421	437,167
- Savings Accounts	1,459,003	1,105,051	353,952	1,466,564	1,120,896	345,668	1,656,690	1,260,577	396,113
- Time Deposits	2,372,689	1,681,299	691,390	2,186,631	1,505,692	680,939	1,724,320	1,233,606	490,714
Corporate Customers	12,704,675	11,389,564	1,315,111	11,460,049	10,029,522	1,430,527	7,115,951	6,802,772	313,179
- Current Accounts	7,313,369	6,639,995	673,374	7,243,975	6,453,792	790,183	5,575,550	5,393,378	182,172
- Savings Accounts	9,166	9,166	-	100,873	100,800	73	44,977	44,920	57
- Time Deposits	5,382,140	4,740,403	641,737	4,115,201	3,474,930	640,271	1,495,424	1,364,474	130,950
Government	374	374	-	375	375	-	1,111	1,111	-
- Current Accounts	-	-	-	-	-	-	734	734	-
- Savings Accounts	374	374	-	375	375	-	377	377	-
- Time Deposits	-	-	-	-	-	-	-	-	-
	18,067,007	14,954,126	3,112,881	16,158,503	13,319,879	2,838,624	11,675,660	10,038,487	1,637,173

Notes to the financial statements (Continued)

31. IMMEDIATE AND ULTIMATE HOLDING COMPANY

Banque Centrale Populaire, an entity incorporated under laws of Morocco is the Bank's immediate and ultimate holding company.

32. LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO

The Bank computes the LCR and NSFR in accordance with Basel III and the Guideline on Liquidity Risk Management issued by the Bank of Mauritius.

As at 31 December 2024, the Bank's LCR stood at 761% (31 December 2023: 433% and 31 December 2022: 354%) and as at 31 December 2024 the Bank's NSFR stood at 152%, well above regulatory requirements.

33. SUBSEQUENT EVENT

There are no material events that occurred subsequent to the reporting date that would require adjustment to the financial statements.