The Face of Bright Possibilities
SBM Bank (Mauritius) Ltd
Integrated Annual Report 2024

Cautionary Statements

In this report, the Bank has made various forward-looking statements with respect to its financial position, business strategy and management objectives among others. Such forward-looking statements are identified by the use of words such as ‘expects’, ‘estimates’, ‘anticipates’, ‘believes’, ‘intends’, ‘plans’, ‘forecasts’, ‘projects’ or words or phrases of a similar nature.

By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties. There is a risk that predictions and other forward-looking statements may not prove to be accurate. Readers of this report are thus cautioned not to place undue reliance on forward-looking statements as a number of factors could cause future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed therein.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including, but not limited to, interest rate and currency value fluctuations, local and global industry evolution, economic and political conditions, pandemic situations and other force majeure, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Bank operates, as well as management actions and technological changes. The list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to the Bank, investors and other parties should carefully consider these factors, as well as the inherent uncertainty of forward-looking statements and other uncertainties and potential events. The Bank does not undertake to update any forward-looking statement that may be made, from time to time, by the organisation or on its behalf.

Dear Shareholder and Valued Partners,

The Directors of SBM Bank (Mauritius) Ltd ('SBM Bank' or the 'Bank') are pleased to present the Integrated Annual Report for the year ended 31 December 2024.

The Board of Directors confirms, to the best of its belief, that the Integrated Annual Report addresses the relevant material matters that impact the performance of the Bank in a fair and transparent manner.

Ranapartab TACOURI, GCSK
Chairman
SBM Bank (Mauritius) Ltd

Rita GUJADHUR
Officer-in-Charge
SBM Bank (Mauritius) Ltd

About us

SBM Bank (Mauritius) Ltd is a leading banking and financial services provider in Mauritius, with footprint in key economic sectors. The Bank, which has a solid franchise, delivers a comprehensive array of customised and innovative financial solutions to enable its wide-ranging customers realise their ambitions.

Creating positive outcomes for our stakeholders

As we reflect on our journey so far, we take pride in our rich legacy of accompanying our stakeholders in their endeavours and growth pathways, while continuously improving the way we function, promoting positive transformation and fostering proximity with the people with whom we interact at various echelons.

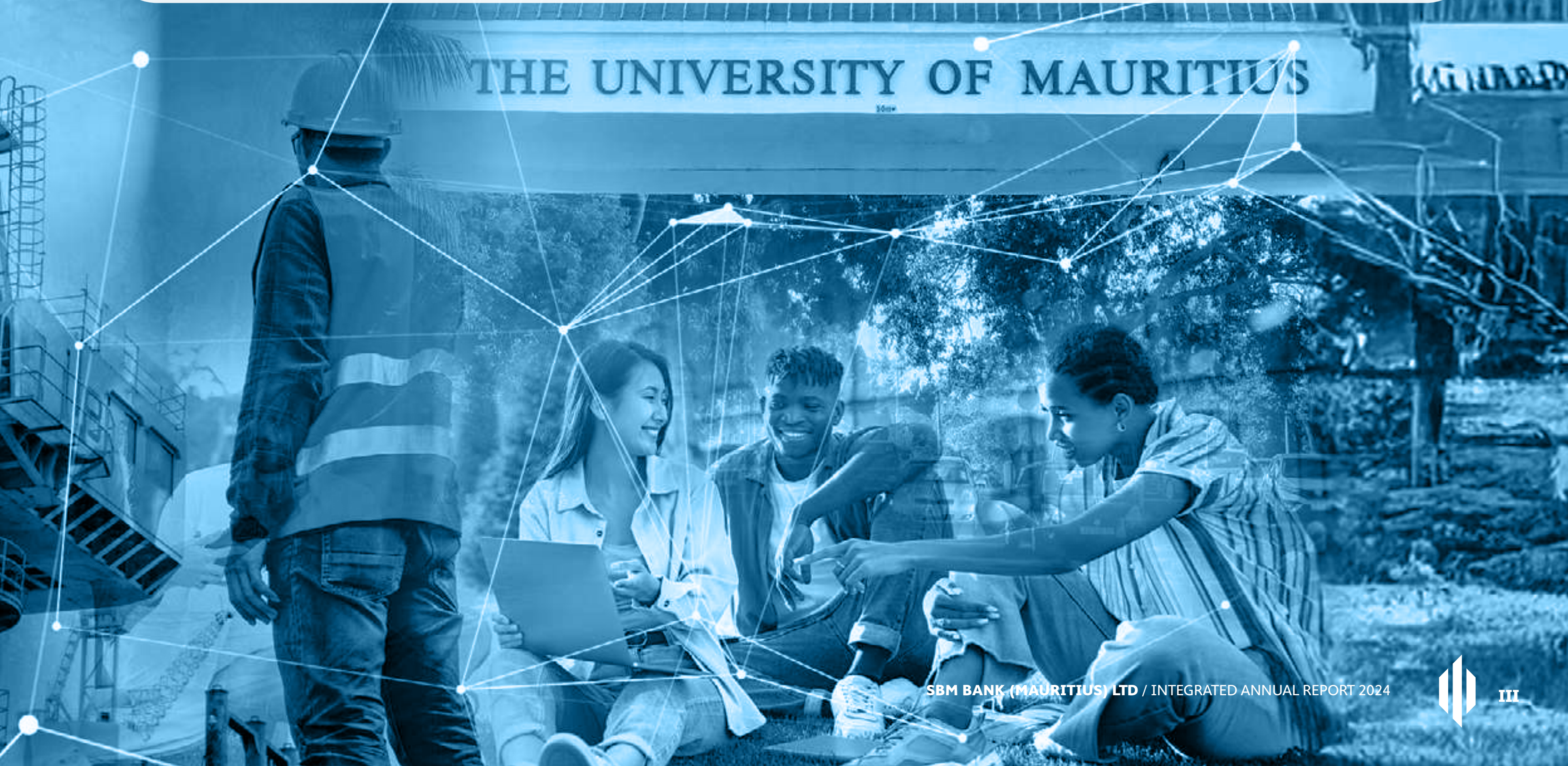
In the years ahead, the Bank will continue to stay close to its customers, alongside actively contributing to the sound and sustained advancement of the Mauritian economy and society, in all the relevant dimensions, supported by committed investments, an innovative mindset as well as an open and transparent approach.

Our purpose-driven strategy will be geared towards supporting the needs of our employees, customers and shareholder, alongside delivering meaningful long-term value and returns for all, for now and the future.

Theme of this Integrated Annual Report

Connecting Markets | Empowering Communities

The theme of this year's SBM Integrated Annual Report highlights our endeavours **to create bright opportunities for the people** via our **strategic initiatives, while caring for the holistic and sustained progress of our customers and societies.** SBM is committed to fostering strong, flourishing and interconnected markets, alongside contributing to the wellbeing of the societies with which it cohabitates. SBM seeks to play a dynamic and influential role in enabling its individual, corporate and institutional customers to thrive, while contributing to allow markets to perform in optimal conditions. It aspires to create meaningful and sustainable value for its shareholder and strategic partners. It aims to enable its stakeholders from all walks of life to actively participate in and benefit from shared success. In fine, SBM adopts an integrated approach which is geared towards the creation of long-term value and promotes resilience in an ever-evolving operating landscape.



SBM Bank (Mauritius) Ltd: Embracing Transformation and Innovation

Our philosophy

SBM Bank (Mauritius) Ltd has remained steadfast in its commitment to innovation and digital transformation, a journey that continues to redefine banking experiences, enhance operational efficiencies and strengthen market competitiveness. Over the past year, the Bank has undertaken key initiatives in automation, digital banking, IT infrastructure and cybersecurity, with the overall objective of building a future-ready financial institution.

Our recent key accomplishments

As part of this transformation, the Bank has reinforced its presence by prioritising the modernisation of its digital channels. The launch of SBM Tag, the Bank's new mobile banking application, on 23 December 2024, marked a significant milestone in this journey. Within just one month of its introduction, nearly a quarter of active mobile banking users had transitioned to the new app, a testament to its user-friendliness and enhanced features. Customers welcomed the app's improved functionality, with 25% of transactions being carried out through newly introduced features, reflecting a shift toward digital-first interactions. Encouragingly, feedback has been overwhelmingly positive, particularly regarding ease of use and response time. While minor issues have been reported, the Bank has been proactive in addressing them, thus ensuring that customer experience remains at the core of its digital evolution.

Beyond customer-facing innovations, the Bank has also made significant advancements in automation and internal efficiencies. The Bank has leveraged Robotic Process Automation (RPA) to streamline various operations, resulting in tangible benefits such as reduced manual workloads and increased processing speeds. The automation of inward remittance processing alone has seen a significant improvement, while other enhancements have improved compliance, reconciliation and email automation across different business lines. These efforts have contributed to a more agile and efficient internal operating model, hence allowing the Bank to allocate resources more effectively and to focus on value-added services for customers.

A crucial component of the Bank's digital transformation has been the modernisation of its IT infrastructure, ensuring that its systems remain secure, scalable and aligned with regulatory requirements. In December 2024, the Bank successfully completed a complex two-year programme to replace ageing hardware and software assets, mitigating security risks and enhancing system stability.

In addition, the Bank has enhanced its Data Centre capabilities in Mauritius, thereby strengthening its resilience and ensuring high availability of business applications and greater capacity for future growth.

Recognising that cybersecurity is integral to digital banking, the Bank has significantly reinforced its security framework to combat the ever-evolving threat landscape. Investments in real-time monitoring and proactive defence mechanisms have enabled the Bank to prevent potential cyber attacks, safeguarding customer data and preserving trust in its digital ecosystem. Cyber threats continue to be a growing concern in the financial sector and the Bank remains vigilant in its approach, while deploying advanced security measures to stay ahead of emerging risks.

In parallel with its IT and digital banking advancements, the Bank has undertaken a series of strategic projects aimed at enhancing operational efficiency and improving customer services. The transition to a more advanced card embosser with a cutting-edge advanced system has significantly expedited a seamless card production. This reflects the Bank's commitment to cater for the growing needs of the market by leveraging innovation and technology to deliver enhanced efficiency and improved service.

Furthermore, the rollout of automated solutions will help transform the credit facilities process by introducing instant quote generation and risk-based approvals, thereby significantly cutting down processing time for customers.

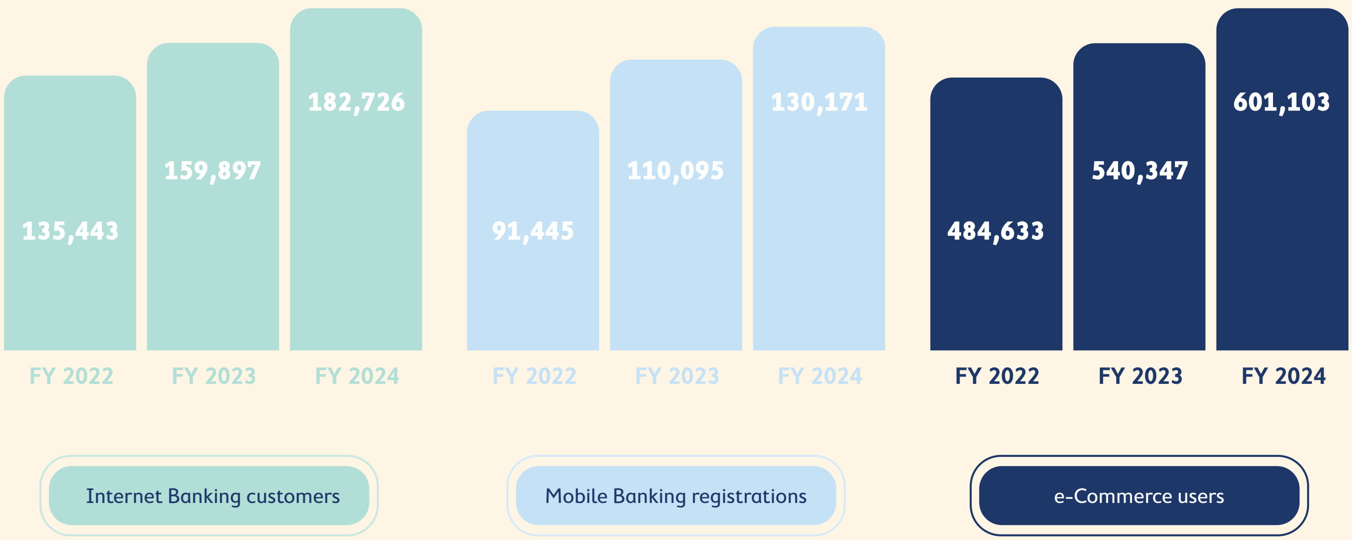
The Bank's ambitions for digital transformation extend beyond 2024, with a well-defined roadmap for the coming years. The next phase will focus on expanding the capabilities of SBM Tag, introducing additional features, while providing an omnichannel experience to further enhance customer convenience. Digital onboarding and online account opening remain key priorities, as the Bank seeks to create a seamless banking experience that eliminates traditional barriers. Additionally, internal IT capabilities will be further strengthened, with efforts directed at ensuring that the Bank retains agility and autonomy over its technology landscape.

In December 2024, the Bank entered an agreement with strategic partners EY and Gartner to support its digital transformation journey, with the objective of becoming a financial powerhouse in the coming years. Looking ahead, innovation will continue to be a cornerstone of the Bank's strategic vision.

The vision for the future

By leveraging technology to enhance customer solutions, drive operational efficiencies and strengthen its competitive edge, the Bank is positioning itself as a leading force in the financial sector. Through ongoing investment in digital banking, automation, artificial intelligence and cybersecurity, the Bank remains committed to delivering a banking experience that is seamless, secure and future-focused, thus ensuring that it not only meets but exceeds the evolving expectations of its customers.

Sustained expansion of the Bank's customer base



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Reflections from the Chairman

> *Beyond financial achievements, we have also deepened our engagement with the communities we serve, reaffirming our commitment to inclusive growth and sustainable development.*

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Integrated Annual Report of SBM Bank (Mauritius) Ltd for the financial year ended 31 December 2024 ("FY 2024").

The past year has been a defining period for SBM Bank as we navigated an evolving global and local economic landscape. While uncertainties remained prevalent across financial markets, our ability to anticipate and adapt to change has reinforced our position as a resilient and forward-looking financial institution. Through a combination of strategic foresight, strong governance and a commitment to sustainable growth, SBM Bank has continued to create value for its stakeholders while playing a pivotal role in the development of the Mauritian financial sector.

Amidst shifting economic conditions, we remained steadfast in our mission to support businesses and individuals, ensuring that we deliver banking solutions that meet the dynamic needs of our customers. Our results for FY 2024 reflect not only our financial strength but also the effectiveness of our disciplined approach to risk management and operational excellence. These efforts, underpinned by our customer-centric philosophy, have positioned us well to embrace future opportunities.

A Year of Resilience and Strategic Progress

The past year has been marked by evolving economic landscapes, both globally and locally. Geopolitical tensions, inflationary pressures and fluctuating financial markets have presented challenges, yet SBM Bank has remained resilient in the face of these complexities. Our adaptability and strategic agility have allowed us to not only mitigate risks but also identify and capitalise on emerging opportunities, ensuring that we remain a trusted financial partner to our clients.

In FY 2024, the Bank continued to reinforce its foundations through prudent capital allocation, a diversified revenue strategy and a relentless focus on operational efficiency. Our growth trajectory was supported by key strategic initiatives aimed at strengthening our financial position and expanding our market presence. This approach, combined with a strong liquidity profile, has enabled us to sustain momentum and deliver strong performance across our business segments.

Beyond financial achievements, we have also deepened our engagement with the communities we serve, reaffirming our commitment to inclusive growth and sustainable development. Through targeted initiatives, we have sought to drive economic empowerment and financial inclusion, ensuring that banking remains accessible and relevant to all segments of society.

Sustainability and Innovation at the Core

As a responsible corporate citizen, SBM Bank remains deeply committed to embedding sustainability at the core of its operations. The adoption of the SBM Group Sustainability Agenda in 2023 marked a significant milestone, providing a structured framework for integrating environmental, social and governance (ESG) principles into our business strategy. In 2024, we further strengthened our ESG commitments by aligning our practices with global standards, ensuring that we contribute meaningfully to the transition towards a greener and more sustainable economy.

Our sustainability roadmap is built on three key pillars: responsible banking, social impact and environmental stewardship. By incorporating ESG considerations into our lending practices, investment decisions and corporate policies, we continue to promote responsible financial services that create long-term value for all stakeholders.

At the same time, innovation remains a key driver of our growth strategy. The acceleration of our digital transformation agenda has enabled us to enhance customer experiences, improve operational efficiencies and expand access to financial services. A major milestone in FY 2024 was the successful launch of SBM Tag, our new mobile banking application designed to offer retail customers an enhanced digital banking experience. This state-of-the-art platform reflects our commitment to leveraging technology to improve service delivery and customer convenience.

Reflections from the Chairman (cont'd)

Additionally, to further drive our digital transformation journey, SBM Bank signed a strategic partnership agreement with Gartner and EY at the end of FY 2024. This collaboration will provide the Bank with global expertise in financial technology and digital strategy, reinforcing our ability to remain at the forefront of innovation. By continuously investing in fintech partnerships, digital infrastructure and customer-centric solutions, we are redefining the banking experience while maintaining the strong personal relationships that have always been a hallmark of our brand.

Strengthening Our Position for the Future

As we enter 2025, we remain confident in our ability to navigate the challenges and opportunities that lie ahead. The banking sector is evolving at an unprecedented pace, driven by regulatory changes, technological advancements and shifting customer expectations. SBM Bank is well-positioned to not only adapt to these changes but also to lead in shaping the future of financial services in Mauritius and beyond.

The Board remains fully committed to guiding the Bank towards sustainable, long-term value creation. Our focus will continue to be on strengthening customer relationships, expanding our regional footprint and fostering a culture of innovation and excellence. We will also remain vigilant in managing risks, ensuring that we maintain a robust governance framework that upholds the highest standards of integrity, transparency and accountability.

While the external environment remains dynamic, our priorities are clear: to reinforce our resilience, accelerate our growth and continue serving as a trusted financial partner to our clients. We believe that by staying true to our values and maintaining a strong strategic focus, we will unlock new opportunities and achieve even greater milestones in the years to come.

Note of Appreciation

As we reflect on the achievements of the past year, I would like to extend my heartfelt gratitude to my fellow Board members for their invaluable insights, guidance and unwavering commitment to SBM Bank's success. Their dedication has been instrumental in shaping our strategic direction and ensuring that we remain well-positioned for the future.

I also wish to commend our Management team for their leadership, resilience and drive. Their efforts have been pivotal in navigating an ever-changing financial landscape while maintaining a steadfast focus on delivering exceptional value to our customers and stakeholders.

To our employees, your dedication, passion and hard work continue to be the foundation of our success. In an era of transformation, your ability to embrace change and innovate has been truly commendable. I thank each and every one of you for your contribution to SBM Bank's journey.

Lastly, I extend my sincere appreciation to our customers, partners and shareholder for their continued trust and support. You are the reason for our existence and we remain committed to serving you with excellence, integrity and innovation.

As we step into the future, we do so with confidence, ambition and a shared vision of success. Together, we will continue to build a stronger, more resilient SBM Bank—one that not only meets the expectations of today but also paves the way for a brighter and more sustainable tomorrow.

Ranapartab TACOURI, GCSK
Chairman

Message from the Bank's Officer-in-Charge

Together, we are working to reshape our digital capabilities, focusing on enhancing our infrastructure and data analytics to ensure that we continue to deliver best-in-class financial services.

Dear Valued Partners,

Looking at our financial year 2024 ("FY 2024"), I am proud to say that it has been a transformative chapter for SBM Bank (Mauritius) Ltd, reflecting our commitment to innovation, a sharpened strategic focus, and tangible progress in our growth journey. Amidst an evolving financial landscape, we have reinforced our resilience and adaptability, delivering an improved financial performance while staying true to our purpose. Among our key achievements are a higher net profit of MUR 5.8 billion, compared to MUR 4.6 billion for FY 2023, and an increase in our assets from MUR 281.1 billion as at 31 December 2023 to MUR 336.7 billion as at 31 December 2024, representing an increase of 19.8%. This underscores our dedication to creating lasting value for our customers, employees, and stakeholders. As we move forward, we remain steadfast in our pursuit of sustainable growth and excellence.

Digital Innovation

Central to SBM Bank's transformation is our strategic focus on digital innovation. Guided by our mission to expand financial accessibility across Mauritius and Rodrigues, we have consistently sought to enhance the banking experience for our customers. The launch of SBM Tag, our new mobile banking application, in December 2024, underscores our commitment to this objective, reinforcing our dedication to delivering seamless, inclusive, and technology-driven financial solutions.

Few weeks following its launch, a significant proportion of our active mobile banking users made the transition to SBM Tag, a clear testament to the app's user-friendliness, functionality, and enhanced features. SBM Tag is more than just a banking tool; it reflects our ongoing evolution to meet the needs of today's customer with secure, efficient, and intuitive services. This launch is just the beginning, and we remain committed to ensuring our customers have access to the tools they need to manage their financial lives seamlessly.

Our digital strategy is not limited to mobile banking. To be truly digital involves a complete transformation of the Bank, from front to back end. As such, in December 2024, we entered a strategic partnership with EY and Gartner, two global leaders in digital transformation. Together, we are working to reshape our digital capabilities, focusing on enhancing our infrastructure and data analytics to ensure that we continue to deliver best-in-class financial services. These collaborations are essential as we work to build a future-proof institution that is ready to adapt to the ever-changing landscape of digital finance.

Recognition and Accolades

In 2024, SBM Bank's position as a leader in the financial sector was recognised with notable awards. We are honoured to have received the 'Best Private Bank in Mauritius' Award at the Global Private Banker MEA Awards 2024 and the 'Best SME Bank in Mauritius' award, for the second consecutive year, at the Euromoney Awards for Excellence 2024. These accolades bear testimony to our unwavering commitment to excellence and the trust our clients place in the Bank.

Further strengthening our global footprint, SBM Bank has been appointed Chair of the UnionPay Africa Regional Council. This milestone reflects our longstanding partnership with UnionPay, which began in 2014 when SBM became the first bank in Mauritius to launch UnionPay debit cards. Over the years, we have worked together to enhance digital payment accessibility, and this new leadership role reinforces our commitment to driving financial inclusion and innovation across Africa.

Our focus is to seamlessly embed ourselves in the customer's journey by approaching customer service from their perspective, rather than the logic and limitations imposed by our systems and processes. We continue to strengthen our position by fostering strong relationships with our clients and other stakeholders, and working together with them to drive sustainable growth.

Message from the Bank's Officer-in-Charge (cont'd)

Collaboration and Support

Our success at SBM Bank is not only measured by our financial performance or industry accolades, but also by the satisfaction and well-being of our employees. We hold the view that our people are the foundation of our success, and we remain committed to providing a positive, inclusive, and dynamic work environment that allows every individual to thrive.

In 2024, we have made several key investments in our employees' well-being and development. The year was marked by the renovation of several floors of the SBM Tower and branches and the relocation of part of our operations to 7 Exchange Square, Ebene, creating modern and conducive spaces for our teams to collaborate and innovate. Additionally, we have introduced employee support services to ensure that our colleagues feel valued, supported, and empowered in their roles.

We also remain focused on fostering a culture of continuous learning, development, and innovation. We invest in the training and growth of our employees to ensure they have the skills and knowledge necessary to navigate the changing landscape of banking and to provide exceptional service to our clients.

Social Impact

Rooted in a legacy of progress and community engagement, SBM Bank has continually evolved to create meaningful and lasting impact across all segments of society. Our commitment to corporate social responsibility remains steadfast, with initiatives that support environmental sustainability, health, education, and sports.

In 2024, we actively contributed to environmental conservation through projects such as the planting of endemic species at the Mondrain Nature Reserve, reinforcing our dedication to preserving Mauritius' natural heritage. Our commitment to social well-being was further reflected in the Bank's role as organiser and host of multiple blood drives, fostering a culture of solidarity and care. Several teams were also actively involved in other activities, including recreational activities for children coming from vulnerable backgrounds.

Beyond environmental and health initiatives, SBM Bank remained a strong advocate for innovation and sports. We proudly sponsored the Mauritius Emerging Tech Exhibition 2024, supporting the nation's digital transformation, and played a pivotal role in advancing healthcare by sponsoring an international conference on cardiovascular diseases. Additionally, as the official Gold Sponsor of Club Maurice for the 2024 African Games, we reaffirmed our dedication to empowering local athletes and fostering national pride.

Through these initiatives, SBM Bank continues to uphold its responsibility as a corporate citizen, driving positive change and contributing to a more sustainable and inclusive future.

Financial Performance

The financial performance of 2024 is aligned with our adaptive strategies. Our focused approach led to a profit after tax of MUR 5.8 billion for the year ending 31 December 2024, reflecting a notable 26.2% increase from 2023.

SBM Bank closed 2024 with an operating income of MUR 12.9 billion, a 12.8% rise from the previous year. This growth was driven by a 10.8% increase in net interest income and an 18.8% rise in non-interest income. Despite a 5.8% increase in non-interest expenses, profit before tax rose by 37.4% to reach MUR 7.2 billion.

As of 31 December 2024, total assets stood at MUR 336.7 billion, up by MUR 55.6 billion from the previous year. Net loans and advances grew by 15.9% to MUR 129.9 billion, while deposits reached MUR 297.3 billion. Investment securities accounted for 41.8% of the total asset base at year-end.

Resilience and Agility

Our deep-rooted values of customer-centricity, operational excellence, and sustainability along with our agile, resilient approach to banking position us well to navigate these challenges of an ever-changing banking environment. We are on a wilful journey to unlock SBM Bank's full potential, and we have already set in motion key actions over the last year to ensure continuous success.

In the coming months, we will build on the foundations laid in 2024, leveraging technology to further enhance our customers' journey. We will also continue to focus on strengthening our governance, risk management systems, and data analytics capabilities, ensuring that we remain a resilient, secure, and sustainable institution well into the future. The road ahead will not always be linear, but our momentum and commitment will continue to carry us forward. Our vision is our guiding light, and we will not stop until we become the financial powerhouse SBM Bank is poised to be.

Ending Note

In closing, I would like to extend my sincere gratitude to all our stakeholders—our customers, employees, shareholder, Board of Directors and partners. Your trust, support, and commitment have been instrumental in SBM Bank's success, and we are deeply grateful for the role you play in our journey.

To our clients, thank you for your loyalty and confidence in SBM Bank. Your trust motivates us to continue improving and innovating to serve you better. To our employees, I want to express my heartfelt thanks for your dedication and hard work, and to the Board of Directors for your support and guidance.

We look forward to continuing this journey with you in 2025 and beyond. Together, we will build a future of sustainable growth, positive change, and lasting impact.

Rita GUJADHUR
Officer-in-Charge

DRIVING GROWTH SHAPING TOMORROW

Unlocking growth and prosperity through innovative financial solutions.

Our Reporting Universe and Philosophy

Our Reporting Universe and Philosophy

About our report

Background

Our Integrated Annual Report has been prepared in accordance with relevant rules, guidelines, standards and frameworks. The report has, in various respects, been based on the key principles set out by the International Integrated Reporting Council.

Purpose

The primary purpose of this report is to explain how the Bank creates sustainable value for the benefit of its multiple stakeholders, while tapping into opportunities met and managing the risks faced.

This report is intended to inform stakeholder groups that have an impact on or are affected by our business. It aims to provide them with a holistic, balanced, transparent and concise depiction of the performance and positioning of the Bank, including its strategy and governance framework.

Scope and boundaries

Scope: Operations and positioning of the Bank.

Period covered: From 01 January 2024 to 31 December 2024. Material events after this date and up to the approval of this report are also catered for in this report.

Pursuing an integrated reporting journey

Scope and purpose

The Bank has, during the course of FY 2024, implemented its Sustainability Agenda, which reflects its stakeholder engagement and its commitment to achieving a better and fairer world.

Against this backdrop and its wider level ambitions, the Bank is making headway in its integrated reporting journey, while adhering to the International Integrated Reporting Council Principles, when producing this Integrated Annual Report. We have set out to communicate our financial and non-financial progress in an increasingly holistic, structured and transparent manner, thus showing how we are fulfilling our purpose. This report conveys a forward-looking perspective of our business, while demonstrating how, amidst an evolving operating landscape, value is created by means of a well-defined business model.

In this spirit, the Bank shows how it is impactfully engaging with its stakeholders, in line with their expectations, alongside harnessing its reputation as a resilient, dynamic and purpose-driven entity.

Looking ahead, the Bank is committed to further improving the quality of its reporting, with expanding focus on integrated thinking, strategic value drivers and the creation of shared value.

Navigation toolkit

Read more in this report

Further details on our website

Key principles

The principles guiding information contained in our Integrated Annual Report 2024 are as follows:

Our Reporting Universe and Philosophy (cont'd)

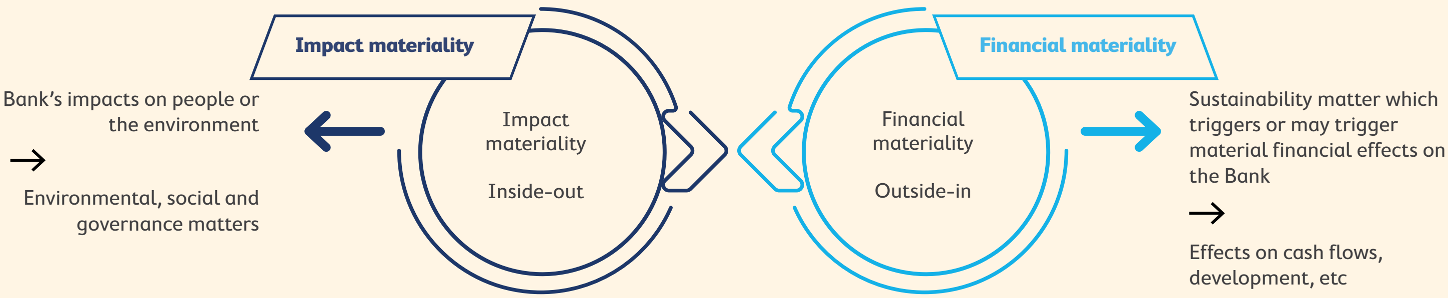
Determination of our material matters

Background

While serving as a basis to reflect the Bank's identity and to strengthen the strategy management process, information disclosed in our Integrated Annual Report is founded on our material matters.

We define material matters as those which can significantly affect our ability to achieve our organisational purpose as well as to create and preserve value for our stakeholders, over both the short and longer runs. These material matters are deemed as being important enough to help achieve the Bank's vision, mission, goals and strategies. We are dedicated to reassessing our material matters on a continuous basis to cater for the fast-changing economic, market and industry environments.

Being guided by the double materiality concept



Process and underpinnings

Determination process

The determination of materiality by the SBM Bank has been anchored in a structured and stakeholder-driven approach, carried out with the guidance of our external Sustainability Specialist Partner. The process was informed by workshops and engagements, with emphasis on aligning strategic priorities, stakeholder expectations and regulatory frameworks. This exercise enabled the Bank to identify and prioritise ESG topics most relevant to our operations and the communities we serve.

Further details on the methodology and outcomes of this process are provided in the Sustainability Report.

Endorsement of material matters

Economic performance
Refers to the Bank's overall financial health and success, as measured by metrics like revenue, cost of funds, profitability, return on investment, impairment ratio, total assets, cost to income ratio and operating income.

Regulatory compliance
Relevant rules, policies, standards and laws are complied with across operating contexts to maintain license to operate, including adherence to cybersecurity protocols and data protection regulations. This encompasses the preparedness for changes in legislation, litigation policy and emerging digital threats, ensuring the security and privacy of sensitive information throughout the Bank's operations.

Customer experience
Customer experience and satisfaction through innovative banking channels and the ability to adapt to change and demand by developing suitable products and services to enhance the customer's experience and meet their legitimate requirements whilst being mindful of critical environmental, social and governance issues.

Employee wellbeing
Employees feel valued, respected and derive meaning from performing their jobs in an environment where transparency and communication are promoted. Physical, emotional and mental well-being is prioritised through awareness and the establishment of relevant programmes and support systems.

Diversity, equity and inclusion
The policies and programmes used by the Bank to encourage representation and participation of diverse groups of people with diverse backgrounds, experiences, skills and expertise, including the diversity of the Board within the Bank while also contributing to the social advancement of individuals in the community through the enhancement of opportunities and providing access to resources, especially for disadvantaged individuals. This includes Foundation and Academy programmes as well as government initiatives.

Climate consciousness
Based on the foundations of ESG principles, it refers to the controlling and reducing of the Bank's carbon footprint through the measurement of tracked carbon emissions (direct, indirect and all other emissions associated with the Bank's activities) and the consideration of other ESG elements.

Social inclusion
Contributing to the improvement of participation in society for all individuals through the enhancement of opportunities and providing access to resources, especially for disadvantaged individuals. This includes Foundation and Academy programmes as well as government initiatives.

Our Reporting Universe and Philosophy (cont'd)

Creating long-term sustainable value in an integrated way

In line with our integrated reporting principles and while catering for our material matters, we interact, through various channels, with multiple stakeholders having a direct or indirect impact on our business. These material topics form the foundation of our strategic response and are embedded across our three core pillars of engagement: Sustainable business, Responsible organisation, and Inclusive communities.

This report sheds light on our regular stakeholder engagement, which enables us to deliver a coherent strategy that drives sustainable value creation on the basis of trustworthy relationships. Towards this end, we demonstrate how we make judicious use of our forms of capital in line with the categories defined by the International Integrated Reporting Council. Along the way, we seek to deliver on our prioritised UN Sustainable Development Goals, through which we believe we can generate the most impactful value. See further details below, supported by navigational icons used throughout the report.

Capitalising on our resources ...

Financial capital
Funds that are available for use by the Bank in the production of goods or provision of services, obtained through financing or generated through operations and investments.

Manufactured capital
Matters and objects that are available for use by the Bank in the production of goods or provision of services, including buildings, machinery and equipment as well as infrastructures.

Intellectual capital
Intangibles, including intellectual property (e.g. patents, copyrights and licenses), organisational capital (e.g. tacit knowledge, systems, procedures and protocols) and the brand/reputation of the Bank.

Human capital
Competencies, capabilities and experience of the Bank's employees, including their ability to understand, develop and implement its strategy, as well as their motivations to innovate while leading, managing and collaborating.

Social and relationship capital
Institutions and relationships established within and between each community, group of stakeholders and other networks towards enhancing individual and collective wellbeing, while promoting shared norms and values and protecting stakeholder interests.

Natural capital
Renewable and non-renewable environmental stocks that provide goods and services in support of the current and future prosperity of the Bank, including air, water and land as well as relevant biodiversity structures and ecosystems.

… to meet stakeholder expectations …

Shareholder and investor community
Striving to generate sound and sustainable financial returns

Customers
Delivering relevant financial solutions and service to our customers

Employees
Shaping a competent and engaged workforce that effectively meets our customer needs

Societies and communities
Promoting inclusive and socially advanced nations

Government and regulators
Doing the right business, the right way

Suppliers and strategic partners
Leveraging networks and ecosystems to achieve our ambitions

… while adhering to prioritised UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

14 LIFE BELOW WATER

17 PARTNERSHIPS FOR THE GOALS

Our Reporting Universe and Philosophy (cont'd)

Assurance and responsibility

Our reporting process for this Integrated Annual Report is guided by all applicable standards, principles, guidelines, laws and regulations including The Mauritius Companies Act 2001, Banking Act 2004, Financial Reporting Act 2004, Bank of Mauritius Guidelines, IFRS Accounting Standards as issued by the International Accounting Standards Board, The National Code of Corporate Governance for Mauritius (2016) and the International Integrated Reporting Framework. We also have an internal assurance model to ascertain that we provide reliable information throughout this Integrated Annual Report.

Deloitte, the Bank's External Auditor, has provided independent assurance on the Annual Financial Statements and the Corporate Governance Report and has expressed an unmodified audit opinion. The full content of the Integrated Annual Report has been reviewed by the External Auditor and Senior Management Team of SBM Bank (Mauritius) Ltd and, in line with related mandates, specific reports were also reviewed and recommended to the Board of Directors for approval by the Corporate Governance and Sustainability, Audit and Risk Management Committees.

The Board of Directors of SBM Bank (Mauritius) Ltd has reviewed and validated the Integrated Annual Report before its publication.

Your feedback matters

We welcome and value your feedback on our Integrated Annual Report.
Please write to us on **investor.relations@sbmgroup.mu**

EXPANDING BOUNDARIES STRENGTHENING PARTNERSHIPS

Leveraging its strategic position to deliver tailored financial solutions to foster growth.

Overview of the Bank

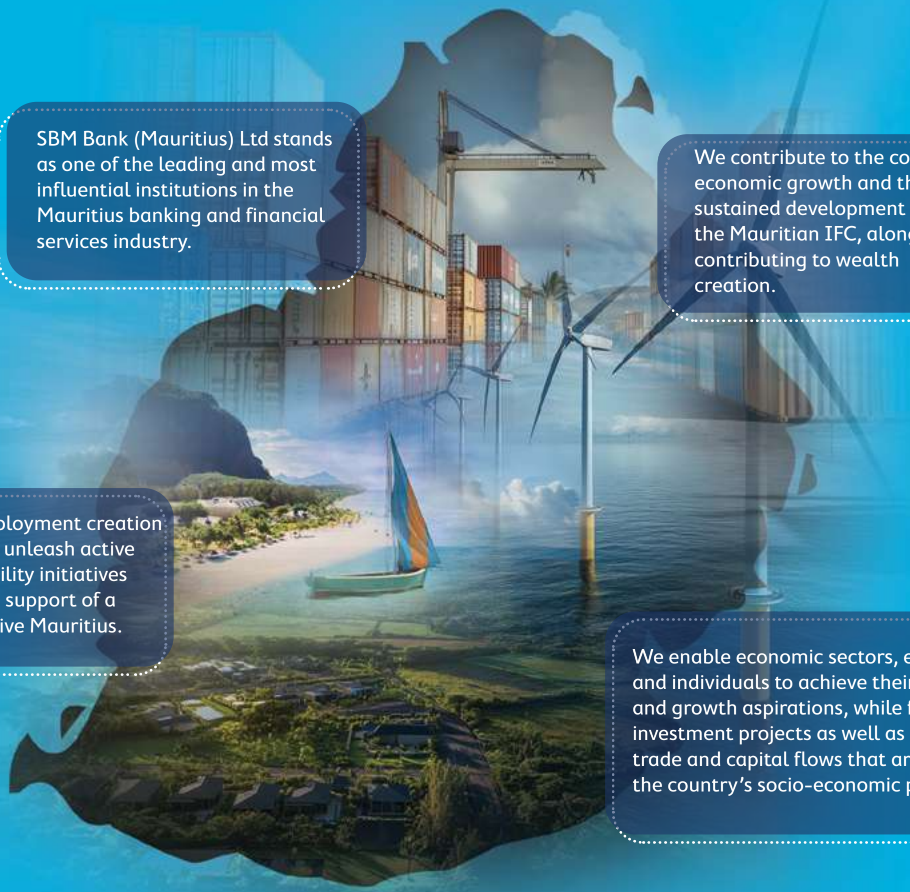
Overview of the Bank

At a glance

Our identity

Established in June 1973 under the name of The State Commercial Bank Ltd, SBM Bank (Mauritius) Ltd is a prominent banking institution in Mauritius. It is the mainstay of SBM Holdings Ltd, which is the third largest listed entity on the Official Market of the Stock Exchange of Mauritius.

Our footprint in Mauritius



SBM Bank (Mauritius) Ltd stands as one of the leading and most influential institutions in the Mauritius banking and financial services industry.

We contribute to the country's economic growth and the sustained development of the Mauritian IFC, alongside contributing to wealth creation.

We partake in employment creation in the country and unleash active CSR and sustainability initiatives in various fields, in support of a healthy and inclusive Mauritius.

We enable economic sectors, entrepreneurs and individuals to achieve their financial and growth aspirations, while financing key investment projects as well as facilitating trade and capital flows that are essential for the country's socio-economic prosperity.

Our objective and positioning

Our salient features

Supported by its robust business model, the Bank provides comprehensive, innovative and tailored financial solutions that enable its customers to realise their aspirations. The Bank has always promoted customer proximity, while ensuring that it matches up with evolving market expectations.

The Bank has a workforce of around 1,682 employees, who remain focused on service excellence and building long-lasting relationships with all stakeholders. In this respect, the Bank serves around 564,420 customers across a wide range of segments, including Retail, Private Banking and Wealth Management, Microfinance, Small and Medium Enterprise (SME), Corporate, International Banking, Financial, Government and Non-Government Institutions. As a key growth enabler, the Bank has a wide physical presence and an extensive distribution network. It offers multi-channel capabilities to its clients through state-of-the-art branches and counters, the most extensive network of ATMs in Mauritius and Rodrigues. Internet and Mobile Banking solutions, e-Commerce gateways and other digital solutions such as Online Loan Application and Online Customer Onboarding. These platforms and services allow the Bank's customers to benefit from seamless and secure banking experiences anywhere, anytime.

Read more on 'Our Strategy Excution Journey' on pages 62 to 68

Overview of the Bank (cont'd)

Our aspirations

Our Vision

To be one of the leading and trusted financial services providers in our geographies of presence driven by innovation and technology.

Our Mission

To achieve strong and sustainable returns for our shareholder, meet the relevant needs of our stakeholders and support the development of the community at large.

Our Values

Customer centricity | Trustworthiness | Integrity | Prudence | Respect

Our Growth Agenda

Building on its journey so far, the Bank has set forward to embark on a renewed and reinforced growth momentum. While boosting its capabilities, it aspires to strengthen its position as a leading banking player as well as a major contributor to the sound, inclusive and sustained advancement of the Mauritian economy and society.

Our Strategic Enablers

Our approach

- Keeping customers at the core of what we do
- Responsible decision making
- Staying safe and secure

Our culture

- Agile
- Innovative
- Diverse and inclusive

Our discipline

- Robust risk management
- Thoughtful business growth
- Solid capital and liquidity ratios

KEY DRIVING FORCES

Business Growth

We focus on our strengths and competitive advantages to uphold our leading banking position in Mauritius, alongside seeking to increase our market footprint

Stakeholder Management

We build and nurture strong relationships with our internal and external stakeholders to deliver on our strategy, while we attempt to achieve sound, balanced and long-term value generation

Innovation and Dynamism

We maintain our efforts to further strengthen our digital, technological and operational capabilities and readiness with a view to delivering increasingly seamless client experiences and solutions

Transition to net zero

We assist in creating sustainable, environment-friendly and inclusive economies and societies, by reshaping our functioning and assisting our customers in their transformation journey

Doing the right thing

We conduct our business in a responsible and ethical way, while thinking long-term and learning from our success and setbacks, in strict compliance with relevant laws, rules and regulations

Overview of the Bank (cont'd)

Our performance in 2024

Our significance and value creation

Contribution of the Bank to the Mauritian economy and society

National economy

~ 2%
of total value added

~ 30%
of banking sector value added

Job creation in support of nationwide social aspirations

~ 18%
of banking sector employment

Wealth generated by the Bank

MUR 2.5 billion

Shareholder and investor community
We provide our shareholder and investors with interesting returns

MUR 4.2 billion

Retention for growth
Part of wealth created is retained to assist the Bank in fuelling its growth ambitions

MUR 10.7 billion in FY 2024

MUR 1.4 billion

Government and regulators*
We support the authorities by means of our tax payments and help to underpin the progress of societies and communities, notably through our CSR activities

MUR 2.6 billion

Employees
We deliver attractive salaries and benefits to our staff, while underpinning their welfare and career development

** includes the proportion of our CSR contribution remitted to the Mauritius Revenue Authority*

Notes:

- *The figures above, which pertain to the year 2024, are only indicative and should be treated with caution, insofar as they are high-level estimates produced for the purpose of this report.*
- *The ratios computed have been shaped up on certain assumptions made, while being subject to the availability of data.*

Overview of the Bank (cont'd)

Our performance in 2024

Financial highlights

MUR 5.8 billion

Profit for the year

+ 26.2%

+19.8%

Total assets

MUR 336.7 billion

21.1%

Return on average shareholders' equity

+ 160bps

18.7%

Capital adequacy ratio

-70bps

Read more on the Bank's Financial Performance in the' Financial Review' section on pages 235 to 244

Our stakeholders

Prominent local stock profile

We are the mainstay of SBM Holdings Ltd. The latter has a sound stock profile, which testifies to its favourable positioning and growth prospects.

Third largest listing on the Stock Exchange of Mauritius

MUR 15.7 billion as market capitalisation

17,609 shareholders

Skilled and talented employees

We are committed to offering our employees a dynamic, supportive, equitable and inclusive workplace that allows them to accomplish their goals, while supporting our business objectives.

1,682 employees

Wide-ranging customer base

Our growth journey is driven by a broadening and varied customer base in the markets where we operate, supported by our tailored and appealing value proposition.

~ 564,420 customers

~ 182,726 Internet Banking customers

~130,171 Mobile Banking customers

~ 130,628 SMS Banking customers

~ 601,103 e-Commerce users

Innovative and extensive channels

We cater for our valued customers' needs through tailored service delivery channels, while striving to consistently enhance the quality, reach and scope of our diverse platforms.

45 branches and counters

137 ATMs

4,309 POS

Overview of the Bank (cont'd)

Our credentials and accolades

- Leading bank in Mauritius
- Rated **Ba1** by Moody's Investors Service
- Domestic market shares:
  - Highest market share in mortgage: **~ 39%**
  - Total domestic loans: **~ 25%**
  - Total rupee deposits: **~ 24%**

Awards and recognition

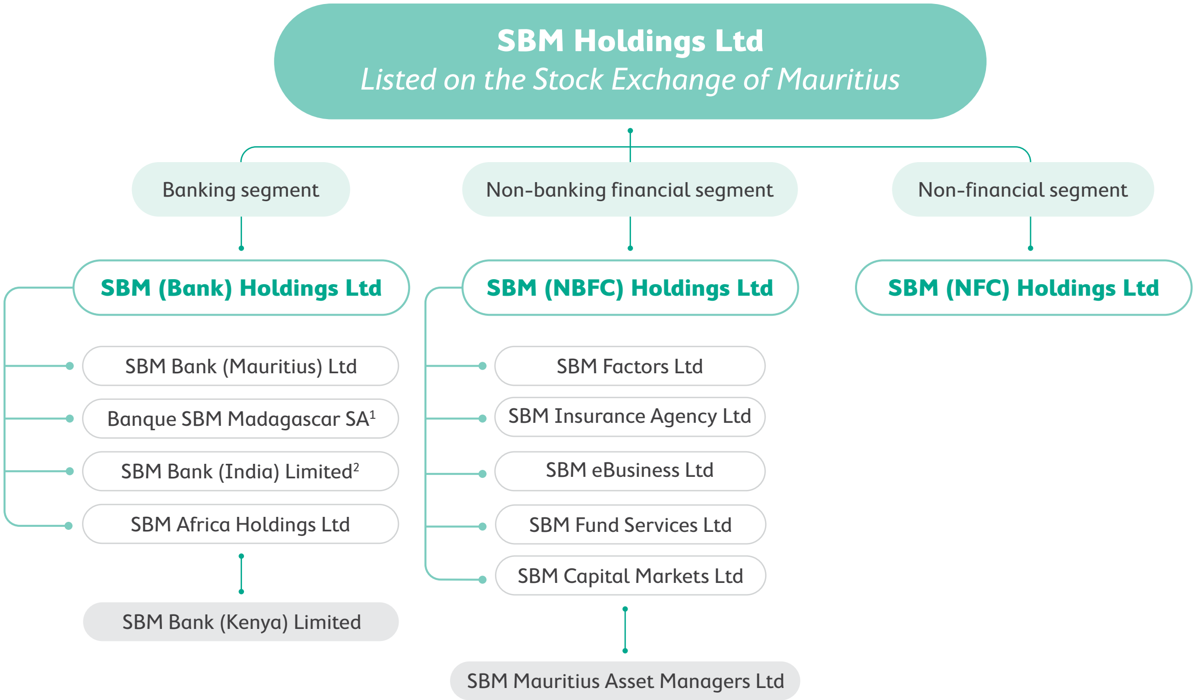
Best Bank for SMEs in Mauritius - Euromoney Awards for Excellence 2024 (received 2 years in a row)

Best Private Bank in Mauritius - Global Private Banker MEA Awards 2024

Our operating paradigm

SBM Group structure

SBM Bank (Mauritius) Ltd is wholly owned by SBM (Bank) Holdings Ltd and is ultimately owned by SBM Holdings Ltd, which is listed on the Official Market of the Stock Exchange of Mauritius. While being well anchored in the Mauritian landscape, the SBM Group, which acts as a full-fledged financial services player, also operates in India, Kenya and Madagascar. In adherence with regulatory rules, SBM Bank (Mauritius) Ltd conducts its business as per its risk appetite and strategic intents, alongside forging synergies, as far as relevant, with the other local and foreign operating entities of the Group.



Notes:

1. Banque SBM Madagascar SA

- SBM (Bank) Holdings Ltd - 99.99%
- SBM Capital Markets Ltd, SBM Fund Services Ltd & SBM Mauritius Asset Managers Ltd hold 1 share each (total of 0.01%)

2. SBM Bank (India) Limited

- SBM (Bank) Holdings Ltd - 99.99%
- SBM Overseas One Ltd, SBM Overseas Two Ltd, SBM Overseas Three Ltd, SBM Overseas Four Ltd, SBM Overseas Five Ltd & SBM Overseas Six Ltd hold 1 share each (total of 0.01%)

SBM 3S Ltd

- SBM Holdings Ltd - 100%

SBM Africa Equity Fund Ltd

- SBM Holdings Ltd - 100%
  (Classe B participating redeemable shares)

In process of winding up:

- SBM Bank Representative Office, Yangon Myanmar
- SBM Maharaja Fund
- SBM Leasing Co. Ltd

Organisation structure

- **SBM Bank (Mauritius) Ltd Board**
  - Audit Committee
  - Risk Management Committee
  - Board Supervisory Committee
  - Chief Executive
    - Risk & Controls
      - Head of Internal Audit & Investigation
      - Head of Compliance
        - MLRO
      - Chief Risk Officer
        - Risk Management Team
        - Cyber and Technology Risk Team
    - Support Services
      - Head of Finance and Capital Management
        - Head of Procurement
        - Head of ALM
      - Head of Strategic Planning & Execution
        - Head of Sustainability
      - Chief Financial Management Officer
      - Head of Projects
      - Head of Marketing
      - Communications Lead
      - Head of Human Resources
      - Head of Legal
      - Head of Facilities Management
    - Operations
      - Chief Information and Digital Officer
        - Head of Technology/ Chief Information Officer
      - Chief Operations Officer
        - Head of Operations Centre
        - Head of Service Excellence, Complaints & Contact Centre
        - Head of Business Organisation and Process Engineering
        - Head of Credit Services
        - Head of Recovery

- Corporate Governance and Sustainability Committee
- Strategy Committee
- Remuneration and Nomination Committee

Board Company Secretary/Corporate Affairs

Deputy Chief Executive

- **Credit Management**
  - Chief Credit Officer
    - Credit Underwriting Team
- **Business Development**
  - Head of Corporate Domestic Banking
  - Head of International Banking - Corporate (Structured & Trade Finance)
  - Head of International Banking - FI and Sovereigns
  - Head of International Banking - Global Business
  - Head of Consumer Banking
    - Head of Private Banking
    - Head of Wealth Management
    - Head of External Asset Managers
    - Head of Retail Banking
  - Head of Business Banking SME and Microfinance
  - Head of Leverage Finance
  - Head of Financial Markets
  - Head of Payments Solutions/Cards
  - Head of Custody

Overview of the Bank (cont'd)

Leadership team*
(Also Member of the Executive Forum and/or Management Credit Forum)

Senior Management

Name	Designation
Mr Premchand MUNGAR	Chief Executive
Mrs Rita GUJADHUR	Chief Financial Management Officer *(Bank Officer-in-Charge as from 28 March 2025)*
Mr Ragnish GUJJALU	Head of Projects
Mrs Veronique LIM HOYE YEE	Chief Credit Officer
Mr Deeagarajen Manogaren SOONDRAM	Head of Strategic Planning & Execution
Mr Teddy Kian Lim ALING	Head of Finance and Capital Management
Mrs Dimple BHUDOYE	Head of International Banking - Corporate (Structured & Trade Finance)
Mrs Anju ISSUR	Head of Financial Markets
Ms Deorani KHELAWON	Head of Operations Centre
Mr Rajnish LUTCHMAH	Head of Corporate Domestic Banking

as at 31 December 2024

Other Key Members of Management

Name	Designation
Mr Samir MATABUDUL	Chief Information & Digital Officer
Mr Yogendra APPADOO	Head of International Banking - Global Business
Mrs Latasha BISSESSUR	Head of Compliance
Mr Dharmendranath HURKOO	Head of Business Banking, SME & Microfinance
Mrs Sarika Devi JANGI-JUGNAUTH	Head of International Banking - FI & Sovereigns
Mrs Linita Jyoti Sharma KIM CURRUN	Head of Retail Banking
Mr Neelesh Sharma SAWOKY	Head of Internal Audit & Investigation
Mrs Mohinee ADNATH	Head of Private Banking
Mrs Ragini GOWRISUNKUR	Head of Custody
Mr Komal GUJADHUR	Head of Marketing
Mr Ravi GUNESS	Senior Officer - Recovery
Mr Chandurdeo LUCHMUN	Senior Officer - Human Resources

Overview of the Bank (cont'd)

Board of Directors

Chairman of the Board

Mr Visvanaden SOONDRAM (Until June 2024)

Mr Ranapartab TACOURI, GCSK (Since June 2024)

Non-Independent Non-Executive Directors

Mr Jean Paul Emmanuel AROUFF

Mr Raoul GUFFLET

Mr Muhammad Azeem SALEHMOHAMED

Independent Non-Executive Directors

Mrs Imalambaal KICHENIN

Mr Rajcoomar RAMPERTAB, CSK

Ms Oumila SIBARTIE

Mr Lawrence Eric WONG TAK WAN

Executive Director

Mr Premchand MUNGAR

Secretary to the Board

Ms Preshnee RAMCHURN

Board Committees Composition

Audit Committee	Corporate Governance and Sustainability Committee	Remuneration and Nomination Committee
Mrs Imalambaal KICHENIN *(Chairperson)*	Mr Jean Paul Emmanuel AROUFF *(Chairman)*	Mr Rajcoomar RAMPERTAB, CSK *(Chairman)*
Mr Rajcoomar RAMPERTAB, CSK	Mr Premchand MUNGAR	Mr Jean Paul Emmanuel AROUFF
Ms Oumila SIBARTIE	Mr Muhammad Azeem SALEHMOHAMED	Mrs Imalambaal KICHENIN
	Ms Oumila SIBARTIE	Mr Premchand MUNGAR
		Ms Oumila SIBARTIE
Risk Management Committee	**Strategy Committee**	**Board Supervisory Committee**
Mr Lawrence Eric WONG TAK WAN *(Chairman)*	Mr Muhammad Azeem SALEHMOHAMED *(Chairman)*	Mr Ranapartab TACOURI, GCSK *(Chairman)*
Mr Raoul GUFFLET	Mr Jean Paul Emmanuel AROUFF	Mr Raoul GUFFLET
Mr Premchand MUNGAR	Mrs Imalambaal KICHENIN	Mr Premchand MUNGAR
Mr Muhammad Azeem SALEHMOHAMED	Mr Raoul GUFFLET	Ms Oumila SIBARTIE
	Mr Premchand MUNGAR	

Board of Directors

1. Mr Ranapartab TACOURI, GCSK | **2.** Mr Jean Paul Emmanuel AROUFF | **3.** Mr Raoul GUFFLET

4. Mr Rajcoomar RAMPERTAB, CSK | **5.** Mrs Imalambaal KICHENIN

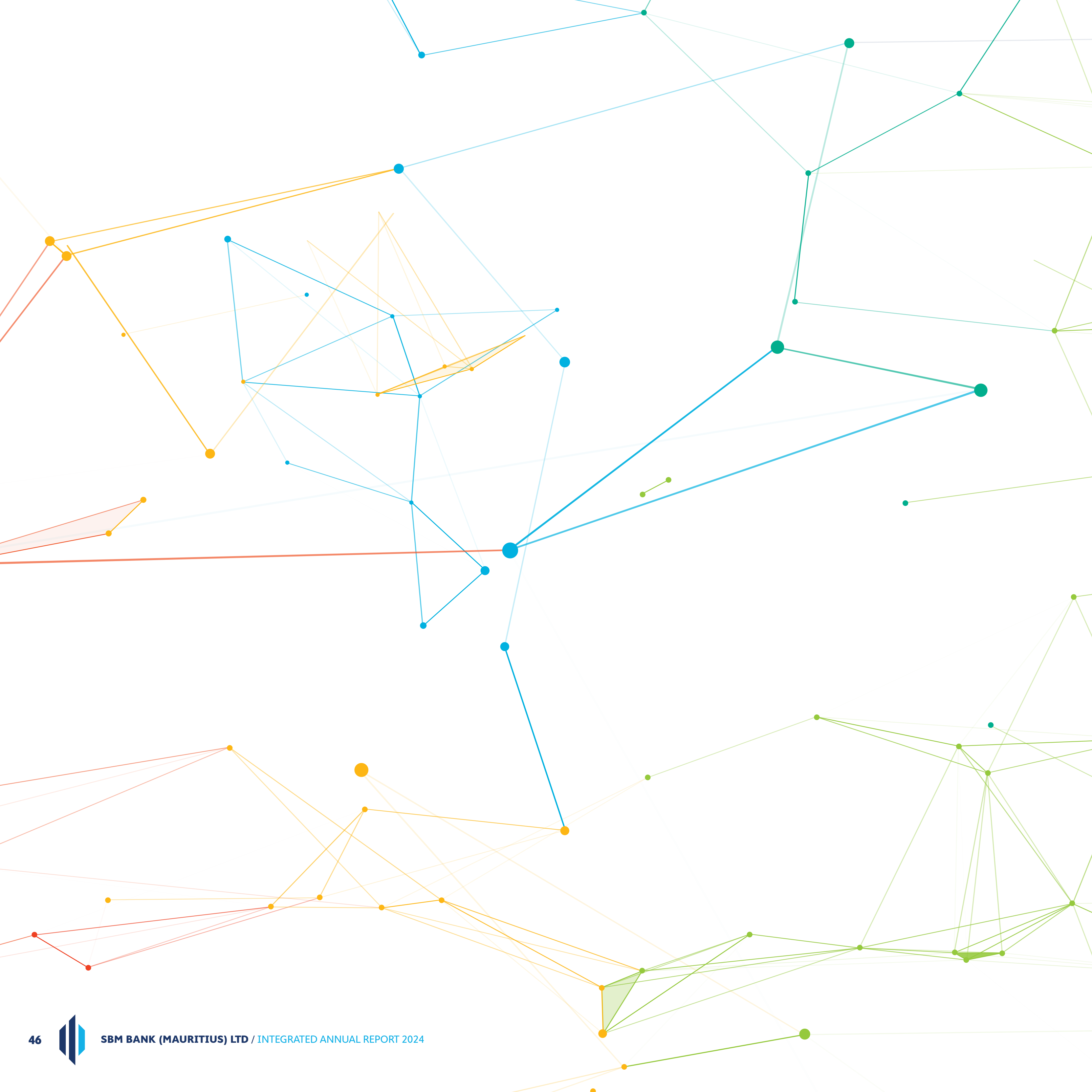
Read about the Directors' profile on the Bank's website.

6. Muhammad Azeem SALEHMOHAMED | **7.** Mr Lawrence Eric WONG TAK WAN | **8.** Mr Premchand MUNGAR

9. Ms Oumila SIBARTIE

SPANNING HORIZONS FOSTERING PROSPERITY

Investing in our people to build a brighter, more empowered future.



Strategy Report

Strategy Report

Introduction

This **Strategy Report** sheds light on how the Bank has articulated and executed its **strategic orientations and drivers**, mindful of the unfolding operating context across markets.

While we nurture a holistic approach to strategy envisioning and formulation (which, thus, incorporates all the aspects that make us a resilient, purposeful, inclusive and sustainable organisation), the focus of this Strategy Report is on our business development and achievements, from both customer-oriented and operational angles. At the same time, we explain that our business growth is achieved in harmony with the continuous promotion of stakeholder interests. Thus, we also describe how we attend to the needs and requirements of our multiple stakeholders. While this stakeholder management approach is a key element of our Sustainability Agenda, the latter is – owing to its importance and in alignment with our integrated reporting approach – explained in its full shape and form in the **Sustainability Report** that trails this Strategy Report, with comprehensive details provided on our philosophy and initiatives.

Our operating environment

Our underlying approach

We regularly monitor and review our external operating environment in order to better understand the underlying trends and dynamics, while enabling us to use appropriate judgement to respond to risks and opportunities in an informed and effective manner. This allows us to continuously refine our strategic intents and better manage risks faced while promoting sound financial progress, thus delivering value and positive outcomes to our multiple stakeholders.

The economic, market and industry landscapes in which the Bank operates across segments are dynamic and, in some instances, complex, thus warranting our sustained focus on making sense of the various influences and imperatives that can potentially shape our functioning.

SBM Bank (Mauritius) Ltd relocated its Grand Bay, Triolet and Pope Hennessy service units.

Our modus operandi

Reinforcement of operational, technological and human resource capabilities

While ascertaining and appraising challenges and opportunities faced…

Economic climate

Industry requirements

Market trends

… the Bank is being led by its core purpose and guiding principles …

Material matters

- Economic performance
- Regulatory compliance
- Customer experience
- Employee wellbeing
- Diversity, equity and inclusion
- Climate consciousness
- Social inclusion

… in view of determining and articulating its strategic trajectories

- Sustained and diversified business
- Responsible and caring Bank
- Operational efficiency
- Financial soundness

Adopting a synergetic, collaborative and pragmatic perspective

Strategy Report (cont'd)

The economic landscape

The global context

As per the latest IMF World Economic Outlook, global growth is projected to decline after a period of steady but underwhelming performance, amid policy shifts and new uncertainties, in view of escalating trade tensions. Global growth is projected to drop to 2.8% in 2025 and attain 3.0% in 2026, down from 3.3% for both years as foreseen back in January, corresponding to a cumulative downgrade of 0.8% point and much below the historical (2000–19) average of 3.7%. Risks to the outlook are tilted to the downside, including exacerbating trade disruptions and elevated policy-induced uncertainty, which could further reduce near- and long-term growth, while eroded policy buffers could weaken resilience to future shocks. As per the IMF, demographic shifts and a shrinking foreign labour force may curb potential growth and threaten fiscal sustainability. The lingering effects of the recent cost-of-living crisis, coupled with depleted policy space and dim medium-term growth prospects, could reignite social unrest. The resilience shown by many large emerging market economies may be tested as servicing high debt levels becomes more challenging in unfavourable global financial conditions.

In the context of the unfolding global environment, the economies of the Group's presence countries have, during the year under review, faced up to challenging conditions. This situation has, to different magnitudes, impacted the market environment, with repercussions on the demand for credit, while central banks have adopted dynamic monetary policies against the backdrop of economic trends and inflation and growth outlooks. Looking ahead, the Bank is likely to be exposed to a demanding global context, amidst geopolitical tensions, volatile financial and commodity markets and endogenous challenges. That said, they are likely to pursue their recovery momentum in 2025, albeit at different paces, supported by dedicated measures by the public and private sectors.

The Mauritian economy

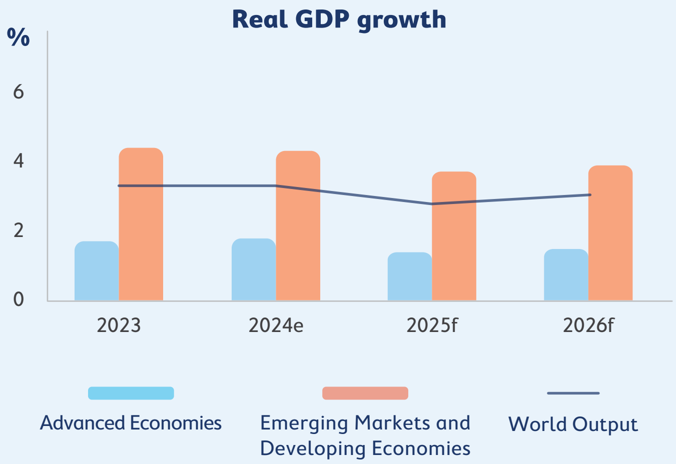
As per Statistics Mauritius, the country's real GDP growth is estimated to slow down and attain 4.7% in 2024, compared to 5.0% in 2023. The growth figure for 2024 has been underpinned by improved sectorial outcomes and higher investment levels, notwithstanding lower-than-foreseen investment in public sector projects. For 2025, Statistics Mauritius is projecting GDP growth to stand at 3.3%, with major economic sectors expected to post positive performances this year, while others are exposed to key challenges. Generally, the country's growth outlook would be driven by the Government Programme 2025-2029 and the National Budget in line with earmarked economic policies and reforms, even though the impact on key indicators would eventually depend on the speed and extensiveness of the implementation agenda. While the global environment has become more testing as explained above, vigilance is called for on the domestic front in light of the increasingly prominent climate change phenomenon, owing to possible ramifications on the country's infrastructure setup and key sectors such as tourism and agriculture, coupled with pressures on the prices of food and other consumer goods.

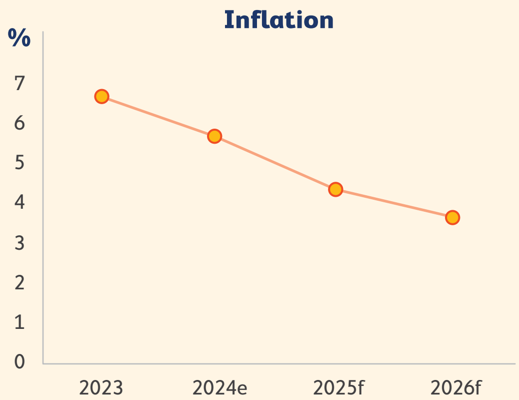
Headline inflation pursued a downtrend to reach 2.6% in April 2025, from a high of above 11% at the beginning of 2023, on the back of a favourable statistical base effect and domestic price movements. Looking ahead, inflation is likely to be subject to pressures amidst risks of accentuating trade wars and increased market volatilities globally, in the wake of the intention by the US to impose additional import tariffs on trading partners. Moreover, any exacerbation of geopolitical tensions in specific parts of the world can have unfavourable implications on commodity prices. That said, the Bank of Mauritius has, in February 2025, raised the Key Rate by 50 basis points to 4.50%, given that the risks of imported inflation are deemed as being high and the likelihood of further exchange rate pressures, in a context of uncertainties and several underlying factors gaining prominence on the global scene.

Read more on the Mauritian economy in the SBM Group's flagship publication, i.e. 'SBM Insights', on our website

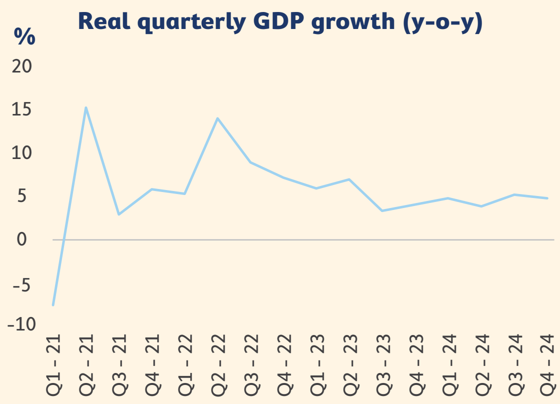
Global economy

Source: IMF World Economic Outlook Update (April 2025)



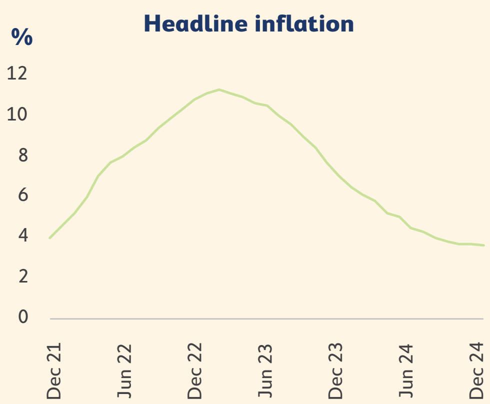


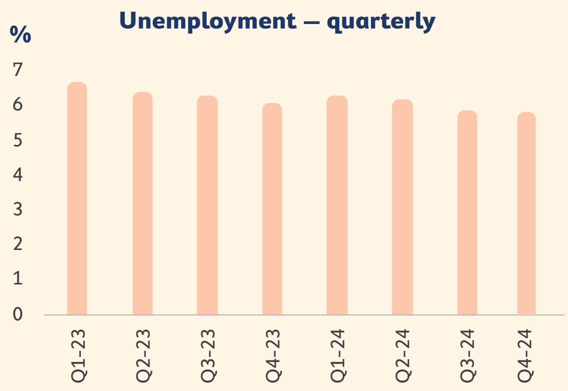
Strategy Report (cont'd)



Mauritian economy

Source: Statistics Mauritius





Reacting and adapting to the operating landscape

Dynamic economic, inflation and interest rate environment

- Closely monitoring economic policies being put into place, evolving regulations as well as market trends and dynamics, while proactively adjusting our business models and strategies if need be
- Gauging customers' resilience to economic trends and events, notably in terms of creditworthiness and repayment capabilities and dealing with customers facing financial hardships
- Identifying and tapping into opportunities for sustained business growth, in line with the underlying outlook for economic sectors, household consumption and private sector investment

Competitive trends and industry dynamics

- Adapting to a new environment in which our competitors across markets are systematically enriching their financial solutions and spearheading their business diversification thrusts
- Dealing with competitive pressures associated with new industry entrants, including Fintech and Big Tech disruptors as well as other players across the financial services industry
- Adopting a sound business model, while investing continuously in technology and our people as well as deploying enriched and personalised financial solutions
- Embracing innovation as well as emerging technological platforms and systems with a view to driving operational efficiencies, reshaping interactions with stakeholders and delivering superior client experiences in a landscape that is marked by rising rates of digital adoption
- Tackling the growing volume, intensity and sophistication of cyber attacks, backed by the endorsement of appropriate risk management frameworks, policies and processes
- Capitalising on the right promotional and communication channels, bearing in mind the ubiquitous nature of social media and the changing profiles of the customer base, alongside moving in a timely and pragmatic way to preserve the Bank's reputation and brand image

Strategy Report (cont'd)

Reacting and adapting to the operating landscape (cont'd)

Increasingly demanding requirements in terms of compliance and regulations

- Promoting transparency in what we do, what we disclose and how we respond to the authorities
- Working cooperatively with Government and regulators and responding to their demands
- Operating thoughtfully in a legal and regulatory environment which is triggering a growing range of requirements and policies that have an impact on our business model, internal operations, value proposition, support to the real sector as well as capital and liquidity management
- Coping with the ever more exigent nature of local and international norms, codes and standards of operation, insofar as they impact strategic orientations and business decisions

Transformation of society, evolution of customer needs and country-level imperatives

- Responding to the growing demand for increasingly convenient, accessible and personalised client solutions, in addition to triggering the systematic adaptation by business lines to evolving customer needs, notably via seamless omni channel platforms
- Remodelling our operations and value proposition, in tune with observed demographic trends as well as the changing socio-economic and age profiles of our customer base
- Accompanying customers afflicted by challenging socio-economic conditions, while working cooperatively with the fiscal and monetary authorities to support economic recovery
- Promoting social advancement and inclusiveness by means of our financial solutions and dedicated sustainability initiatives, alongside underpinning the wellbeing of people

Exigencies linked to rapidly occurring climate change and sustainability imperatives

- Identifying risks, challenges and opportunities associated with climate change, alongside adopting an integrated approach towards developments taking place in the sustainability field
- Embedding climate risk management within our business and governance models
- Supporting customers in their transition journey and their endeavours to embrace sustainable consumption and production models, along with incurring climate-resilient investments
- Reshaping our internal operations and delivering responsible and long-term client solutions towards meeting social and environmental needs and the UNSDG, while tapping into business opportunities linked to sustainability initiatives
- Strengthening our adherence to ESG standards, policies and processes as well as our value proposition and our information disclosures vis-à-vis external stakeholders
- Meeting societal and community expectations for social and environmental progress

Reacting and adapting to the operating landscape (cont'd)

Evolving operational realities and employee requirements

- Strengthening internal productivity and operational efficiency levels in a fast-changing landscape; laying due emphasis on cost rationalisation and resource optimisation, a leaner and more agile operating model, the forging of partnerships and synergies with key partners within the ecosystem, the review of organisational structures and advanced analytics, amongst others
- Boosting employee productivity amidst a competitive industry; empowering employees with suitable skills and expertise to deal with new technologies and address customer needs
- Pursuing an agenda aimed at promoting the safety and wellbeing of employees; implementing health and wellness programmes to enhance employee engagement and satisfaction
- Recruiting people with diverse, adaptable, innovative, agile and digitally-enabled skills, expertise and leadership abilities in order to remain relevant in a transformative banking and financial services landscape, alongside growing and retaining top talents across segments
- Creating an appropriate environment that facilitates the dissemination and adoption of flexible working arrangements and remote working practices, while making allowance for the Bank's business imperatives and the demands of the economic and sanitary environment

Capability and culture being high on the agenda

- Embedding a business model that puts overriding emphasis on culture, values and purpose
- Building capabilities that are aligned with the demands of the external world and are conducive to sound decision-taking, alongside providing the necessary flexibility to adapt quickly to change

Strategy Report (cont'd)

Key strategic directions

Our strategic planning process

The strategic planning process being pivotal to the Bank's financial resilience and long-term growth remains a crucial element to form the Bank's strategic initiatives. The Bank follows a well-defined structure under which a set of processes are adhered to for the formulation, implementation and execution of its Strategy. This ensures the Bank can navigate the financial services landscape effectively, while optimising its financial performance and enhancing resilience in the face of uncertainties. While the Board oversees governance, the Bank designs its strategy for sustainable growth based on its specific needs and resources, aligned with the Bank's direction and in compliance with industry best practices, regulatory standards and stakeholder expectations.

The Board's approval of the strategic plan follows a consultative process, enriched by inputs from internal stakeholders and recommendations from the Strategy Committee. This committee engages in comprehensive discussions with the Management team, which conducts thorough analyses and presents strategic alternatives through extensive workshops led by the Bank's Strategy Team. The committee then ensures that decisions are both Board-approved and backed by informed analysis and strategic vision. The gist of the overall planning process is illustrated as follows:

Key stages	Involves...	Concludes into...
Strategic analysis	• Comprehensive SWOT analysis • Performance analysis • Gap analysis • Internal capabilities and resources • Economic climate, market trends, competitor landscape and regulatory dynamics • Key challenges, risks and opportunities	Presentation by Management to the Strategy Committee
Strategy choice and formulation	• Strategic options based on strategic analysis exercise • Strategy workshops with cross functional teams for each Line of Business • Strategic priorities aligned with organisational goals • Breakdown of organisational plan into Business Unit plans	Vision, risk appetite and strategic directions via facilitated workshops/retreats including Management and the Board
Strategy validation	• Input from key stakeholders • Strategy Debrief with Management • Elaboration of chosen strategies • Strategy Retreat and discussion held with Directors • Alignment with long-term goals and risk tolerance	Approval of strategic plan and Budget at different internal stakeholder levels, including CE, Management Forum, Strategy Committee and Board
Strategy communication	• Narrative delivered to staff around common vision and objectives • Cascading down of strategy, using the Balanced scorecard methodology, from organisational to Business Unit to individual objectives	Balanced Scorecards for lines of business and employees
Strategy implementation	• Implementation plan with specific milestones and timelines • Mobilisation and allocation of resources • Progress monitoring and dealing with challenges	Implementation of strategic initiatives, identification and resolution of risks and issues
Strategy evaluation and review	• KPIs to measure achievements • Regular review of progress achieved • Periodic assessments to ensure relevance	Monthly reviews at Management level and Quarterly reviews at Strategy Committee, Board and Board Committee levels

Our value creation model

Capitals employed

Financial capital

Our diversified and balanced portfolio – underpinned by a pragmatic risk appetite, reinforced capabilities and a focused resource allocation framework – provides us with the necessary resilience, impetus and malleability to manage change, tackle uncertainty and generate business growth

Manufactured capital

Our wide-ranging branch network, diversified delivery channels, improving digital foundations and simplified systems architectures allow us to boost employee experiences, reinforce operational efficiency levels and enrich the quality of client experiences

Intellectual capital

We leverage our strong credentials, impactful brand and dependable customer value propositions to deliver superior outcomes to our stakeholders, supported by our broad scale and reach in Mauritius as well as our continuous growth endeavours

Human capital

Our skilled, engaged and customer-centric employee base enables us to deliver on our strategic and business development objectives in a prompt and effective manner, while we continue to undertake training and incur investments to shape up the mindsets and capabilities of our people

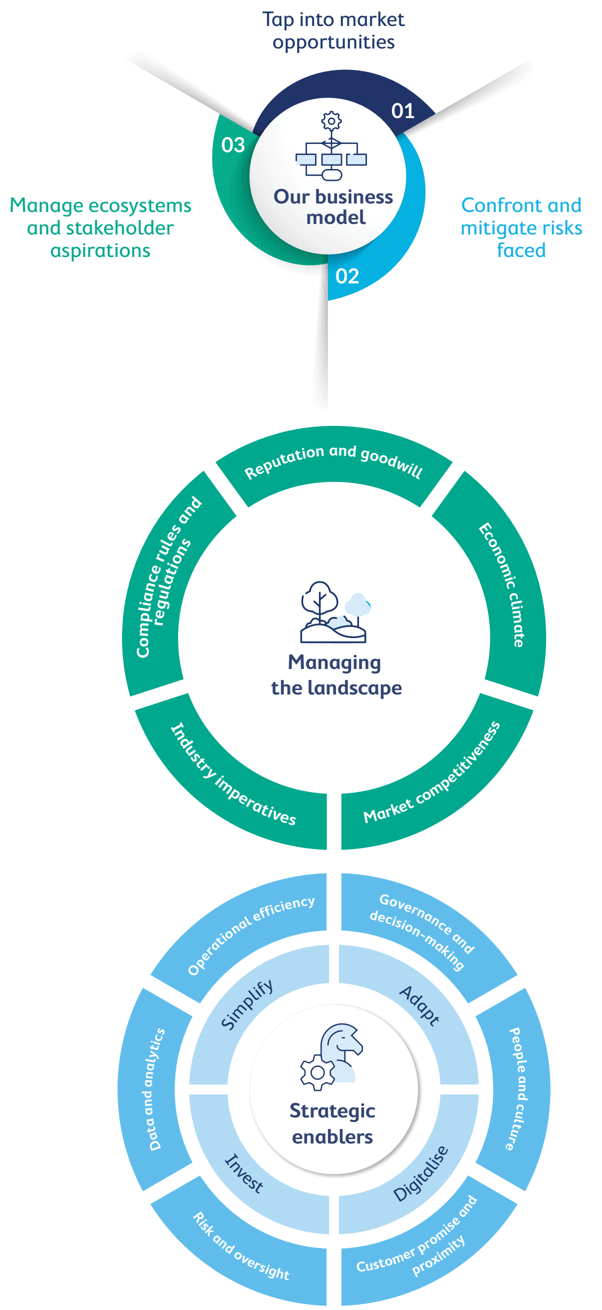
Social and relationship capital

Our trustworthy stakeholder relationship model and strategic collaborations allow us to achieve our growth ambitions, while streamlining our decision making process, optimising our costs and deepening our client engagements

Natural capital

With the social, economic and environmental well-being of the Bank in mind, we ensure that our business strategies and operational initiatives are aligned with our strategy to foster nationwide development goals

Key themes to drive value



Positive outcomes for our stakeholders

Shareholder and investor community

We aim to generate long-term shareholder value through business growth and financial returns

- Shareholder relying on us to achieve sustainable returns
- Dividend paid to shareholder
- Sizeable market capitalisation

Customers

We seek to deliver convenient and innovative solutions, supported by enduring customer relationships

- Customers served through our solutions, channels and digital capabilities
- Close and life-long relationship with clients, with innovative solutions
- Appealing brand value among banking peers

Employees

We leverage a competent, inclusive and engaged workforce

- Payment to employees in the form of salaries and benefits
- A diverse, inclusive and future-ready employee profile
- Career progression and skill development programmes

Societies and communities

We set out to support societal and environmental value creation through dedicated initiatives

- Social projects financed by the SBM Foundation
- Contribution to the UN Sustainable Development Goals
- Promotion of sustainable habits and initiatives by internal and external stakeholders

Government and regulators

We strive to fulfil our responsibilities, while contributing to nationwide prosperity

- Strict adherence to regulatory requirements
- Solid risk management and control systems
- Support to national socio-economic progress

Suppliers and strategic partners

We partake in effective ecosystems and forging value-generating relationships

- Open, transparent and consistent tendering process
- Accurate and on-time payments
- Sustainable relationships

Strategy Report (cont'd)

Our philosophy and strategic approach

The foundations

At its core, the Bank is dedicated to achieving steady and sustainable growth across all business segments, supported by a reliable operating model and financial stability. Its strategic approach is built on a clear vision of its goals and the markets it aims to explore and penetrate. The Bank is committed to implementing world-class standards in every aspect of its business and operations while prioritising customers in all its endeavours. The Bank strives to maintain caution when managing depositor funds, all while upholding the highest ethical practices and corporate governance standards.

Long-term value creation for stakeholders

Critical enablers

- Providing unique and exceptional customer experiences
- Promoting responsible, ethical and secure business practices
- Embedding sustainability at the core of our operations
- Harnessing the full potential of our people

Customer engagement

- Inclusive
- Secure
- Accessible
- Trust-building
- Tailored

Our main focus areas

Our growth journey

Capitalising on sustained progress achieved ...

Building on realisations posted in recent years, the Bank has set out to anchor its business model on ambitious, yet prudent, foundations, while making allowance for the risks and exigencies associated with the fast-changing operating landscape. It is dedicated to further strengthen its growth impetus across markets.

... the Bank aims to strengthen its strategic pathways ...

In line with the directions and appetite approved by the Board of Directors, the Bank is committed to continuously refine its strategic pathways in light of the evolving operating context. The aim is to nurture a clear and coherent view of where it wants to go and what are the means to achieve its objectives.

... while supporting the development of its business segments ...

While promoting its endeavours, the Bank is conscious that its business segments face up to different market and economic backgrounds, thus calling for an informed approach in ascertaining their requirements. Along the way, the Bank aims to forge fruitful internal synergies.

... aided by solid enablers and clear directions

The Bank will continuously reinforce its human, physical and technological capabilities to promote efficiency and customer service excellence. It will pursue its digital transformation and aim for cost optimisation. Judicious capital management is also key to spurring its growth agenda.

Our core strategic orientations

We seek to foster a resilient and value creating Bank…

- Promote a strong and diversified Bank, amidst a fast-changing operating landscape
- Reinforce the Bank's financial soundness, while ensuring that strategic objectives embed a higher operational efficiency and demonstrate measurable progress to stakeholders
- Achieve a leaner, digitally-enabled and increasingly dynamic Bank, in alignment with market and industry trends as well as rapidly-evolving customer needs and requirements
- Embed sustainability as a game-changer, while working towards sound and inclusive progress
- Enhance the strategic image, reputation and credentials of the Bank in the marketplace

… while capitalising on our main strategic orientations

- Growth via diversified income streams
- Operational efficiency
- Customer centricity
- Embed sustainability
- Innovation

Strategy Report (cont'd)

Our strategy execution journey

Key highlights

- Upholding SBM's position as a leading player in the banking industry and Mauritius IFC
- Active contribution to the sustained socio-economic progress of Mauritius
- Continuous strengthening of the Bank's operational capabilities and growth agenda
- Cementing initiatives aimed at promoting innovation and digital transformation endeavours
- Diversification of revenue streams, while pursuing thoughtful business development

Strategic initiatives and key enablers during the period under review

While facing up to various challenges emanating from the market and industry environments, the Bank has, in 2024, made further progress against its strategic objectives and upheld its financial soundness. It has embarked on a series of strategic initiatives, with a focus on bolstering human capital as well as gearing up its capabilities and credentials in support of sound and sustained business growth. Initiatives put in place have helped to gear up the resilience of the Bank, alongside reinforcing its growth foundations. Towards those ends, the Bank has capitalised on its healthy and flexible business model, alongside continuously enriching its value proposition and strengthening customer proximity.

Salient observations

With the steadfast commitment, hard work and collaborative spirit of its employees, the Bank has upheld its core values and preserved its status as a prominent player in Mauritius, supported by its sustained growth momentum and business development endeavours across segments. It has consistently grown its balance sheet, diversified its revenue streams and improved its financial ratios, while ensuring that its individual, corporate and institutional customers and partners enjoy a seamless experience, anywhere and anytime. The last financial year has been a period of significant milestones for the Bank, with strides made in terms of brand equity, governance and leadership, innovation, customer service excellence, operational efficiency, strategic partnerships and external stakeholder management and community impact. Towards those ends, the Bank has geared up its human, physical, risk management and technological capabilities and frameworks, alongside further streamlining policies and procedures as well as laying due emphasis on cost optimisation and rationalisation. Noticeably, key recruitments have been undertaken, with the appointments of the following: (i) Chief Information and Digital Officer; (ii) Head of Marketing; (iii) Head of Sustainability; and (iv) Head of Private Banking. The Bank has further upgraded the reach and appeal of its wide-ranging channels and customer touchpoints. Moreover, several targeted marketing campaigns and networking events in favour of brand image promotion and product awareness have been unleashed, supported by increased presence and contents on social media platforms. In a nutshell, the afore-mentioned endeavours have accompanied the Bank in its perpetual quest to enhance market competitiveness and harness its resilience.

In general, the Bank's initiatives stand as a testament to its unwavering commitment to delivering services that not only meet but exceed customer expectations. Its achievements have been reflected through various awards and accolades received during the year under review. In the wake of the Bank's journey, it has in 2024, been awarded the (i) Best Private Bank in Mauritius at the Global Private Banker MEA Awards; and (ii) Best SME Bank in Mauritius at the Euromoney Awards for Excellence (which is a remarkable achievement given that this accolade has been received by the Bank for the second consecutive year). These prestigious distinctions demonstrate our commitment to excellence and innovation, the high standards that we uphold, the deployment of our well-crafted strategic measures, our personalised services and the trust that we have earned from our customers. They position the Bank at the forefront of the financial industry and underscore its impact and industry leadership. In the same vein, the Bank preserved its prominent domestic market shares, which stood at around 39% and 21% as regard mortgage and corporate banking respectively as at December 2024. All along, it remained committed to accompanying customers facing financial challenges as well as restructuring files where applicable and feasible, while being mindful of its bottom-line financial performance and shoring up NPL recovery efforts where necessary.

The major initiatives and accomplishments posted by the Bank are shown hereafter. In addition to headway made in respect of the major lines of business, it is worth noting that the Bank has witnessed an appreciable growth in assets under custody during the year on the basis of its safekeeping and settlement services. Moreover, the Leverage Finance department has been successfully established, with notable growth in disbursements being already observed during the year under review.

Growing and consolidating the domestic business

The Bank undertook the disciplined execution of its strategic intents, thus reinforcing and diversifying its involvement in the Mauritian socio-economic landscape in which it remains an influential player.

Individual customers

- In the Retail Banking segment, the Bank remained attentive to the needs of its customer base. In line with its modernisation strategy and while leveraging committed investments, the Bank further uplifted its branch network, with three additional branches undergoing a transformation in 2024. The Bank's branch renovation programme features amongst the overall initiatives that reflect its endeavour to continuously improve its touchpoints and customer walk-in experiences, with focus on an innovative approach. Also, additional intelligent ATMs have been installed across the Bank's network, while allowing access to real-time deposits. Furthermore, to accompany retail clients, the Bank has further honed the attractiveness and suitability of its mortgage value proposition, alongside delivering adapted products and services to households and individuals, including targeted solutions and financial assistance plans where need be. In the same spirit, the value proposition for retail customers across age and income groups has been revisited in some cases. For instance, the account holders of SBM Amigos – which is designed to be the perfect finance management solution for children and teenagers – have benefitted from the Angel Plan of the State Insurance Company of Mauritius Ltd, with the latter enabling parents to plan for their children's future cost of education via a savings plan that offers flexible investment options, which are personalised as per client needs and budget. On another note, as a major strategic endeavour, successful deposit mobilisation campaigns have been carried out by the Bank.

- The Private Banking and Wealth Management cluster has, during the year under review, pursued its growth strategy and boosted its market credentials, mindful of the demands of a challenging and competitive operating environment. In addition to refining its functioning and operating model for enhanced efficiency levels, the segment has made noteworthy strides to (i) improve customer proximity, notably through dedicated customer events and well-engineered relationship management; (ii) enrich the quality of its products and services; (iii) launch structured products, with focus on ESG; and (iv) provide advisory and discretionary investment services that have been tailored to cater for the different risk profiles of the customer segments served, all while upholding high standards of integrity and professionalism.

SBM Bank (Mauritius) Ltd hosted a Prize Giving ceremony for the winners of its 'Remportez une croisière magique' cards campaign.

SBM Bank (Mauritius) Ltd hosted a Prize Giving ceremony for the SBM Visa cards campaign 2024

- The Bank has remained a prominent player in the Cards and Payments segment, with bolstered customer proximity, attractive products and the conduct of various marketing campaigns, which, notably and gradually helped to trigger a perceptible rise in new cards issued and to drive transactional volumes. Furthermore, SBM has become the first Mauritian bank to accept RuPay cards on its POS devices, thus allowing RuPay cardholders to make payments seamlessly while in Mauritius. Besides, in terms of innovation, SBM has been the first bank on the local market to launch tills integrated Android devices. The Bank has been appointed Chair of UnionPay Africa Regional Council, with the objective being to work with the Council to advance digital payment solutions that foster innovation and financial inclusion in Africa.

Strategy Report (cont'd)

Our strategy execution journey (cont'd)

SME | Corporate and Institutional customers and partners

SBM Bank (Mauritius) Ltd hosted a special viewing of the UEFA EURO 2024 Quarter Finals for its Global Business and Corporate Banking customers, strengthening relationships.

- With regards to SME Banking, entrepreneurs and micro-enterprises, the Bank has continued to lay strong emphasis on supporting their sustainable growth and responding to their changing needs in a proactive manner, in line with its ambitions to supporting the advancement of the local economy. It has enhanced the range and quality of its services to accompany its clients in their journeys, alongside revisiting its operating paradigm, restructuring the teams and establishing dedicated sub-segments to service different client profiles. In this spirit, the Bank has notably established its Business Banking segment in 2024, which testifies to its unflinching customer focus and proximity. This has taken the form of a new sales segment to cater for mid-sized corporate enterprises which generate yearly turnover ranging between MUR 100 million to MUR 500 million. Overall, the commitment to upholding the growth and interests of SMEs led the Bank to boost the in-branch experience and decentralise SME services, with the setting up of dedicated SME desks and hubs across the network of branches situated in various regions of Mauritius and Rodrigues, with changes brought about being welcomed by clients. The Bank further deployed its Special Agricultural Schemes – launched in 2023 – which are designed with attractive features and benefits for farmers, plantation owners and agri-entrepreneurs. During the last financial year, the Bank has, *inter alia*, achieved the following as part of its quest to gratifyingly attend to the needs of SMEs: (i) improvements were brought about to instill more coherence and effectiveness in the way the Bank is structured and operates (in terms of segregation of activities, reporting lines, accountabilities and responsibilities, staffing and operations, etc.), with the judicious allocation of portfolios to Relationship Managers and their positioning across flagship branches allowing for the delivery of timely and increasingly personalised client services; (ii) reduced client turnaround time was registered, as a result of higher operational efficiency levels as well as the streamlining of processes for account opening and for the processing and approval of credit facilities; (iii) campaigns were launched, notably to target women entrepreneurs and professionals; (iv) Customer Satisfaction Surveys were conducted to find ways and means to gear up the quality of the Bank's solutions and interactions; and (v) participations in fairs, campaigns and workshops were encouraged to meet and discuss with current/potential clients, along with achieving greater market visibility and awareness with respect to the panoply of products/financial solutions that the Bank offers to address customer needs. With regard specifically to micro-enterprises, the Bank pursued its engagement to support their operations and maturity development by means of dedicated and everyday banking solutions. Market visibility was enhanced, thanks to word-of-mouth and brand trustworthiness, backed by a vast distribution network. The Bank continued to guide its customers, while ensuring that they understand the significance and implications of their debt commitments.

- As gauged by its expanding loan book, the Bank has made further headway in serving large corporates in Mauritius and has continued to support specific projects shaping up the country's economic landscape, backed by sustained customer proximity, increased market visibility and adapted solutions.The Bank has also engaged in capacity building, with targeted training programmes conducted to better serve this segment. The Bank remained active in accompanying corporates across wide-ranging economic sectors, in line with their growth prospects and the set risk appetite. As a key enabler, a Deal Structuring Team was set up to service the evolving domestic market of structured financing and to position the Bank in this niche market, alongside looking at green financing in line with the Bank's Sustainability Agenda, with a focus on both mitigation and adaptation projects. In 2024, the team spearheaded the structuring of some major client files, including renewable energy projects that are scheduled to unfold in 2025.

Financial Markets

- Regarding the Financial Markets segment, it has remained a key contributor to the bottom-line performance of the Bank by means of its endeavours across three main activities, namely sales of Financial Instruments across assets (Fx, Rates and Credit), structuring of Financial Solutions across assets and Trading of Financial Instruments. A client coverage desk has been set up with the aim to increase revenue, broaden the spectrum of products and financial solutions and grow market footprint. The Division also oversees asset-liability management since 2023, with improvements brought about to strategic Balance Sheet management for the Bank. A sound Interest Rate Risk Management Framework and investment strategies were implemented for the banking book. Strategic and operational capabilities and service levels were reinforced, with (i) the on-boarding of additional brokers and counterparties; (ii) increased synergies with other Bank departments and the conduct of joint client meetings; (iii) implementation of Phase 1 of the upgraded Finacle Treasury System; (iv) structuring of ESG-compliant structured products for private banking and institutional clients; and (v) delivery of innovative yield enhancement solutions to clients across segments.

- The Bank signed a Memorandum of Understanding (MoU) with the Trade and Development Bank Group (TDB Group). The MoU provides a framework for the TDB Group and the Bank to collaborate on joint business opportunities and co-financing agreements with TDB Asset Management (TAM). The Bank joined hands with the TDB Group to create synergies that aim to benefit its clients, contribute to the economic prosperity of the African region and promote the Mauritius IFC.

Strategy Report (cont'd)

Our strategy execution journey (cont'd)

Building and solidifying customer loyalty | Technological improvements

SBM Bank (Mauritius) Ltd launched SBM TAG, bringing a whole new level of convenience, speed and innovation to its clients while offering enhanced features and a more user-friendly experience.

- While the Bank remained dedicated to act in its clients' best interests, it has set out to build trust through regular and transparent engagements, interactions and endeavours, based on the increasing sophistication of customer needs. Customer-centricity, being a core value, sets the standards by which the Bank prioritises decisions about touchpoints, alongside improving the convenience of solutions offered and hearing the voice of its clients through regular surveys.

- As a major focus area that reflects its growth aspirations amidst an increasingly competitive market environment, the Bank laid sustained emphasis on its gradual technological transformation, with operational efficiency improvements, reinforced business organisation and process engineering, enhanced customer value proposition and enriched channel management. Focus has been laid on digital and IT transformation to pave the way for the appropriate organisational structures, processes, tools and channels that allow the Bank to achieve its aspirations. The Bank has set out to strengthen its IT ecosystem and lay the foundations of its longer-term digital journey. Tellingly, as it sets out to improve the suitability and attractiveness of its digital channels, the Bank has provided a new mobile banking experience to its customers. It has, in December 2024, officially launched the SBM TAG mobile banking application (with new features including Pay to Mobile, Request Money, Scan and Pay and Quick Pay), which empowers clients with greater convenience, security and control over their banking needs, with extensive marketing campaigns conducted on various platforms to reach out to the current and prospective customer base. Encouragingly, this upgraded version has so far garnered significant market interest. Furthermore, the Bank has signed a partnership agreement with Gartner and Ernst & Young (EY) to support its digital transformation strategy and journey, thus ensuring that it remains at the forefront of technological innovation and continues to deliver exceptional value to its customers. Indeed, the Bank is intent on anticipating future trends, in a context where Artificial Intelligence, robotics and digital advances are reshaping the industry landscape. Additionally, the Bank has launched the new SBM KYC Online Portal, which is available to customers with registered email addresses, while leveraging an interesting gamut of features and a user-friendly interface. On another note, the Bank has moved its local data centres to primary and secondary co-location sites for better performance and greater resilience.

- The Bank has achieved further progress and milestones in respect of service excellence and quality assurance. Notably, the Service Excellence team has, in collaboration with stakeholders across the Bank, strived for continuous service improvements in the retail segment, with quarterly in-branch visit assessments performed and recurrent surveys conducted. This led to informed recommendations on how to improve the quality of customer service, with insights shared with branch managers and service quality trainings dispensed to staff. Also, new methodologies for customer surveys were developed to the attention of the Private Banking, SME and Corporate Banking segments, while interesting insights have been garnered from the Customer Satisfaction Index (CSI) and Net Promoter Score. Efforts made to enhance banking experiences are illustrated by the year-on-year increases in the CSI scores attributed to the different lines of business and functions of the Bank. Besides, the average complaints resolution time of the Bank has improved to 4.1 days in 2024, compared to 5.1 days in 2023. Overall, around 10,000 Voice of Customers were captured through several projects and surveys. Importantly, the Bank has created a Customer Experience Team, which works round-the-clock and seven days a week to boost customer service and provide quick resolution to queries raised and issues faced by clients worldwide. Besides, the Bank's Customer Experience Forum is a platform whereby stakeholders can discuss and share their views on how to enhance customer journeys.

Steady and prudent growth of the international footprint

In 2024, the Bank pursued its efforts to carefully, yet resolutely, expand its international business across segments, as a means to progressively bolster its resilience and diversify its revenue streams. By setting priorities and policies which are consistent with the Bank's strategic directions as well as its values of prudence and customer centricity, the Bank has – following a thorough review of the economic and market environments in the jurisdictions in which it is involved – remained guided by its risk appetite and country limits, alongside establishing a Middle Office in order to enable Relationship Managers to devote more time to client acquisition. Specifically, the Bank further attended to the needs of Financial Institutions, supported by prudent disbursements, revised credit policy and guidelines, fruitful synergies with stakeholders that led to improved turnaround time, reassessed processes that contributed to higher efficiency levels and the removal of roadblocks throughout the value chain, increased cross-border visibility and staff upskilling. As for Structured and Trade Finance, a notable growth in advances was witnessed, with the Bank cautiously stepping up its involvement across geographies and sectors. Alongside revising its international banking strategy and policy, the Bank leveraged new product offerings, namely prepayments and reserves-based lending, geared up its market visibility and streamlined processes, which led to enhanced customer service. Regarding the Global Business unit, it achieved a significant rise in deposits mobilised, with a major uptick in the number of new accounts opened. It remained active on the market and strengthened client relationships, backed by the organisation of key events and the synergies forged with the non-banking financial cluster of the Group.

Promoting sustainability

While ensuring alignment with the Group Sustainability Agenda, the Bank has implemented various strategic and operational initiatives that reflect its corporate responsibility and ethics, societal engagement and stakeholder management approach. The Bank has set forward to build the necessary expertise and capabilities to fulfil its roles and responsibilities as a caring organisation. In addition to initiatives aimed at achieving environmentally-friendly operations, the Bank has supported its customers in their sustainable and renewable energy projects, alongside boosting business interactions with external stakeholders and institutions with a view to underpinning its growth endeavours and learning about best practices. The Bank also takes pride in the positive impacts that it brings to the community through CSR programmes and events conducted during the year, with the valued support of NGOs.

Strategy Report (cont'd)

Our strategy execution journey (cont'd)

Looking ahead

In the short and medium terms, the Bank aspires to further cement its prominent position in the Mauritian banking industry and IFC, alongside striving to eventually retrieve its investment-grade credit rating status. While appraising and adapting to the dynamic operating environment and financial landscape, the Bank is dedicated to pursuing its growth agenda across all segments in a thoughtful manner – with focus on enhancing customer experiences and value propositions, notably through digitalisation and technology – along with cautiously managing operating costs. Emphasis will, concomitantly, be laid on inclusion and sustainability, as the Bank strives to deliver sustained and meaningful value to the economy, the communities that it serves and its multiple stakeholders. The Bank will embrace the opportunities ahead and ensure that it continues to be a beacon of trust, integrity and excellence.

Overall, to further transform the Bank, Management has devised a three-year plan, with the underlying focus areas being growth via diversified income streams, operational efficiency, customer centricity, sustainability as well as impaired file management and recovery. This will allow the Bank to achieve sustained profitability growth, enhance customer loyalty and satisfaction, drive greater efficiency and adaptability in the functioning model and optimise resource allocation, while championing an agile operating paradigm and fostering a culture of continuous learning and innovation. Alongside adhering to its fundamental principles and capitalising on intra-Group synergies, the Bank will seek to bolster its balance sheet and the resilience of its revenue streams, with an eye on leveraging opportunities in established and emerging markets offering appreciable growth opportunities. Along with further consolidating and strengthening its foothold in the domestic markets, the Bank is intent on further broadening its revenue streams through its unique value propositions and enhanced suites of solutions. It will gradually and carefully execute its international banking strategies on the basis of a selective market development approach, backed by bolstered capabilities and a fitting risk appetite. In the process, the Bank will seek to tap into nascent avenues, with key cases in point being the forging of strategic alliances/partnerships and the assistance to domestic conglomerates seeking regional expansion. In support of its endeavours, the Bank will be guided by key enablers, including recruitments for key positions, stakeholder management, channel optimisation, training and capacity building, customer relationship management, marketing and communication and automation and data analytics.

As a major growth catalyst, customer service and proximity will continue to be enhanced through additional branch renovations, innovations on the technological and digital fronts, process reengineering for optimal efficiency and continuous customer survey feedback. The Bank will remain dedicated to pursuing its digital transformation programme and constantly sharpening its capabilities, to ultimately provide a simple and safe customer journey, driven by well-calibrated investments, data management as well as expert advice and guidance. Furthermore, the Bank will keep on treating employee welfare, motivation and engagement as high priority, with various planned endeavours. The Bank will move forward to fill in important Management positions, as it further bolsters its capabilities, alongside attracting, developing and retaining key talents across different areas and functions. Importantly also, the Bank will increasingly integrate key sustainability principles across its internal operations, decision-making processes, strategy management, governance model, business development initiatives as well as its risk management framework and practices, with emphasis to be laid on adopting ESG principles.

Read more on the positioning and performance of the Bank on our website

Our stakeholder model and engagement

Our approach

Since financial institutions play a systematic role in the society, our stakeholders expect that these generate value, while supporting sustainable development and growth. Basically, the Bank engages with its stakeholders to understand and respond to their expectations and concerns, thus garnering valuable insights to shape up its priorities and strategies. We are continuously adapting to changing operating environments and delivering relevant solutions and tailored support to address the needs and requirements of our stakeholders. While boosting our financial performance, we also seek to adopt behaviours and initiatives that are material for generating long-term and meaningful value.

Strategy Report (cont'd)

Our stakeholder model and engagement (cont'd)

Our strategic value drivers

- Quality and adaptability of our stakeholder relationships
- Listening and reacting to stakeholder feedback and queries
- Open and constructive dialogues with actual and potential stakeholders
- Informed and pragmatic stakeholder prioritisation and selection
- Capitalising on effective communication channels and platforms
- Regular engagements, discussions and information sharing

Read more on our stakeholder engagement in the Sustainability Report on pages 99 to 117

Read more on how we manage our business operations in a sound way in the Corporate Governance Report and Risk Management Report on pages 121 to 177 and pages 181 to 231, respectively

Creating value for our shareholder and investor community

Our philosophy

- We seek to optimise our relationships and synergies with the broad-based investor community, including the shareholder, as well as credit rating agencies, while securing the necessary resources to underpin the Bank's growth ambitions.
- We aim to promote the long-term shareholder value of the Bank by boosting our franchise and strengthening our revenue base, while upholding solid capitalisation metrics.

Strategy Report (cont'd)

Creating value for our shareholder and investor community (cont'd)

Main capitals impacted

- Financial
- Intellectual
- Social and relationship
- Natural

Main SDGs impacted

- 3 GOOD HEALTH AND WELL-BEING
- 10 REDUCED INEQUALITIES
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

Main material matters impacted

- Economic performance
- Regulatory compliance
- Customer experience
- Employee wellbeing
- Climate consciousness
- Social inclusion
- Diversity, equity and inclusion

Reference metrics

Rating profile

SBM Bank (Mauritius) Ltd

Ba1
Long term deposit rating

Stable
Outlook

Rating agency: Moody's Investors Service

Stock position of SBM Holdings Ltd

17,609
Individual and institutional investors

3,037,402,230
Issued shares

40 cents
Dividend per share

7.7%
Dividend yield

The context

Key trends

- A more knowledgeable and exigent investor community
- Strict evaluation criteria and processes used by rating agencies
- Heightened market competition faced when seeking external funding
- Investors focusing on judiciously diversifying their portfolios

Opportunities and challenges

- Working towards securing investment-grade credit rating for SBM Bank (Mauritius) Ltd, which is expected to assist the Bank in its international market diversification endeavours
- Communicating an increasingly compelling growth narrative to current/prospective stakeholders
- Sustaining our financial performance to propel our brand equity, while navigating a demanding investment environment and dealing with challenging economic conditions

Taking stock of stakeholder expectations

- Sound and sustained returns on investment
- Robust governance, risk management and compliance frameworks
- Adoption of ethical and responsible behaviours and business conduct
- Endorsement of purposeful sustainability agenda and initiatives
- Reliable and prompt information on the Bank's positioning and performance
- Transparent and regular stakeholder reporting and communication channels
- Access to key Bank representatives where appropriate

Creating value for our shareholder and investor community (cont'd)

The Bank's engagement

Frequency of dialogue and modes of engagement

- Regular and well-timed interactions, as per stakeholder requirements
- Ad hoc discussions and engagements, depending on the context

- Frequent engagements with SBM Holdings Ltd on topical matters
- Regular and close interactions with credit rating agencies
- Communications to shed light on the Bank's financial results
- Integrated Annual Report, that highlights our positioning and performance
- Frequent discussions with correspondent banks and foreign investors
- Press releases and corporate announcements
- Ad hoc meetings

Key endeavours during the year under review

- The Bank achieving improved core earnings and profitability performance on the back of sharpened competitive edge, market development headway and capacity building initiatives
- Close and regular interactions, discussions and information sharing with Moody's Investors Service to shed comprehensive light on the financial and strategic progress of SBM Bank (Mauritius) Ltd in our attempt to retrieve the Bank's investment-grade credit rating status
- Initiatives to bolster the Bank's capital position, in compliance with regulatory guidelines
- Pragmatic review of the Bank's strategic intents, where need be, in order to cater for the evolving operating environment as well as its resource levels and risk appetite
- Discussions with investors to demonstrate the resilience and favourable prospects of the Bank
- Participation of Senior Management in conferences and roadshows

Read more on our shareholder relations in the Corporate Governance Report on pages 121 to 177

Read more in the Investor Relations section on our website

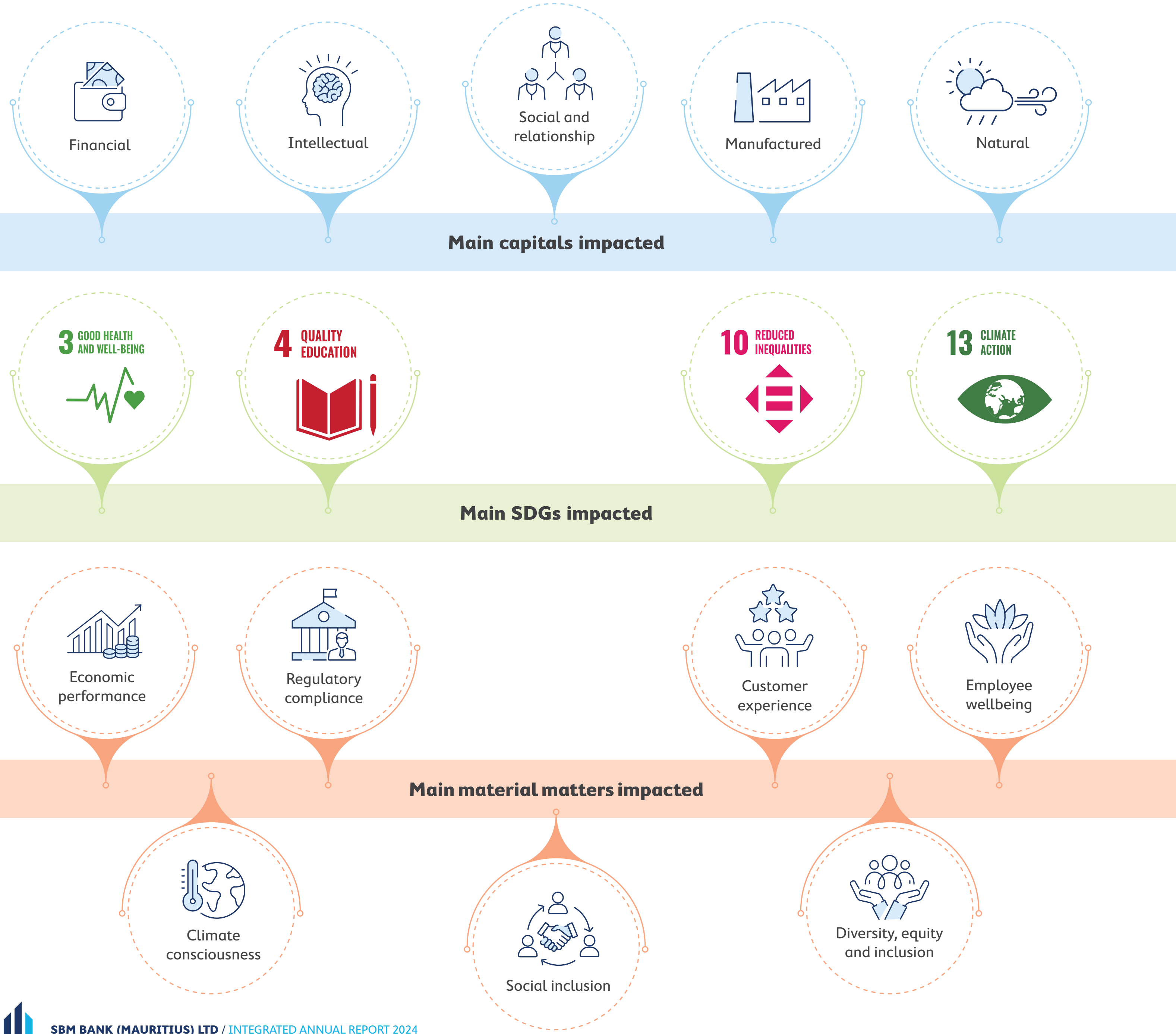
Creating value for our customers

Our philosophy

- We help our customers achieve their financial and personal goals, thus assisting them in improving their wellbeing and underpinning their growth ambitions over time.
- We aim to make our financial solutions simpler and safer for our customers, while improving their experiences, with focus on digitalisation, technology and building our capabilities.

Strategy Report (cont'd)

Creating value for our customers (cont'd)



Reference metrics

45
Branches and counters

137
ATMs

4,309
POS terminals

Channels

Business involvement

MUR142.5billion
Overall loan book

~ 25%
Market share for credit to domestic economy in Mauritius

Customer service
29 branches renovated under Excellence Programme

Customer Satisfaction Index scores

~ 80
Retail Banking

~ 72
Private Banking and Wealth Management

~ 80
Corporate Banking

~ 81
SME

~ 94%
Customer complaints resolved within 10 days

4.1 days
Average complaints resolution time

Strategy Report (cont'd)

Creating value for our customers (cont'd)

The context

Key trends

- Demand for credit being influenced by challenging and volatile market conditions
- Banking operators focused on upholding financial soundness, while expanding market shares
- Strong focus laid by financial players on sustainability, to position Mauritius as a sustainable finance hub, while promoting Environmental, Social and Governance (ESG) strategies
- Heightened competitive pressures from non-traditional and non-banking operators, thus *inter alia* putting into light the importance of digitalisation, innovation and business transformations

Opportunities and challenges

- Broadening range of individual, corporate and institutional customers to be served, in the wake of growing business/investment activities and the increasing sophistication of the economy
- Market expansion and regional expansion: Mauritius' position as a regional financial hub in Africa is opening up opportunities for banks to expand into neighbouring markets
- Demand for increasingly personalised and accessible solutions by customers, thus unleashing avenues for banking operators to rethink and/or further deepen client relationships
- Ensuring robust security protocols and staying ahead of emerging cyber threats

Taking stock of stakeholder expectations

- Innovative and differentiated products and services
- Digitally-powered channels, platforms and services
- Prompt, seamless and convenient experiences
- Accessible and reliable touchpoints and channels
- Reduction in client waiting time
- Competitive and predictable pricing
- Protection from fraud and cybersecurity risks
- Swift resolution of customer complaints

The Bank's engagement

Frequency of dialogue and modes of engagement

- Everyday interactions, as per stakeholder requirements
- Regular undertakings to boost customer relationship management
- Ad hoc discussions and engagements, depending on the context

- Engaging with stakeholders as per their requirements
- Leveraging branches and digital channels
- Implementing initiatives to strengthen customer relationship management
- Proximity to clients via frequent visits by Relationship Managers
- Visibility through marketing campaigns, notably on social media platforms
- Adopting agile working practices and quick decision-making for efficiency
- Fostering dedicated customer care and complaints management

Key endeavours during the year under review

- Renewed commitment to further refine product offerings, value propositions and digital solutions as per client demands, alongside strengthening customer proximity and loyalty
- Helping households to prosper and businesses to establish their operations and expand by means of customised solutions and constant guidance, complemented by fair pricing
- Tailored assistance provided to individual and corporate clients facing hardships and challenges
- Enabling clients to protect and grow their wealth, while trading, investing and transacting
- Renovation of branches and delivery channels, assisted by higher operational efficiency
- Continuous improvement of customer satisfaction levels, aided by improved quality of services, conduct of customer surveys and active internal discussions and synergies
- Connecting clients to national and international engines of growth, trade and innovation
- Achieving timely and effective customer complaints resolution across business segments
- Accompanying clients in their sustainability journeys, while encouraging the financing of environment-friendly projects and renewable energy undertakings, thus contributing to moves aimed at stimulating responsible business practices and activities at the national level
- Delivery of regular, detailed and transparent information on our solutions to customers by means of the press, social media as well as other reporting and communication channels

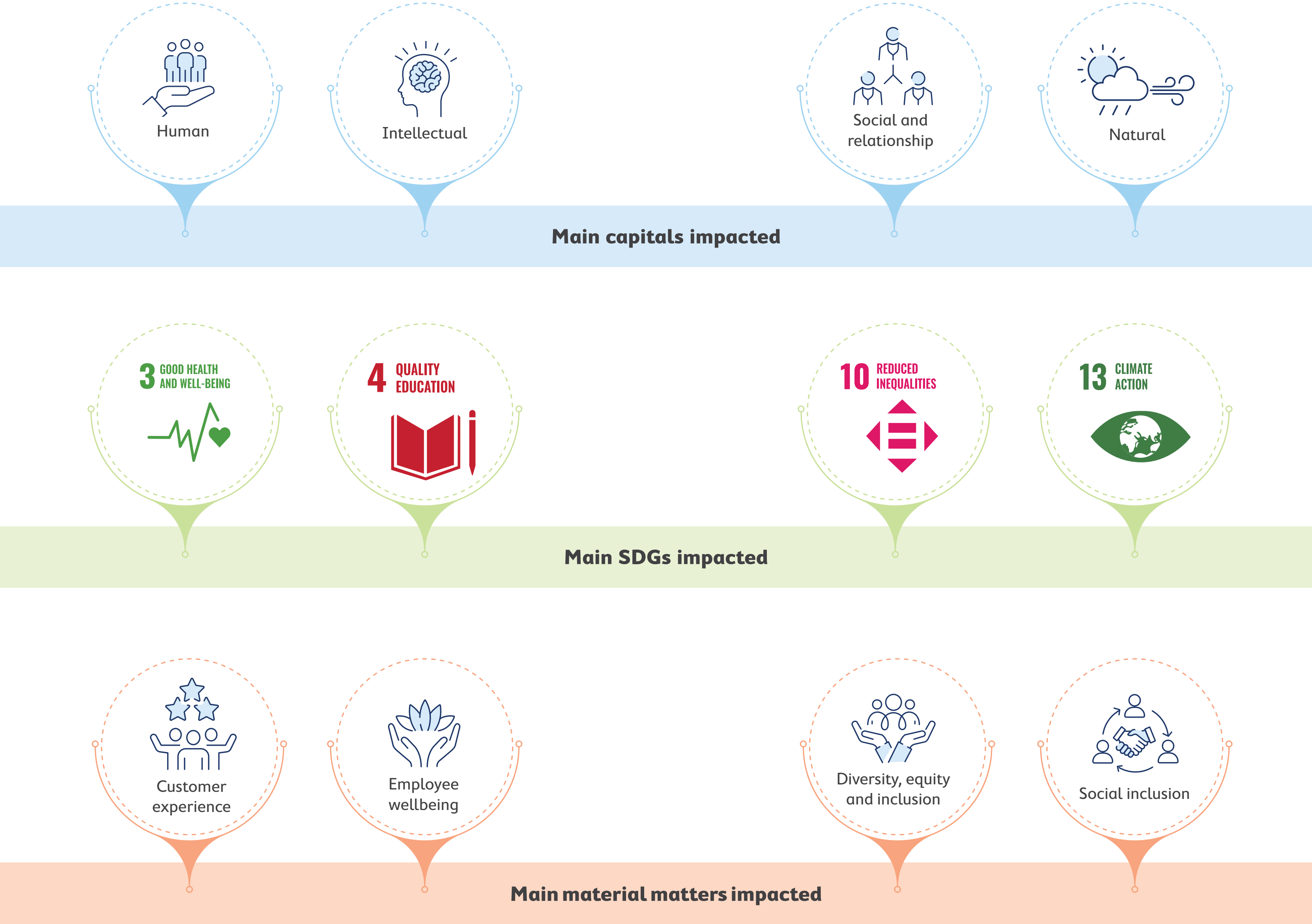
Read more on our initiatives in favour of customer excellence in the 'Our strategy execution journey' section on pages 62 to 68

Read more on the wide range of financial products and services offered by the Bank on our website

Creating value for our employees

Our philosophy

- We offer a competitive employee value proposition, while supporting the Bank's interests.
- We are dedicated to investing in our people and creating a conducive workplace.


Human
Intellectual
Social and relationship
Natural
Main capitals impacted
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
10 REDUCED INEQUALITIES
13 CLIMATE ACTION
Main SDGs impacted
Customer experience
Employee wellbeing
Diversity, equity and inclusion
Social inclusion
Main material matters impacted

Strategy Report (cont'd)

Creating value for our employees (cont'd)

Reference metrics

1,682
Number of employees

~ 63%
Female employees

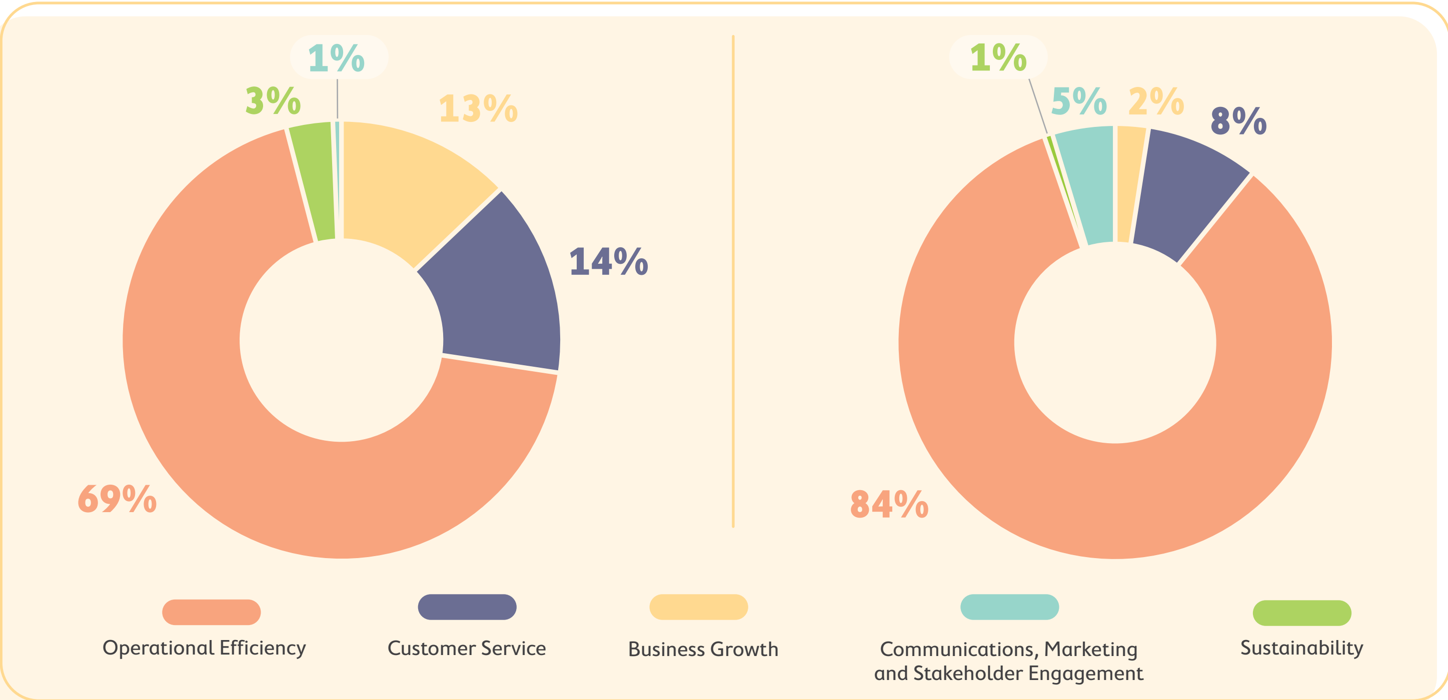
91%
Employee retention rate

11%
Employee turnover rate

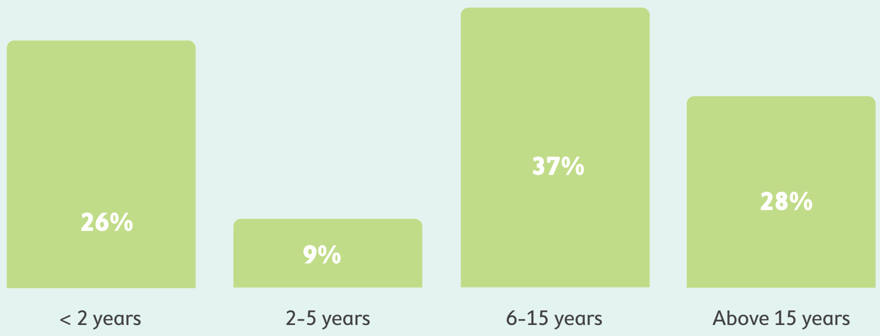
~ 20,830
Training hours

Training profile

~ MUR 10.3 million
Training cost



Length of service of the employee base



The context

Key trends

- Employees looking for flexible, agile and gratifying working conditions and environments
- People valuing a culture of diversity, equity, meritocracy and inclusion, with employees expecting to perform in a workplace where they feel valued, empowered and fairly treated
- Talent development and career management viewed as key to thrive in a fast-changing world, with employees looking for avenues to grow professionally and to develop new skills
- Industries and financial institutions competing for the best human resource talents

Opportunities and challenges

- Systematically reviewing and aligning employee remuneration, bonuses, healthcare coverage and retirement plans with industry trends, market dynamics and business growth imperatives
- Keeping a vigilant eye on the competitive environment in order to retain and nurture talents
- Ensuring that employee skills and expertise are constantly re-assessed and upgraded in view of the changing demands of the financial services sector and to cater for efficiency purposes
- Increased focus on internal talent sourcing by promoting from within and offering upskilling and reskilling programmes so as to nurture and retain in-house talents
- Promoting inclusive leadership and collaborative environments, whereby leaders focus on supporting and empowering their teams as well as promoting teamwork and collaboration

Strategy Report (cont'd)

Creating value for our employees (cont'd)

Taking stock of stakeholder expectations

- Career development and learning opportunities
- Appropriate remuneration and benefits
- Adherence to principles of meritocracy and fairness
- Safe, healthy and stimulating workplace
- Recognition and feedback
- Ethical leadership and Corporate Social Responsibility

The Bank's engagement

Frequency of dialogue and modes of engagement

- Everyday exchanges and communications, as per needs and exigencies
- Regular and ad hoc discussions and engagements, depending on the context

- Regular interactions with Management and HR Partners
- Training and development resources and facilities
- Transparency and open communication
- Surveys and interactive workshops
- Performance appraisals
- Staff welfare activities
- Cultural events

Key endeavours during the year under review

- Fostering a positive and productive workplace environment by providing the necessary tools and facilities to all employees to achieve their goals and gear up their expertise; attracting, developing and retaining the best talents on the market by means of well-defined HR policies and programmes; promoting talent management, with the SBM Academy contributing to the delivery of dedicated training courses and programmes to employees as per defined focus areas, notably customer satisfaction, service excellence, team cohesion and self-leadership, strategy design and implementation, compliance and risk mitigation and sustainability, etc.
- Fostering a high-performance culture to drive strategic objectives and business growth
- Offering fair and competitive remuneration and benefits to staff, in line with industry standards
- Adopting a robust performance appraisal system, as a basis for rewards and recognition
- Bolstering staff engagement and empowerment, alongside ensuring fair and equitable treatment to all as well as protecting the Bank
- Adopting, where possible, flexible working hours to promote employee well-being and safety
- Promoting key concepts such as leadership, self-development, change management and succession planning
- Upholding employee well-being and satisfaction, on the back of dedicated and frequent wellness programmes, health checkups, sports activities, cultural events, etc.

Creating value for societies and communities

Our philosophy

- We contribute to achieve increasingly healthy and inclusive societies and communities, while helping to safeguard the natural environment and promote sustainable behaviours.
- We collaborate with social and public sector partners to help them in endeavours aimed at upholding a higher quality of life, anchored on equitable and fair opportunities to prosper.

Strategy Report (cont'd)

Creating value for societies and communities (cont'd)

Main capitals impacted

- Manufactured
- Intellectual
- Social and relationship
- Natural

Main SDGs impacted

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 10 REDUCED INEQUALITIES
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 17 PARTNERSHIPS FOR THE GOALS

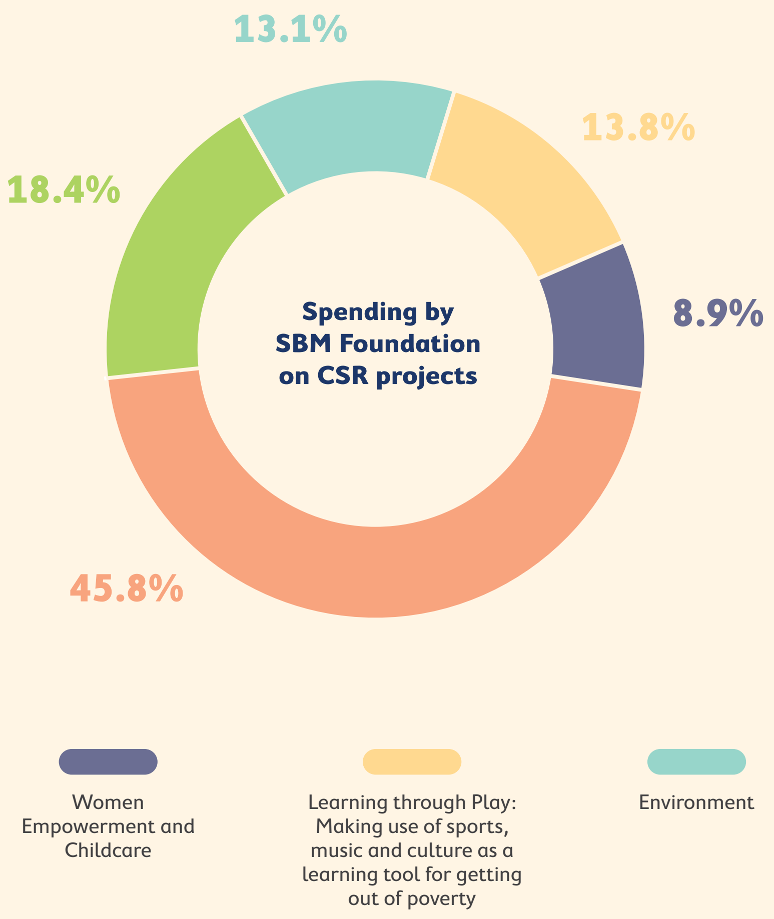
Main material matters impacted

- Diversity, equity and inclusion
- Climate consciousness
- Social inclusion

Reference metrics

22
NGOs funded for specific projects

MUR 20.7 million
Total amount disbursed



Strategy Report (cont'd)

Creating value for societies and communities (cont'd)

The context

Key trends

- Social and environmental welfare and progress taking centre-stage in the strategic planning, policy making and decisional stages, as both public and private stakeholders further stress on the importance of achieving responsible, inclusive and environment-friendly economic growth
- As more regulations are implemented around sustainability, ethics and social responsibility, the focus remains on being prepared to comply with requirements that create value for society
- Stakeholders looking for customised and continuous Corporate Social Responsibility support, as well as the necessary flexibility to cater for their evolving needs and exigencies

Opportunities and challenges

- Becoming an increasingly responsible, purposeful and sustainable Bank, with a more impactful role in propelling the socio-economic progress and success of Mauritius, alongside partaking in job creation, supporting economic pillars and helping local entrepreneurs
- Allocating ample resources to meet social and environmental needs
- Making sense of and responding to mounting climate change risks
- Channelling efforts and energies on major topics of interest, including human rights, gender equality, biodiversity, poverty alleviation, education for empowerment and social mobility

Taking stock of stakeholder expectations

- Community development and social welfare objectives of the authorities
- Promotion of eco-friendly behaviours and environment sustainability
- Need for individuals and families to move up the social ladder
- Fostering cultural vibrancy, in support of more fulfilling living standards
- Empowerment of NGOs and social partners to help them fulfil their roles

The Bank’s engagement

Frequency of dialogue and modes of engagement

- Systematic exchanges and connections, in line with needs conveyed
- Ongoing and ad hoc discussions and engagements

- Well-defined CSR framework, policies and programmes
- Partnerships with NGOs, suppliers and public sector entities
- Staff support to the efficient conduct of CSR activities
- Sponsorships to promote noble causes
- Consultative workshops and awareness sessions
- Coverage in the press and social media
- Regular progress reviews and monitoring

Key endeavours during the year under review

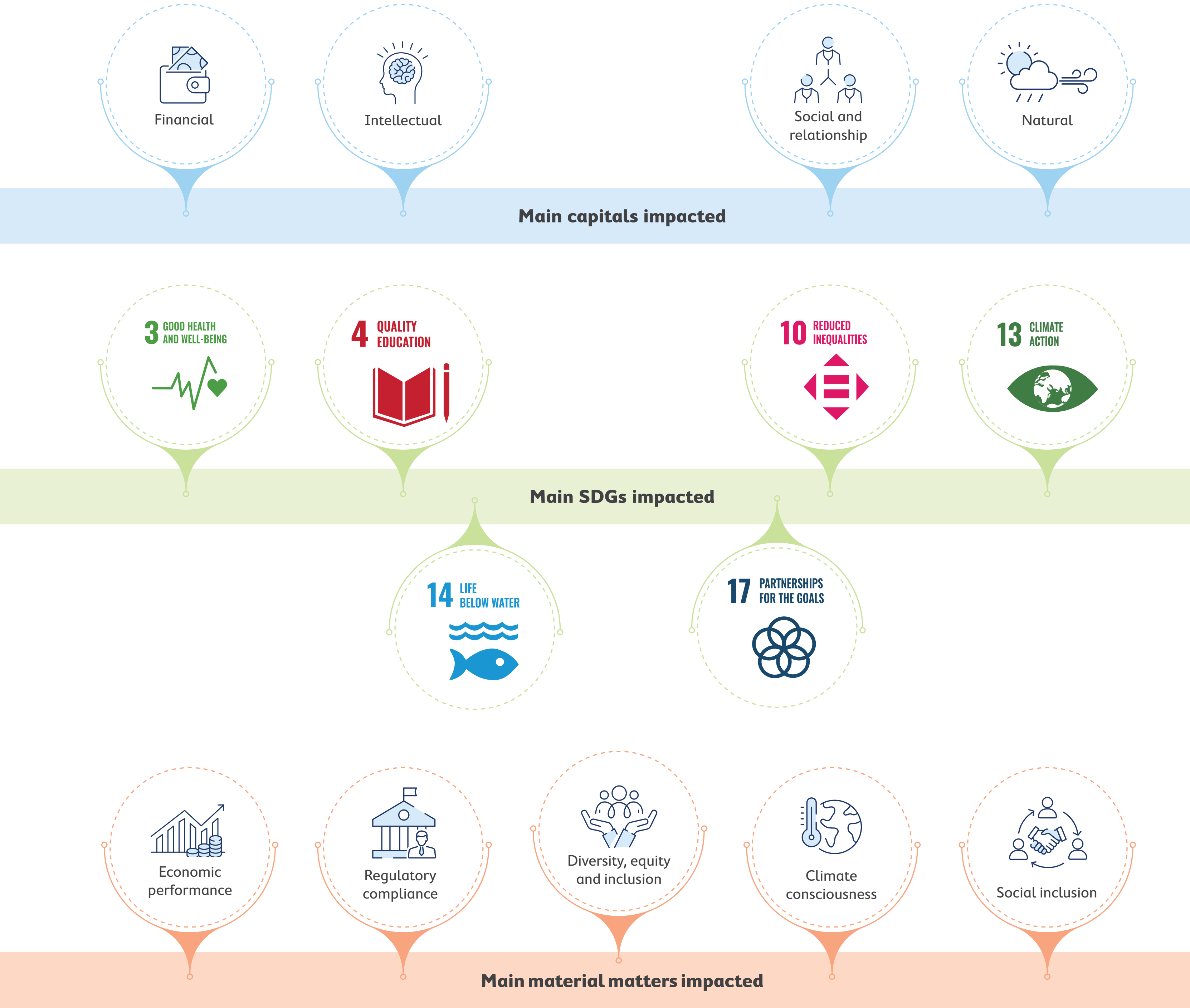
- Executing the core pillars and the key commitments of the SBM Group Sustainability Agenda
- Supporting nationwide priorities in favour of sound and inclusive growth, by means of products and services, community service as well as our own resource and supply chain management
- Implementing high-impact CSR activities to support vulnerable groups and foster social progress, while focusing on women empowerment, educational achievements and poverty alleviation, under the aegis of the SBM Foundation and backed by staff volunteering activities
- Delivering financial products and services having meaningful social and environmental impacts
- Boosting financial literacy and inclusion vis-à-vis the low-income and vulnerable groups of society and delivering dedicated products and services to specific customer groups (e.g. entrepreneurs, self-employed, SMEs and the local industry) to help them achieve their ambitions
- Supporting nationwide initiatives in favour of a low-carbon, resource-efficient and climate-compatible Mauritian economy, alongside supporting the unfolding of renewable energy projects
- Strengthening controls and policies to manage climate risks and support our customers
- Adherence to recognised standards to underpin responsible business conduct and sustainable development – SBM Bank (Mauritius) Ltd is signatory to the UN Global Compact; SBM Holdings Ltd adheres to the Diversity, Equity and Inclusion Charter, which reflects its commitment to the National Committee on Corporate Governance

Read more on our various sustainability initiatives in the Sustainability Report on pages 99 to 117

Creating value for Government and regulators

Our philosophy

- We aim to maintain strong, regular and transparent dialogues and discussions with the authorities and regulatory bodies to support our business agenda and strive to uphold the trustworthy functioning and resilience of the banking and financial systems.
- We, as far as possible, align our strategic intents with the national ambitions to help underpin their sound and sustained socio-economic progress.


Financial
Intellectual
Social and relationship
Natural
Main capitals impacted
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
10 REDUCED INEQUALITIES
13 CLIMATE ACTION
Main SDGs impacted
14 LIFE BELOW WATER
17 PARTNERSHIPS FOR THE GOALS
Economic performance
Regulatory compliance
Diversity, equity and inclusion
Climate consciousness
Social inclusion
Main material matters impacted

Strategy Report (cont'd)

Creating value for Government and regulators (cont'd)

Reference metrics

Nationwide contribution

~ 17%
Domestic loans as a share of GDP at market prices

Regulatory responsibilities

~ 3,820
Number of reports delivered to the banking regulator

The context

Key trends

- Progressive economic recovery in Mauritius, amidst challenges
- Development of new sectors offering appealing avenues for business growth
- Increasingly demanding legal, regulatory and compliance landscapes

Opportunities and challenges

- Ongoing initiatives to spur national investment and sectorial growth
- Growth avenues linked to the development of the Mauritius IFC

Taking stock of stakeholder expectations

- Sound and sustained economic growth and prosperity
- Sustained dependability of the Mauritius IFC
- Compliance with national laws and regulatory stipulations
- Array of financial solutions to support local industries
- Healthy and competitive markets and industries
- Stable and resilient banking and financial systems
- Comfortable capital and liquidity positions
- Contribution to financial inclusion and literacy
- Participation in nationwide debates on financial sectors

The Bank's engagement

Frequency of dialogue and modes of engagement

- Frequent interactions, as per rules, stipulations and expectations
- Regular discussions, as per regulatory agenda

- Filing of returns and reports with the regulators, in line with their demands
- Trilateral and supervisory college meetings with the Bank of Mauritius
- Visits and inspections by regulatory authorities
- Regular and ad hoc discussions with the authorities and regulators
- Participation in the working committees set by the regulatory authorities
- Discussions as a member of the Mauritius Bankers Association
- Attendance to conferences and workshops

Key endeavours during the year under review

- Partaking in nationwide initiatives aimed at strengthening the socio-economic advancement of Mauritius, with emphasis on (i) financing endeavours that play a key role in boosting the performances and maturity development of the country's primary, secondary and tertiary sectors; (ii) deploying CSR initiatives in favour of social progress and community empowerment
- Helping to promote the sustained credibility, image and competitiveness of the Mauritius IFC as a gateway for facilitating and enabling trade and investment into Africa, by delivering tailored solutions to key business players and investment operators
- Accompanying the business community and public sectors in their restructuring and growth-inducing initiatives as they seek to adjust to a volatile and demanding operating environment
- Underpinning the perennity, soundness and resilience of the Bank's operations by ensuring that it is well-equipped to submit regulatory reports in a timely manner and effectively responds to regulatory rules and guidelines, while ensuring compliance with applicable norms and standards
- Establishment of operational and business-related policies and processes as well as governance and risk management frameworks, as advocated by the authorities and regulatory bodies
- Engaging in regular conversations with the authorities and regulators on a broad range of topics; discussing on policies and regulations that are likely to have non-negligible impacts on our functioning and operations, with a view, notably, to (i) understanding the implications thereof, alongside ensuring that the interests of our customers are safeguarded; and (ii) contributing to the reinforcement of the legal and regulatory landscapes in support of healthy financial sectors
- Propelling thought leadership, especially through interviews, social media posts and SBM's flagship publication, SBM Insights, which delves into economic analyses and outlooks

Read more on our controls and frameworks to abide by legal and regulatory stipulations in the Risk Management Report on pages 181 to 231

Creating value for suppliers and strategic partners

Our philosophy

- We carefully engage with suppliers and partners when undertaking our business activities.
- We ensure that judicious exchanges are forged with suppliers and partners, while providing fair and reasonable contract terms and engaging in responsible procurement practices.

Financial

Intellectual

Social and relationship

Manufactured

Natural

Main capitals impacted

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Main SDGs impacted

Diversity, equity and inclusion

Climate consciousness

Social inclusion

Regulatory compliance

Main material matters impacted

The context

Taking stock of stakeholder expectations

- Fair, reasonable contract terms and ethical practices
- Timely payment and renewal of contract

The Bank's engagement

Frequency of dialogue and modes of engagement

- Frequency of interactions depending on projects and undertakings unfolding

- Ad hoc engagements, in line with strategic objectives and internal policies

- Expression of interest
- Procurement process
- Contract management and renewal
- Meetings and working sessions
- Incident handling and escalation

Key endeavours during the period under review

- Conducting fair and responsible procurement practices and aligning with best standards
- Monitoring approval limits with a view to exercising appropriate control and governance
- Maintaining debriefs with regard to tenders to align expectations and provide fair practices to all bid participants

INNOVATING BANKING INSPIRING PROGRESS

Delivering impactful financial services that uplift communities and localities.

Sustainability Report

Sustainability Report

Introduction

Our historical journey

The creation of the Bank was driven by a powerful purpose, to provide accessible banking services to all Mauritians, regardless of wealth or background. Throughout the years, the philosophy of supporting the community while ensuring sustainable business growth has remained embedded at the core of its growth strategy, thus ensuring that economic progress goes hand in hand with social and environmental responsibility. This philosophy is reflected in the Bank's commitment to financial inclusion, green finance and responsible governance. Since its inception, the Bank has actively engaged in Corporate Social Responsibility (CSR) initiatives, championed renewable energy financing, and developed inclusive financial solutions that empower individuals and businesses. Today, through the SBM Group Sustainability Agenda, the Bank continues to drive long-term value creation, shaping a resilient, inclusive and sustainable financial future for Mauritius.

Our guiding principles

At the Bank, we recognise that the success of our organisation depends on the economic, social and environmental consequences of our actions and operations. We believe that, as a responsible corporate citizen, it is our duty to endorse sustainable actions to maintain a sound operational and financial performance, while creating value for our stakeholders. Over the years, our endeavour to craft a sustainable business has led us to build a strong and diversified institution, supported by the adoption of good corporate governance principles and practices. In fact, the Bank strongly believes in promoting the judicious use of natural resources in view of protecting and preserving the environment, alongside adopting initiatives to optimise its ecological footprint.

Stakeholder engagement

Partnering with stakeholders who share our values, have an interest in our business and look forward to forging a sustainable future, together, is of utmost importance to us in view of our ambition to making a difference, both as a corporate citizen and a social partner. Our active and well-calibrated stakeholder management model allows us to build positive and long-lasting relationships that help us deliver on our business growth ambitions and sustainable development goals.

Read more on our Stakeholder model and engagement in the Strategy report on pages 69 to 95

Articulation of our Sustainability Agenda

A significant development in the Bank's journey has been the formal endorsement and adoption of the SBM Group Sustainability Agenda, which serves as a guiding framework for all sustainability-driven initiatives. Recognising that long-term business success is closely tied to sustainability, the Bank took a decisive step toward embedding sustainability at the core of its business model. The SBM Group Sustainability Agenda is structured around three fundamental pillars: Sustainable Business, Responsible Organisation and Inclusive Communities — all underpinned by six Sustainable Development Goals (SDGs) that define how the Bank integrates sustainability across its operations.

The SBM Group Sustainability Agenda has played a crucial role in shaping the way the Bank engages with stakeholders, manages its environmental footprint and supports the transition to a greener economy. Key milestones following its adoption include the successful rollout of green financial products and the creation of strategic partnerships with Development Financial Institutions (DFIs) to support climate resilience projects. Furthermore, the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management has provided a structured approach to risk assessment, ensuring that climate risk considerations are effectively integrated into the Bank's credit policies and investment decisions. This has reinforced the Bank's commitment to long-term portfolio resilience and sustainable financial practices.

Beyond financial initiatives, the Bank has intensified its efforts in promoting financial literacy programs, supporting women entrepreneurship and investing in e-waste recycling initiatives to minimise environmental degradation. Additionally, the establishment of a robust governance structure—through the institutionalisation of the Corporate Governance & Sustainability Committee — has strengthened the Bank's ability to oversee sustainability policies, monitor performance against key sustainability indicators and uphold accountability across all levels of the organisation.

As the Bank looks to the future, it remains committed to reinforcing its position as a leading financial institution that balances profitability with sustainability. With a workforce of 1,682 employees dedicated to service excellence, the Bank has firmly positioned itself by ensuring that its operations contribute to long-term economic, environmental and social well-being. By staying true to its founding principles while embracing innovation and sustainability, the Bank is well-positioned to shape the financial landscape of Mauritius and beyond for generations to come.

Our pillars and commitments

The Group Sustainability Agenda reflects its mission, core values and deep-rooted philosophy of driving positive impact for society and the economy. This agenda guides all entities of the Group towards responsible business practices, sustainable finance and inclusive growth.

At the Bank level, these commitments are embedded across its operations, governance structures and financial products. By integrating sustainability into lending decisions, fostering financial inclusion and supporting community-driven programs, the Bank ensures that sustainability remains at the core of its business strategy and stakeholder engagement efforts.

Sustainability Report (cont'd)

Our pillars and commitments (cont'd)

Purpose-led Pillars (including initiatives)

Sustainable business	3 GOOD HEALTH AND WELL-BEING; 17 PARTNERSHIPS FOR THE GOALS; 4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 14 LIFE BELOW WATER
Responsible organisation	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 17 PARTNERSHIPS FOR THE GOALS
Inclusive communities	4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 13 CLIMATE ACTION; 14 LIFE BELOW WATER

Defining our pillars and SDGs

Sustainable business	Responsible organisation	Inclusive communities
Sustainable business is the pillar aimed at increasing the top line of SBM Group and its operating entities by implementing bold sustainability initiatives.	Being a responsible organisation entails aligning its entire business model, operations, governance and corporate culture towards environmental sustainability, social responsibility and ethical practices across all entities and stakeholders.	Inclusive communities means that the Group fundamentally ties its sustainability goals to creating an environment that genuinely embraces diversity and inclusion across all levels.

Ensure healthy lives and promote well-being for all at all ages

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Reduce inequality within and among countries

Take urgent action to combat climate change and its impacts

Conserve and sustainably use the oceans, sea and marine resources for sustainable development

Strengthen the means of implementation and revitalise the global partnership for sustainable development

Material matters

The strategic business model of the Bank is structured to address key areas of influence through its Material Matters, which play a fundamental role in shaping its corporate sustainability approach. These Material Matters have been meticulously identified through stakeholder engagement, regulatory assessments and global sustainability trends, ensuring that the Bank's sustainability efforts remain relevant, impactful and future-focused.

Material Matters are critical issues that significantly influence the Bank's ability to achieve its strategic objectives, financial resilience and sustainability commitments. The Bank has adopted a double materiality approach, ensuring that both impact materiality (inside-out perspective) and financial materiality (outside-in perspective) are systematically assessed.

- Impact Materiality (Inside-Out Approach): Evaluates how the Bank's operations impact people, society and the environment, ensuring that ESG principles are embedded across all business functions.
- Financial Materiality (Outside-In Approach): Assesses how sustainability-related risks and opportunities can affect the Bank's financial performance, cash flows and investment decisions.

This dual perspective ensures that the Bank is not only mitigating risks but also capitalising on opportunities to enhance its long-term sustainability performance and stakeholder engagement.

Sustainability Report (cont'd)

Key material matters identified

The Bank has identified seven core material matters, each directly linked to its corporate strategy, risk framework and sustainability agenda:

Economic Performance

Refers to the Bank's overall financial health and success, as measured by metrics like revenue, cost of funds, profitability, return on investment, impairment ratio, total assets, cost to income ratio and operating income.

Employee Well-being

Employees feel valued, respected and derive meaning from performing their jobs in an environment where transparency and communication are promoted. Physical, emotional and mental well-being is prioritised through awareness and the establishment of relevant programmes and support systems.

Social inclusion

Contributing to the improvement of participation in society for all individuals through the enhancement of opportunities and providing access to resources, especially for disadvantaged individuals. This includes Foundation and Academy programmes as well as government initiatives.

Regulatory Performance

Relevant rules, policies, standards and laws are complied with across operating contexts to maintain license to operate, including adherence to cybersecurity protocols and data protection regulations. This encompasses the preparedness for changes in legislation, litigation policy and emerging digital threats, ensuring the security and privacy of sensitive information throughout the Bank's operations.

DEI (Diversity, equity and inclusion)

The policies and programs used by organisations to encourage representation and participation of diverse groups of people with diverse backgrounds, experiences, skills and expertise, including the diversity of the Board within the Bank while also contributing to the social advancement of individuals in the community through the enhancement of opportunities and providing access to resources, especially for disadvantaged individuals. This includes Foundation and Academy programmes as well as government initiatives.

Customer Experience

Customer experience and satisfaction through innovative banking channels and the ability to adapt to change and demand by developing suitable products and services to enhance the customer's experience and meet their legitimate requirements whilst being mindful of critical environmental, social and governance issues.

Climate consciousness

Based on the foundations of ESG principles, it refers to the controlling and reducing of the Bank's carbon footprint through the measurement of tracked carbon emissions (direct, indirect and all other emissions associated with a Bank's activities) and the consideration of other ESG elements.

These Material Matters cascade across all business units, ensuring that sustainability is embedded into the Bank's credit policies, investment frameworks, corporate governance mechanisms and operational strategies. The determination of these Material Matters is continuously reassessed through stakeholder engagement, workshops, industry benchmarking and internal ESG evaluations, ensuring that they remain aligned with emerging sustainability risks and global best practices.

Customer experience

The Bank deepened its focus on enhancing customer experience by setting up a CSI score for its Corporate Domestic Banking and SME segments. It also invested on an upgrade of its core customer experience platform to ensure the latest tools and data are available to service efficiently its customers. Moreover, through its reviewed customer experience strategy, the Bank has reduced the average resolution time of complaints. The Bank has also gone the extra mile to enhance the experience of its customers by rolling out a Green PIN initiative across nearly 30,000 of its cardholders. This initiative is equally in line with the Bank's tenet of reducing its paper usage and by extension its environmental footprint.

Talent management

The HR department maintains and tracks Key Performance Indicators (KPIs) with regards to the human capital of the Bank. Hence, several initiatives were rolled out by the HR to ensure the high retention rate of 91% amongst its staff. The Bank also promoted gender diversity and maintains a higher percentage of female employees, nearing nearly 63%. Female employees also comprised 47% of its senior and middle management, thus ensuring their significant contribution in the Bank's decision-making and operational management.

Employee well-being

The Bank is dedicated to creating a conducive working environment for its employees by providing the best work-life balance mix. Hence, the HR department has actively organised wellbeing initiatives throughout the year for all its employees. For instance, the Bank provides free Taichi, Yoga and Zumba sessions and also promoted sports activities by actively participating in Football competitions as well as by organising the Bank's Annual Sport Day. The full list of events organised by the HR department for 2024, were as follows:

Events
FMSC Football 7 ASIDE Veteran (Men)
FMSC Football 6 ASIDE (Ladies)
Mauritius Finance Annual Sports Days 2024
Standard Chartered Cup 2024
FMSC OMNISPORTS 2024
Zumba Sessions
Taichi Sessions
Yoga Sessions
Kids Party
Staff End of Year Party

Ethics, trust and transparency

The Bank's strategic focus on regulatory compliance is one of the key control pillars of the Bank. The Compliance department implemented a new framework and robust controls to ensure high levels of compliance within the Bank in alignment with laws, rules and regulations. Moreover, continuous monitoring, gap analysis and impact analysis were carried out. A new team was also set up and integrated within the Compliance structure, namely, to oversee the Operational Compliance aspects, including the group projects. A total of 29 training sessions were held in 2024 and a 100% target was achieved for high-risk reviews.

Sustainability Report (cont'd)

Governance framework

Enabling foundations and mechanisms

The Bank has built its activities on strong governance structures and a solid foundation of ethical business practices. Our corporate governance approach ensures that we operate in the best interests of our stakeholders, while integrating sustainability into decision-making processes across the Bank. Although this remains an ongoing journey, a robust governance framework and a structured operating model have been established to provide clear oversight, strategic guidance and alignment across all business lines and functions in relation to sustainability initiatives.

The Bank continuously enhances its governance setup, policies and procedures to foster a culture of sustainability, transparency and ethics. A key component of this structure is the Corporate Governance and Sustainability Committee, which plays a critical role in overseeing sustainability initiatives, ESG compliance and ethical governance practices. Additionally, training programs for Senior Management and Directors have been implemented to deepen the understanding of sustainability-related risks and opportunities, while participation in conferences and industry seminars ensures the Bank remains at the forefront of emerging sustainability trends and regulatory developments. Through this proactive governance approach, the Bank is strengthening its commitment to responsible banking, long-term value creation and sustainable financial leadership.

Group Sustainability Forum

The Group Sustainability Forum is a Functional Forum which is chaired by the Group Chief Sustainability Officer. It comprises members overseeing sustainability in their respective operating entity. The primary objectives of the Forum are to (i) ensure alignment and a consistent approach to the execution of the Group Sustainability Agenda; and (ii) promote regular dialogue with stakeholders on sustainability and Environment, Social and Governance (ESG) matters. The Forum assists the Corporate Governance, Conduct Review & Sustainability Committee – a sub-committee of the Board of SBM Holdings Ltd – in discharging its duties relating to the implementation of the Group Sustainability Agenda and the related strategies. It has an important role to play as regard information sharing and encouraging constructive discussions for the ultimate benefit and progress of the operating entities and SBM Holdings Ltd.

Corporate Governance and Sustainability Committee

Amongst its core functions, the Committee oversees the implementation of the Bank's Sustainability Agenda as approved by the Board, while receiving regular updates and reports from Management and the Strategy team on the Bank's performance against the sustainability agenda and targets. Besides, the Committee ensures that both itself and the Board are kept up to date of any regulatory changes in relation to sustainability which may impact the business of the Bank and its Sustainability Agenda.

Adherence to international norms and standards

The Bank's alignment with the United Nations Global Compact (UNGC)

In 2023, the Bank strengthened its sustainability commitments by joining the UN Global Compact, reinforcing its dedication to responsible business practices. The Bank successfully completed its first UNGC reporting in June 2024, marking a significant milestone in its sustainability journey. Throughout this process, all stakeholders were actively engaged, ensuring a transparent and inclusive approach to aligning business operations with the UNGC's Ten Principles.

By embedding these principles into its governance and corporate strategy, the Bank continues to:

- Promote ethical labour practices, diversity and inclusion across its workforce.
- Strengthen environmental stewardship through green financing and provide responsible banking solutions.
- Enhance transparency and anti-corruption measures in its governance frameworks.
- Champion human rights by fostering fair and responsible stakeholder relationships.

As a UNGC signatory, the Bank remains committed to upholding global sustainability standards, driving positive impact across economic, social and environmental spheres and ensuring long-term value creation for all stakeholders.

Understanding the UN Global Compact

The United Nations Global Compact (UNGC) is the world's largest corporate sustainability initiative, calling on businesses to align their strategies and operations with ten universal principles covering human rights, labour, environment and anti-corruption. Launched in 2000, the UNGC provides a framework for responsible business practices, helping organisations integrate sustainability into their core operations while contributing to the broader United Nations Sustainable Development Goals (SDGs).

The Ten Principles of the UN Global Compact

The Ten Principles of the UNGC serve as the foundation for ethical and sustainable business practices:

1. Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: Make sure they are not complicit in human rights abuses.

2. Labour

- Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: The elimination of all forms of forced and compulsory labour.
- Principle 5: The effective abolition of child labour.
- Principle 6: The elimination of discrimination in respect of employment and occupation.

3. Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Undertake initiatives to promote greater environmental responsibility.
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

4. Anti-corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Diversity, Equity & Inclusion (DEI)

The SBM Group is a signatory of the prestigious DEI Charter of the National Committee on Corporate Governance (NCCG) and the Bank actively participates in the annual reporting exercise through the KPIs set by the NCCG. The Bank's HR Department ensures that the key DEI metrics are monitored monthly and measured against its set internal targets.

Climate consciousness

The Bank has through its Sustainability Agenda, launched an internal awareness session on sustainability and sustainable finance for all its employees, with a particular focus on adaptation and mitigation financing. Moreover, an initiative pertaining to e-waste recycling was also launched where 2,303 POS machines, weighing more than 1 ton, from the Cards Department were disposed of, based on the best environmental practices whereas the plastic recycling drive was consolidated. To further integrate the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk, a series of trainings were conducted for the Bank's Senior Management as well as its Board of Directors.

Sustainability Report (cont'd)

Overview of specific initiatives

Initiatives aligned Pillar 1: Sustainable Business

The Bank has actively engaged in sustainable finance in Mauritius by funding green projects and supporting climate-friendly investments.

Climate mitigation projects

- Renewable energies: solar PV, wind farm, hydro, biomass
- Investment in energy efficiency projects
- Investments in green buildings with technologies/solutions to reduce energy consumption: LED lamps, occupancy sensors, efficient air conditioning systems
- Eco-friendly vehicles - In 2024, the Bank financed the purchase of 244 eco-friendly vehicles through its Eco Auto Lease offering, with a total disbursement of approximately MUR 294 million.
- Eco-Loan product - the Bank granted 5 loans with an aggregate disbursement of approximately MUR 2 million

Climate adaptation projects

- Water savings: rainwater harvesting or any investment in technologies that reduces water consumption
- Investment in energy efficiency projects
- Sustainable agriculture: Classic, tunnel or tropic greenhouse, micro-irrigation or drip irrigation, resilient varieties, use of technology, etc.
- Coastal zone protection and rehabilitation
- Thermal insulation (using bio/plant-based materials, green roofs, etc.)
- Treatment of wastewater and effluents
- Investments in green buildings with resilient solutions (with regards to treatment on water management, resilience against strong winds, risk of flooding, extreme temperatures, etc)

The Bank was among the first in Mauritius to participate in the SUNREF I programme in 2009, marking an early commitment to sustainable finance. This commitment was further reinforced through its participation in the SUNREF III programme, supported by the Agence Française de Développement (AFD) and the European Union, which aims to promote renewable energy and sustainability-focused investments.

Under the SUNREF III programme, the Bank has financed projects totaling over MUR 120 million and EUR 8 million, all contributing to carbon emissions reduction and enhanced environmental sustainability. Notable examples include:

- A 9 MWp large-scale solar PV plant, which generates renewable energy while reducing CO_2 emissions by approximately 14,859 tons annually.
- A green-certified commercial office development, integrating energy-efficient technologies and sustainable architectural design to promote low-carbon infrastructure.
- A major sustainable infrastructure project, enhancing energy efficiency and supporting climate-resilient urban development.
- 22 small-scale solar installations, empowering individuals and SMEs to adopt clean energy solutions and reduce their carbon footprint.

Initiatives aligned Pillar 2: Responsible organisation

The Bank is committed to upholding strong governance, ethical business practices and environmental responsibility while fostering a diverse, healthy and inclusive work environment. By integrating sustainability into corporate decision-making, risk management and workforce development, the Bank ensures that it operates in a way that is both financially sound and socially responsible.

Key training insights

In 2024, SBM Academy reinforced the Bank's commitment to capacity building and employee development by conducting training courses across its operations, delivering around 20, 830 hours of training. This represented a total investment of MUR 10.3 million, underscoring the Bank's continued efforts to strengthen staff competencies and foster a culture of continuous learning across all departments.

Strategic focus areas of SBM Academy

Developing leadership team cohesion
Strengthening managerial skills and self-leadership to drive innovation and efficiency.

Enhancing IT & digital skills
Training employees in EOSL systems, ITIL certifications, cybersecurity awareness, and digital banking solutions

Sustainability training
Collaborating with PwC to upskill employees in sustainable finance and ESG reporting.

Improving customer experience & service excellence
Continuous training on soft skills, risk management and compliance to enhance customer engagement.

Training & development initiatives

Climate Change & ESG Integration
Ensuring employees understand climate-related financial risks and sustainable lending practices.

Corporate Governance & Risk Management
Reinforcing compliance with regulatory frameworks.

Diversity, Equity & Inclusion
Promoting gender equality and inclusive workplace policies.

Cybersecurity & IT training
Equip staff with knowledge on fraud prevention, AML/CFT compliance and risk management.

Operational efficiency and process optimisation
Encouraging innovation and automation to enhance banking services and digital adoption.

Sustainability Report (cont'd)

Our people, our principles: advancing responsible banking

Driving innovation and technological advancement

The Bank was also the proud sponsor of the Mauritius Emerging Tech Exhibition 2024, a pioneering event highlighting the transformative role of Artificial Intelligence (AI) and FinTech in the future of banking and financial services. The subsequent technology exhibition (9-12 May 2024 at Swami Vivekananda International Convention Centre, Pailles) provided a platform for industry leaders and the Bank to showcase innovations that drive digital transformation. This initiative supported the Bank's broader sustainability efforts, particularly in enhancing digital financial inclusion and technological advancement in Mauritius.

Women entrepreneurship

The Bank launched a dedicated campaign to promote women entrepreneurship in August 2024, through its "Bright Her Future" scheme. Hence, as at December 2024, 5 projects amounting to nearly MUR 7 Million were financed by the Bank.

Thus, through its commitment to responsible lending, sustainability-aligned credit policies and participation in high-impact climate financing initiatives, the Bank continues to drive the green transition in Mauritius, reinforcing its role as a key player in the country's sustainable development agenda.

Responsible organisation

Ethical governance, transparency and compliance form the backbone of the Bank's sustainability Agenda. The Bank operates with the highest standards of corporate governance, ensuring accountability across all levels. Its policies promote fair business practices, employee well-being and diversity and inclusion. The Bank actively works towards minimising its operational footprint objective by adopting sustainable workplace practices, reducing waste and encouraging digital transformation to lessen reliance on paper-based processes.

Community welfare

As a key player in the Mauritian financial sector, the Bank recognises its responsibility in driving financial inclusion and supporting underprivileged communities. It continuously develops tailored financial literacy programs, enhances access to banking for SMEs and provides targeted financial solutions that empower individuals and businesses. Additionally, through its CSR initiatives, the Bank supports education, entrepreneurship and social development projects that uplift communities and contribute to national economic growth.

Initiatives aligned Pillar 3: Inclusive communities

The Bank actively engages in community-driven initiatives through direct sponsorships and structured programs led by the SBM Foundation, its dedicated CSR entity.

Sponsored initiatives

As part of its ongoing commitment to sustainability, health, sports and technological innovation, the Bank actively supports initiatives that contribute to social development, well-being and financial inclusion. The Bank's sponsorships in 2024 reflect its dedication to fostering inclusive growth, reinforcing its role as a key partner in national progress.

Promoting health & well being

The Bank sponsored the Cardiovascular Diseases Conference 2024, organised by the Cardiovascular Society Mauritius. Held on 27-28 April 2024, the event brought together renowned international healthcare professionals, including distinguished professors from South Africa. Discussions focused on women's cardiac health, pregnancy-related heart diseases and congenital conditions, contributing to advancing medical knowledge and innovation in Mauritius.

By supporting this initiative, the Bank actively aligned with UN SDG 3 (Good Health & Well-Being), thus reinforcing its commitment to building healthier communities.

Initiatives aligned Pillar 3: Inclusive communities *(cont'd)*

Empowering athletes & promoting sports development

The Bank served as the Gold Sponsor of Club Maurice for the 2024 African Games held in Ghana (8-24 March 2024). This sponsorship reaffirmed the Bank's long-standing commitment to supporting national athletes, having previously sponsored the 11th Indian Ocean Island Games in 2023 and the 12th Commission de la Jeunesse et des Sports de l'Océan Indien Games in 2022.

Club Maurice's participation in disciplines such as athletics, boxing, swimming, judo and triathlon underscores the Bank's dedication to fostering sports excellence and strengthening regional unity.

These sponsorships reaffirm the Bank's commitment to fostering a sustainable and inclusive society, with strategic support for initiatives that align with its Sustainability Agenda and the United Nations Sustainable Development Goals.

Focus on SBM Foundation

Introduction

The SBM Foundation, which was set up in 2016, drives the CSR agenda within SBM Group. The strategy revolves around supporting high impact sustainable projects, targeted at needy and vulnerable groups, with a focus on education and empowerment, on providing tools, promoting employability and combating social ills with a view to alleviating poverty.

The purpose of the SBM Foundation revolves mainly around the following:

(a) the alleviation of poverty
(b) the advancement of education of vulnerable groups
(c) the provision of scholarships to bright and needy students
(d) the education for school drop-outs and/or low achievers
(e) the protection of the environment

As a general rule, NGO partners should have a legal status and operate on a non-profit making basis along with a proven track record of activities underpinned by sound financial management and governance. There is also a policy which excludes the financing of political parties or bodies, religious organisations, sponsorship to individuals, medical research and medical charities, academic research, overseas travel and student exchange programmes and charity dinners amongst others. The Foundation operates in a transparent and independent manner in the pursuit of its set objectives.

Sustainability Report (cont'd)

Focus on SBM Foundation *(cont'd)*

Initiatives and Impact	
Category	**Number of NGOs**
Learning through Play: Making use of sports, music and culture as a learning tool for getting out of poverty	4
Women Empowerment and Childcare	2
Provision of Educational facilities to children with special needs	10
Provision of Educational facilities to out-of-school Youth	4
Environment	2
TOTAL	22

The SBM Foundation is convinced that Education is a very important means of empowerment for our citizens to become active participants in the transformation of the society and also an essential path to get out of poverty. In this context, we have been focusing on the unique SBM Scholarship Scheme for bright and needy students, in addition to funding of projects from social partners.

SBM's CSR initiatives are spread into 3 main categories, namely:

(I) The SBM Scholarship Scheme for bright and needy students

(II) Funding of projects from NGO partners (in the field of education and empowerment)

(III) SBM Staff involvement initiatives

I. The SBM Scholarship Scheme for bright and needy students

The SBM Scholarship Scheme for bright and needy students was set up in 2010 with the aim to provide bright students from low-income households with the opportunity to pursue further studies and thus be in a position to aspire for a brighter future.

The SBM Scholarship Scheme is the flagship CSR initiative of the Group. We are the largest single provider of scholarships in the Republic of Mauritius. To date, we have allocated more than 2,600 scholarships (including some 60 students from Rodrigues Island). The scholarships cover full-time undergraduate courses in Higher Education Commission (HEC) recognised institutions in Mauritius as well as vocational courses run at any of the Mauritius Institute of Training and Development (MITD) Centres.

II. Funding of projects from NGO partners (in the field of education and empowerment)

The SBM Foundation also recognises the importance of NGOs and as such the SBM Foundation has provided funding and assistance to various social partners/ NGOs projects across the following themes:

A. Learning through Play: Making use of Sports, Music and Culture as a learning tool for getting out of poverty

B. Women Empowerment and Childcare

C. Provision of Educational facilities to Children with special needs

D. Provision of Educational facilities to out-of-school Youth

E. Environment

A. Learning through Play: Making use of sports, music and culture as a learning tool for getting out of poverty

Projects under this category make use of an area of interest to the child (e.g. sports or music) as a pedagogical tool to impart knowledge. The concept is based on 'learning through play'. In addition, an educational support system can be added to this concept to ensure follow-up of academic results at school as well as a social support system to the family members. The SBM Foundation supports several projects for around 750 children.

B. Women Empowerment and Childcare

Under this category, the SBM Foundation supports some 200 children aged from 3 months to 3 years through kindergarten projects from different NGOs in the provision of Childcare services to infants and toddlers while promoting the employability of mothers.

With a view of breaking the vicious cycle of poverty amongst underprivileged young mothers, qualified nursery facilities are being provided free of charge, thus enabling the mothers to undertake paid employment and support their family financially.

In addition and as agreed by professionals, providing quality care at a younger age has a positive incidence on the educational possibilities of the child. And, working with their parents since an early age enables building of trust, which enhances supporting and solving social issues as well as educational follow-up in the long-term.

C. Provision of Educational facilities to children with special needs

The provision of education to children with special needs has its own specificities. Our support catered mainly for the provision of professional services like Occupational Therapists, Physiotherapists and/or Psychologists as there is presently a gap in the disability sector for services of professionals. We presently support more than 1,500 children through 10 NGOs. We also expect that such support will help bring these NGOs to enhance the level of services provided.

D. Provision of Educational facilities to out-of-school Youth

The youth represent the future of the country and there is a need to support the out-of-school children in addition to the scholarships provided to the vocational sector through the MITD. Therefore, the SBM Group moved one step further to support associations feeding students to these centres.

We therefore support 5 different NGOs (including a network of 17 schools) all working towards providing education to nearly 1,400 out of school youth. We ensure a consistent approach in the pedagogy through their umbrella organisation. In one of the projects, attendance raised from below 35% to over 85%. At the end of the educational cycle, these students have the opportunity to pursue further studies through the scholarship scheme.

E. Environment

In line with our Sustainability Agenda, the SBM Foundation also has a soft corner for environmental protection. Through one of our NGO partners, we are providing training in bio farming to help women get out of poverty. This NGO is running backyard or kitchen gardening programmes for women from underprivileged regions in the vicinity. This project adopts a holistic approach and goes beyond the environmental aspect and, while addressing partly the food security issue, also cuts across our other pillars of empowerment of women from vulnerable backgrounds. The SBM Foundation has also engaged with one NGO to transform 5 acres of bare (grass) land into a native forest. This project is in line with SBM Group's Sustainability Agenda of adapting to climate change and contributing directly to carbon sequestration by reforestation actions.

III. SBM Staff involvement initiatives

As part of its strategy, SBM encourages its employees to share their time and skills with the local communities through a matching scheme and time-off opportunities. Four such activities have already been organised by the Bank's staff members in 2024.

Photos from these staff-led CSR initiatives are showcased on the next page, reflecting the Bank's ongoing commitment to community engagement and employee-driven impact.

Sustainability Report (cont'd)

Our CSR and Sustainability commitment

In the context of Earth Day 2024, the SBM CSR team, organised a tree planting activity at the breath-taking Mondrain Nature Reserve in April.

Recreational day organised by the Montagne Longue branch at Association of Disability Service Providers (ADSP) in November 2024.

Different teams hosted a recreational day for residents of the Shelter for Women & Children in Distress Trust Fund in Curepipe in October and December 2024.

Our colleagues from the Business Banking, SME and Micro Finance Division, had two days activities for the students of the Centre pour l'Education et le Progrès des Enfants Handicapés (CEPEH) in October 2024.

Sustainability Report (cont'd)

Our CSR and Sustainability commitment *(cont'd)*

SBM was the proud premium sponsor of the Cardiovascular Society Mauritius Conference in April 2024.

Blood donation events were organised in 2024 by our Rose-Hill, Rose-Belle and Flacq branches

SBM Bank was the gold sponsor of Club Maurice for the 2024 African Games which was held in Ghana.

BRIDGING CULTURES STRENGTHENING PARTNERSHIP

Expanding financial infrastructure to diversified markets while strengthening stakeholder engagement.

Corporate Governance Report

Corporate Governance Report

Introduction

SBM Bank (Mauritius) Ltd, as a **public interest entity,** is required to report on **Corporate Governance** in line with the National Code of Corporate Governance for Mauritius (2016) (the "Code").

Disclosures pertaining to the below 8 principles of the Code have been made in this report:

- **Principle One** - Governance Structure
- **Principle Two** - The Structure of the Board and its Committees
- **Principle Three** - Director Appointment Procedures
- **Principle Four** - Directors' Duties, Remuneration and Performance
- **Principle Five** - Risk Governance and Internal Control
- **Principle Six** - Reporting with Integrity
- **Principle Seven** - Audit
- **Principle Eight** - Relations with Shareholders and Other Key Stakeholders

Corporate Governance Report (cont'd)

Principle One: Governance Structure

All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.

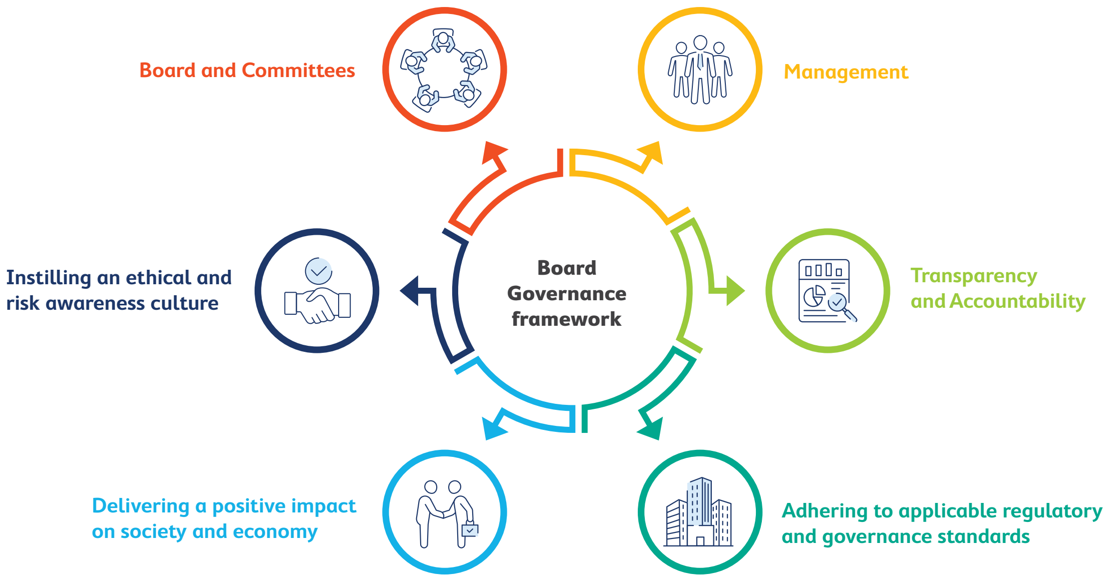
Our Governance Philosophy and Framework

Board's Governance framework

SBM Bank (Mauritius) Ltd, hereinafter referred to as "the Bank", is dedicated to adopting strong, effective and regularly reviewed and reinforced corporate governance frameworks and practices. The Bank's Board Governance framework is built upon a foundation of core values, policies, processes and ethical practices that foster responsible and competitive business operations, while safeguarding stakeholder interests, both now and in the future.

The Bank functions within the Board-approved governance framework, which defines the mechanisms for implementing sound governance practices and provides a structured approach to decision-making across all disciplines. The Bank's Corporate Governance framework plays a crucial role in shaping and executing its strategic initiatives through ongoing efforts. The Board acknowledges that stakeholder engagement is fundamental to achieving the Bank's strategic vision and long-term goals. Details regarding stakeholder engagement are outlined in the Strategy Report and Sustainability Report of this Integrated Annual Report 2024.

The Bank, a public interest entity, and its Board of Directors remain committed to ensuring transparency in its disclosures and reporting. The Bank's corporate governance approach continues to align with the principles outlined in the National Code of Corporate Governance for Mauritius (2016) hereinafter referred to as "the Code". The Board has taken measures to ensure that corporate governance disclosures are comprehensive, well-balanced and presented in an understandable manner, thus providing the shareholder with the necessary insights to evaluate the Bank's financial position, performance and strategic direction.



Positioning of the Board

SBM Bank (Mauritius) Ltd is dedicated to fostering both the short-term and long-term success and sustainability of the business, along with strengthening its brand equity. Its primary goal is to generate meaningful and enduring value for stakeholders. The Board prioritises accountability and is responsible for defining the Bank's strategic direction, thus paving the way for a high-performance culture, transparent and ethical business conduct, effective controls and diligently allocating resources. While continuously assessing and refining the Bank's corporate governance practices in line with evolving industry codes and requirements, market trends and stakeholder expectations, the Board has established a Code of Ethics to reinforce a culture of mutual respect and ethical conduct.

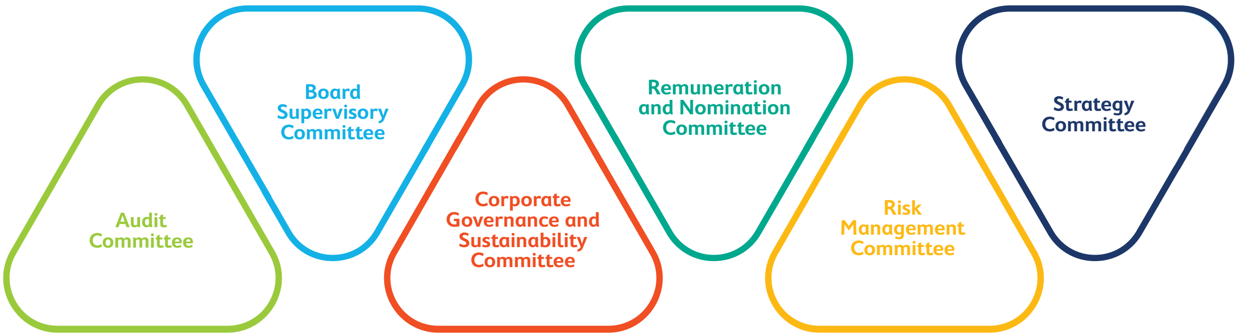
The Board holds ultimate responsibility for formulating the Bank's strategic vision and ensuring its execution through the Chief Executive, supported by the Executive Forum and the Management/Leadership Team. While key strategic decisions remain under the Board's authority, as outlined in the Board Charter which is periodically reviewed, operational matters/responsibilities are delegated to Management to ensure smooth and effective business operations.

Operating within a well-defined governance framework, the Board balances the delegation of authority with clear accountability, ensuring that control is retained while facilitating efficient decision-making. This governance framework is continuously refined to enhance the Board's effectiveness and support the Leadership Team in achieving strategic objectives and priorities.

The structure of the Board and its Committees

The Board is committed to holding collective responsibility for defining the Bank's purpose, values and strategy. The Board discharges its responsibilities directly or, in order to assist it in carrying out its function of ensuring oversight and stewardship thereby delegating specific responsibilities to its Committees and Control Functions.

At the Bank level, the Board has established 6 Committees to oversee and assess the formal structures as set by the Board. Each Committee operates under a clearly defined mandate as outlined in its Terms of Reference, specifying its roles, responsibilities, scope of authority and composition. The Chairperson of each Committee reports on its activities during every quarterly Board meeting.



The Terms of Reference of each Committee provides clarity on the role, responsibilities, scope of authority and composition.
The Board Charter, along with the Terms of Reference of the 6 Committees, are reviewed by the Board on a regular basis.

Read more on the Corporate Governance page on the Bank's website.

Corporate Governance Report (cont'd)

Our Board Governance Structure

Our well-established structured framework comprising of the Board, its Committees, the Management team and Control functions, enables the Bank and our Directors to work effectively. The Board operates within a governance framework, which (i) enables delegation of authority to Board's Sub-Committees and Executive Management and (ii) places reliance on reporting by Control Functions and Auditors.

The Board

Responsible for overall conduct and control of the affairs of the Bank. Sets long term strategic direction

Board Governance

Audit Committee

Read more on page 144 of Integrated Annual Report.

Corporate Governance and Sustainability Committee

Read more on page 146 of Integrated Annual Report.

Remuneration and Nomination Committee

Read more on page 148 of Integrated Annual Report.

Risk Management Committee

Read more on page 150 of Integrated Annual Report.

Strategy Committee

Read more on page 152 of Integrated Annual Report.

Board Supervisory Committee

Read more on page 154 of Integrated Annual Report.

Control Functions

Control functions have a responsibility independent from Management to provide objective assessment, reporting and/or assurance. The Bank's Control functions are the Risk Management function, the Compliance function and the Internal Audit function.

These functions are mandated to submit independent assurance reports to the Board and relevant Committees on the overall day-to-day functioning of the Bank, risk governance and internal control amongst others.

These functions along, with the External Auditors, have a direct reporting line to the Board/relevant Committees. The Board has approved an organisation structure which ensures that control functions are independent from Management.

Management Governance

Chief Executive

Responsible for leading and managing the Bank and is accountable to the Board for the financial and operational performance of the Bank and for the development of the Bank's strategy and leading to its implementation.

The Board has entrusted the day-to-day running of the organisation to the Chief Executive. A Board Supervisory Committee ("BSC") has been set up to have an oversight on the overall management of the Bank. Two main assurance functions, namely Risk Management and Compliance divisions, undertake reporting to the BSC, which meets every two months.

All Management proposals submitted to the Board/Committees are upon recommendation of the Chief Executive or Executive Forum or Management Credit Forum, as applicable.

Executive Forum

Being the principal Forum of the Bank meeting on a weekly basis, the Executive Forum is responsible for managing the business, day-to-day operational decisions (except credit sanctioning and monitoring) and delivering the strategy set by the Board. Sub-Forums have also been set up to assist in discharge of its responsibilities.

Management Credit Forum

Principal credit sanctioning authority of the Bank having as mandate to review and sanction credit proposals in line with the Credit Policy and applicable regulatory guidelines. Constituted of Senior Management and meets on a bi-weekly basis to discharge its responsibilities.

Shared Services

The Bank also provides shared services to the holding entity and some sister companies across the SBM Group to assist in executing key activities to achieve set objectives, based on arrangement in place with the relevant entities. The shared services include, inter alia, Human Resources, IT, Internal Audit, Legal, Marketing amongst others. The Management team is responsible to ensure that this does not impact on the achievement to the Bank-set strategies and objectives.

Key Governance Positions

The Board acknowledges that some positions are critical in achieving good corporate governance and in supporting the integrity of the Board's operations.

Read more on the Corporate Governance page on the Bank's website.

The Key Governance Positions as reviewed and approved by the Board are set out as below:

a. Directors of the Board

The Board is responsible for the overall leadership of the Bank, performance and governance oversight. A formal schedule of matters is solely reserved for the Board for its approval, whilst operational matters are approved by the Management team.

The key responsibilities of the Directors of the Board include:

Accuracy of financial information	**Internal control**
Ensure the financial data released to the market is accurate, reliable and in compliance with applicable regulations	Receive assurance reports from control functions on the robustness of systems in place to monitor and understand risk environment, with effective internal controls
Reporting to shareholder	**Succession planning**
Report on the Bank's performance to shareholder and actively seek their input and feedback	Oversee and implement succession planning for both the Directors and Senior Management Team to ensure continuity
Compliance with legal and regulatory requirements	**Primary duties**
Assume responsibility for ensuring that the Bank meets all legal and regulatory requirements	Uphold fiduciary duty and demonstrate a high level of skill and care in decision-making and governance
Development of the Bank's Strategy	**Sharing of deliberations and experience**
Actively contribute to the development and refinement of the Bank's strategic direction	Bring deliberations and experience to the Board decision–making process
Decision-making process	**Assistance to the Executive Management Team**
Participate in the decision-making process at the Board level and provide constructive challenges when necessary	Monitor, challenge and support the Executive Management Team to ensure they meet strategic objectives and business goals
Implementation of the Bank's Strategy	**Reporting to stakeholders**
Oversee and ensure that the Board-approved strategy covering the short-term and long-term business objectives is effectively implemented by Management	Be accountable not only to shareholder but also to other stakeholders, ensuring that the broader interests of the Bank are considered
Supervision	**Ensure control functions are independent from Management**
Ensure that thorough governance practices are in place, with proper oversight and delegation to sub-committees	Approve organisation structure which ensures that control functions are independent from Management and facilitate secluded sessions with the Audit Committee and Risk Management Committee in the absence of Management, with objective to have independent oversight

Corporate Governance Report (cont'd)

Key Governance Positions (cont'd)

b. Chairman of the Board

The Board is headed by the Chairman and the role of the Chairman is separated from that of the Chief Executive as this is critical to maintaining the Board's independence as well as its ability to execute its mandate effectively. The Board notes that the Chairman plays an instrumental role in developing the business and vision of the Bank.

The key responsibilities of the Chairman of the Board are:

Board effectiveness

Ensure that the Board operates efficiently and effectively, contributing to the success of the Bank

Set the Agenda

Collaborate with the Company Secretary to set the Board agenda, ensuring that sufficient time is allocated for in-depth discussions on key strategic and critical issues

Provide sufficient information

Ensure all Directors receive adequate and timely information, enabling them to make well-informed decisions

Review Board Committee composition

Regularly assess the structure of Board Committees and ensure that each one is functioning optimally

Call Special Meetings

Convene special meetings as needed to address urgent or significant matters

Promote teamwork and open communication

Foster a culture of collaboration and transparency, encouraging constructive challenges and diverse viewpoints among Board members

Induction and Ongoing Development of Directors

Oversee the proper induction process for new Directors, their continuous development and ensure Board evaluations are conducted (through the Corporate Governance and Sustainability Committee), along with succession planning (via the Remuneration and Nomination Committee)

Chair Shareholder Meetings

Lead the annual and special meetings of shareholder, ensuring that key issues are addressed and stakeholders' interests are considered

Conduct Board and Director Evaluations

Ensure an annual Board evaluation process is carried out, including assessments of individual Directors' performance

Foster Close Relationships with Executive Leadership

Maintain a strong and collaborative relationship with the Chief Executive and other senior management team members

Ensure Effective Shareholder Communication

Facilitate open and transparent communication with shareholder, ensuring their views and concerns are effectively communicated to the Board

c. Chief Executive ("CE")

The CE engages with material stakeholders including clients, regulators and employees on an on-going basis. The CE is responsible for driving and executing the Bank's strategic plans with a view to create shareholder value. The CE also shoulders the responsibility for the execution of the day-to-day affairs of the Bank in line with the Bank of Mauritius Guideline on Corporate Governance.

The CE has the following key responsibilities:

Manage daily operations
Directly responsible for the day-to-day operations of the Bank
Implement Board Strategy
Execute the strategic direction outlined by the Board of Directors, ensuring alignment with the Bank's goals and objectives
Maintain high standards of integrity and governance
Uphold the highest standards of integrity, ethical conduct and corporate governance while conducting the Bank's activities, ensuring adherence to the Board's approved strategy and budgets
Collaborate on strategic matters
Work closely with the Chairman on matters related to strategy, ensuring a unified approach to key decisions
Provide leadership to Senior Management
Offer leadership and guidance to the Senior Management Team, empowering them to execute the Bank's vision and objectives
Chair Executive Committees
Lead Executive Committees, ensuring that the Senior Management Team effectively pursues and achieves the strategic objectives set by the Board
Act as a liaison between Board and Management
Serve as the key intermediary between the Board of Directors and the Management team, ensuring clear and effective communication
Effective communication with stakeholders
Maintain open and transparent communication with shareholder, employees, Government authorities and other key stakeholders, as well as the public
Risk Management and Internal Controls
Identify and assess the principal risks facing the Bank, ensuring they are effectively monitored and managed, primarily through a robust internal control system

Corporate Governance Report (cont'd)

Key Governance Positions (cont'd)

d. Chairman of the Corporate Governance and Sustainability Committee

The Chairman of the Corporate Governance and Sustainability Committee ensures that the Bank's arrangements are consistent with the highest corporate standards.

The key responsibilities of the Chairman of the Corporate Governance and Sustainability Committee are as follows:

Teamwork
Work in close co-operation with and provide support and advice to the Chairperson of the Board
Guidance
Provide expertise in the areas of corporate governance and ethical conduct
Compliance with standards
Ensure that the Board is up to date with global and national good governance standards
Training
Ensure that the Board receives regular and ongoing training and development
Report
Oversee the production of the Bank's annual report each year
Evaluation
Ensure that an evaluation of the Board is carried out each year and that the recommendations from that evaluation are implemented
Adherence to the standards
Ensure that the policies around conduct and ethical standards are regularly upheld and transparently adhered to by the Board and Senior Management
Update the Board
Ensure that an update of each meeting is presented to the Board
SBM Sustainability Agenda
Oversee the progress and implementation of the SBM Sustainability Agenda

e. Company Secretary

The Company Secretary advises the Chairman and the Board on matters relating to governance, ensuring good information flow and that comprehensive practical support is provided to Directors.

The key responsibilities of the Company Secretary are as follows:

Provide guidance to the Board

Provide advice to the Board on its duties, responsibilities and powers with a view to ensure that all actions are within legal and governance frameworks

Ensure statutory Filings

Oversee and manage the timely filing of all statutory documents and returns to the Registrar of Companies as required by the Mauritius Companies Act 2001

Maintain accurate Meeting Records

Ensure that minutes of all meetings of the Shareholder and Directors are accurately recorded in accordance with paragraph 8 of the Fifth Schedule and paragraph 6 of the Eight Schedule of the Mauritius Companies Act 2001 and that statutory registers are properly maintained

Certify Compliance in Financial Statements

Certify in the Bank's annual financial statements that all required filings and returns have been submitted to the Registrar, in compliance with the Mauritus Companies Act 2001

Support Board governance

Play a key role in supporting the Board governance of the Bank by assisting the Chairman and ensuring the smooth functioning of the Board and its Committees

Distribute Annual Financial Statements

Ensure that the Bank's annual financial statements and, where applicable, the annual report are distributed to all entitled individuals, in accordance with sections 219 and 220 of the Mauritius Companies Act 2001

Key Governance Positions (cont'd)

f. Control Functions

The Board has set up three independent control functions:

- Risk Management function
- Compliance function
- Internal Audit function

These functions are necessary to enable the Board in its oversight function to monitor the overall affairs of the Bank. The Board operates in accordance with the three lines of defence model. While the first line of defence is responsible for identifying the risks associated with each operation and should observe the procedures and limits laid down, the second line of defence includes the Risk Management function and the Compliance function, which should ensure that the risks are identified and managed by the operational units, according to the rules and procedures laid down. The third line of defence is the Internal Audit, which, inter alia, monitors compliance with the procedures by the first and second lines of defence. For the Board, the Risk Management, Compliance and Internal Audit functions are the necessary instruments for the optimal fulfilment of their supervisory/oversight tasks. None of the Bank's areas of activity fall out of the scope of the control functions.

All three principal control functions (Risk Management, Compliance and Internal Audit) have been provided with the necessary independence to deliver their responsibilities. The important principle to observe here is that the Board should be able to exercise its oversight responsibilities through this process of independent reporting to Directors.

The key responsibilities of the Control Functions are as follows:

Risk Management Function
Be independent from Management/business lines to avoid any undue influence or conflict of interest
Develop a solid and effective risk management framework for the Bank by implementing rigorous internal processes and controls
Submit periodic reports on the implementation and effectiveness of the Bank's risk management framework and risk appetite
Submit assurance reports to the Board, Risk Management Committee and Board Supervisory Committee on matters under its purview
Monitor the principal risks, including but not limited to credit, market, liquidity, operational, legal, compliance (including AML/CFT risk) and reputational risk and recommend necessary actions to the Board/Risk Management Committee/Senior Management to mitigate these risks
Assess and recommend to the Risk Management Committee/Board any proposal which might have an impact on the current risk appetite and strategy of the Bank
Assess and recommend to the Risk Management Committee/Board the delegated lending authority framework including the sanctioning powers of the Bank's Management Credit Forum, Credit Underwriting Team Forum and lower approving authorities
Implement an appropriate framework for the identification and mitigation of principal risks facing the Bank
Draft the "Risk Management Report" to be published as part of the Annual Report

Compliance Function
Be independent from Management/business lines to avoid any undue influence or conflict of interest
Submit assurance reports, at least on a quarterly basis, to the Board/Audit Committee on internal controls and deficiencies in the system
Make recommendation on additional procedures to enhance the system of internal controls
Track closure of all corrective actions by Management to address control weaknesses and non-compliance with laws and policies identified by Compliance function
Be responsible for co-ordinating the identification and management of compliance risk
Assist the Senior Management in ensuring that the Bank operates with integrity and in compliance with applicable laws and regulations
Promote a strong compliance culture and ensure that changes in applicable laws, regulations and other compliance obligations are promptly disseminated within the Bank and monitor compliance thereof

Internal Audit Function
Be independent from Management/business lines to avoid any undue influence or conflict of interest
Ensure that the internal audit plan is risk-based and addresses all activities of the Bank over a period of three years
Submit reports to the Board / Audit Committee providing independent assurance on whether: • the internal control system in place is performing effectively and is adequate to mitigate risks consistent with the risk appetite of the financial institution; and • the organisational goals are met and corporate governance processes are effective and efficient.
Make recommendations to enhance the system of internal controls and governance processes
Track closure of all corrective actions by Management to address weaknesses and deficiencies identified by Internal Audit function
Make recommendation to Board, Audit Committee and Senior Management on prevention and detection of fraud and other irregularities
Ensure implementation of a proper whistleblowing framework and make recommendation to the Audit Committee thereof
Cooperate and coordinate between the Internal and External Auditors, along with the Head of Finance and independently track closure of action points as per the Management Letter issued by the External Auditor

Corporate Governance Report (cont'd)

Leadership Team

The Leadership Team is responsible for managing the business, day-to-day operational decisions and delivering the strategy set by the Board.

Authority has been delegated by the Board to the Chief Executive to manage the Bank within the framework laid out by the Board of Directors and in accordance with prevailing laws and regulations.

In view of assisting the CE in managing the Bank's affairs, various Management Forums have been constituted to deliberate on key matters for an informed decision-making process provided in the Board Governance structure. The key Management Forums are:

Executive Forum

The Executive Forum comprises of key members of the Senior Management with key mandates:

- Development and implementation of strategy, operational plans, policies, procedures and budgets
- Monitoring of operating and financial performance
- Assessment and control of risks
- Monitoring each area of operation
- Taking major operational decisions

Credit Forums

- Two Credit Forums have been established at Management Level to review and approve the credit applications/requests in line with the delegated authority as set out in the Board-approved Credit Policies.
- The Forums are Management Credit Forum and CUT Forum.

Risk Management Forums

- Three Forums are in place for the oversight and monitoring of the various risk areas faced by the Bank.
- These Forums are under the purview of the Risk Management function: Credit Portfolio & Monitoring Forum, Operational Risk & Compliance Forum and Asset & Liability Committee.

Corporate Governance Report (cont'd)

Principle Two: The structure of the Board and its Committees

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

Board Composition

The Board maintains an appropriate balance of Executive, Non-Executive and Independent Directors. The composition of the Board aligns with the requirements set forth by the Bank of Mauritius and the Bank's Constitution. The Board, assisted by the Remuneration and Nomination Committee, periodically reviews its size, composition and the structure of its Committees.

The Board of Directors are categorised in accordance with the Bank of Mauritius Guidelines and the provisions of the Code. The Chairman is elected by the Board and all Directors are residents in Mauritius.

The ongoing assessment of Directors' independence and commitment consider various factors, including the criteria specified in the Bank of Mauritius Guideline on Corporate Governance and the Code. The Board values Independent Directors for their ability to provide objective judgment and periodic evaluations are conducted to ensure their effectiveness.

As of 31 December 2024, the Board comprised 9 Directors, offering a diverse range of expertise, skills and experience. Directors serve in either Executive or Non-Executive capacities, in line with requirements of the Code.

More details on the Directors have been provided later in the Integrated Annual Report.

Changes at Board level

Mr Visvanaden SOONDRAM resigned as Board Member effective as from 21 June 2024 and Mr Ranapartab TACOURI, GCSK was appointed as Chairman of the Board effective as from 24 June 2024.

Diversity – A Key Aspect of Board Governance

Gender Diversity

A well-balanced Board composition is a fundamental principle of good governance, emphasising the importance of gender diversity in corporate leadership.

At SBM, this principle is actively upheld, ensuring equitable representation at the Board level. The Board includes two distinguished women Directors, Mrs. Imalambaal KICHENIN and Ms. Oumila SIBARTIE, who play significant roles in various Board Committees. Mrs. KICHENIN also serves as the Chairperson of the Audit Committee. The gender diversity within the SBM Board is depicted by the following chart:

Executive representation on the Board

Executive presence within the Board is crucial for effective governance, as recommended by the Code of Corporate Governance. At SBM, this requirement is fulfilled through the active participation of the Executive Director and Senior Management in relevant Board and Committees' discussions.

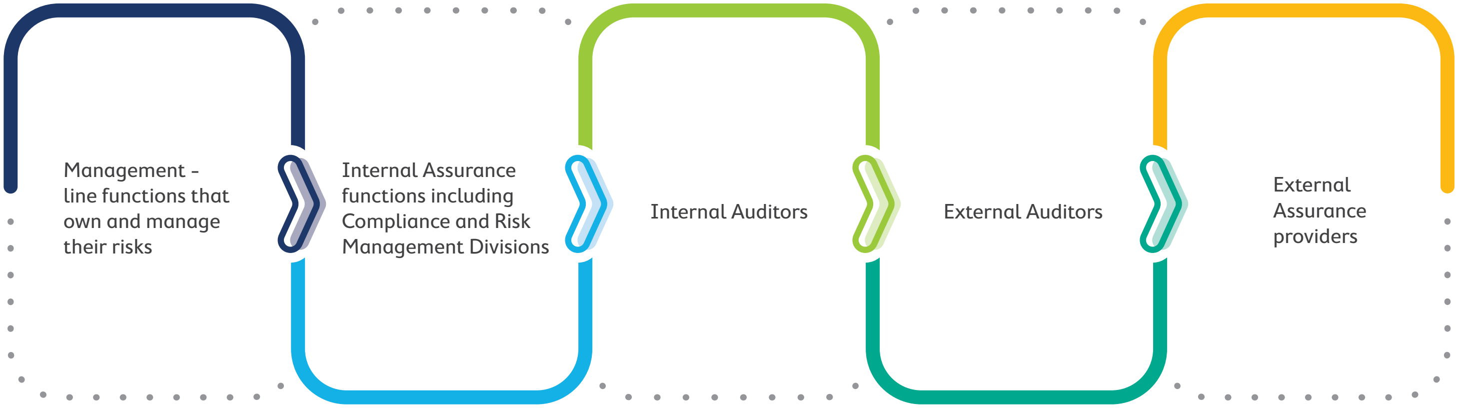
As per the Bank's Constitution, the Chief Executive ("CE") is an ex-officio member on the Board. Mr. Premchand MUNGAR is the Bank's CE and is an active member of the Board and various Committees, except for the Audit Committee.

Mr. Mungar is involved in the Bank's daily operations and provides strategic input to enhance performance. His direct engagement with the Board and its Committees ensures informed decision-making, supported by the Senior Management Team.

Corporate Governance Report (cont'd)

Board's Assurance approach

The Board is committed to maintaining a robust assurance framework that fosters an effective control environment, ensuring the reliability and integrity of information. Through our combined assurance model, the Bank strives to provide comprehensive coverage of key risks and material matters. To achieve this, assurance functions are structured into distinct lines of defence within the Bank:



Meeting of the Board and its Committees

Preparation before the Meeting

The Board, through its Committees, fulfils its responsibilities via a structured agenda of meetings, prepared by the Chairman, with support from the Company Secretary.

Meeting frequency is defined to allow for timely discussions on key matters, while ensuring Directors can attend and participate in person. In cases where physical presence is not feasible, Directors are allowed to participate via audio conference. Directors are encouraged to attend as many meetings as possible and, if they are unable to do so, they are required to formally notify the Chairman and/or Company Secretary. The substitution of Directors by alternates in meetings is generally discouraged at the Board level.

The meeting agenda remains flexible to accommodate emerging topics or additional meetings when necessary to address new business needs. All meeting materials are designed to support the Bank's strategic vision and decision-making processes and they focus on key business priorities, growth strategies and governance objectives. For instance, some Board papers are prepared to strengthen the Bank's core operations, assess performance ambitions and align with strategic priorities of the Bank. This structured approach ensures effective decision-making, while enhancing the Board's oversight of business performance and governance practices within the Bank.

Once finalised, meeting materials are securely uploaded onto a dedicated portal in a timely manner, enabling Directors to review them effectively and make well-informed decisions during discussions.

Additionally, members of the Senior Management team, advisor and subject-matter experts may be invited to meetings for discussions on specific topics. These individuals are invited by the Company Secretary to participate only for the relevant agenda items.

During Meeting

In line with the Board Charter, the Chairperson presides over meetings, fostering open and constructive discussions while critically assessing Management's proposals. The goal is to encourage active participation and ensure high-quality decision-making. The Company Secretary is responsible for attending the meetings and accurately recording deliberations and resolutions in the minutes. The minutes are reviewed by the Directors for accuracy and are made available to Regulators, Auditors and Control Functions upon request and for specific purposes only.

After Meeting

Decisions and action points are reviewed by the Chairperson and communicated to the Chief Executive and relevant members of Management for timely implementation and follow-up.

Corporate Governance Report (cont'd)

Board Focus Areas

A summary of the key initiatives undertaken by the Board during the financial year 2024 is detailed below:

Governance & Risk

- Discussed the composition of the Board and its Committees, including Board succession
- Appointed a new Chairman for the Bank
- Received and discussed reports from the Chairpersons of Board Committees
- Received reports from the Chief Executive/Senior Management
- Considered related party transactions in line with regulatory requirements
- Considered/received independent opinions and assurance reports from control and assurance functions
- Reviewed and updated the Terms of Reference of each Committee
- Assessed and appointed qualified candidates for key leadership positions
- Ensured that the Integrated Annual Report was fair, balanced and transparent
- Reviewed and approved the notice for the Annual General Meeting
- Evaluated observations from the Board assessment exercise and agreed on necessary actions
- Received report from Management on the implementation of the SBM sustainability agenda
- Reviewed and approved key policies of the Bank
- Evaluated employee engagement initiatives, including Collective Bargaining Agreement, salary adjustments, performance bonuses and statutory bonus payment
- Approved training plan for Directors in line with the modus operandi of the SBM Group

Strategy

- Assessed the Bank's overall performance and strategy initiatives against key performance indicators
- Supported the initiatives aiming to consolidate the Bank's domestic market position across various segments
- Reviewed and approved major projects aimed at enhancing internal processes, improving customer experience and optimising turnaround time
- Considered proposals from Management regarding the strategy plan and budget

Finance

- Reviewed financial reports and performance updates presented by the Head of Finance, providing insights and necessary challenges where required
- Approved the Bank's quarterly results and audited financial statements for the year 2024
- Considered reports submitted by the External Auditors and reviewed their recommendations
- Received assurance from Internal Audit and Finance on the timely closure of gaps identified by the External Auditors
- Recommended the reappointment of Deloitte as the Bank's Statutory Auditors to the shareholder for the year 2024
- Monitored the Bank's financial performance and approved the dividend payment for the year 2024
- Evaluated and approved proposals on the provision of non-audit services by the External Auditors

Board members' decision-making on the above significant matters duly considered the interests of the Bank's key stakeholders and how decisions could potentially affect them. The papers considered by the Board and its Committees sought to highlight the relevant stakeholder impacts of and perspective on these matters, whether positive or negative. Analysis was made by Management and their recommendations were provided in the Board papers, thereby allowing for informed decision-making. Proposals were not approved in some instances, if they lacked the requisite information to reach an informed decision or proper analysis from Management.

Corporate Governance Report (cont'd)

Board Attendance

There are 19 meetings of the Board during the year.

The table below outlines the attendance record of the **Executive Director, Independent Non-Executive Directors and Non-Independent Non-Executive Directors** who served on the Board during the financial year 2024:

Directors	Independent	Board Member since	Meeting attendance
Mr Ranapartab TACOURI[1], GCSK *(Chairman of the Board)*	Yes	March 2020	19/19
Mr Jean Paul Emmanuel AROUFF	No	July 2020	17/19
Mr Raoul GUFFLET[2]	No	July 2021	19/19
Mrs Imalambaal KICHENIN	Yes	March 2020	17/19
Mr Premchand MUNGAR	No	November 2023	19/19
Mr Rajcoomar RAMPERTAB, CSK	Yes	March 2020	19/19
Mr Muhammad Azeem SALEHMOHAMED	No	July 2020	19/19
Ms Oumila SIBARTIE	Yes	August 2020	19/19
Mr Visvanaden SOONDRAM[3] *(Board member till 21 June 2024)*	No	July 2020	3/8
Mr Lawrence Eric WONG TAK WAN	Yes	October 2023	18/19

Secretary to the Board: ***Ms Preshnee RAMCHURN***

[1] Mr Ranapartab TACOURI, GCSK was appointed as Chairman of the Board effective from 24 June 2024.

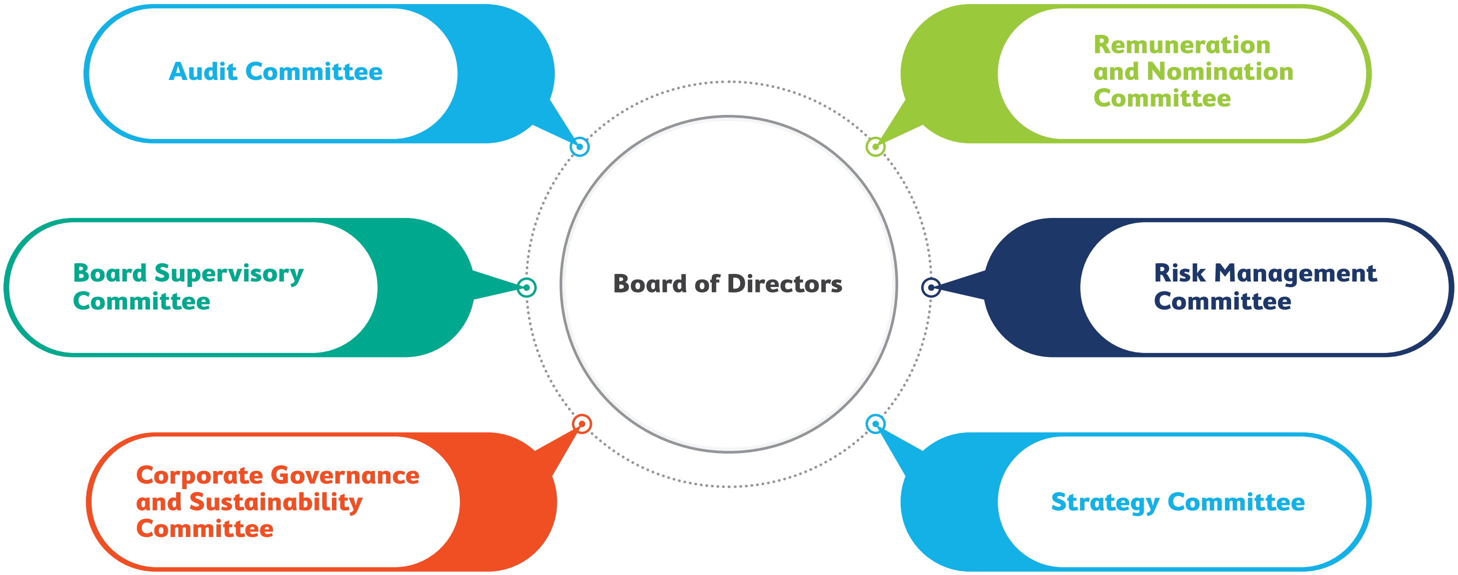
[2] Mr Raoul GUFFLET is also the CEO of SBM Holdings Ltd ("Group CEO").

[3] Mr Visvanaden SOONDRAM ceased to be a Board Member effective as from 21 June 2024.

Board Committees

The Board has established 6 Committees to assist in fulfilling its governance and oversight responsibilities. Each Committee operates under approved Terms of Reference, which outline its roles, responsibilities, composition and meeting requirements. The Chairperson of these Committees report on their activities during quarterly Board meetings.

The 6 Board Committees are as follows:



Details of the mandate, composition and focus areas of the 6 Board Committees for the financial year 2024 are set out in the Board-approved Terms of Reference.

Developments in 2024:

Pursuant to the new Bank of Mauritius Guideline on Cyber and Technology Risk Management, the Board of Directors is taking the necessary steps with respect to the appointment of at least two independent directors with experience in cyber/technology related matters and the setting up of a distinct Cyber and Technology Risk Board Sub-Committee. The Bank is currently facing some challenges in onboarding independent directors with such skillset, given the scarcity in the local market. The Regulator has been informed and assurance has been provided that necessary actions are underway. The Bank has been granted a temporary derogation to comply with this requirement. In the interim and as agreed with the Regulator, the Board has delegated the roles and responsibilities of the distinct Cyber and Technology Risk Board Sub-Committee to the Risk Management Committee, to ensure appropriate oversight on matters related to cyber and technology risk management.

Corporate Governance Report (cont'd)

Audit Committee ("AC")

Composition

The Audit Committee consists exclusively of Independent Non-Executive Directors, possessing relevant expertise, commercial acumen and sector knowledge necessary to fulfill their responsibilities.

Key Mandates

The Committee assists the Board on matters relating to the preparation of accurate financial statements in compliance with the applicable legal requirements and accounting standards and the monitoring of Internal Audit and Compliance functions along with their respective annual plan of actions.

The full roles and responsibilities of the AC are outlined in its Terms of Reference, which are reviewed and approved annually by the Board and are available on the Bank's website.

Meetings

During the year under review, the AC Members have met 11 times, as per hereunder attendance:

Members	Independent	Committee Member since	Meeting attendance
Mrs Imalambaal KICHENIN *(Chairperson)*	Yes	March 2020	11/11
Ms Oumila SIBARTIE	Yes	September 2021	11/11
Mr Rajcoomar RAMPERTAB, CSK	Yes	August 2023	11/11

In addition to the Committee members, AC Meetings are also attended by the Chief Executive, External Auditors and members of the Senior Management and Control Functions, as and when required. To ensure assurance and transparency, the Committee holds secluded sessions with the External Auditors, Head of Internal Audit & Investigations, as well as the Head of Compliance in the absence of Management when required or at least on a quarterly basis.

Key Focus Areas in FY 2024

- Recommended to the Board for approval the quarterly, half-yearly and full-year financial statements
- Reviewed the effectiveness of the Auditor and was satisfied that the services provided remained effective, objective and fit for purpose
- Held meetings with the Auditors without Management present to provide an appropriate forum for issues to be raised
- Considered the reports from Deloitte, the External Auditors, and any concerns raised
- Considered the Audit plans of the External Auditors
- Recommended to the Board the re-appointment of Deloitte as Statutory Auditors for the financial year 2024
- Recommended to the Board the proposal on Dividend for the year ended 31 December 2024
- Recommended to the Board the appointment of External Auditors for the provision of non-audit services
- Received quarterly updates on the effectiveness of controls
- Received the plans, reports and recommendations from the Internal Audit function
- Considered the Compliance plan, reports and recommendations
- Sought comfort from the Internal Audit function and Compliance division on various areas, including internal control
- Reviewed the Financial section of the Integrated Annual Report

Corporate Governance Report (cont'd)

Corporate Governance and Sustainability Committee ("CGSC")

Composition

The CGSC is primarily composed of Non-Executive Directors.

Key Mandates

In addition to overseeing corporate governance, the Committee is tasked with monitoring the implementation of sustainability initiatives falling under the SBM Group's Sustainability Agenda. It also receives regular updates and reports from the Management and Sustainability teams regarding the Bank's performance against sustainability targets and goals. The Committee continues to provide guidance to the Board on all governance-related matters and recommends the adoption of best practices in line with the governance code. The Committee also received reports from Management on conflict-of-interest disclosures and complaints and received assurance that Management has put proper controls to mitigate risks.

The full roles and responsibilities of the CGSC are outlined in its Terms of Reference, which are reviewed and approved annually by the Board and are available on the Bank's website.

Meetings

During the year under review, the CGSC Members have met 8 times, as per hereunder attendance:

Members	Independent	Committee Member since	Meeting attendance
Mr Jean Paul Emmanuel AROUFF *(Chairman)*	No	June 2022	8/8
Mr Muhammad Azeem SALEHMOHAMED	No	June 2022	8/8
Ms Oumila SIBARTIE	Yes	September 2021	8/8
Mr Premchand MUNGAR	No	November 2023	8/8

Key Focus Areas in FY 2024

- Recommended the Integrated Annual Report of 2023 to the Board
- Reviewed the Key Governance positions within the Bank
- Considered the outcomes of the Board Evaluation exercise
- Received assurance reports from the Compliance division regarding matters of Conflict of Interest and Gift Disclosures
- Received reports from Management on key complaints and their mitigants
- Recommended the Directors' Training plan for the financial year 2024 to the Board
- Oversaw the progress and implementation of the SBM Sustainability Agenda, based on reports submitted by Management

Corporate Governance Report (cont'd)

Remuneration and Nomination Committee ("REMCO")

Composition

The REMCO is primarily composed of independent Non-Executive Directors.

Key Mandates

The REMCO is granted the authority by the Board to independently establish, review and make recommendations regarding the Bank's remuneration policies and practices. This includes determining salary packages, bonuses and retention schemes for the Executive Director and Senior Management, which are then presented to the Board for approval. The Committee ensures that all Employees, as well as Executive and Non-Executive Directors, are compensated in alignment with the Bank's strategy and policy.

The full roles and responsibilities of the REMCO are outlined in its Terms of Reference, which are reviewed and approved annually by the Board and are available on the Bank's website.

Meetings

During the year under review, the REMCO Members have met 9 times, as per hereunder attendance:

Members	Independent	Committee Member since	Meeting attendance
Mr Rajcoomar RAMPERTAB, CSK *(Chairman)*	Yes	March 2020	9/9
Mr Jean Paul Emmanuel AROUFF	No	September 2020	5/9
Mrs Imalambaal KICHENIN	Yes	March 2020	7/9
Ms Oumila SIBARTIE	Yes	February 2021	9/9
Mr Premchand MUNGAR	No	November 2023	9/9

The Senior Officer - Human Resources is called upon to attend all or part of any REMCO meeting to discuss on the papers presented at the Meetings and/or if the Members have any queries pertaining to the Human Resources matters of the Bank.

Key Focus Areas in FY 2024

- Reviewed and assessed the remuneration policy and human resources-related policies of the Bank
- Analysed and recommended performance-based remuneration, based on the Bank’s goals and objectives for staff
- Conducted ongoing assessments of Directors’ performances and attendance at Board and Committee meetings
- Recommended decisions related to the recruitment, promotion, transfer and grade review of Senior Officers and above to the Board
- Recommended adjustments to remuneration, benefits and other terms for staff

Corporate Governance Report (cont'd)

Risk Management Committee ("RMC")

Composition

The RMC consists primarily of Non-Executive Directors, with a sufficient number possessing expertise in risk management, alongside the Chief Executive.

There have been some changes in the RMC's composition during the year as highlighted below.

Key Mandates

The Committee assists the Board in fulfilling its responsibility with respect to:

(i) Oversight of the Bank's risk management framework, including policies and practices in managing credit, market, operational, legal, compliance and other risks and

(ii) Oversight of the Bank's policies and practices related to funding risk, liquidity risk and price risk, which are significant components of market risk and risk pertaining to capital management.

The Committee receives assurance reports from the Risk Management function in this respect. The Committee fulfils its responsibilities through quarterly meetings and reviews independent reports provided by the Risk Management Team. Additionally, it ensures that Risk Management function operates independently from Executive Management.

The full roles and responsibilities of the RMC are outlined in its Terms of Reference, which are reviewed and approved annually by the Board and are available on the Bank's website.

Meetings

During the year under review, the RMC Members have met 6 times, as per hereunder attendance.

Members	Independent	Committee Member since	Meeting attendance
Mr Lawrence Eric WONG TAK WAN *(Chairman from 24 June 2024)*[1]	Yes	November 2023	5/6
Mr Raoul GUFFLET	No	July 2021	6/6
Mr Muhammad Azeem SALEHMOHAMED	No	September 2020	6/6
Mr Ranapartab TACOURI[2], GCSK	Yes	November 2021	6/6
Mr Premchand MUNGAR	No	November 2023	6/6

In the absence of a Chief Risk Officer, the Senior Members of the Risk Management Team attended all or part of the RMC meetings, providing updates on reports presented and addressing any queries the members may have regarding the Bank's risk management matters.

[1]Mr Lawrence WONG TAK WAN was appointed as the Committee Chairman effective as from 24 June 2024.

[2]Mr Ranapartab TACOURI, GCSK was the Committee Chairman until 24 June 2024.

Key Focus Areas in FY 2024

- Oversaw the creation and implementation of a robust and effective risk management framework for the Bank, ensuring the establishment of strong internal processes, controls and reporting systems in terms of people, policies and systems
- Received quarterly updates and recommendations from the Senior Members of the Risk Management team on the performance and effectiveness of the Bank's risk management framework and risk appetite, taking action where necessary
- Assessed the adequacy of risk management control methods and techniques, with a specific focus on monitoring their effectiveness in areas such as credit, market, liquidity and operational risks
- Reviewed the Bank's key risks - credit, market, liquidity, operational, legal, compliance (including AML/CFT) and reputational risks - and the actions taken to mitigate these risks
- Ensured that the Senior Members of Risk Management team confirmed the independence of risk management oversight from operational management and that the function is sufficiently resourced with proper visibility across the Bank
- Received assurance reporting from the Risk Management function on cyber/technology risk management matters. Improvements had been requested by the Committee to the reporting made in the year under review

Corporate Governance Report (cont'd)

Strategy Committee ("SC")

Composition

The Strategy Committee consists primarily of Non-Executive Directors. Similar to other Committees, the composition of the Strategy Committee was also reviewed during the year.

Key Mandates

The Strategy Committee is tasked with ensuring that the Bank's strategy remains aligned with the evolving business environment. It also monitors the progress of key performance targets that are set in accordance with the strategy.

The full roles and responsibilities of the Strategy Committee are outlined in its Terms of Reference, which are reviewed and approved annually by the Board and are available on the Bank's website.

Meetings

During the year under review, the SC Members have met 5 times, as per hereunder attendance:

Members	Independent	Committee Member since	Meeting attendance
Mr Muhammad Azeem SALEHMOHAMED *(Chairman)*	No	September 2020	5/5
Mr Jean Paul Emmanuel AROUFF	No	August 2020	5/5
Mr Raoul GUFFLET	No	January 2023	4/5
Mrs Imalambaal KICHENIN	Yes	March 2020	3/5
Mr Premchand MUNGAR	No	November 2023	5/5

The Committee may invite Senior Management, including the Head of Strategy and Chief Financial Management Officer, to attend all or part of its meetings, as needed to provide relevant insights and updates.

Key Focus Areas in FY 2024

- Focused on the Bank's performance and business lines, reviewing progress against the established KPIs and targets
- Reviewed the annual business plan, budget and capital structure of the Bank before submitting them to the Board for approval
- Evaluated the Organisation Structure of the Bank, ensuring that all functions were appropriately defined and aligned within a set timeframe

Corporate Governance Report (cont'd)

Board Supervisory Committee ("BSC")

Composition

The BSC is primarily composed of Non-Executive Directors, with the Chairman of the Board and the Chief Executive also serving as members.

In 2024, the composition of the BSC was updated to reflect the change in the Chairmanship position which happened during the year. The change has been highlighted in the table below.

Key Mandates

The BSC is entrusted by the Board to oversee the overall management of the Bank, ensuring that the Executive Management team exercises its decision-making powers appropriately and in alignment with the Bank's strategies and internal policies.

Since Non-Executive Directors do not engage in the day-to-day operations of the Bank, the BSC carries out its oversight role by reviewing independent reports from the control functions on a regular basis. The Heads of Control Functions conduct independent assessments and analyse any observed issues, which are then reported to the Board and the Committee. At each meeting, the Committee discusses these reports and provides instructions to Management on addressing any identified control weaknesses.

The full roles and responsibilities of the BSC are outlined in its Terms of Reference, which are reviewed and approved annually by the Board and are available on the Bank's website.

Meetings

During the year under review, the BSC Members have met 5 times, as per hereunder attendance:

Members	Independent	Committee Member since	Meeting attendance
Mr Ranapartab TACOURI, GCSK[1] *(Chairman until 24 June 2024)*	Yes	April 2021	5/5
Ms Oumila SIBARTIE	Yes	April 2021	5/5
Mr Raoul GUFFLET	No	July 2021	4/5
Mr Premchand MUNGAR	No	November 2023	5/5
Mr Visvanaden SOONDRAM[2]	No	April 2021	1/2

The Risk Management Team, Head of Compliance, Head of Service Excellence and Head of Procurement were invited to attend the BSC meetings to present their respective reports.

[1]Mr Ranapartab TACOURI, GCSK was appointed as Committee Chairman effective 24 June 2024.

[2]Mr Visvanaden SOONDRAM ceased to be Committee Chairman effective as from 21 June 2024.

Key Focus Areas in FY 2024

- Recommendations were made to Management on enhancement of controls and in reporting
- Sought assurance from the Risk Management and Compliance Teams that Senior Executives were managing the Bank in accordance with established procedures and policies
- Reviewed significant credit risk issues and large credit exposures
- Oversaw the management and control of the Bank's administration and operations, ensuring that appropriate procedures were in place
- Considered proposals from the second line of defence regarding the implementation of Board-approved policies

Corporate Governance Report (cont'd)

Company Secretary

The Company Secretary plays a crucial role in ensuring the application of good governance principles at Board level. The appointment or removal of the Company Secretary is a decision of the Board, in accordance with the Bank's Constitution. All Directors have access to the services of the Company Secretary.

Profile of the Company Secretary

Ms. Preshnee RAMCHURN is the Company Secretary at SBM Bank (Mauritius) Ltd. She is a Governance Professional with extensive expertise in corporate governance, company secretarial practices and has prior experience in risk management and compliance from her tenure in the Bank's Risk Management function and one of the Big 4 accounting firms.

In addition to her role as Secretary to the Board, Ms. Ramchurn oversees the Corporate Affairs division of the Bank and serves as Secretary to the 6 Board Sub-Committees. She plays a pivotal role in ensuring adherence to governance best practices at the Board level.

Ms. Ramchurn is a Senior Officer of the Bank and a fellow Member of the Chartered Governance Institute UK & Ireland (CGI) and Member of the Mauritius Institute of Directors (MIoD). She reports directly to the Board (via the Chairman) and administratively to the Chief Executive of the Bank.

Read more on the responsibilities of the Company Secretary on page 131 of the Integrated Annual Report.

Corporate Governance Report (cont'd)

Principle Three: Director Appointment Procedures

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

The Board follows a structured process for the nomination and appointment of Directors. The Remuneration and Nomination Committee ("REMCO") oversees this process, ensuring that appointments align with the organisational structure, Board size and composition and regulatory standards. This approach promotes a diverse and well-qualified Board in terms of expertise and experience.

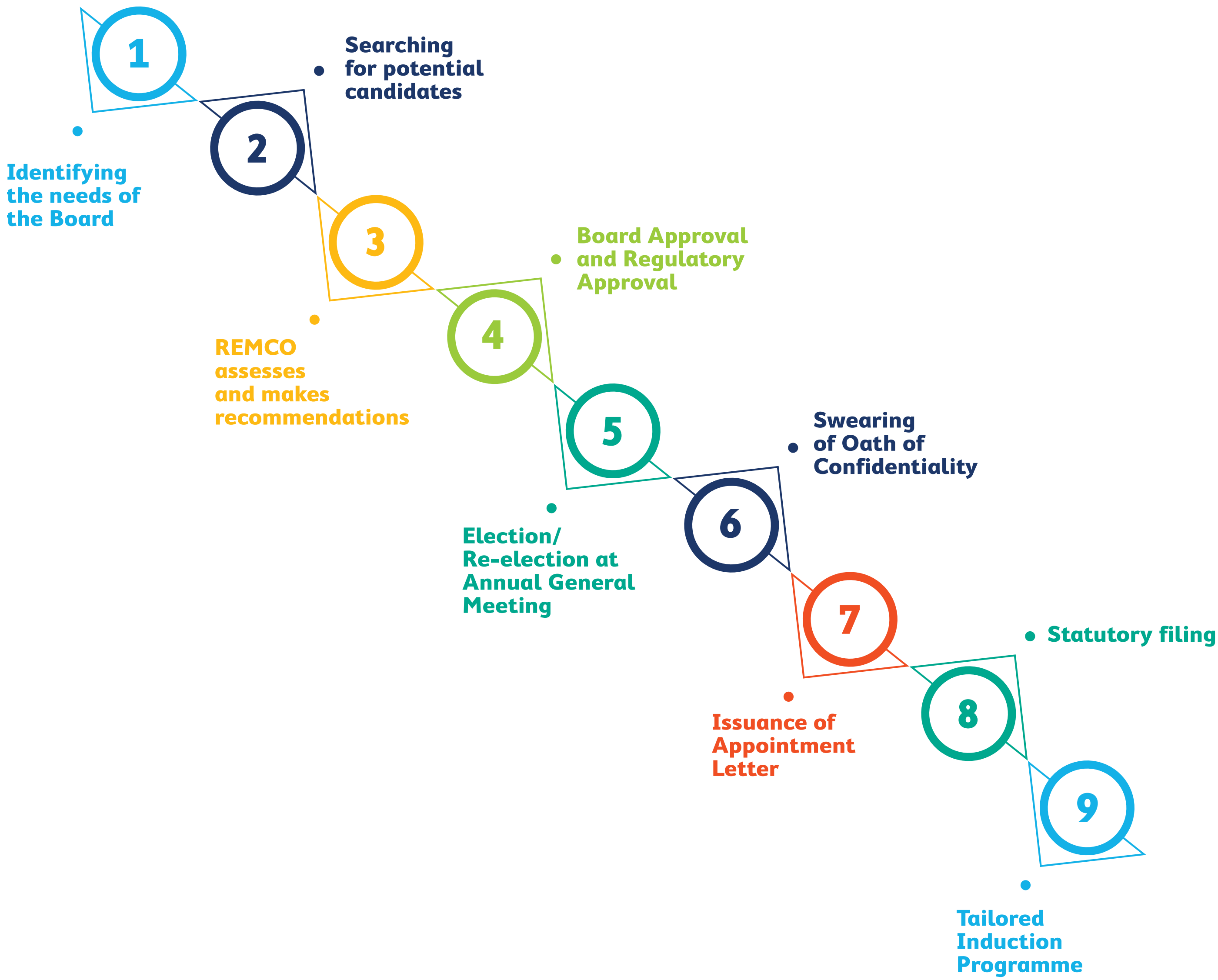
Criteria to be met for Directors' appointment

In addition to meeting the regulatory fit and proper criteria, a prospective Director is assessed based on the following criteria:

Relevant skills and expertise	Potential Conflict of Interest
Time commitment	Board Diversity
Independent thinking and sound judgment	Balanced Board composition (including Executive, Non-Executive and Independent)

This selection process ensures that the Board is well-equipped to guide the Bank effectively while upholding governance best practices.

The REMCO has put in place a proper process for the appointment and reappointment of Directors, which cut through some of the listed procedures:



Corporate Governance Report (cont'd)

Succession Planning

Succession Planning at Board and Senior Management Levels

Succession Planning at Board level

The Board holds ultimate responsibility for succession planning concerning directorship and the Chief Executive, with the Board Chairman and REMCO playing a crucial role in this process.

The key responsibilities of REMCO vis-à-vis succession planning at the Board level are:

- Review current and potential vacancies arising from resignations or retirements of Directors
- Proactively assess the Board's succession requirements
- Evaluate candidates for re-election and recommend them to shareholder at the Annual General Meeting ("AGM") to ensure Board stability while maintaining flexibility for necessary adjustments
- Consider Board composition needs in line with the Bank's Constitution and strategic objectives

Developments in 2024:

To ensure compliance with the new Bank of Mauritius Guideline on Cyber and Technology Risk Management, the Board of Directors is currently taking the necessary steps to onboard two additional Independent Directors with relevant experience in cyber/technology related matters. Derogation to comply with this requirement had been sought and received from the Regulators.

Succession Planning for Senior Management

The Board and REMCO ensure structured succession planning at the Senior Management level, primarily guided by inputs from the Chief Executive and Senior Officer - Human Resources.

The Bank is committed to identifying and nurturing talent at an early stage to develop a strong leadership pipeline through the hereunder key succession strategies:

- Identifying and nurturing high-potential employees early to prepare them for top management roles
- Conducting structured promotion exercises to retain talent and strengthen internal career progression
- Ensuring cross-functional exposure for Senior Management candidates to facilitate professional growth
- Evaluating candidates' suitability before recommending appointments to the Board
- Reviewing vacancy updates periodically and aligning recruitment efforts with organisational needs

The Bank's HR framework for promotions and transfers is designed to offer Senior Management broad functional exposure, thereby supporting career progression and seamless leadership transitions. As part of the established process, Management assesses the suitability of candidates for the potential or existing vacancies, before making recommendations to the Board. Updates on current or anticipated vacancies due to resignations or retirement at Senior Management level are also periodically reviewed at REMCO level. During FY 2024, the Board approved a new organisation structure with new/restructured positions requiring both internal and external recruitment to ensure key vacancies are filled within a set timeline. Some of the positions filled are shared below:

- Chief Information and Digital Officer
- Head of Private Banking
- Head of Sustainability
- Head of Marketing

The Bank emphasises leadership continuity through:

- Targeted recruitment for key roles
- Internal promotions and professional development opportunities
- On-the-job training and structured learning programmes
- Departmental succession planning, where senior team members support and mentor junior staff to maintain operational continuity

The Board recognises that effective succession planning is essential for long-term stability and growth. By implementing a structured approach to leadership development, the Bank ensures that critical positions are filled seamlessly, maintaining strategic alignment and operational excellence.

Corporate Governance Report (cont'd)

Principle Four: Directors' Duties, Remuneration and Performance

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

Board Orientation

Each newly appointed Director undergoes a comprehensive induction and orientation upon joining the Board. This programme covers, among other aspects:

- Legal duties and responsibilities as a Director of a banking entity
- The Bank's corporate governance structure and key policies
- An overview of banking operations, opportunities and challenges to facilitate a quick and effective understanding of the Bank's business environment

The primary objective of the induction is to equip new Directors with the necessary knowledge and insights to contribute effectively to the Board's decision-making process. This structured approach ensures the development of a well-informed, competent and strategically aligned Board.

At the Bank, the Directors' training/development programme falls under the responsibility of the Chairman of the Corporate Governance and Sustainability Committee, assisted by the Company Secretary and the SBM Academy who altogether ensure that the Members of the Board and its Committees:

New Directors receive an induction programme upon joining the Board

The induction programme deepens understanding of the business needs, environment and market dynamics

As part of the Bank's induction programme, a Directors' Induction Handbook, formal briefings as well as introductory sessions with Board Members, Senior Management, Auditors and Regulators (as applicable) are provided to/arranged for all newly appointed Directors

Continuous Development Programme

Given the constant changing environment in which the Bank operates, it is important that the Board maintains a good working knowledge of the banking industry as well as keeps itself updated of the recent and upcoming developments in the wider legal and regulatory environments. The Directors are committed to their own ongoing professional development.

The Company Secretary, along with the SBM Academy, assists the Chairperson of the Board and the Corporate Governance and Sustainability Committee in developing a training plan for all Board Members, based on the current needs and the evolving changing landscape of the banking industry. These training programmes are facilitated by both internal and external subject matter experts.

During the FY 2024, the trainings were focused on the following:
Corporate Governance
Business Continuity Management for the Boardroom
Cybersecurity oversight in an era of Digital Acceleration
Sustainable Finance
Artificial Intelligence in Banking

Strategy Retreat: Board of Directors & Senior Executive Team

Based on the recommendation during our Independent Board Evaluation exercise from an independent consultant that Board Directors should actively participate in Strategy formulation, a two-day workshop organised for Directors and Senior Management with the following objectives:

- Review the strategic framework established by key line leaders and Management team members in a previous workshop
- Establish a shared understanding of SBM's mission and value proposition
- Finalise the corporate objectives, culminating in creating a corporate strategy

The workshop was facilitated by an industry-level expert who has more than 23 years' experience in Strategy.

Corporate Governance Report (cont'd)

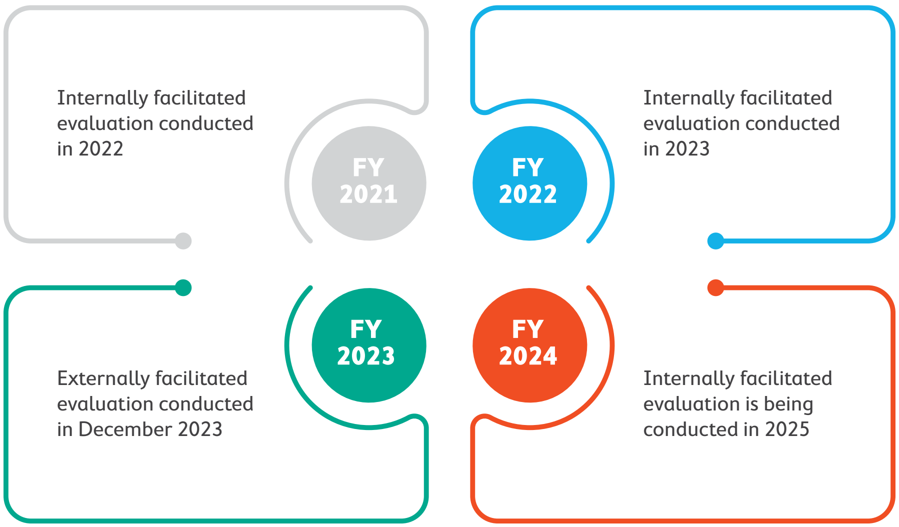
Board Effectiveness

The Board, through the Corporate Governance and Sustainability Committee, remains dedicated to conducting independent evaluations of its effectiveness, including the performance of its Committees and individual Directors, on a periodic basis. In line with the Code's recommendations, the Bank ensures that the Board evaluation exercise is externally facilitated every three years to maintain objectivity and transparency.

In line with the Code, an independent review of the Board effectiveness was conducted in November 2023 and this exercise was facilitated by Value Alpha Limited, a UK-based consultancy specialising in Board evaluations. The internal board evaluation exercise for FY 2024 is currently underway and based on the outcomes of the exercise, an action plan would be devised to further improve the running of an effective Board. The tracker will outline key focus areas, assign responsibilities and establish clear timelines for completion, ensuring that the Board remains proactive in enhancing its governance framework as hereunder:

Recommendations/ Areas of improvement	Category	Action Owner	Comments/Progress	Timeline	Status

The below diagram shows the performance evaluation conducted for the financial years 2021 to 2024:



Workforce practices

The Board has approved an HR policy that outlines the impact on the workforce and guides employee behaviour. All policies are reviewed by relevant stakeholders to ensure they align with the Bank's purpose and reflect its values.

Code of Ethics

Our reputation as a trusted Bank is essential to achieving our goals. This reputation is built upon the ethical standards and values that influence the culture and conduct of our employees.

The Bank has a Code of Ethics, which sets forth the values and behaviours expected of Directors and staff, regardless of their level of responsibility.

The Code of Ethics and Business Conduct was drafted by Management under the guidance of the Board and both Directors and staff are made aware of its provisions, including the consequences of non-compliance. The Board, through control functions, regularly monitors and assesses compliance with this Code.

Read more on the Code of Ethics and Business Conduct on the Bank's website.

Conflicts of Interest

In accordance with the Mauritius Companies Act 2001, Directors must avoid actual or potential conflicts of interest and act in the best interests of the Bank.

Since a Non-Executive Director may have other business interests or directorships outside the Bank, this could affect their independence if a conflict of interest arises. To address this, the Bank has in place a Conflict-of-Interest Policy that requires the Chairman, Directors and employees to disclose any potential conflicts in transactions involving the Bank to the Head of Compliance, Board, or Company Secretary as defined in the Bank's policy. Directors are required to declare their interests to the Board or Chairman or Company Secretary. A record of these interests is kept in the Interest Register, which is available upon written request to the Company Secretary. Directors are regularly reminded of their duty to disclose any actual or potential conflicts of interest and to confirm their external interests.

Staff members also declare any conflicts of interest, which are recorded in the Interest Register maintained by the Head of Compliance. A report on how these conflicts are managed is presented to the Corporate Governance and Sustainability Committee on a periodic basis by the Head of Compliance. Due to the sensitive nature of this information, the Conflict-of-Interest Policy is not published on the Bank's website.

Corporate Governance Report (cont'd)

Remuneration

Effective governance plays a key role in ensuring that the remuneration process is both fair and aligned with the Bank's strategy. When designing the compensation structure, the Bank aims to make sure that the level and composition of remuneration are competitive, relevant and appropriate.

Remuneration of Non-Executive Directors

The Bank's approach to remunerating Non-Executive Directors is as follows:

- When determining the remuneration structure, the Board ensures that each Director's compensation aligns with market standards and that the level and mix of remuneration are competitive, relevant and appropriate, reflecting their scope of work and attendance at Board Meetings.
- Directors' remuneration is based on the fee schedule approved by the Bank's shareholder.

The Directors fee of Non- Executive Directors consist of monthly fixed base fee for Board and Committee duties and fixed base fee as attendance fee for presence at Board and respective Committee meetings.

Directors' payments are also subject to the SBM Group's policy if a Non-Executive Director of the Bank is employed by another entity within the SBM Group.

Remuneration and benefits received by the Non-Executive Directors during the financial year 2024 are as follows:

Non- Executive Directors	Jan 2024 to Dec 2024 (MUR)*
Mr Ranapartab TACOURI, GCSK	2,180,000
Mr Jean Paul Emmanuel AROUFF	2,120,000
Mrs Imalambaal KICHENIN	2,040,000
Mr Rajcoomar RAMPERTAB, CSK	1,915,000
Mr Muhammad Azeem SALEHMOHAMED	2,180,000
Ms Oumila SIBARTIE	2,125,000
Mr Visvanaden SOONDRAM *(hold directorship till June 2024)*	1,180,000
Mr Lawrence Eric WONG TAK WAN	1,220,000

**includes the fixed monthly fee and attendance fee*

Non-Executive Directors have not received any remuneration in the form of share option or bonuses associated with organisational performance during the financial year 2024.

Remuneration for Executive Directors

In alignment with the Bank's remuneration philosophy, the Executive Director is not entitled to receive directorship fees.

The remuneration structure for the Executive Management team includes a basic salary, variable bonuses and other benefits. The Executive Director does not receive director's fees. No Executive Director or prescribed officer participates in determining their own remuneration. Instead, the Board, through the Remuneration and Nomination Committee, is responsible for overseeing the remuneration packages of the Senior Management team.

The Chief Executive of the Bank serves as an ex-officio member of the Board, in accordance with the Constitution.

The below table sets out a comparative analysis of the total remunerations received by the Directors:

Remuneration	Year 2024 (MUR)	Year 2023 (MUR)
Non-Executive Directors	14,960,000	11,530,000
Executive Directors	22,560,464	20,323,456

Directors & Officers Liability

The Bank has subscribed to a Directors & Officers Liability Insurance policy protecting both individuals and insured entities. The cover reimburses the Insured Entity if they have paid a loss for a Director and Officer arising out of claims first made against that Director or Officer. The Insurer will pay the loss of each Director and Officer arising out of a claim first made against that insured person. The policy does NOT cover the deliberate gaining by any insured of profit or advantage to which such insured was not legally entitled, or the committing of any deliberately dishonest or deliberately fraudulent act by any insured.

Information Technology ("IT") Governance

IT has an established IT governance framework in place which includes controls, security measures, policies emanating from regulatory guidelines and applicable laws, complemented by standards which are more inclined with the best practices being followed in the industry and supported by well established procedures.

Policies undergo an annual review and are inclined towards reflecting emerging and ever-changing threat and regulatory landscape. The IT Governance team ensures the implementation of these policies, standards and procedures where any deviation is adequately documented with required approvals obtained.

Multiple security policies, together with technological and logical controls have been implemented to ensure that data is safeguarded both within its premises as well as those hosted on the cloud. Information governance, information technology and security are continuously being emphasised by regular awareness initiatives, stressing on the confidentiality, protection, integrity and availability of information.

Apart from the policies, procedures and standards, any new significant change request for IT will follow the established approval process with the Bank Executive Forum, Procurement Forum and the respective Boards as might be applicable.

In addition, critical processes are being reviewed jointly with Control Functions (Business Continuity Planning, Audit, Compliance, DPO and Risk Management), which are also onboarded for any new IT initiatives to ensure compliance with regulations.

To bolster the controls and governance in IT, one of the initiatives for year 2025 is to onboard a consulting firm to review and update all IT Policies and Standards as per regulatory framework and also assist the Bank to implement same.

The Information policy, Information technology policy and Information security policy are intended for internal use and given the sensitive nature of these policies, same has not been published on the Bank's website.

In line with the Bank of Mauritius Guideline on Cyber and Technology Risk Management, the Management Team is currently implementing necessary measures to achieve full compliance with the Bank of Mauritius Guideline on Cyber and Technology Risk Management. This is being tracked by the Internal Audit function along with Senior Management and Board.

Principle Five: Risk Governance and Internal Control

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

Risk Management & Internal Control

Risk Management & Internal Control is crucial for the governance, management and operations of the Bank. We accept the risks inherent to our core business lines and we diversify them through our scale, the variety of the products and services we offer and the channels through which we sell them.

As per our risk management framework, the Board of Directors is ultimately responsible for the system of internal controls and risk management of the Bank. The system is designed to manage, rather than eliminate the risk of failure, to achieve business objectives.

The Board provides sound leadership to the Senior Management and oversees the conduct of affairs. The Board through the Risk Management Committee oversees the risk management activities of the Bank with a view of ensuring that decision-making is aligned with the Board's approved policies. The Board is also supported by the Audit Committee and the Risk Management Committee to have an assurance on the effectiveness of internal control systems across the Bank.

Management is involved in the identification, mitigation and monitoring of operations and specific risks, with the help of subject matter experts across the business. Significant risks are escalated to the Risk Management Committee and Board, where appropriate and assessments are done after considering the overall risk tolerance of the Bank.

Further details on the management of risk are provided in the Risk Management Report.

Risk Management

Risk Management is key to the Bank. It is integrated into the culture of the Bank through commitment by the Board and Senior Management. Risk Management aims at protecting and adding value to the Bank and its stakeholders by supporting the Bank's objectives.

Our Risk Management Committee

- The Risk Management Committee ("RMC") has the responsibility to ensure that there is a proper structure and process in place for the identification of various risks faced by the Bank as well as managing such risks. In addition to implementing the strategy into operational aspects as directed by the Board, the Executive Management should monitor and report, as well as update the Board/Board Committees on a regular basis.
- Assisted by the Risk Management unit, the RMC reviews the principal risks and has a holistic view on all risks that the Bank faces such as credit, market, liquidity, financial, strategic, operational, legal, compliance and reputational risks. The RMC ensures that appropriate actions are being taken to mitigate these risks, all in compliance with the Bank of Mauritius guidelines and the policies approved by the Board. It also makes recommendations to the Board in relation to risk management issues, including setting limits and the Bank's risk appetite framework.

Our Risk Management Function

- The Bank has a dedicated risk management function. The Risk Management Team provides day-to-day oversight on management of risks and promotes the risk culture across the Bank. It is responsible to create and maintain risk practices across the Bank as defined by the Bank's risk policy and to ensure that controls are in place for all risk categories.
- The Risk Management Team maintains its objectivity by being independent of operations. The Chief Risk Officer ("CRO") or in the absence of the CRO, the Senior Officers of Risk Management team have direct access to the Chairman of the RMC without impediment.
- The Risk Management function is subject to audits on a regular basis. Internal Audit is responsible to assess the adequacy and effectiveness of the Bank's risk management, control and governance processes and to provide reasonable assurance on the management of risks.

Corporate Governance Report (cont'd)

Risk Management & Internal Control (cont'd)

Internal Control

The Board is supported by its different Committees with regards to the effectiveness of the internal control system across the Bank. The Chairperson of the Committees give their relevant assurance on the adequacy of the internal control in place, through their regular reporting made to the Board.

a) Audit Committee and Risk Management Committee

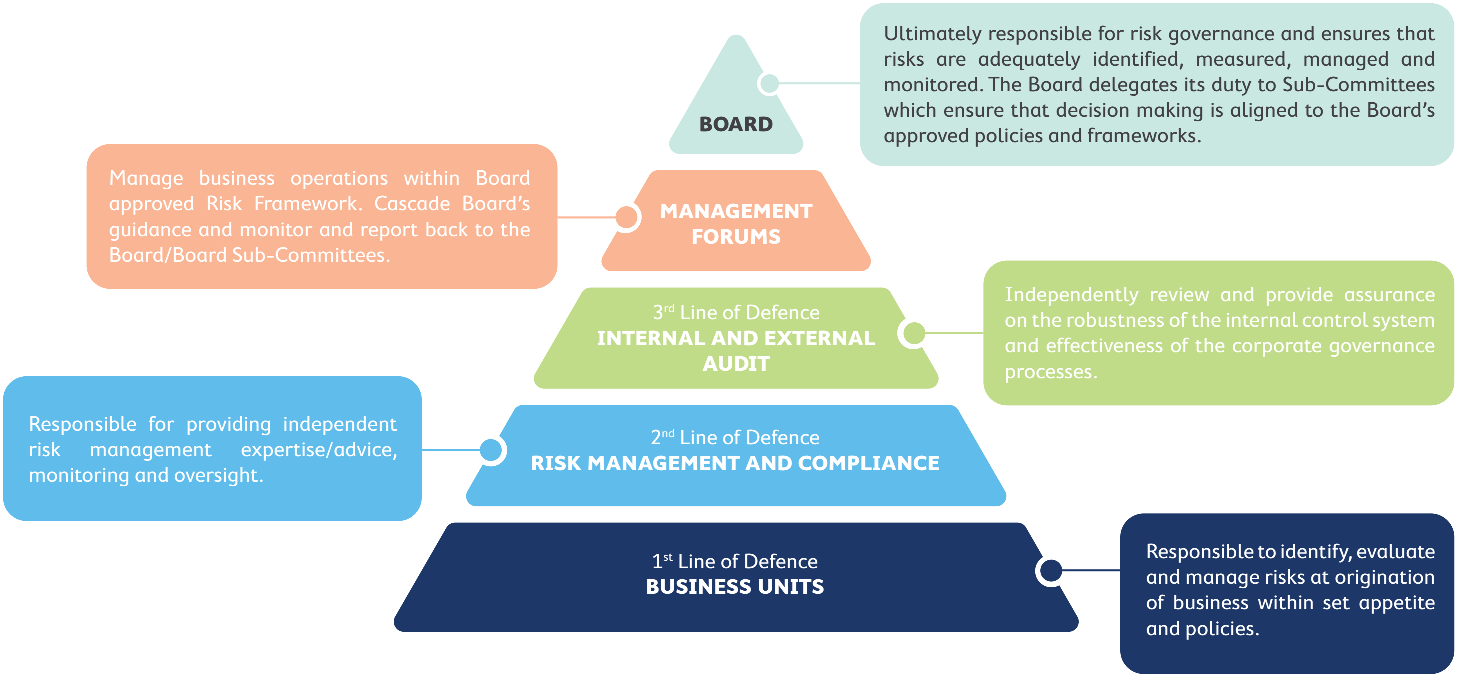
The Audit Committee receives regular reports from the External Auditors, Internal Auditors and the Compliance function, providing assurance on whether the internal control system in place is performing effectively and is adequate to mitigate risks in line with the risk appetite of the Bank.

The Risk Management Committee, which reviews and recommends the Bank's policies to the Bank for approval, ensures that risks are maintained within approved limits and that any deviation is reported on a timely basis. In parallel, the Audit Committee reviews both internal and external audit reports on systems and controls in place to manage those risks.

b) Assurance functions

The Audit Committee and the Risk Management Committee are assisted by the three Control Functions, namely the Internal Audit, Risk Management and Compliance functions to ensure that Management is taking appropriate corrective actions in a timely manner to address control weaknesses and any non-compliance with laws and applicable policies and procedures.

The accountability for risk governance is shown below:



Management has the primary responsibility to own and manage risks associated with day-to-day operational activities. Other accountabilities assumed by the first line include implementing corrective actions to address any process and control deficiencies.

The Risk Management function facilitates and monitors the implementation of effective risk management practices by Management and assists business units in defining the risk exposure and reporting adequate risk-related information throughout the Bank. The Compliance function monitors specific risks such as non-compliance with applicable laws and regulations. It also carries out periodic assurance reviews.

Internal Audit provides the Audit Committee and Senior Management with comprehensive assurance based on the highest level of independence and objectivity within the Bank. Internal Audit provides assurance on the effectiveness of governance, risk management and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives. The Board is assisted in its responsibilities by the Audit Committee which oversees the effectiveness of the Bank's internal and control systems. Processes are in place to monitor the effectiveness of internal control, identify and report any significant issues and ensure that timely and appropriate corrective actions are taken. The Audit Committee, reviews both internal and external audit reports in systems, controls and governance processes in place to manage those risks. The Audit Committee also periodically evaluates the findings following compliance reviews undertaken by Compliance Division of the Bank.

Through regular audits, the internal control system is evaluated with respect to the risk environment. Deviations in policies and non-performance of internal controls are duly reported and discussed at both Management and Audit Committee levels. Corrective actions are taken and regular follow ups made by the Internal Audit until complete resolution. The Audit Committee derives assurance from the Head of Internal Audit & Investigation, the Head of Compliance and the External Auditor that remedial measures are being taken for material audit findings.

In accordance with the BOM Guideline on Maintenance of Accounting and other Records and Internal Control Systems, the External Auditor examined the internal control systems of the Bank, which they concluded were effective.

Important Points

Overall, through internal and external audit reports, the Board is of opinion that the internal control systems of the Bank are effective and adequate.

The Bank is committed to the highest possible standards of openness, integrity and accountability. In line with this commitment, the Bank approved its Whistleblowing Policy, whereby an effective reporting process is established for use by employees, customers, suppliers, contractors, outsourced service providers, etc, in strict confidence, without the risk of subsequent retaliation, victimisation, discrimination or disadvantage. The Whistleblowing Policy has been designed in such a way to assist employees who have concerns about any aspect which involves malpractices or unethical issues, to come forward and voice out those concerns in writing. Depending on the nature of the concern, it will be investigated by the Internal Audit & Investigation Division.

Corporate Governance Report (cont'd)

Principle Six: Reporting with Integrity

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

Financial matters

In accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, Financial Reporting Act 2004, the Banking Act 2004 and applicable Bank of Mauritius Guidelines, the Directors affirm their responsibility for the preparation of the financial statements.

An External Auditor has the responsibility of reporting on whether the financial statements are fairly presented. The Directors must also ensure that the financial statements are free from errors and material misstatements. The Financial Review is provided on pages 235 to 244 of the Integrated Annual Report.

Non-Financial matters

The Bank's reporting on non-financial matters, including the details on human resources, environmental, health & safety, corporate social responsibility initiatives, projects of social partners/NGOs, amongst others have been covered in the Strategy Report and Sustainability Report of the Integrated Annual Report.

Principle Seven: Audit

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

External Audit

The reappointment of Deloitte as the Statutory Auditors of the Bank for the financial year 2024 was approved at the Annual Meeting of Shareholders held in June 2024. The appointment would be valid until the next Annual Meeting of Shareholders to be held in 2025. The entire appointment process has taken place as per the requirements of the Banking Act 2004.

The External Auditors presented the strategy and scope of the audit at the Audit Committee meetings held during the year, highlighting key areas of audit focus. The Auditors reported against their audit scope at subsequent Committee meetings, providing an opportunity for the Committee to monitor progress and raise questions while challenging both Deloitte and Management.

During the course of the year, Deloitte shared insights and feedback with Management and held debriefs to refine the planned audit approach for the review period.

Each quarter, the External Auditors met the members of the Audit Committee. They discussed about the financial statements of the Bank and the new accounting principles adopted along with audit-related issues.

Whenever the External Auditor is called upon to provide non-audit services, the auditor's objectivity and independence are assessed. The safeguards are in place to ensure that the non-audit services are carried out by different partners with different teams.

Auditors' fees and fees for other services

	2024	2023	2022
	MUR'000	MUR'000	MUR'000
SBM Bank (Mauritius) Ltd – External Auditors	Deloitte	Deloitte	Deloitte
Statutory audits and quarterly reviews	20,033	17,883	11,235
Other services	437	428	972

The report of Deloitte, External Auditors is annexed to the Financial Statements.

Corporate Governance Report (cont'd)

Internal Audit & Investigation

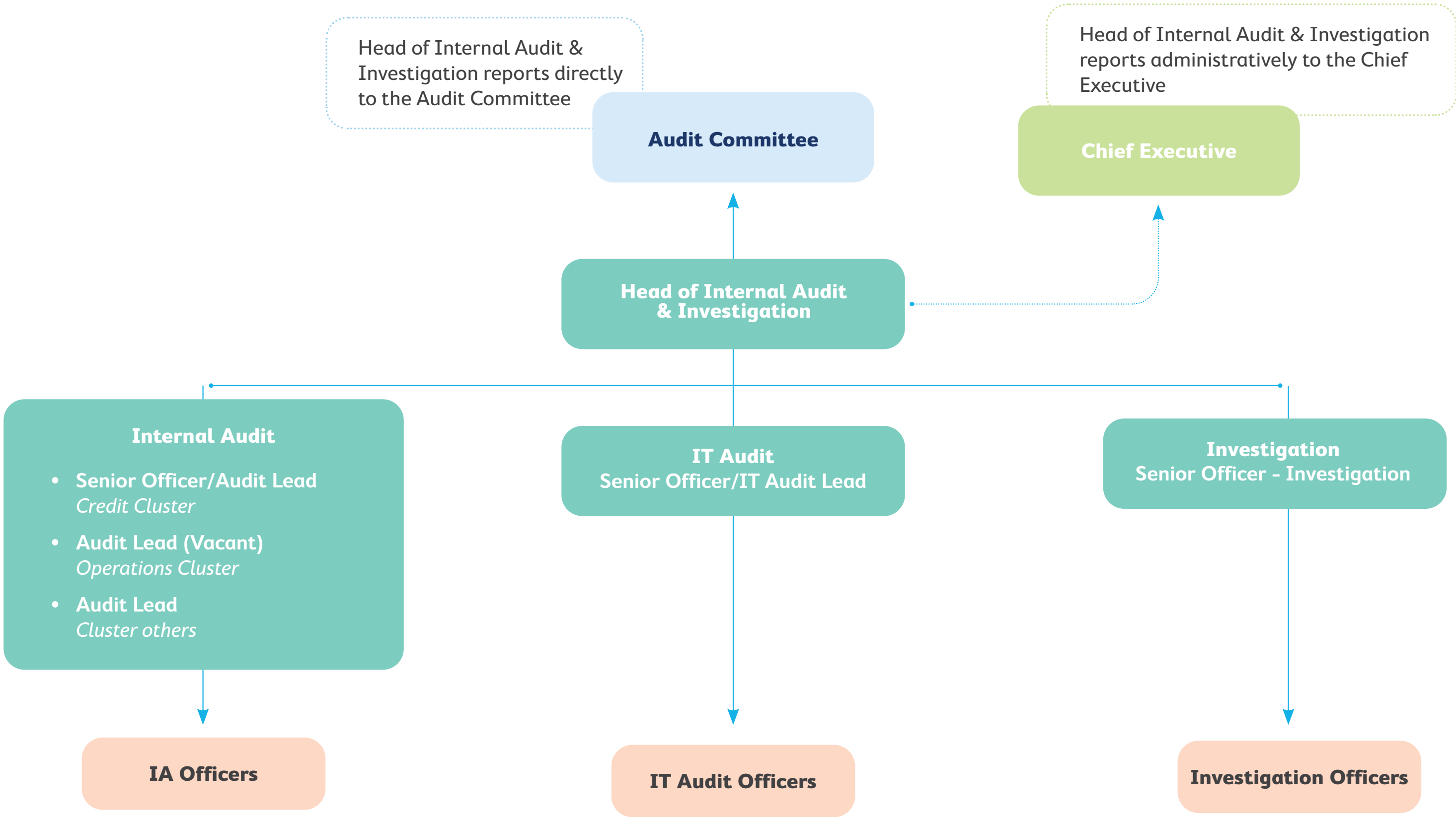
The Internal Audit & Investigation Division at the Bank provides independent and objective assurance and consulting activity designed to add value and improve the Bank's operations. It helps the Bank to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the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

The Division is governed by an Internal Audit policy approved by the Audit Committee.

The Head of Internal Audit & Investigation, Mr Neelesh Sawoky, has a direct reporting line to the Audit Committee and reports administratively to the Chief Executive.

The Head of Internal Audit & Investigation has regular meetings with the Chairperson of the Audit Committee, in the absence of Management representatives, thereby further establishing Internal Audit's independence. Moreover, in order to maintain objectivity, Internal Audit is not involved or responsible for any area of operations within the Bank. Internal Audit has unrestricted access to all personnel, documents, records and explanations required in the performance of its duties.

The organigram of the Internal Audit & Investigation Division is shown as follows:



Internal Auditors have a mix of banking & auditing experience

The audit work is carried out under the supervision of Senior Officers/Audit Leads, who report directly to the Head of Internal Audit & Investigation. Team members of the Internal Audit & Investigation Division have a mix of banking and auditing experience. Most are fully ACCA qualified and have globally recognised certifications such as CIA, CFE or CISA.

Internal Audit & Investigation Division also provides audit services to the Group as per the Group Internal Audit Policy. The internal audits are conducted following a risk-based methodology which is in line with The Institute of Internal Auditors' and other best global practices. Control weaknesses and remedial measures are reported to the Audit Committee on a quarterly basis and shared with Senior Management for onward actions. Recommendations are made by the Internal Audit team on the actions required. High risk open items are prioritised and discussed with Senior Management to ensure that the deficiencies are addressed and that recommendations made are acted upon.

During the year 2024, several investigations were carried out in strict confidentiality, as mandated by the Chief Executive/Audit Committee/Board. The findings were reported to the Executive Forum and/or Audit Committee for appropriate corrective actions.

The Head of Internal Audit & Investigations has provided assurance that the review of all service units was duly completed. Findings, mostly of operational nature, were shared with the Senior Management team for actions and monitoring.

Over and above audit execution, Internal Audit launched the inaugural edition of its Internal Audit newsletter in 2024. Through the newsletter, Internal Audit team aims to provide insights on the roles and workings of the department as well as valuable information about changes and advancements in the field. This initiative is especially designed for open dialogue and collaboration, inviting feedback, questions and suggestions as Internal Audit team endeavours for continuous improvement.

In 2025, besides the execution of the three-year strategic audit plan, the Head of Internal Audit & Investigation intends to increase capacity with additional resources and to automate the audit process through acquisition of a new audit software.

Corporate Governance Report (cont'd)

Principle Eight: Relations with Shareholder and Other Key Stakeholders

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

Given the scale of the Bank's operations, significant stakeholder engagements take place at all levels of the organisation. Managing stakeholder interests is an important focus for the Board and forms a key part of the Board's delegation of the day-to-day management of the business to the Senior Management Team.

The Bank is aware of its fiduciary duties towards its shareholder whilst recognising its accountability to a wider range of stakeholders, as illustrated in the diagram below:

Shareholder and investor community
Striving to generate sound and sustainable financial returns

Customers
Delivering relevant financial solutions and service to our customers

Employees
Shaping a competent and engaged workforce that effectively meets our customer needs

Societies and communities
Promoting inclusive and socially advanced nations

Government and regulators
Doing the right business, the right way

Suppliers and strategic partners
Leveraging networks and ecosystems to achieve our ambitions

The Strategy Report and Sustainability Report of the Integrated Annual Report provide more details on how the Bank continues to drive long-term value creation, shaping a resilient, inclusive, and sustainable financial future for Mauritius.

Statement of Compliance

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

Reporting Period: 1st January 2024 to 31st December 2024

We, the Directors of SBM Bank (Mauritius) Ltd, confirm that, to the best of our knowledge, the Bank has compiled with all its obligations and requirements under the National Code of Corporate Governance (2016). The Bank has applied all the principles set out in the Code and explained how these principles have been applied in this Report.

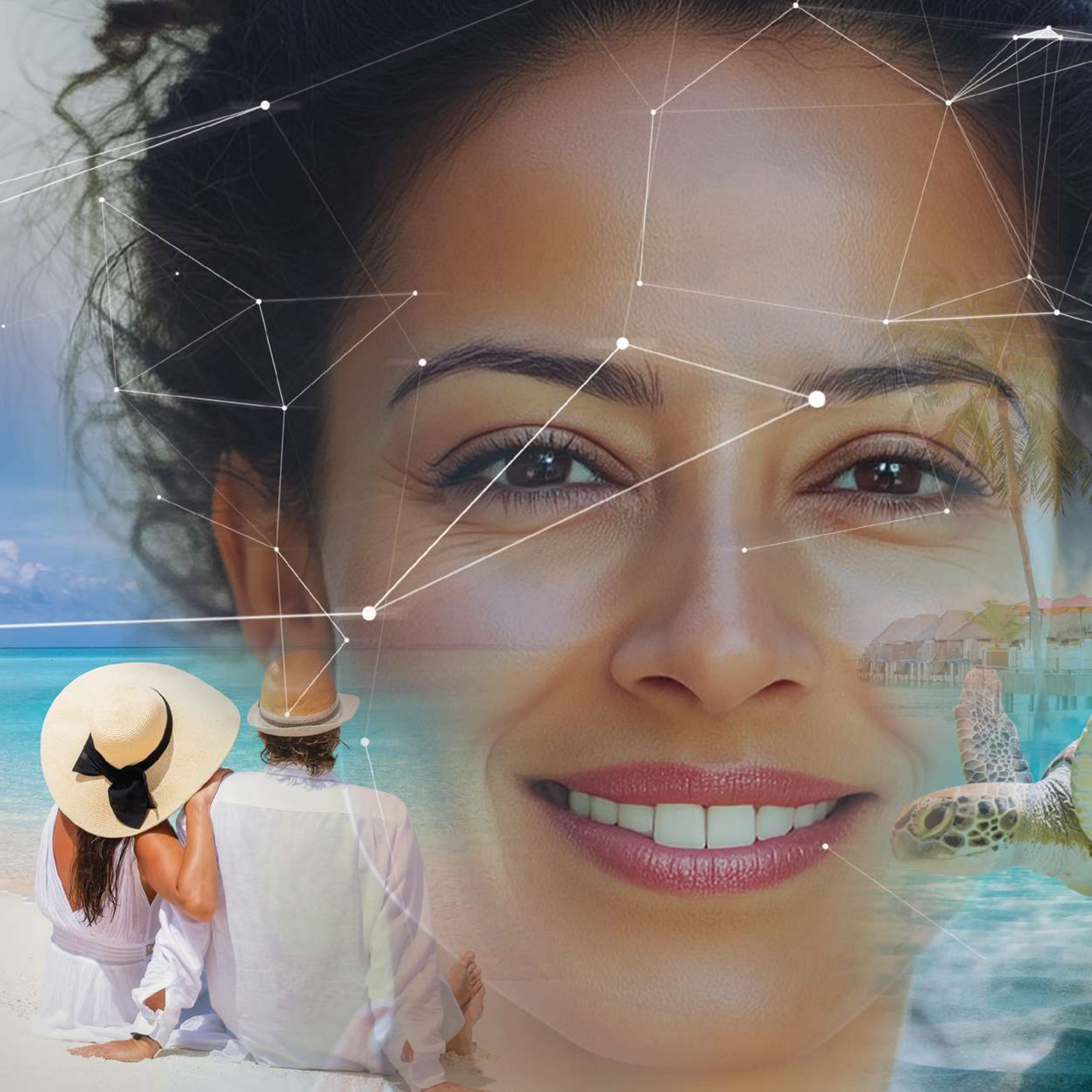
Ranapartab TACOURI, GCSK
Chairman – Board

Jean Paul Emmanuel AROUFF
Chairman – Corporate Governance and Sustainability Committee

Company Secretary's Certificate

We certify to the best of our knowledge and belief that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001 in terms of Section 166 (d).

Preshnee RAMCHURN
Company Secretary



ESTABLISHING BONDS DIVERSIFYING OPPORTUNITIES

Providing tailor-made financial solutions to grow our investments.

Risk Management Report

Risk Management Report

Overview

The Bank's strategy is built on a commitment to meet the evolving needs of our clients by conducting business with integrity and excellence, underpinned by robust governance and risk management frameworks.

We adopt a comprehensive, enterprise-wide risk management approach that spans all risk types and is deeply embedded in our culture and values. This approach is articulated within our Enterprise Risk Management Framework (ERMF), which outlines the key principles and methodologies we use to manage both financial and non-financial risks.

Our framework fosters a strong risk-aware culture, promotes continuous monitoring and supports informed operational and strategic decision-making. It ensures a structured and consistent approach to identifying, assessing, managing and reporting risks with clear accountabilities at all levels. We actively review and refine our risk management framework to maintain a proactive and holistic approach, ensuring alignment with the evolving business and regulatory landscape.

Risk management is a collective responsibility across the organisation, with ultimate oversight resting with the Board. Our risk appetite defines the levels and types of risk the Bank is willing to accept in pursuit of its strategic objectives.

The governance of our risk management process is overseen by our dedicated Board and Risk Management Committee with the requisite expertise. The Executive Management team sets the overall risk appetite in consultation with the Risk Management Team, which is subsequently reviewed and recommended by the Risk Management Committee to the Board for approval. Risk limits are established to ensure adherence to the defined appetite, within which business units are expected to operate. Ongoing monitoring of the risk profile is conducted by the Risk Management Team and reported to Senior Management through different risk forums, the Risk Management Committee and the Board. Additionally, the Internal Audit provides independent assurance to the Board on the effectiveness of governance, risk management and control over both existing and emerging risks.

The Bank's Risk framework, risk appetite, guiding principles, policies, procedures, controls and reporting mechanisms are continuously reviewed and updated to ensure alignment with legal and regulatory requirements, corporate governance standards and industry best practices.

Year under Review and Key Risks Areas

The past year presented a complex array of challenges and opportunities that required proactive risk management and strategic resilience. Against a backdrop of economic uncertainties, rising geopolitical tensions, heightened regulatory requirements, cyber and technological advancements, the Bank remained steadfast in its commitment to maintain a robust risk management framework. Through rigorous risk assessments, proactive risk management practices, enhanced governance structures and a strong risk culture, we satisfactorily navigated the volatile landscape. The Bank showed effective business resilience and made use of tactical deployment of plans in place, all while unlocking opportunities and aligning our risk appetite with our strategic objectives.

The outline below, though not exhaustive, provides an overview of how we responded to the key risk themes, initiatives and measures undertaken over to safeguard the Bank's financial strength, operational stability and long-term sustainability.

- Continued focus on embedding the revamped Enterprise Risk Management Framework (ERMF), fostering a robust risk culture with enhanced harmonisation, especially with the refinement of policies relating to the principal risks of the Bank
- Further strengthening of Credit Risk management with emphasis on enhanced credit assessments and rigorous oversight, reinforcing integrity and transparency of the credit approval process. Significant strides were made in relation to the monitoring of large exposures, further refining our internal rating engine, strengthening oversight on cross-border exposures and underlining emphasis on responsible lending among others
- Refining stress testing frameworks for financial risks in line with regulatory prescriptions and expectations, allowing for a more proactive approach to managing risks
- Substantial headway was made in the processes for identifying, assessing and managing climate risks together with the establishment of a climate risk model with well-defined roadmaps and oversight mechanisms in line with regulatory expectations and global standards
- Several initiatives were undertaken to demonstrate the Bank's commitment to maintaining a robust Compliance Framework such as strengthening of the monitoring and mitigations mechanisms in relation to anti-money laundering and combatting the financing of terrorism (AML/CFT), initiating a consolidated Enterprise-Wide Compliance Risk Assessment (EWRA) and the provision of targeted training and awareness campaigns
- Deliberate effort was given on proactively identifying exposures and assessing controls associated with critical systems, remediation of end-of-life and end-of-support systems and rigorous IT change management
- Enhanced various aspects of non-financial risk management practices ranging from significant strides in revamping key risk indicators, introducing early warning signals, upgrading of tools and systems, strengthening third party management process and controls, upskilling of staff and closer monitoring of emerging risks thus improving on our agility and ability to proactively manage risks
- Ongoing investments in information and cybersecurity programmes and infrastructure to enhance resilience against growing risks of cyber threats, better equipping the Bank to anticipate, detect, defend against and recover from cyber incidents, thus demonstrating our commitment to protecting the Bank's assets, data and reputation
- Recalibrated our governance structures from Board to management forums with stronger oversight, redefined roles and responsibilities, improved accountability and strengthening partnerships among stakeholders to mitigate risks effectively

Risk Management Report (cont'd)

Key Risks Areas

Risk trends

Increasing risk | Stable risk | Decreasing risk

Risk types	Considerations	Key mitigating actions
Credit Risk Risk of financial loss resulting from a counterparty failing to fulfil its financial or contractual obligations in accordance with agreed terms or a decrease in credit quality of a counterparty resulting in a loss. Includes obligor risk, concentration risk, settlement risk and country risk **Trends** Increasing risk	Volatile global and local economic conditions, elevated inflation, global decoupling and growing geopolitical risks, currency depreciation leading to higher debt servicing costs with heightened risk of credit defaults and provisioning implications. **Material matters impacted** Economic performance Regulatory compliance **Capitals impacted** Financial Intellectual	• Ongoing review and update of credit related policies, processes, systems, risk delegated authorities and Board approved credit risk appetite • Continuously assessing the implications of developments in the operating environment, notably on the foreign exchange front given limited availability of hard currency in some regional countries and on the debt repayment capacity of borrowers • Monitor growth and manage any delinquency to ensure a well-diversified performing credit portfolio in line with the strategy and risk appetite with close scrutiny on non-performing portfolios and corresponding provisioning • Proactively monitor credit portfolios with focus on regulatory and prudential limits, emerging risks and adopt measures to minimise undue concentration of exposure in our portfolios • Enhancing controls in relation to structuring and assessment of borrowers' creditworthiness and related IFRS 9 processes • Ongoing enhancement of models to better understand the risk-reward trade-offs • Continuous calibration of the credit risk underwriting models • Ongoing monitoring of our exposures, proactively conduct country and sovereign risk assessments and review of our risk appetite to ensure effective risk management • Keep checks on changes in the global macroeconomic, political and regulatory environments to identify and manage risks at an early stage • Evaluate a system's resilience under extreme condition through stress testing, helping identify vulnerabilities and ensure preparedness for potential risks

Risk types	Considerations	Key mitigating actions
Market, Liquidity and Funding Risk **Market Risk** Risk of loss arising from potential adverse changes in market variables such as interest rates, foreign exchange rates, commodity, bond and equity prices or changes in the volatility of these risk factors **Liquidity & Funding Risk** Risk that the Bank is not in a position to meet its payment obligations or it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets **Trends**	Impact on various asset classes and funding in relation to monetary policy and exchange rate movements together with their implied volatilities and mismatches in the timing of cash flows **Material matters impacted** Economic performance Regulatory compliance **Capitals impacted** Financial Intellectual Manufactured	• Ensure that our framework remains dynamic in supporting the measurement and management of these risk types to meet payment obligations under both normal and stressed conditions in line with regulatory requirements • Employ prudent risk management strategies and active monitoring of Board approved metrics (which are more conservative than regulatory requirements) that capture potential risk of adverse movements in financial markets • Ensure a comfortable level of liquidity is maintained on the statement of financial position, supportive of our strategy • Contingency funding plans, stress testing assumptions as well as early warning indicators continue to be reviewed and adapted where required • Maintain a diversified, stable and cost-effective funding base with the ability to source funding competitively when required to support business growth

Risk Management Report (cont'd)

Risk types	Considerations	Key mitigating actions
Capital Risk Risk of inadequate level (quantity) or composition (quality) of capital to support its normal business activities and to meet its regulatory capital requirements under normal and stressed conditions **Trends**	Multiple factors impacting our capital position such as stringent regulatory requirements, sovereign rating downgrades, earnings volatility, stressed macroeconomic context and adverse changes in exchange rates **Material matters impacted** Economic performance Regulatory compliance **Capitals impacted** Financial Intellectual	• Conduct regular stress testing to ensure a sufficient level of capital is available to withstand potential loss from significant exposures and that adequate buffer is in place in respect of regulatory ratios requirements • Assess capital adequacy in alignment with the risk profile and appetite framework, ensuring capital levels are commensurate with the risks undertaken, including under stress scenarios • Actively monitoring the economic outlook and rating of countries below investment grade • Continuous monitoring of capital forecasts and considerations of capital headwinds aiding in prompt decision making

Risk types	Considerations	Key mitigating actions
Strategic and Business Risk Risks arising from making inappropriate strategic choices, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environment **Trends**	Delays or shortcomings in executing the Bank's strategic initiatives or achieving anticipated business and financial performance arising from unexpected changes in the intensity or nature of competition, adverse changes in stakeholders' sentiment or unexpected changes in laws and regulations **Material matters impacted** Economic performance Regulatory compliance Customer experience Climate consciousnes **Capitals impacted** Financial Social and relationship Natural Human Intellectual Manufactured	• Proactively assess the impact of changes in the operating environment on our strategic ambitions • Maintain a clear, well-defined business strategy with measurable objectives and contingency plan • Ensure the focused execution of key priorities through established governance and execution platforms • Strengthen our internal capabilities such as investment in new technologies and talent, improving customer experience • Maintain active engagement with regulators, rating agencies and other key stakeholders to stay ahead of compliance requirements and industry best practices • Diversify revenue streams to reduce dependence on specific markets, products or customer segments • Add aspects of continuous reviews at Bank level

Risk Management Report (cont'd)

Risk types	Considerations	Key mitigating actions
Operational risk Risk of inadequate or failed processes, people and systems as a result of changes in internal or external factors **Trends**	Inherent in all products, activities, processes and systems and is generated in all business and support areas Specific risks that are complex, difficult to anticipate and quantify, evolving rapidly with significant overlaps with other risk types and could have both financial or non-financial implications **Material matters impacted** Economic performance Regulatory compliance **Capitals impacted** Human Intellectual Natural	• Mature our Operational Risk Management Framework and practices to continuously strengthen risk management across the Bank together with targeted training • Adopts fit-for-purpose risk practices and well-established governance processes that enable comprehensive escalation and reporting • Proactive identification and assessment of risks and controls to determine the design strength and reliability of processes • Manage operational risks within risk appetite thresholds to protect against material loss and/or damage to the Bank • Maintain robust systems, adequate processes and recovery capabilities in order to contain operational disruptions • Embed a strong risk culture allowing us to consistently do the right business the right way • Strong governance oversight which reinforces clear responsibilities and accountabilities

Risk types	Considerations	Key mitigating actions
Cybersecurity and Information risk Risk to the Bank's assets, operations and personnel arising from potential unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and systems **Trends**	Rapid expansion of digital adoption, growing volume of data to manage, shift in workforce dynamics and evolving landscape of cyber threats expose the Bank to security risks **Material matters impacted** Economic performance Regulatory compliance Customer experience **Capitals impacted** Human Intellectual Financial Manufactured	• Enhance cybersecurity capability including data security controls, application protection controls, identity and access management and strengthening our network perimeters • Adopt and invest in innovative tools and solutions to enhance our cyber response capabilities and processes • Strengthen our cybersecurity stance against ransomware, spear-phishing and other cyber threats • Continue resilience investments in critical processes and third-party risk management • Promote strong and resilient risk culture with the running of specialised training and awareness sessions

Risk types	Considerations	Key mitigating actions
Model Risk Potential loss arising from decisions or risk of misestimation that could be principally based on the output of models, due to errors in the development, implementation or use of such models **Trends**	Complexities of the current operating environment pose challenges to model performance, necessitating adjustments that increase the risk of inaccurate or misapplied model outputs which in turn may lead to financial losses, erroneous reporting, suboptimal business and strategic decisions and potential reputational damage **Material matters impacted** Economic performance Regulatory compliance **Capitals impacted** Human Intellectual Manufactured	• Ensure model usage is correctly identified, suitable governance process established align with global best practices and regulations and fundamental model risk training provided • Model issues or deficiencies identified through the validation process are mitigated through model monitoring, model overlays, back-testing and/or redevelopment plan, which undergoes robust review, challenge and approval • Improved credit scoring model implemented, improve accuracy of risk assessment and streamlining the evaluation process for greater efficiency • Ensure the accuracy, completeness and consistency of input data used for modeling, regularly assessing data sources and implement controls to prevent errors and biases in model inputs

Risk types	Considerations	Key mitigating actions
Compliance risk Risk of legal or regulatory sanctions and other actions, financial loss, damage to reputation or impairment of integrity or any other financial or non-financial impact that may arise due to non-compliance with legal, regulatory and other compliance obligations in the jurisdiction where the Bank conducts its operation **Trends**	Increasing pace and evolving complexity of regulatory and statutory requirements across the Bank's markets impact the current business model coupled with heightened scrutiny of regulators **Material matters impacted** Economic performance Regulatory compliance **Capitals impacted** Intellectual Manufactured Social and relationship	• Robust and effective internal control environment and adequate infrastructure ensure that the Bank conducts its business in compliance within the parameters of the laws, regulations and supervisory expectations • Frameworks, policies and controls in place continuously being reviewed to ensure adherence to relevant laws and regulations with Board oversight • Enhance the design and operating effectiveness of the control environment to ensure the Bank continues to operate in conformity with legal and regulatory requirements • Enterprise-Wide Risk Assessment (EWRA) aiding with the identification of new and emerging risks underway • Strengthen the culture of sound regulatory compliance across the Bank through tailored training programmes and awareness campaigns • Initiate the implementation of technological solutions to enhance operational efficiencies and streamline processes (e.g. transaction monitoring, alerts management, automation of reports) • Integration of an Operational Compliance team to capitalise on synergy within the function ranging from reporting, managing financial institutions relations to training & awareness

Risk Management Report (cont'd)

Risk types	Considerations	Key mitigating actions
Reputational risk Risk of potential or actual damage of the Bank's conduct or business practices as a result of any event, behaviour, action or inaction that may adversely impact its profitability or sustainability **Trends**	Reputational risk arises from failure to meet stakeholder expectations as a result of any action, event or situation caused by SBM or its employees that can adversely impact SBM's reputation potentially resulting in reputational damage, negative publicity, revenue loss, regulatory or legislative actions, erosion of existing and prospective client relationships, morale and difficulties in accessing capital and in recruiting talent **Material matter impacted** Economic performance **Capitals impacted** Intellectual Social and relationship	• Ensuring that business activities are satisfactorily assessed and managed with the appropriate level of management and governance oversight • Inclusion of a sustainable and effective communication process and adequate media coverage /social platform scrutiny to pro-actively mitigate any potential risks • Engage proactively with regulatory authorities and industry bodies to uphold the Bank's credibility and standing • Daily monitoring of local, regional and international media, supported by a structured escalation process to address potential reputational risks promptly • Implement a well embedded complaint management process with effective analysis and prompt resolution • Sound due diligence process in place at various stages of the client lifecycle

Risk types	Considerations	Key mitigating actions
Climate Risk Potential for financial loss and non-financial detriments arising from climate change and society's response to it **Trends**	Due to the climate emergency, the data availability and methodology, the environmental aspects are a focus of attention in the banking industry **Material matters impacted** Regulatory compliance Climate consciousnes **Capitals impacted** Human Manufactured Social and relationship	• Developing methodologies to identify, measure and manage physical and transition risks across operations, suppliers, clients and markets • Integrating climate risk considerations into strategy, risk management processes and risk appetite • Conduct a high-level materiality assessment, developing a climate risk heatmap to capture sectoral and geographical exposure • Enhance transaction screening and due diligence processes ensuring climate-related risks are considered in lending and investment decisions • Dispense training and awareness sessions to staff across the Bank on climate change and climate related risks

Risk Management Report (cont'd)

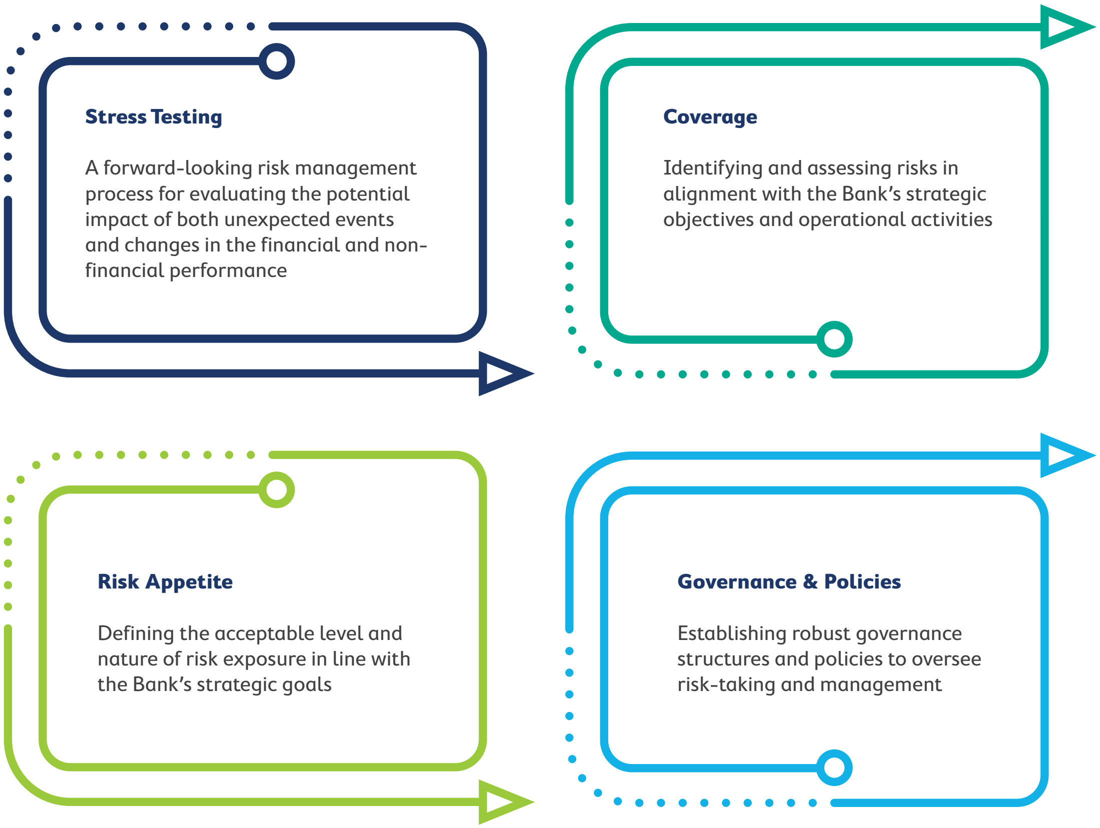
Managing Our Risks

Our risk management approach provides a structured and effective framework for identifying, assessing and managing risks, ensuring clear accountability and strong oversight.

Our Enterprise Risk Management process entails the identification of risks across our business operations, coupled with a comprehensive analysis of the key factors shaping our operating environment. The Enterprise Risk Management Framework (ERMF) establishes the overarching principles for risk management by defining frameworks, policies, standards, objectives and key responsibilities across the various levels of the Bank.

Specifically, the ERMF:

- Identifies the principal financial and non-financial risks faced by the Bank
- Establishes clear requirements for ownership, transparency, accountability and independence in risk management
- Defines the risk management process, outlining the activities, tools, techniques and operating model necessary for the effective management of material risks
- Implements a clear line of defence model ensuring appropriate segregation of duties and robust risk oversight



The ERMF is continuously reassessed and refined to ensure its effectiveness in addressing the challenges of our dynamic operating environment, while maintaining alignment with evolving regulatory requirements and industry best practices.

Risk Universe

Our risk universe encompasses the core risks inherent to our business. These risks are mainly categorised as financial and non-financial risks with ongoing identification of top and emerging risks that require heightened management attention due to their potential material impact on our strategic objectives.

To ensure continued relevance, we proactively monitor and assess the external environment for evolving risk dynamics. The risk universe is managed through a comprehensive risk lifecycle, spanning over identification, assessment, mitigation and reporting. Our approach includes robust risk quantification under both normal and stressed conditions, extending to recovery and resolution planning to safeguard the Bank's resilience and sustainability.

Risk Management Report (cont'd)

Financial Risks

- Credit Risk
- Country Risk
- Market Risk
- Funding and Liquidity Risk
- Capital Risk

Non-Financial Risks

** Not exhaustive*

- Operational Risk
- Fraud Risk
- Business Continuity Management
- Third Party Risk
- Compliance Risk
- Reputational Risk
- Cyber and Information Security Risk
- Business and Strategic Risk
- Legal Risk
- Model Risk
- Environmental and Social Risk

The risk universe is managed through the risk lifecycle process encompassing identification, assessment, mitigation and reporting.

Identify

Outlining the methodology and tools for identifying material products, activities, processes and systems

Assess

Applying qualitative and quantitative measures to define probability and exposure to risk

Manage

Choose best controls based on analysis and formulate plans to either avoid, transfer, mitigate or accept the risk

Monitor

Periodically review risk mitigation plans to ensure effectiveness and monitor trends

Report

Provide relevant information/escalation to Executive Management/ relevant Committees

Risk Appetite

Risk exposures are actively managed through a range of strategic techniques and continuously monitored against a defined risk appetite aligned with our business objectives. We ensure the efficient allocation of capital to drive sustainable growth and maximise shareholder value while maintaining full compliance with regulatory capital requirements.

Our long-term sustainable growth and profitability are underpinned by a strong alignment between our risk appetite and strategic objectives, ensuring an optimal balance between risk and return.

Risk appetite defines the level and nature of risk the Bank is willing to assume in pursuit of our financial and strategic goals. It reflects our ability to absorb potential losses while continuing to meet our obligations under both normal and stressed conditions.

Our risk appetite is articulated through qualitative risk principles and preferences, outlining the types of risks the Bank actively pursues, accepts, or avoids. Additionally, the maximum level of risk the Bank is willing to assume in achieving its business objectives is quantified using key metrics across credit, market, liquidity and non-financial risks, all of which are specified in related documents, policies and instructions.

The Board reviews and approves the Bank's risk appetite and capacity on an annual basis, or more frequently in response to significant changes in the risk environment. This ensures alignment with the Bank's strategic objectives, business landscape, regulatory requirements and stakeholder expectations.

Risk capacity: maximum level of risk that the Bank can sustain in pursuit of business objectives with existing resources and capabilities

Risk appetite: overall level and type of risk the Bank is prepared to accept in executing its activities whilst ensuring a balanced approach between opportunities and potential threats

Risk tolerance: maximum level of risk the Bank is willing to endure for a specific risk category or strategic initiative

Risk target: ideal level of risk a Bank wants to undertake to optimise performance and achieve strategic objectives

Risk limits: defined thresholds established to monitor and control deviations from the desired risk exposure

Stress Testing

In an evolving and uncertain macroeconomic environment, stress testing analysis serves as essential tools to detect vulnerabilities in the statement of financial position and strengthening risk management practices.

Given the market volatility across the Bank's operating regions, these methodologies are systematically employed to assess the Bank's resilience and vulnerability to adverse conditions. Insights derived from these assessments enable management to optimise capital and liquidity (e.g. through our Internal Capital Adequacy Assessment Process execution), practice proactive risk mitigation, refine decision-making and enhance the Bank's ability to navigate an increasingly dynamic economic landscape.

Strategic recommendations, informed by stress testing outcomes, are presented to the Board to ensure the Bank's strategy remains aligned with its established risk appetite and long-term sustainability objectives.

Risk Management Report (cont'd)

Risk Governance

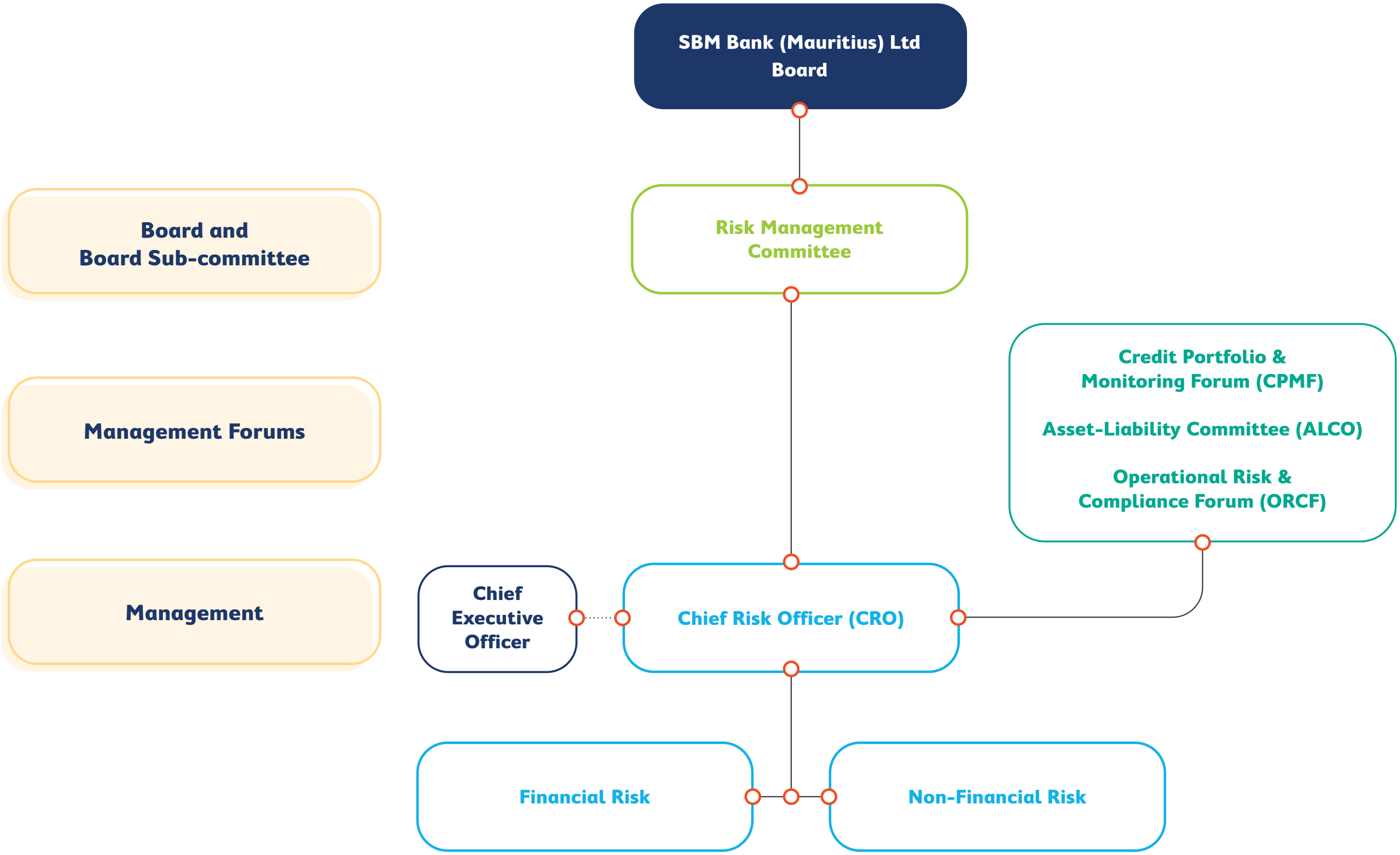
Our risk management system is overseen by the Bank's well-structured governance committees operating under clearly defined mandates and supported by fit-for-purpose governance documents. These committees are established at both the Board and management levels with their mandates and delegated authorities subject to regular review to ensure continued relevance and effectiveness. Committee members possess the necessary skills and expertise to provide robust oversight and effectively manage risk across the Bank.

To ensure the effective identification, measurement and monitoring of key risks across the organisation, the Bank has established a robust governance framework supported by clearly defined responsibilities, reporting structures and oversight mechanisms. The Bank's ERMF aids in providing strategic guidance, ensuring a consistent and integrated approach to risk management.

The structured allocation of responsibilities across the Bank ensures that decisions are made at appropriate levels, aligning with internal stakeholder mandates and the Bank's strategic objectives.

The Bank maintains ownership of the risks inherent to its operations, managing its risk and compliance functions within its governance framework.

The risk management governance structure of the Bank is illustrated below:



The Board holds the ultimate responsibility for risk management, serving as the highest decision-making authority on matters of strategic, financial, regulatory, risk management and reputational significance. Dedicated sub-Board committees are established to oversee specific risk-related responsibilities, operating under clearly defined terms of reference. The Board remains accountable for ensuring that risks are effectively identified, assessed and mitigated, with escalations to the Group Board as necessary.

The Bank maintains an independent risk management function led by a Chief Risk Officer (CRO) who reports to the Management Forums on a monthly basis and to the Risk Management Committees on a quarterly basis. The CRO is responsible for implementing a comprehensive risk management framework that encompasses the identification, measurement, monitoring, mitigation and reporting of both financial and non-financial risks. Additionally, the CRO is tasked with fostering a strong risk culture where responsibilities and accountabilities are clearly defined and embedded across all levels of the Bank.

The CRO plays a pivotal role in driving the execution of the Bank's risk and compliance strategy, advocating for a robust risk culture and ensuring comprehensive oversight of all risk domains. Additionally, the CRO provides independent quarterly reports to the Risk Management Committee, offering critical insights, challenges and recommendations to strengthen the Bank's risk governance framework.

Our Three Lines of Defence

The Bank adopts a Three Lines of Defence model which fosters transparency, accountability and consistency through the proactive identification and assessment of actual and potential risks.

This model fosters a prudent and disciplined approach to risk management across the Bank. It ensures the clear identification and segregation of risks while facilitating the effective coordination of risk and control activities. All staff across the Bank are responsible for understanding and managing risks within the scope of their respective roles and responsibilities.

First Line of Defence

Risk Ownership

Consists of revenue-generating and client-facing functions, along with their supporting operations. Responsible for identifying risks, implementing controls and escalating risk events to the second line of defence

Second Line of Defence

Risk Oversight

Provides oversight of the first line by establishing limits, guidelines and operational constraints aligned with the Bank's defined risk appetite

Third Line of Defence

Risk Assurance

Delivers independent assurance to the Board and Executive Committee on the effectiveness of governance, risk management and controls in addressing current, systemic and emerging risks

Risk Management Report (cont'd)

Risk Culture

We leverage from the Three Lines of Defence model to cultivate and sustain a strong risk culture, emphasising key drivers that enhance risk awareness and reinforce our commitment to conducting business with integrity and accountability.

Risk culture reflects our collective awareness, attitudes and behaviours toward risk management across the Bank. It underpins our commitment to conducting business with integrity, ensuring that risks are consistently identified, escalated and managed in alignment with our strategic objectives. As the risk landscape continues to evolve, we remain focused on enhancing our risk management practices to navigate challenges effectively. While adverse outcomes may occasionally arise, a strong risk culture enables us to respond swiftly, transparently and proactively.

The Bank's risk culture establishes clear guiding principles for expected behaviors in risk management, applicable to all employees regardless of their role, function or location. Every staff member is expected to adopt a comprehensive view of risks associated with their actions, understand potential implications and manage them effectively within the Bank's defined risk appetite. This commitment is continuously reinforced through mandatory training programmes and risk awareness initiatives designed to enhance understanding and accountability across the Bank. We promote and reward responsible risk-taking that results in sustainable growth. Each business unit is responsible for monitoring behaviour that is contrary to our ethos and taking disciplinary action in line with our conduct risk management standards.

Credit Risk

Credit risk refers to the potential for financial loss arising from a counterparty's failure to meet its financial or contractual obligations as per agreed terms or from a deterioration in the counterparty's credit quality, leading to a loss. It encompasses mainly obligor risk, concentration risk and country risk and represents the most significant source of risk exposure for our banking segment.

The primary sources of credit risk within the Bank stem from loans and advances, contingent liabilities, commitments, debt securities and derivative transactions with customers, financial institutions and sovereign entities.

The identification, measurement and management of credit risk are embedded within the Board-approved credit risk appetite and governance. Our Credit Risk Management Policy establishes the guiding principles for credit risk management across the Bank and defines the roles and responsibilities for effective oversight and control of credit risk exposures.

The credit risk framework incorporates the following core elements:

1. Counterparty and transaction assessments

Implementation of internal credit ratings, assessment of Probability of Default (PD), assignment of Loss Given Default (LGD) and determination of Exposure at Default (EAD) values for counterparties and transactions

2. Credit limits

Establishment of credit limits, encompassing notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders. These limits serve as primary risk controls to manage exposures and mitigate undue risk concentrations

3. Credit monitoring, impairments and provisions

Execution of robust monitoring and management processes ensuring continuous oversight of credit exposures and facilitating early identification of credit deterioration and its potential impacts

4. Risk mitigation

Proactive management of credit exposures through utilisation of risk mitigation strategies including participations, collateralisation, guarantees, insurance and hedging instruments

The Credit Risk Management function operates as the Second Line of Defence, providing independent oversight and critical challenge to key risk decisions made by business units and support functions involved in revenue generation. It ensures that credit exposures and credit decisions are effectively managed in alignment with the established framework, policies and approved risk appetite.

An overview of the key parameters that govern the management of credit risk across the Bank is provided below.

Credit risk management

- **Credit risk management policy**
- **Credit risk mitigation Framework**
- **Credit rating model**
- **Parameter estimation**
- **Credit portfolio risk management**
- **Regulatory capital estimation**

The credit underwriting team conducts a thorough evaluation and assessment of counterparties and clients to whom the Bank extends credit. The assessment encompasses a comprehensive evaluation of the client's credit quality, including their willingness, ability and capacity to repay. For counterparties, the primary lending consideration is based on their creditworthiness and operating cash flows, whereas for individual borrowers, it is determined by their personal income or overall financial standing.

For the majority of counterparties and clients, the team leverages from rating tools sourced from external providers to assign internal credit ratings, which are designed to reflect the Probability of Default (PD) across relevant client segments.

For Corporates and SMEs, credit ratings are derived from a comprehensive assessment that extends beyond financial ratios to encompass qualitative factors such as management quality, country risk, industry risk within the exposure's jurisdiction and any government support received by the counterparty. Recognising the critical role of robust risk assessment parameters in enabling well-informed and prudent decision-making, the Bank ensures that its credit rating models undergo regular review and continuous enhancement to maintain accuracy and relevance.

Across the Bank, distinct and segregated credit assessment and measurement processes are adopted, demonstrating independence and integrity in credit decision-making. This ensures that decisions are not influenced by undue bias or external pressures. There is a robust chain of credit approval authorities providing extra layers of controls in the process. This tiered approval system maintains checks and balances, promoting transparency and accountability in the credit management processes.

The Bank employs a range of techniques to mitigate credit risk exposure effectively reducing both expected and actual losses in the management of its credit portfolios. These risk mitigation strategies help address credit concentrations at the individual customer level, within borrower groups and across interconnected counterparties.

The Bank credit policy defines the principles governing the end-to-end credit process encompassing credit initiation, assessment, documentation and ongoing monitoring. The Bank also establishes clear standards to ensure the eligibility, enforceability and effectiveness of credit risk mitigation arrangements. The use and approach to credit risk mitigation varies from product types, customer segments and overarching business strategies to ensure effective risk management.

Risk Management Report (cont'd)

Mitigation techniques used are:

Credit risk limits

The Bank establishes specific risk limits at appropriate levels, balancing risk and return to minimise the potential for unexpected losses. These limits are defined within the Bank's framework overarching strategy and risk appetite, ensuring alignment with its risk management objectives.

Risk transfer

The Bank in some cases holds guarantees, letters of credit and similar instruments from third parties providing the ability to seek settlement from them in the event of a counterparty default.

Sustainable cash flow

Credit assessment primarily evaluates the asset to be financed and the anticipated cash flows to minimise the probability of losses arising from late or delinquent payments. Accordingly, the borrower's creditworthiness is assessed based on its financial reliability and capacity to meet repayment obligations.

Collateral

Collateral serves as a risk mitigation measure to reduce potential credit losses in the event of default. The Bank maintains a predefined list of eligible collateral, applying appropriate haircuts to ensure a prudent and conservative approach.

During 2024, whilst gradual improvements were witnessed in some areas, the risk landscape remained volatile on account of geopolitical and macroeconomic conditions, heightened regulatory demands, environmental and social considerations, cybersecurity and technological disruptions. Amidst this backdrop and escalating geopolitical tensions, economic momentum sustained in Mauritius with robust tourism, inflation down to 2.6% in April 2025, we remain cautious of external factors and their resulting impacts.

Our approach strengthens the Bank's resilience and responsiveness to market dynamics while assessing the environmental and social impacts of our activities on a wide range of stakeholders.

The Bank maintains a prudent and proactive approach to credit risk management and risk appetite while executing its strategic objectives. It remains committed to supporting client growth and actively engaging with customers to navigate cost-of-living challenges, the impact of rising interest rates and broader economic uncertainties.

Sub-Saharan Africa is on a path to gradual recovery; however, significant challenges persist, including social tensions. In response, the Bank has recalibrated its risk appetite for cross-border lending. Robust risk policies and frameworks have been reviewed to facilitate a prudent and strategic increase in exposure in selected markets.

The Bank maintains a well-diversified portfolio of exposures across various countries and borrower types. Country concentration is closely monitored and the Bank continues to assess the international macroeconomic environment, taking additional risk mitigation measures as warranted.

Country risk

The Bank's operations are subject to economic, political, financial and regulatory uncertainties in the countries where it has exposures.

Country risk refers to the potential for financial loss arising from political or economic conditions that may impair the ability of counterparties, including sovereign entities, to meet their financial obligations to the Bank.

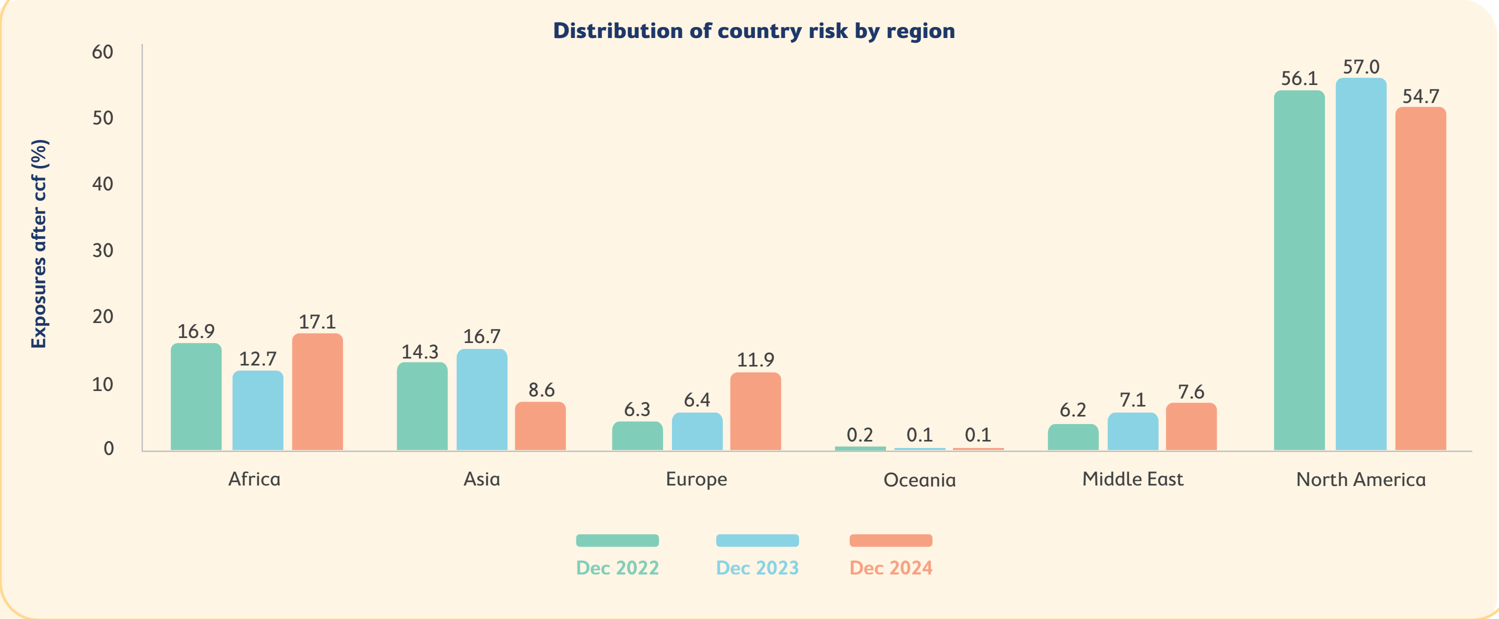
To mitigate this particular risk, the Bank employs a comprehensive framework with adequate control processes that include limits setting for countries categorised as presence and non-presence countries, rating bands and strategically targeted markets, ensuring adherence to regulatory guidelines and monitoring of the countries' macroeconomic developments and political landscape.

The Bank continuously assesses its country risk exposure, aligning its risk appetite with its strategic objectives and its Credit Risk Management Policy.

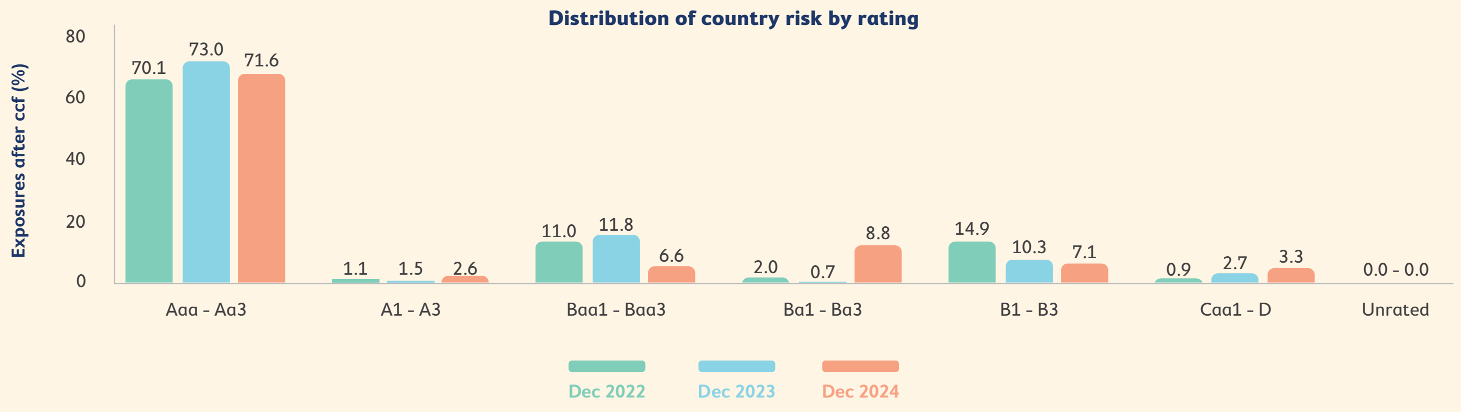
Additionally, it proactively monitors key country risk factors, including macroeconomic shifts, sovereign creditworthiness and unforeseen developments such as social unrest, political instability, foreign exchange controls and the nationalisation of assets, to safeguard its interests and maintain financial resilience.

As at 31 December 2024, the Bank's credit equivalent exposure to cross-border lending accounted for 316.5% (2023: 263.9%) of the Bank's Tier 1 Capital.

The following charts illustrate the distribution of the Bank's exposure after applying the Credit Conversion Factor (CCF), broken down by region and rating range as of 31 December 2024.



Risk Management Report (cont'd)

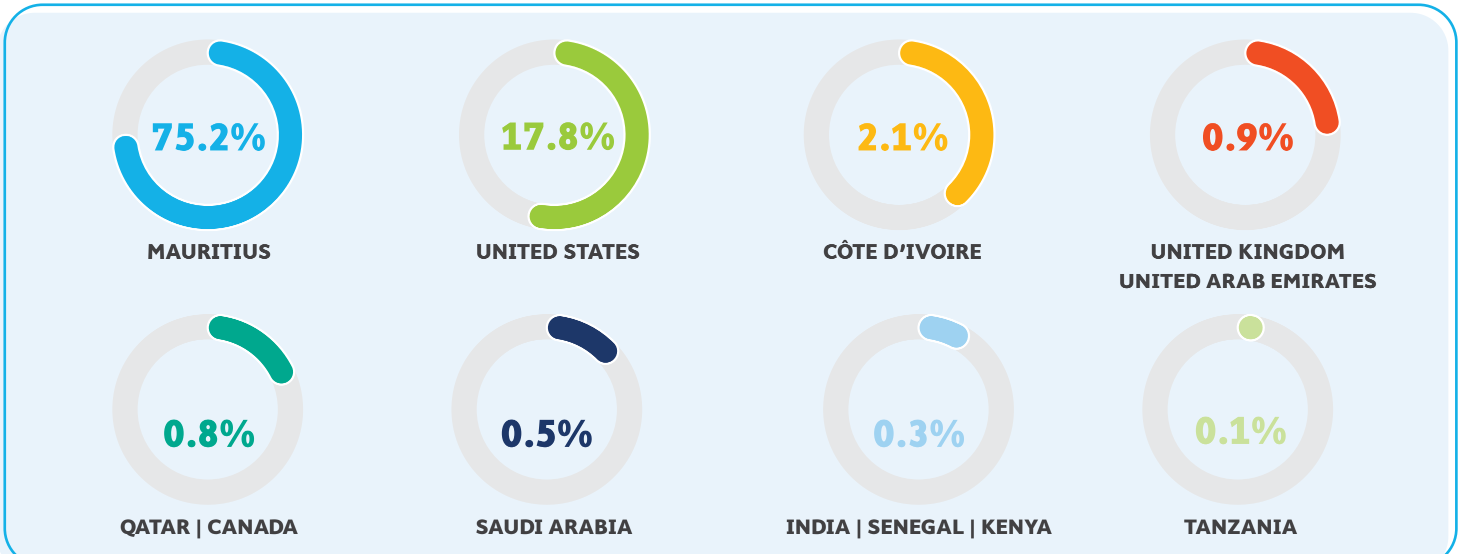


Sovereign risk

Sovereign risk refers to the potential for a government to become unwilling or unable to meet its credit obligations. The Bank holds significant exposure to sovereign High-Quality Liquid Assets (HQLAs) for liquidity management purposes, which carry a zero-risk weight for capital allocation under Basel II requirements and the Bank of Mauritius (BoM) guidelines.

We actively track and manage sovereign risk transactions based on available data, including reports from rating agencies. Cross-border and sovereign exposure is closely monitored, with a focus on events that could impact the nation's political or institutional stability. This analysis informs the assignment of credit ratings to the relevant government or central bank and guides the establishment of transaction limits related to sovereign risk.

As at 31 December 2024, total exposures (including investments) in Government of Mauritius securities aggregated USD 2,497.5 million representing 474% of Bank's Tier 1 Capital. Below table represents Bank's total sovereign risk.

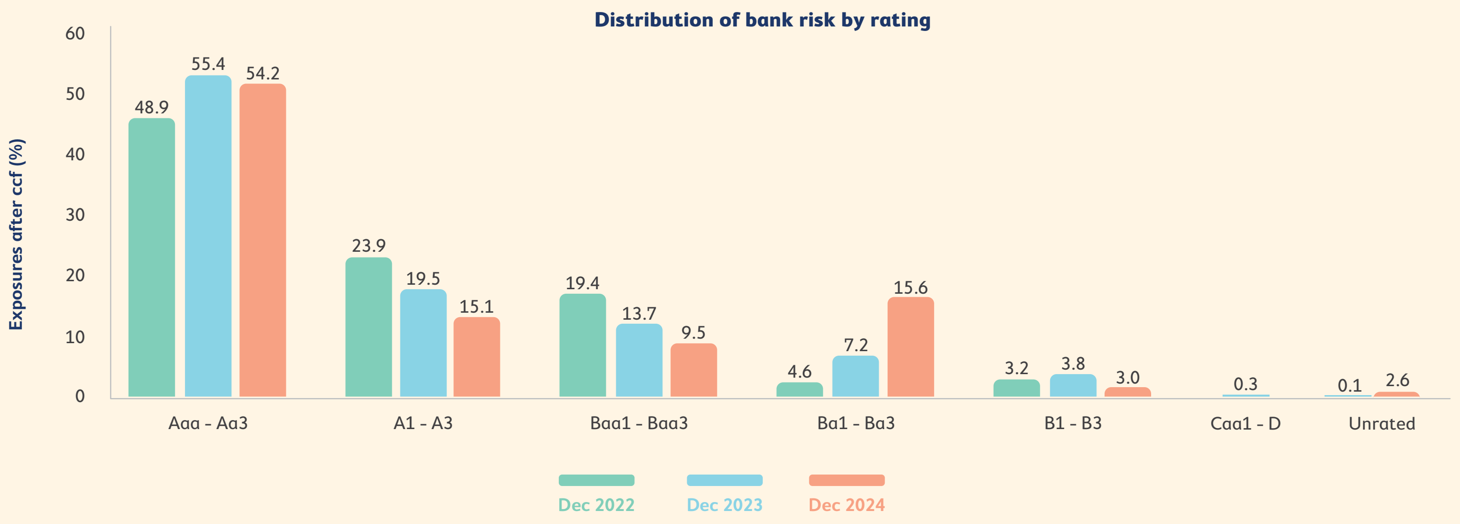


Bank risk

The Bank is exposed to bank risk, which pertains to the potential default of a bank on its obligations. This risk arises from various exposures, including money market transactions, treasury products, trade finance deals and standby letters of credit issued by its banking counterparts.

To effectively manage this risk, the Bank adopt a Bank Risk Framework that sets its limits based on its risk profile. These limits are further constrained by our country limit and the regulatory cap on single counterparty exposure.

As at 31 December 2024, bank counterparty credit equivalent exposure accounted for 119.3% of Tier 1 Capital.



Counterparty credit concentration risk

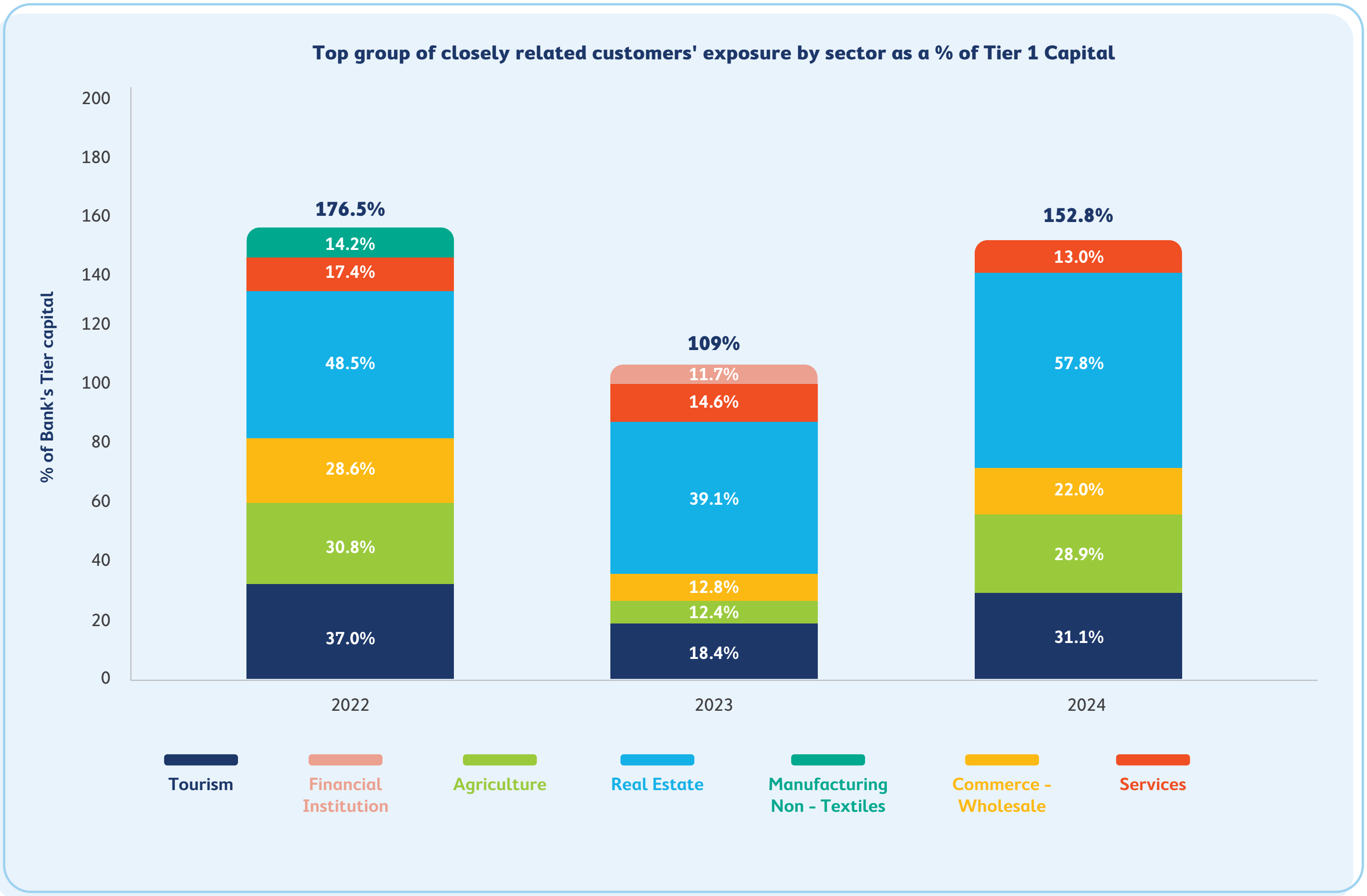
Counterparty credit concentration risk refers to the potential for loss to the Bank due to an excessive concentration of exposure to a single counterparty, a group of connected counterparties or multiple exposures within the portfolio that are highly correlated.

The Bank has established prudential limits, within its regulatory frameworks, to manage and restrict concentration risks related to individual or connected counterparties, as well as large exposures.

Material concentrations, along with any breaches or potential breaches, are closely monitored by the Bank's Risk Management Committees and reported to the Risk Management Committee for further oversight.

As at 31 December 2024, the credit concentration exposures were well within the local regulator's regulatory limits.

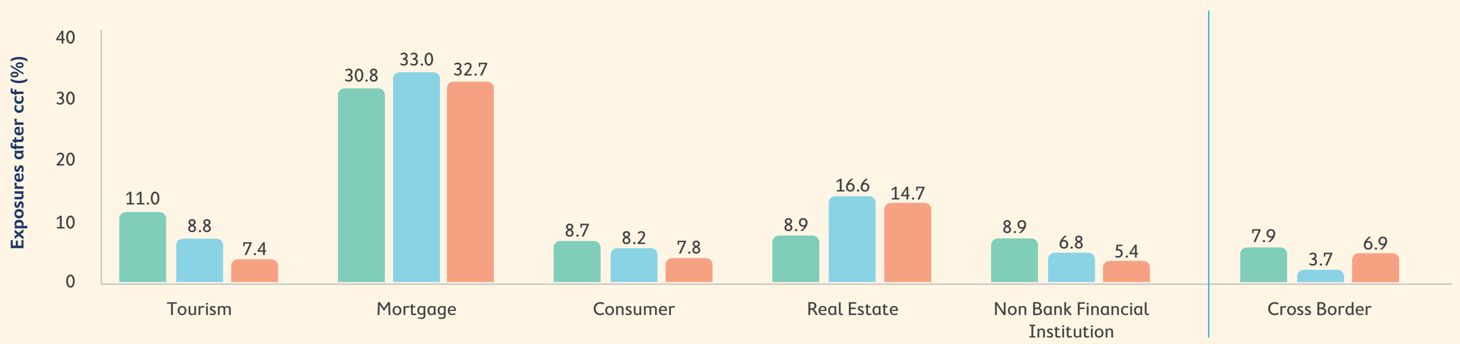
Risk Management Report (cont'd)



Portfolio concentration risk arises from an excessive accumulation of exposure within a specific portfolio, which could lead to losses for the Bank if that portfolio encounters difficulties. The Bank strives to maintain a diversified credit portfolio that is adaptable to changing economic conditions. It establishes limits by segment, portfolio and sub-portfolio, in alignment with its strategic objectives and risk appetite.

Breaches and potential breaches in relation to significant concentration are closely monitored by the Bank's governance committees and reported to the Risk Committees for further oversight.

Top portfolio by exposure



Expected Credit Loss

At the Bank, recognition of expected credit losses (ECL) on all financial debt instruments held at amortised cost, financial assets measured at Fair Value through Other Comprehensive Income (FVTOCI), undrawn loan commitments and financial guarantees is determined in accordance with IFRS 9.

The Bank calculates ECL based on a three-stage approach, providing an unbiased, probability-weighted prediction that evaluates a range of potential outcomes, factoring in the time value of money, past events, current conditions and forecasts of future economic conditions.

Stage 1

Performing

Reflects financial instruments that are not already credit-impaired after initial recognition.

Stage 2

Underperforming

Contains all financial instruments, that are not defaulted, but have experienced a significant increase in credit risk since initial recognition but still without objective evidence of impairment.

Stage 3

Default

Consists of financial instruments of clients which are defaulted but not yet reached write-off. The Bank defines these financial assets as impaired, non-performing and defaulted.

Risk Management Report (cont'd)

The ECL calculation is based on three primary parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank revalidates these IFRS 9 parameters on an annual basis to ensure that updated macroeconomic variables are incorporated into the respective models, reflecting the current economic outlook.

The models are built on a regression basis and are segregated as shown below with three different scenarios considered for macroeconomic conditions.

In addition to the updated parameters, SBMBM may apply management overlays on a prudent basis, where appropriate, to address conditions not fully reflected in its data sets. Adjustments are made to modelled outcomes to incorporate reasonable and supportable information not previously accounted for. As new information becomes available, judgments may evolve, leading to potential adjustments in ECL. The Bank conducts impairment assessments under various scenarios as part of stress testing their client base, ensuring adequate provisioning and the establishment of contingency plans to address any crisis situations.

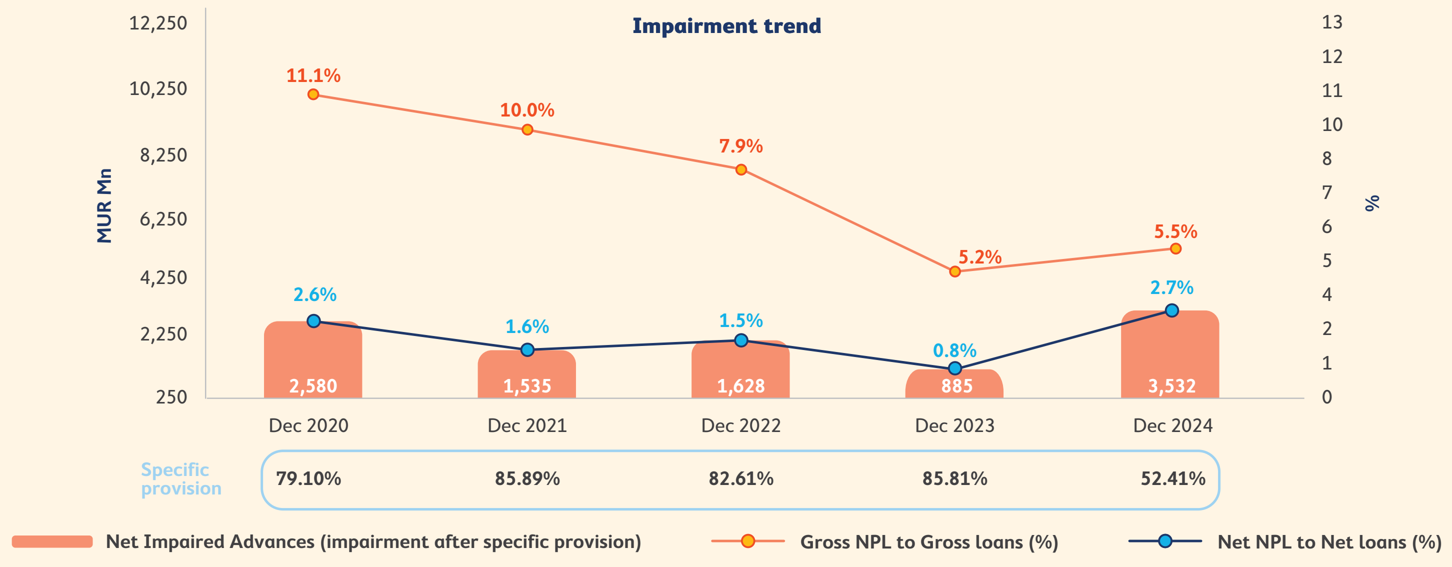
To strengthen oversight, the Bank holds a Watchlist Review Forum on a quarterly basis which reviews customer exposures flagged as 'watch-listed' based on a detailed set of criteria, enabling enhanced control over these exposures. These accounts are classified under Stage 2 where a lifetime ECL is calculated in accordance with IFRS 9 principles.

Credit impairment

The Bank adheres to the principles of IFRS 9, ensuring proper classification of assets under Stage 3 (Non-Performing assets) in accordance with IFRS 9 criteria, while maintaining adequate provisions for lifetime Stage 3 ECL.

Impairment results are integrated into management decision-making processes, including, but not limited to, business planning, risk appetite determination and portfolio management.

The non-performing advances ratio has increased to 5.5% in December 2024 as compared to 5.2% in December 2023 on account of few new large clients being classified as Stage 3 mainly due to reschedulement. The Bank is compliant with the Guideline on Classification, Provisioning and Write-off of Credit Exposure effective 30 September 2024 which requires classification assessment for restructured facilities. The Bank remains committed to the ongoing recovery efforts for defaulted clients. For rescheduled accounts, there would be on-going close monitoring for account performance over prescribed observation period prior movement back to Stage 2 provided client abides by the new terms and conditions agreed by the Bank.



Estimating the amount and timing of future recoveries requires substantial judgment and takes into account factors such as anticipated economic conditions and the value of collateral, which may not have a readily accessible market. The total impairment provision for the Bank is inherently uncertain, as it is sensitive to fluctuations in economic and credit conditions across the regions in which the Bank operates.

Reschedulement

Rescheduled advances refer to changes in the original terms and conditions of credit facilities as agreed between the client and the Bank. These rescheduling arrangements are designed to assist clients facing temporary cash flow constraints, providing concessions due to changes in their operating circumstances and accompanying them in their recovery efforts in a collaborative manner.

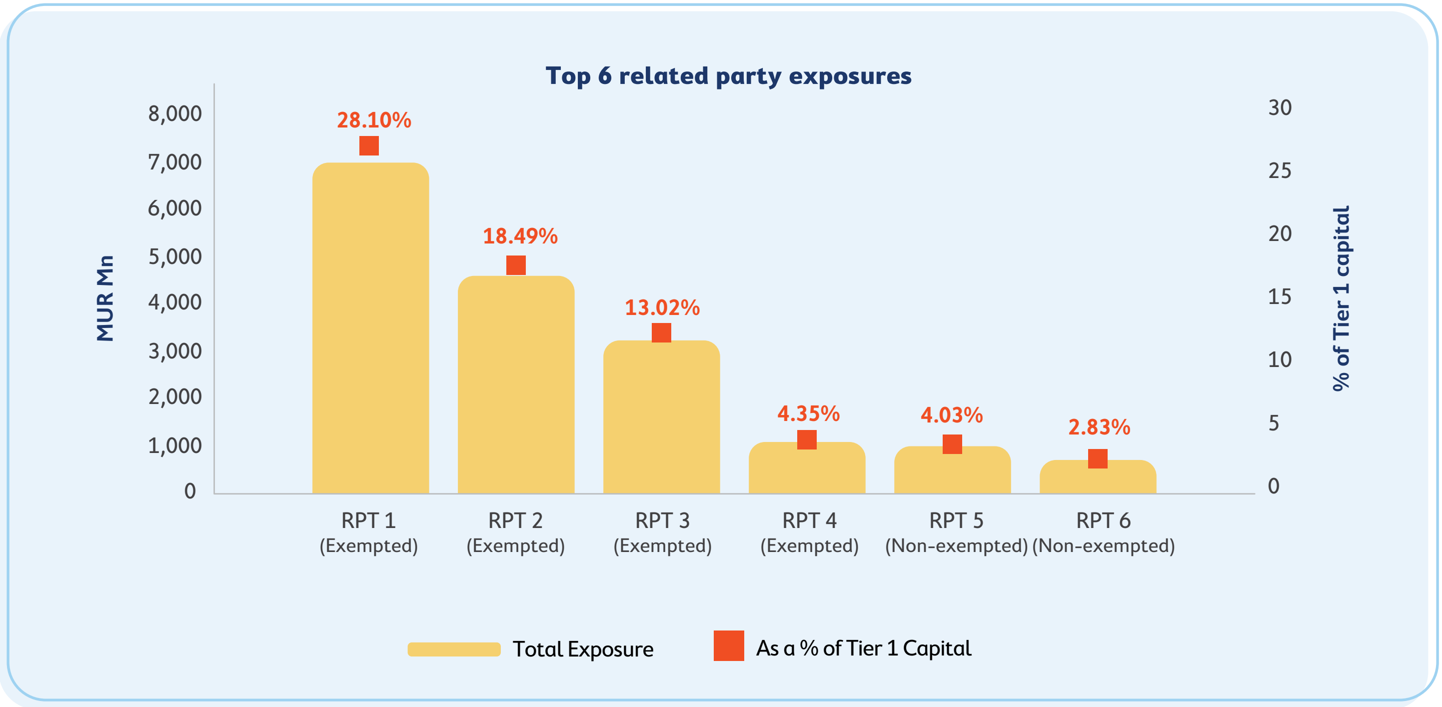
As at 31 December 2024, total rescheduled facilities stood at 2.57% of the total funded advances as compared to 5.17% as at 31 December 2023.

Related party transaction risk

Related party exposures follow the guidance and requirements per the Bank of Mauritius Guideline on Related Party Transactions (RPT). Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions, or if both parties are under the control of a third entity.

Across the Bank, governance for all related party disclosures is strictly adhered to, with reporting conducted at the Board Committee level.

As at 31 December 2024, the aggregate non-exempted exposures to related parties represented 9.02% of the Bank's Tier 1 Capital, which is well within the regulatory limit of 60% for category 1 and within the regulatory limit of 150% for categories 1 and 2 as per the BoM definition on related party transactions.



Risk Management Report (cont'd)

Market risk

Market risk refers to the potential for financial loss arising from adverse movements in market variables, including interest rates, foreign exchange rates, equity prices, credit spreads, volatility and other price risks. The Bank is exposed to non-traded market risk through its banking activities and traded market risk through its trading operations.

The management of market risk within the Bank is governed by a comprehensive, Board-approved Market Risk Management Policy and a clearly defined Risk Appetite Statement. The Bank operates within the framework of its respective market risk policies, supported by robust processes and controls. These include a series of Assets and Liabilities Committee (ALCO)-approved limits and risk mitigation measures designed to manage market, funding and liquidity risks effectively.

To ensure alignment with the Bank's risk appetite, risk limits are regularly reviewed and adapted in response to:

- Shifts in business strategy and risk appetite
- Changes in market and economic conditions
- Evolving regulatory requirements
- Portfolio composition dynamics

The Bank maintains a proactive approach to market risk management by setting appropriate risk limits, risk triggers and early warning indicators, ensuring that exposures remain within acceptable thresholds. These triggers are actively monitored to prevent breaches and support informed decision-making.

The Bank has an established governance structure for market risk that involves the Board, its Risk Management Committee and ALCO, which has primary responsibility for the oversight of market risk in the Bank.

The Bank's market risk exposures are primarily categorised into the key areas on interest rate risk, foreign exchange risk and price risk which are discussed in further details below.

By maintaining a structured and disciplined approach to market risk management, the Bank ensures resilience, stability and sustainable growth in an evolving financial landscape.

Interest Rate Risk

Interest rate risk arises from fluctuations in market interest rates, which may adversely affect the Bank's Net Interest Income (NII) and overall financial performance. This risk primarily stems from repricing and maturity mismatches between assets, liabilities and off-balance-sheet exposures.

To mitigate this risk, the Bank employs comprehensive interest rate risk management strategies, leveraging measurement techniques such as Gap Analysis, Duration Analysis and Earnings-at-Risk (EaR) Assessments.

Additionally, the Bank conducts regular stress testing and scenario analysis to assess its resilience under various interest rate environments. These proactive risk management measures ensure the stability of earnings, capital strength and adherence to the Bank's risk appetite.

The overarching objective of the Bank's interest rate risk management framework is to maintain a stable and sustainable net interest income, effectively balancing risk and return while safeguarding long-term financial stability.

The impact on NII of a parallel change in interest rates is:

Impact of 200bps parallel rate change on NII	
Dec 2024	**Dec 2023**
0.55%	0.25%

Foreign Exchange Risk

Foreign exchange risk arises from fluctuations in currency exchange rates, which may impact the Bank's financial position and performance when foreign currency exposures are translated into the reporting currency.

The Bank effectively manages structural foreign exchange exposures in alignment with its risk appetite, operating within a robust framework of prudential limits. Transactional foreign exchange risk arises primarily from day-to-day operations, where gains, losses, or fair value adjustments in foreign currencies affect profit and loss statements or other comprehensive income reserves.

To mitigate these risks, the Bank adheres to strict internal limits and regulatory requirements, ensuring prudent risk-taking through the monitoring of intraday and overnight open position limits, Stop-loss mechanisms to curb and counterparty risk management through collateral arrangements and netting agreements, particularly for spot and over-the-counter (OTC) derivative contracts.

Through its comprehensive risk management approach, the Bank ensures effective monitoring, control and mitigation of foreign exchange risks, safeguarding its financial stability and resilience against market volatility.

Price risk

The Bank proactively manages fluctuations in the market value of both trading and non-trading positions to mitigate adverse impacts on portfolio valuations. This is achieved through a robust framework incorporating stop-loss limits, open position limits by product type, collateral management and daily netting agreements with major counterparties.

The Bank maintains exposure to both local and international quoted securities, ensuring a well-diversified investment portfolio primarily comprising of investment-grade securities, including local government bonds and other High-Quality Liquid Assets (HQLA) denominated in USD. Notably, the Bank has no direct exposure to commodity price risk.

Derivative instruments are also utilised in the normal course of business to meet client requirements, hedge against market price variations and support trading activities. These instruments, which derive value from underlying assets, indices or interest rates, include forwards, swaps, options and structured products. The associated risks are carefully managed through product-specific open position limits, stop-loss thresholds and exposure caps, aligned with the Bank's risk appetite. Furthermore, daily mark-to-market valuations and netting agreements with major counterparties serve to mitigate counterparty credit risk, reinforcing the Bank's prudent approach to risk management.

Value at Risk

The Bank employs Value-at-Risk (VaR) as the primary metric for quantifying potential losses arising from market fluctuations on foreign exchange risk. This standardised methodology provides a robust framework for managing and controlling market risk, estimating portfolio sensitivity and the maximum expected loss within a defined confidence level over a specified time horizon.

The Bank utilises a parametric VaR approach, which assumes that historical market returns serve as a reasonable indicator of future movements. VaR is computed using a one-day holding period and a 99% one-tailed confidence interval, implying that actual losses are expected to exceed the estimated VaR approximately once every 100 trading days, or two to three times per year. This metric is fully embedded within the Bank's market risk management framework and is consistently applied across all trading positions.

To ensure the reliability of the VaR model, backtesting is conducted by comparing daily VaR estimates against actual profit and loss (P&L) outcomes for each business day. While VaR is a valuable risk management tool, the Bank remains cognisant of its inherent limitations, including its reliance on a specific confidence level, its static nature and the assumption that past market trends accurately reflect future fluctuations. Accordingly, VaR is complemented by stress testing, scenario analysis and additional risk control measures to enhance the Bank's resilience to market volatility.

Risk Management Report (cont'd)

Liquidity Risk

Liquidity risk refers to the potential inability of the Bank to meet its financial obligations as they fall due, either due to insufficient financial resources or the need to liquidate assets at unfavorable prices or obtain funding at excessive costs. Such circumstances could lead to unexpected losses and impact the Bank's ability to manage cash flows, fund asset growth and replace funding sources, while ensuring compliance with statutory and regulatory requirements.

To mitigate this risk, the Bank follows a comprehensive Liquidity Risk Management Framework, which outlines the policies, procedures and methodologies required to maintain a strong liquidity position under both normal and stressed conditions. This framework, which is approved by the Board upon recommendation from ALCO, incorporates the Risk Appetite Statement and defined liquidity limits to ensure effective management of the Bank's funding requirements.

The Bank independently manages its liquidity position in alignment with its specific financial environment. To monitor and mitigate liquidity risk, the Bank employs key regulatory and internal metrics, including the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Traditional Gap Analysis. A prudent approach is adopted, setting internal liquidity gap limits and maintaining a more conservative LCR and NSFR target than regulatory requirements. These measures are determined by the ALCO and approved by the Board.

To ensure resilience, regular liquidity stress testing is conducted, covering both general market conditions and adverse stress scenarios, such as increased liability run-offs, asset rollover risks and potential depletion of liquid asset buffers. Additionally, ad hoc stress tests are performed as part of the Internal Liquidity Adequacy Assessment Process (ILAAP) and recovery planning exercises.

Based on stress test results, which consider both general portfolio assumptions and client-specific scenarios, the Bank's liquidity position remains robust and well-aligned with its risk appetite, supported by a stable deposit base and an adequate stock of HQLAs.

The Liquidity Coverage Ratio (LCR) serves as a key metric in assessing the short-term resilience of the Bank's liquidity position. It ensures that the Bank maintains sufficient High-Quality Liquid Assets (HQLAs) to withstand moderate to severe liquidity stress scenarios over a 30-day horizon.

As an integral component of the Bank's liquidity risk management framework, the LCR is closely aligned with internal stress testing methodologies, reinforcing its ability to effectively manage short-term liquidity pressures. By maintaining an LCR consistently above the minimum regulatory requirement, the Bank upholds a robust liquidity buffer, ensuring the ability to navigate potential market disruptions and meet its financial obligations with confidence.

Furthermore, the insights derived from stress testing exercises are instrumental in shaping the Bank's risk appetite, enhancing liquidity planning and supporting strategic decision-making to sustain financial stability across the Bank.

Based on Basel III norms, average LCR stood at 218.0% on a consolidated basis for FY 2024 (2023: 201.27%) against the regulatory threshold at 100%. The average stock of HQLA amounts to MUR 137 billion for the Bank. The Bank's portfolio of HQLA is mostly comprised of the jurisdiction's sovereign securities, USD A-rated sovereign securities and USD Multilateral Development Banks (MDBs) bonds.

Funding Risk

The Bank employs a comprehensive suite of internal tools to proactively monitor and manage long-term funding risk, ensuring financial stability and resilience. To mitigate concentration risk, the Bank operates within conservative deposit concentration limits, thereby preventing excessive reliance on any single funding source and promoting a well-diversified funding base.

A key pillar of the Bank's liquidity strategy is the maintenance of a high proportion of core deposits, recognised for their stability and stickiness. These deposits serve as a reliable and sustainable funding source, reinforcing the Bank's ability to withstand liquidity stress events and maintain a robust funding profile across varying market conditions.

Furthermore, the Bank continuously evaluates its funding mix, aligning it with its risk appetite, business growth strategies and evolving market dynamics. Through prudent balance sheet management and adherence to regulatory and internal risk parameters, the Bank remains well-positioned to support its long-term funding needs while preserving financial strength and flexibility.

The Net Stable Funding Ratio (NSFR) serves as a key regulatory metric for assessing the Bank's long-term funding resilience, ensuring a stable and sustainable funding structure in relation to its asset composition and off-balance sheet exposures. NSFR stood at 126% on a consolidated basis for FY 2024 (2023: 129%) which is comfortably above the regulatory threshold at 100%.

Operational risk

In alignment with the Basel framework, the Bank defines operational risk as the potential for loss arising from inadequate or failed internal processes, people, systems, or external events. This encompasses legal risk but excludes strategic and reputational risks.

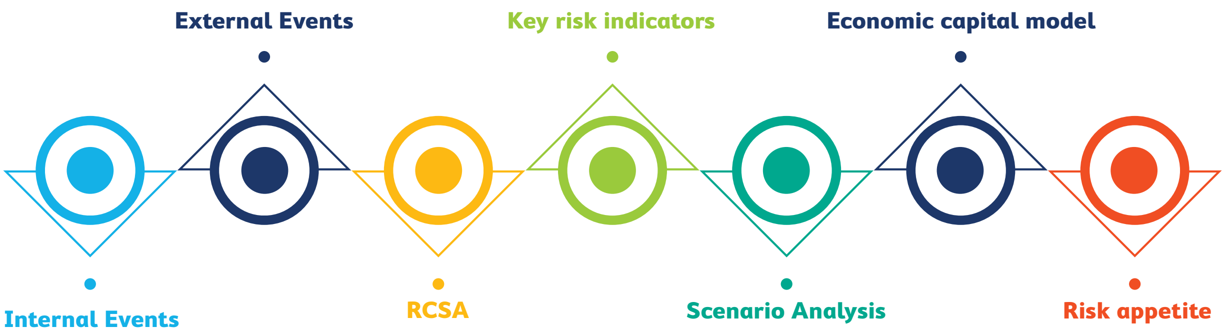
Operational risk is inherent in the Bank's business activities and may materialise due to shortcomings in managing operations, systems, processes, transactions or assets. Such risks include human error, delays in implementing change, unavailability of technology services or loss of customer data. Additionally, operational risk may stem from system failures, cyber threats, theft of Bank assets, information security breaches or the impact of natural and man-made disasters. Furthermore, the risk extends to legal and regulatory non-compliance, where failure to anticipate changes in laws or regulations may lead to financial and operational repercussions.

To ensure robust risk management, all employees share the responsibility for identifying, assessing and mitigating operational risks associated with their respective functions. The Operational Risk Management Policy outlines governance structures, responsibilities and key controls required to manage operational risk effectively across the Bank. This is implemented through a Three Lines of Defence Model which ensures a structured approach to risk management; the business line (including support and operations) being the first line, Operational Risk Management function acting as the second line with Internal Audit providing independent assurance as the third line. Collaboration between these three lines of defence is fundamental to maintaining a strong risk culture, fostering accountability and ensuring operational resilience across the Bank.

Our operational risk model integrates the core that underpin the Bank's risk governance and control framework, ensuring alignment with its risk appetite and strategic objectives. The main components of the model include the Bank's approach to setting and adhering to risk appetite, the risk and control taxonomies, risk management processes and tools such as incident database, risk control self-assessment (RCSA), review of internal processes, key risk indicators (KRIs) and the operational risk capital models among others. To further strengthen risk mitigation efforts, the Bank employs additional instruments, such as assessment of new products, services and transformation initiatives to preemptively address potential operational risks, business continuity plans to enhance resilience against disruptions and ensure operational continuity and leveraging from insights and recommendations from internal and external auditors and supervisory authorities to continuously refine risk controls and governance mechanisms.

Through this structured approach, the Bank reinforces its commitment to proactive risk management, operational resilience and regulatory compliance, ensuring a robust and adaptive operational risk framework.

The main operational risk tools used across the Bank comprise the following:



Risk Management Report (cont'd)

The Bank remains committed to a proactive and resilient operational risk management framework, ensuring that emerging risk themes—both internal and external—are systematically identified, assessed and addressed. Significant risk trends are regularly reviewed within governance forums, where strategic and tactical control enhancements are evaluated to reinforce internal controls and safeguard business continuity.

Over the past year, notable enhancements continued to be undertaken to further strengthen operational risk management and reduce operational losses. These initiatives included, but not limited to, refinement of the operational risk framework, promotion of strong risk culture through targeted training and awareness, enhancement of key risk indicators, identification of areas for automated workflow solutions, strengthening of third-party risk management, reinforcing in-depth root cause analysis and lessons learned exercises and promoting cross-functional collaboration and communication among others.

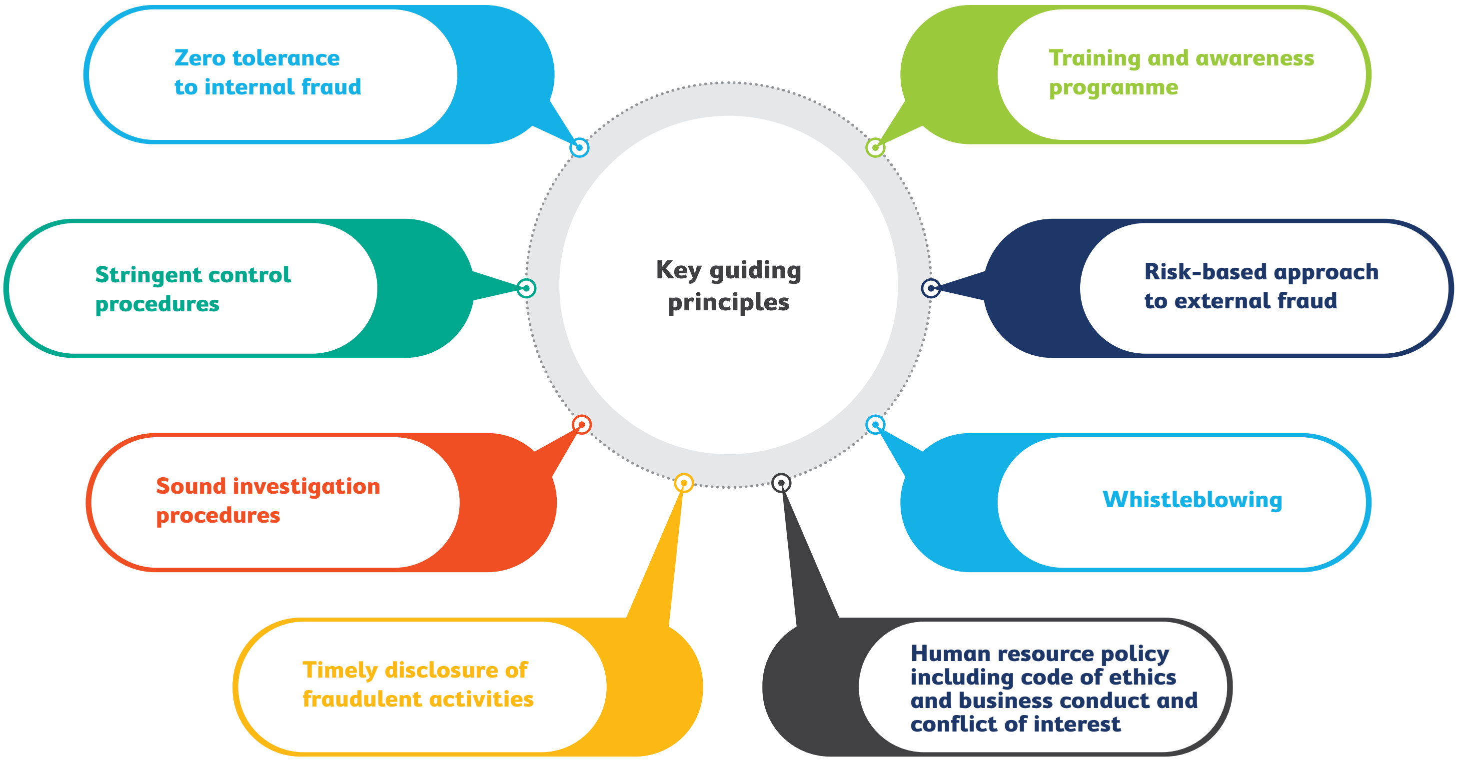
Fraud risk

The Bank upholds a zero-tolerance approach to fraud and is committed to safeguarding its customers, assets and reputation through robust fraud risk management practices.

Fraud risk arises from intentional acts of deception, including but not limited to internal and external fraud, cyber fraud, identity theft, payment fraud, forgery, misappropriation of assets and misrepresentation, which may result in financial loss, regulatory breaches or reputational damage.

Aligned with global best practices and regulatory requirements, the Bank continuously strengthens its fraud risk governance, ensuring early detection, effective prevention, reporting and swift response to fraudulent activities.

The Bank maintains a robust and dynamic fraud risk management framework anchored on four key pillars: Prevention, Detection, Mitigation and Response. These pillars ensure proactive risk management and operational resilience and operates within the following key guiding principles:



Potential fraud incidents are accorded the highest level of scrutiny and are independently investigated in accordance with the Bank's established governance framework. The Bank ensures that all material findings are escalated to the relevant Management, Risk and Audit Committees for thorough review. Where necessary, appropriate corrective actions are taken against offenders and internal controls are reinforced to mitigate future risks.

The Bank remains steadfast in its commitment to upholding the highest standards of integrity, trust and ethical banking practices while continuously investing in its fraud risk management capabilities to adapt to emerging threats and evolving regulatory landscapes. The Bank embeds honesty and integrity in all its operations which is reinforced by continuous training and awareness campaigns.

Business continuity management

The Bank operates in an increasingly dynamic and competitive market with stakeholders expecting seamless and uninterrupted business processes. Recognising the critical importance of resilience and recovery capabilities, the Bank maintains a proactive approach to Business Continuity Management (BCM) to mitigate potential disruptions that could lead to customer detriment, financial losses and reputational impact. Business continuity risk management is a holistic approach resulting in proactive measures that enable the Bank to identify potential threats and their impacts on business operations, effectively develop plans and strategies to respond to them and continue the delivery of its products and services supported by functions at acceptable predefined levels following a disruption.

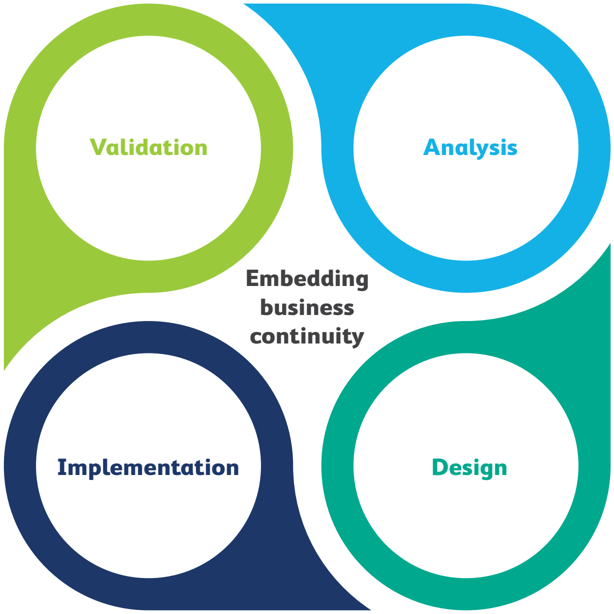
A comprehensive BCM framework has been adopted to ensure that the Bank can effectively identify potential threats, assess their impact on operations and implement robust response mechanisms. This framework aligns with the Bank's strategic objectives and evolving business environment, including considerations for outsourced activities, ensuring resilience and continuity in key business functions.

The framework is further supported by a BCM programme. It provides a structured approach to managing disruptions through well-defined action plans tailored to different risk scenarios, comprehensive training and awareness sessions for employees, regular testing and simulation exercises, including Disaster Recovery drills and continuous enhancement of contingency plans to maintain operational readiness.

By maintaining a strong control environment in line with best industry standards, the Bank reinforces its operational resilience, enabling it to provide uninterrupted services to customers and contribute to broader systemic stability.

Its key objectives are:

- Ensuring employee safety in emergency situations
- Upholding commitments to employees, customers, shareholders and stakeholders
- Complying with regulatory requirements
- Minimising potential financial and operational losses
- Identify, assess and mitigate business risks effectively
- Provide structured recovery plans to restore normal operations promptly
- Safeguarding the Bank's brand reputation, credibility and trust



Through these measures, the Bank remains steadfast in its commitment to resilience, agility and uninterrupted service delivery, ensuring it is well-positioned to navigate challenges and sustain long-term growth.

Risk Management Report (cont'd)

Cybersecurity and IT risk

In an increasingly digital and interconnected world, cybersecurity risk remains a critical concern for financial institutions. This risk encompasses the potential loss of confidentiality, integrity or availability of data, information systems and digital assets, which could result in financial losses, operational disruptions, reputational damage and regulatory sanctions.

The evolving cyber threat landscape is marked by increasingly sophisticated and coordinated attacks, driven by international conflicts and cybercriminal syndicates to name a few. Financial institutions remain prime targets for data breaches, financial fraud and operational disruptions, particularly as the adoption of digital financial services accelerates. In response, the Bank has intensified its cybersecurity initiatives, reinforcing its ability to mitigate emerging threats, delivering training and awareness sessions and ensure operational resilience.

Despite the complex and ever-changing environment, the Bank remains agile, continuously adapting its business and technology strategies to meet evolving customer needs and regulatory expectations. Cybersecurity is embedded as a core pillar of the Bank's digital transformation journey, ensuring that our digital expansion aligns with robust security measures.

To safeguard the organisation and its customers, the Bank operates within a comprehensive cybersecurity governance framework, underpinned by a Board-approved policy framework with stringent security controls. This ensures a secure and resilient IT environment that supports the Bank's long-term business objectives. The Bank undertakes regular cybersecurity assessments and have also deployed various tools and systems to proactively detect, manage and minimise exposures to cybersecurity risks.

Our overarching goal is to establish the Bank as a cyber-resilient organisation, capable of preventing, detecting and responding swiftly to cyber threats. Through continuous investment in cybersecurity capabilities, employee awareness programmes and advanced threat monitoring, the Bank remains committed to enhancing its defences, protecting stakeholders and reinforcing trust in its digital ecosystem.

Third party risk

The Bank relies on third-party suppliers for the provision of critical services, including technology development, system infrastructure and areas of operational support. While these partnerships are essential to driving efficiency and innovation, the Bank remains fully accountable for any risks that may arise from outsourcing arrangements and supplier dependencies.

Third-party risk encompasses potential threats to employee and customer data, financial information and operational stability due to vulnerabilities within the supply chain and external service providers. Given the increasing reliance on third-party relationships, robust risk management practices are essential to ensuring that outsourcing arrangements align with the Bank's risk appetite, regulatory expectations and strategic ambitions.

Throughout the year, the Bank has continued to reinforce their operating model and internal controls, integrating evolving regulatory requirements to enhance their third-party risk assessment and oversight framework. A risk-based approach has been adopted by the Bank, focusing on suppliers that present a heightened risk profile to the organisation's operations and client services. Additionally, the Bank has enhanced its methodologies and monitoring tools to strengthen oversight, improve the internal control environment and further mitigate outsourcing risks.

The Outsourcing Policy is designed to ensure effective governance and risk mitigation, covering key aspects such as:

- Comprehensive due diligence criteria for selecting vendors
- Robust contractual and service agreements with clearly defined expectations
- Periodic assessments of vendor effectiveness, conduct and service delivery
- Commitment to confidentiality and data protection, ensuring service providers adhere to the highest standards of integrity and compliance

By maintaining rigorous oversight and governance mechanisms, the Bank ensures that third-party relationships are well-managed, resilient and aligned with its commitment to operational excellence, regulatory compliance and customer trust.

Climate risk

The emergence of climate risk has presented banks with a new frontier of challenges, with implications for both financial stability and long-term profitability. As a result, climate and environmental risks have become integral considerations across all facets of risk management. These risks are viewed as transversal, meaning they have the potential to influence existing risk categories, such as credit, market, liquidity, operational, reputational and strategic risks. The key drivers of these risks include the physical impacts of climate change and the transition to a low-carbon economy.

Physical Risk

Physical risks are the potential financial impacts arising from the direct effects of climate change on assets, operations and infrastructure. These are event-driven risks related to extreme weather events, such as floods, cyclones, heatwaves, rising sea levels or wildfires which can cause immediate and significant damage to infrastructure, supply chains and assets, leading to potential financial losses. They are further categorised into acute and chronic risks.

Transition Risk

Whilst Physical risks are tied to the direct and observable effects of climate change, Transition risks are associated with the societal and economic changes required to mitigate climate change. They primarily refer to the financial risks associated with the shift toward a low-carbon economy which emerge from the process of reducing greenhouse gas emissions and transitioning to more sustainable practices. They are typically driven by policy changes, technological development and market sentiment that could affect industries, assets and financial performance.

Both types of risks can significantly impact businesses, but they operate in different timeframes and affect different aspects of financial stability.

To address these emerging challenges, the Bank has taken several steps to integrate climate and environmental factors into its Enterprise-Wide Risk Management framework. This includes aligning with regulatory requirements, such as the Guidelines on Climate-related and Environmental Financial Risk Management and adopting proactive measures to ensure compliance and transparency.

Our efforts include engaging specialist service providers to assist with climate-related risks, revising our climate risk policies, updating our risk appetite and deploying screening checklists for risk assessment and upskilling our staff. We have also enhanced monitoring and oversight mechanisms and improved our disclosure practices. Furthermore, we actively engage with stakeholders—regulators, industry peers and customers — to understand their expectations and address their concerns.

These actions are a part of our ongoing commitment to embedding sustainability into our business strategy and to remaining aligned with the evolving regulatory landscape.

Read more in the 'Sustainability Report' on pages 99 to 117

Compliance risk

The Compliance division functions as an independent second-line-of-defence control function, safeguarding the integrity of our business operations and ensuring the protection of our customers. It plays a crucial role in fostering a strong compliance culture across the Bank. All activities, both internal and external to the Bank, fall within the scope of Compliance oversight.

This department is responsible for establishing and maintaining effective internal controls, while also providing essential support, guidance and monitoring of financial crime risk, regulatory risks and conduct risks to which the Bank is exposed.

The Compliance team is a key driver of the Bank's strategic compliance objectives, embedding sustainable practices across the Bank. They focus on upholding a comprehensive compliance risk framework through advisory roles and the execution of a risk-based program. This program is designed to detect, mitigate and prevent potential risks, while ensuring adherence to relevant laws, regulations and internal policies and standards.

Compliance risk is the risk of an activity not being conducted in conformity with applicable laws, rules, regulations, prescribed practices, internal policies and ethical standards expected by regulators, customers, investors and employees among other stakeholders. It covers the main risks described below.

Regulatory risk

The risk that the Bank fails to comply with applicable laws, regulations, guidelines, codes, rules and standards of good market practice thereby exposing the Bank to administrative penalties, legal sanction, financial loss or reputational damage

Financial crime risk

The risk of any criminal conduct such as bribery, corruption, tax fraud, cybercrime, identity theft, money laundering and terrorists financing perpetrated across the Bank

Conduct risk

The risk of detriment to customers, market integrity, effective competition from inappropriate supply of financial services including instances of willful or negligent misconduct

The Compliance function is led by the Head of Compliance. It is structured to support the Board and Management as an independent function and proactively prevent, detect and manage breaches of applicable laws, regulations and internal policies through key initiatives, including:

- Providing expert advice on compliance risk
- Identifying, measuring and assessing compliance risks
- Conducting monitoring and testing activities
- Delivering targeted training and awareness programs
- Ensuring comprehensive compliance reporting

A solution-oriented approach fosters seamless collaboration between Compliance and business units, facilitating the timely identification and management of compliance risks.

The Bank remains committed to operating in full compliance with the legal and regulatory requirements in all jurisdictions where it conducts business. Our control framework, including monitoring mechanisms and internal processes, is designed to uphold the highest standards of conduct, prevent market abuse, mitigate insider dealing risks and address potential compliance breaches. These frameworks are periodically reviewed and subject to regulatory scrutiny to ensure ongoing alignment with best practices.

Among the key risks identified at Bank level, Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) remain a primary focus. To mitigate these risks, the Bank has implemented robust controls, supported by regular ML/TF/PF health checks to assess their effectiveness. The overarching objective is to safeguard our products and services from being misused for financial crime, reinforcing our commitment to integrity and responsible banking.

Compliance principles

The Bank upholds a zero-tolerance policy for deliberate or intentional breaches of legislative and regulatory requirements, as well as for willful misconduct, unethical behavior or any actions that facilitate financial crime. While operational errors and judgmental mistakes may occur in the course of business activities, the Bank maintains a minimal tolerance for any losses incurred by customers.

Regulatory, financial crime and conduct risk management is a shared responsibility across all employees with accountability embedded at every level of the organisation. The oversight of compliance with legal and regulatory obligations is entrusted to the Risk Committees and Board Audit Committees, ensuring a robust governance framework. The Audit Committee assumes responsibility for monitoring compliance risk. Additionally, the Head of Compliance of the Bank maintains an administrative reporting line to the Chief Executive, reinforcing their independence in executing its mandate.

Independence is a core principle of the Compliance function, ensuring its ability to operate with objectivity and integrity across the Bank. The Bank remains committed to implementing robust measures and controls that safeguard the Compliance function's autonomy in executing its responsibilities and making decisions free from undue influence.

Compliance officers are granted unrestricted access to all relevant information and personnel within the organisation, enabling them to effectively fulfill their compliance obligations and maintain the highest standards of regulatory oversight.

As part of its ongoing commitment to regulatory excellence, the Bank continues to strengthen its compliance agenda, with a particular focus on Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT) and sanctions. These efforts are reinforced through dedicated training programmes for employees, periodic policy revisions and the introduction of enhanced policies and standards. Furthermore, the Bank remains proactive in aligning with evolving regulatory requirements, adopting new and revised guidelines issued by regulators, particularly in the areas of AML and CFT, thereby ensuring a strong and sustainable compliance culture.

Compliance culture

The Bank's compliance culture is deeply embedded within its organisational values, reinforcing trust among customers and stakeholders while mitigating regulatory, legal and reputational risks. A commitment to ethical conduct and integrity at all levels remains central to the Bank's vision of responsible and sustainable banking.

This compliance-first mindset is integrated into daily operations, setting clear expectations for individual behavior across the organisation. As regulatory landscapes continue to evolve both domestically and globally, the Bank remains proactive in strengthening its compliance framework. Heightened regulatory scrutiny underscores the need for robust policies and procedures that enable the Bank to effectively anticipate, respond to and mitigate emerging risks — all within the defined risk appetite.

To uphold a culture of continuous vigilance, the Bank ensures the availability of adequate resources and technology to reinforce compliance-driven behaviours. This commitment is reinforced through strong leadership from the Board and Senior Management, who set the right tone through consistent and effective communication.

A variety of initiatives have been implemented to instill and sustain the Bank's compliance culture, including mandatory training programmes, engagement sessions with business functions, strengthening working relationships with regulatory and supervisory bodies and being an active participant in the various projects of the Bank. These initiatives serve to strengthen awareness of compliance responsibilities at all levels, fostering a culture of accountability and ethical decision making across the Bank.

Data Protection

The Bank is committed to upholding the highest standards of data protection, ensuring that individuals retain control over their personal data while maintaining strict compliance with applicable regulations. Data is collected and processed solely for legitimate and specific purposes and all reasonable measures are taken to rectify or erase any inaccurate, incomplete or inappropriate information. Personal data is retained only for as long as necessary to fulfill its intended purpose, in line with regulatory and business requirements.

The Bank implements comprehensive security measures to safeguard the confidentiality, integrity, availability and resilience of its data processing systems and services. These measures are continuously reviewed and enhanced to mitigate risks and strengthen overall data governance.

The European Union's General Data Protection Regulation (GDPR) has established a harmonised privacy framework across EU member states, reinforcing individual rights, mandating transparent compliance practices and imposing stringent penalties for non-compliance. Given its extraterritorial reach, the GDPR may also apply to entities outside the EU when offering goods or services to EU-based customers.

The Bank maintains a robust data protection compliance programme, thus ensuring full adherence to local and international data privacy laws. Through continuous monitoring and stringent governance, the Bank remains steadfast in managing data protection risks while fostering trust, transparency and regulatory excellence.

Risk Management Report (cont'd)

Reputational Risk

Reputational risk is defined as the potential for negative financial or operational impact arising from damage to the Bank's public perception, trust and confidence among key stakeholders, including employees, customers, shareholders, investors and the broader community. This risk may originate from various sources, including business activities, operational decisions, market dynamics and external socio-economic or political factors. Additionally, media coverage - regardless of its accuracy - can significantly influence the Bank's reputation.

To mitigate reputational risk, the Bank employs a proactive and preventive risk management approach, integrating early-warning mechanisms, structured response protocols and continuous risk monitoring. The methodology encompasses stakeholder perception analysis, enabling the identification of shifts in sentiment that could impact the Bank's standing.

Reputational risks are subject to ongoing assessment and oversight, with regular reporting to the Risk Management Committee to facilitate prompt and strategic responses, ensuring the preservation of trust, credibility and long-term stakeholder confidence.

Focus areas

As part of our ongoing risk management process, the Bank remains vigilant in assessing emerging risks that could impact our resilience, business operations and strategic objectives. With an increasingly dynamic interconnected risk landscape ranging from regulatory shifts to technological disruptions and geopolitical uncertainties, our focus remains on early detection, adaptive risk management and coordinated response strategies to safeguard the Bank's stability and strategic growth. The Bank will closely monitor developments in the following key areas.

Geopolitical Tensions and Market Volatility

The evolving geopolitical landscape, particularly in the Americas, Middle East and Ukraine, continues to impact market stability, interest rates and inflationary pressures. Rising protectionism, geopolitical tensions and weakened multilateral cooperation will create a more uncertain operating environment for financial institutions, requiring enhanced risk controls and proactive mitigation strategies. The Bank faces both direct and indirect exposure to these risks—through investments, infrastructure, employees and clients—potentially affecting financial performance as well as reputational, compliance and operational aspects.
To navigate these challenges, the Bank remains committed to rigorous risk management, including stress testing, scenario analysis and diversification. Maintaining agility and staying responsive to economic shifts will be essential to safeguarding financial stability and resilience in an increasingly complex environment. The Bank continues to ensure that its policies and procedures remain robust and that our risk profile is maintained within the limits set as per our risk appetite.

Cybersecurity Threats

Financial institutions worldwide are grappling with AI-driven fraud, data breaches and ransomware attacks that threaten operational continuity. As the Bank expands its digital services and outsourced operations, inherent cyber risks increase, exposing corporate assets to potential threats. While interconnectedness enhance efficiency, they also create vulnerabilities for malicious actors to exploit, particularly through cloud infrastructure and third-party services. Regulators are also focusing on ensuring that banks can effectively withstand and recover from these cyber threats, underscoring the need for comprehensive disaster recovery strategies alongside robust cybersecurity measures.

Cybersecurity is a shared priority across the jurisdictions we operate within. Since the launch of our Bank digital transformation journey, we have enhanced our IT infrastructure by upgrading outdated equipment, improving our defences and implementing advanced tools and systems across relevant entities. Cybersecurity is strengthened through deploying control tools, continuous risk reassessment in software programs, upskilling our people to develop in-house expertise and capabilities and rigorous testing before system deployment. Furthermore, we ensure alignment of our cybersecurity frameworks and controls with local regulatory requirements and international best practices. The Bank remains committed to its investments in business and technical controls to proactively manage these increasing threats and to continue remain a cyber resilient organisation.

Regulatory Changes

The evolving regulatory landscape, driven by factors such as changing geopolitical dynamics, technological advancements and consumer protection, is becoming increasingly complex and presents significant risks for banks. Beyond prudential, financial markets, climate and data regulations, there is growing focus on AI governance, particularly regarding its ethical application in decision-making. Diverging international regulations present jurisdictional risks such as data

sovereignty and ESG regulations with variations in adoption pace, conflicting rules and localisation requirements around staff, data, capital and revenues.
The Bank takes a proactive approach by continuously monitoring regulatory developments, strengthening internal controls and leveraging technology-driven compliance tools. We actively engage with regulators, contribute to industry consultations and foster a strong compliance culture across our operations. Additionally, our entities track country-specific requirements and collaborate with policymakers and central banks, helping shape regulatory frameworks through thought leadership and strategic engagement.

ESG Considerations

Climate risk, regulatory shifts and stakeholder expectations are reshaping the way banks operate, requiring a balance between financial performance and long-term sustainability. Heightened regulatory expectations, evolving stakeholder priorities and the growing impact of climate-related risks are driving the need for stronger ESG integration across financial institutions. Given these developments, the Bank is committed to embedding climate risk and sustainability considerations into our decision-making processes, ensuring alignment to its strategy, long-term resilience and value creation.

Capital Management

SBM Bank proactively manages its capital to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst ensuring that the returns on capital is commensurate with risks undertaken by respective lines of business.

The Bank has always held capital in excess of regulatory requirements and it intends to perpetuate this philosophy to ensure that it continues to remain well capitalised. Accordingly, a minimum capital adequacy ratio of 2.0 % above the minimum regulatory requirements is targeted.

In view of maintaining its sound capitalization both from an economic and regulatory perspective, SBM Bank continuously monitors and adjusts its overall capital demand and supply at all times and from all perspectives.

The objectives are to:

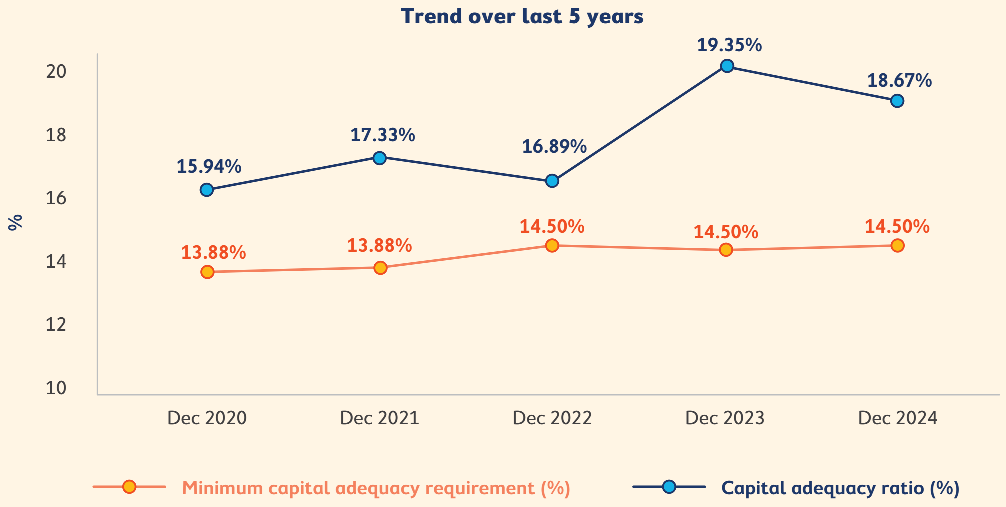
- Maintain capital ratios at levels sufficiently above the regulatory minimum requirements
- Support the Bank's credit ratings
- Deploy capital efficiently to businesses and optimise returns on capital
- Remain flexible to capitalise on future opportunities

In FY 2024, the Bank laid sustained emphasis on capital and liquidity preservation, while responding and adapting itself to the evolving economic landscape in Mauritius, mindful of challenging conditions faced at some levels, in view, notably, of the volatile global economy.

Evolution of Capital Adequacy ratios over the last five years

	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024
Tier 1 ratio (%)	14.3	15.7	15.3	17.9	17.0
Capital Adequacy ratio (%)	15.9	17.3	16.9	19.4	18.7

Risk Management Report (cont'd)



Regulatory Requirement

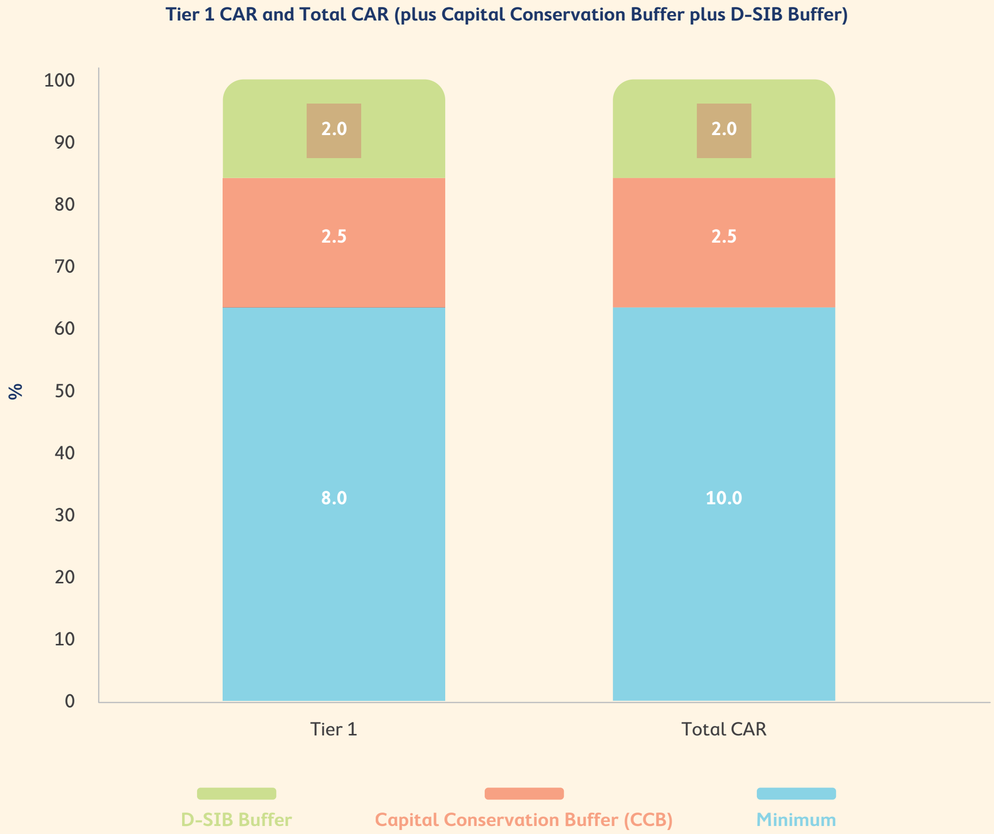
The Bank of Mauritius (BOM) embarked on a phased implementation of Basel III Capital Standards in Mauritius since July 2014 with measures aiming to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen banks' transparency and disclosures. To that effect, BOM has issued guidelines and reporting requirements to commercial banks.

The capital-to-risk weighted assets ratio determines whether or not a bank has sufficient capital to absorb any losses before becoming insolvent. It is important for a bank to monitor this ratio and adhere to regulatory requirements to protect its clients and the larger economy as a whole.

BOM requires all banks licensed under the Banking Act 2004 to meet minimum requirements related to risk-weighted assets of 9.0 %, 10.5 % and 12.5 % for Common Equity Tier 1 (CET 1), Tier 1 and Total Capital ratios respectively. The above ratios include a capital conservation buffer (CCB) of 2.5 % which has been fully phased in since 01 April 2022.

Furthermore, in compliance with the 'Guideline for dealing with Domestic-Systemically Important Banks (D-SIB) and the yearly assessment carried out by BOM taking into consideration the five indicators namely size, exposure to large groups, interconnectedness, complexity and substitutability, SBM Bank is subject to an additional buffer of 2.0 % based on its systemic importance in the local economy.

Regulatory ratios applicable to SBM Bank as at 31 December 2024



At year end 31 December 2024, the Bank remains well capitalised with a total capital ratio of 18.7% or 4.2% above the minimum regulatory requirement.

Risk Management Report (cont'd)

1. Capital Structure

For computation of its regulatory capital (capital base), SBM Bank complies with the BOM's Guideline on Scope of Application of Basel III and Eligible Capital which came into effect in July 2014.

Total regulatory capital consists of the sum of the following elements:

(a) Tier 1 capital which comprises:

(i) Common Equity Tier 1

(ii) Additional Tier 1 Capital

(b) Tier 2 Capital

For each of the three components above, BOM has defined a single set of criteria that the instruments are required to meet before they can be included in the relevant category.

All components of capital provide support for banking operations and to protect depositors.

2. Capital Position

SBM Bank's capital position remains robust with high quality capital levels which prepares it well for future business growth and opportunities.

The capital is in the form of:

(a) CET 1, which is permanent and has the highest loss absorption capability on a going concern basis. The common equity capital of the Bank consists primarily of common shareholder's equity (ordinary share capital, reserves and retained profits) net of prescribed regulatory adjustments or deductions. These regulatory deductions include intangible assets (net of deferred tax liabilities) and deferred tax assets.

CET 1/Tier 1 capital, representing 91.2 % of the aggregate capital base, rose by 12.5 % to MUR 24.9 billion primarily from the good performance of the Bank with net profits of MUR 5.8 billion.

The increase of MUR 2.8 billion from FY 2023 is primarily due to:

- MUR 5.8 billion growth from internally generated capital
- MUR 107 million decrease in revaluation loss on investments in securities at FVTOCI
- Positive impact of a drop in intangible assets and deferred tax assets of MUR 637 million

Partly offset by:

- MUR 2.5 billion dividend payment to Parent Company

(b) Tier 2 capital which can absorb losses in the event of a winding-up consists of general provision and revaluation reserves of fixed assets.

Tier 2 capital was stable at MUR 2.4 billion, with its share representing 8.8 % of the capital base.

As such, the capital base of the Bank increased by MUR 3.3 billion to MUR 27.3 billion as at end December 2024.

Table below shows the Bank's capital position for the past three years:

Figures in MUR Mn	Dec 2024	Dec 2023	Dec 2022
Capital base			
Share capital	13,454	13,454	13,454
Retained earnings	12,946	10,924	8,029
Accumulated other comprehensive income and other disclosed reserves	206	99	(1,014)
Common equity Tier 1 capital (CET 1) before regulatory adjustments	**26,606**	**24,477**	**20,469**
Regulatory adjustments			
Goodwill and intangible assets	(1,255)	(1,624)	(1,519)
Deferred tax assets	(448)	(717)	(511)
Common equity Tier 1 capital (CET 1)	**24,903**	**22,136**	**18,439**
Additional Tier 1 (AT 1)	-	-	-
Tier 1 capital (T1 = CET1 + AT1)	**24,903**	**22,136**	**18,439**
Other reserves (45% of surplus arising from Rev of land & Buildings)	775	491	543
Portfolio provision or ECL (restricted to 1.25% of credit RWA)	1,625	1,364	1,343
Tier 2 capital	**2,400**	**1,855**	**1,886**
Total capital base	**27,303**	**23,991**	**20,325**

3. Risk-weighted assets

Risk-weighted assets (RWA) are used to determine the minimum amount of capital a bank must hold in relation to the risk profile of its lending activities and other assets. This is done to assess the financial strength of a financial institution. RWA represents the Bank's exposures to credit, market and operational risks.

The risk weighted assets of the Bank are being prudently managed in view of the Bank's cautious approach in selecting high quality assets in the loan market.

For the FY 2024, the Bank witnessed an increase of 18.0 % in total RWAs, reaching MUR 146.3 billion in comparison to MUR 124.0 billion for FY 2023. The growth was primarily from our international corporates, sovereigns, local corporates and local bonds both rated and unrated and retail portfolio.

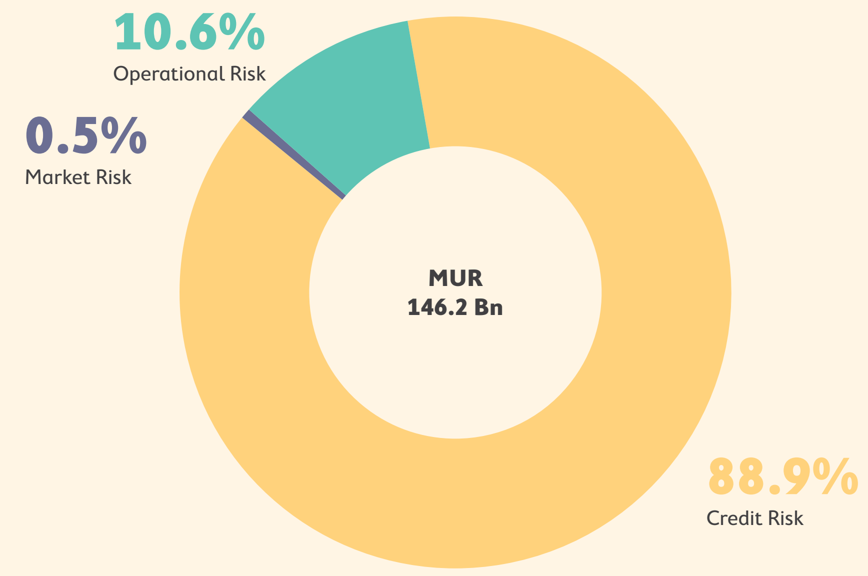
Risk Management Report (cont'd)

Table below shows the Bank's risk weighted assets for the past three years:

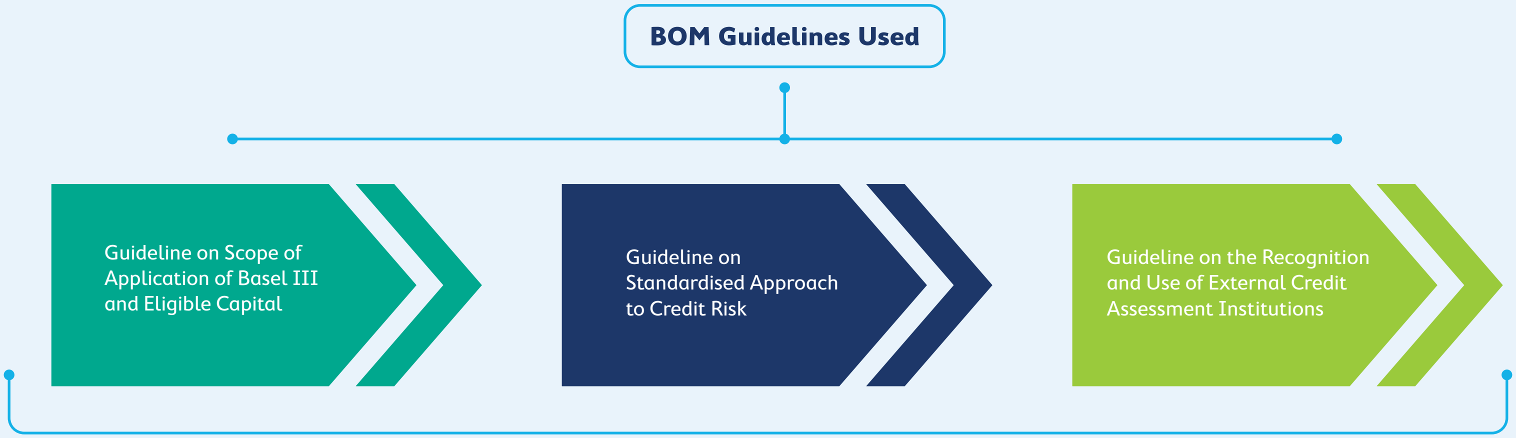
Figures in MUR Mn | Risk Weighted Assets (RWAs)	Dec 2024	Dec 2023	Dec 2022
Credit risk (A)	**130,007**	**109,129**	**107,419**
On-balance sheet assets	119,891	101,289	98,596
Off-balance sheet exposures	10,116	7,840	8,823
Market risk (B)	**763**	**964**	**598**
Aggregate net open foreign exchange position	456	733	463
Capital charge for trading book position exceeding 5% or more of its total assets	307	231	135
Operational risk (C)	**15,475**	**13,888**	**12,343**
Total RWAs	**146,245**	**123,981**	**120,360**

(A) Risk-weighted assets for credit risk

Amongst the various risk types of the Bank engages in, credit risk continues to attract the largest regulatory capital requirement. As at year end 2024, it accounted for around 88.9% of total risk of the Bank, nearly same as FY 2023.



The Bank measures the credit risk capital requirements by applying appropriate risk weights to both on-balance and off-balance sheet exposures in line with the following guidelines:



Under the Standardised Approach, standardised risk weights are assigned to exposures and RWAs are calculated as the product of these risk weights and the exposure amount. The risk weights are based on the credit assessments of external rating agencies and are determined according to the category of borrowers, namely sovereign, bank, corporate and others, with each category of borrower having a specific risk weight structure. Exposures are risk-weighted net of specific provisions.

For certain exposure classes, SBM Bank uses the international ratings of Standard & Poor's, Moody's Investors Service and Fitch Ratings which are recognized by BOM. In addition, some financial obligations subscribed by the Bank in favour of domestic corporate customers have also been rated by CARE Ratings (Africa) Private Ltd (CRAF) with capital relief being applicable on investment-grade ratings.

Risk Management Report (cont'd)

The following tables provide end-of-year figures for both on-balance sheet and off-balance sheet assets after credit mitigation:

The RWA for on-balance sheet increased by 18.4 % compared to FY 2023.

RWAs - On-Balance sheet assets	Dec 2024			Dec 2023	Dec 2022
Figures in MUR Mn	Amount	Weight %	RWAs	RWAs	RWAs
Cash Items	3,227	0-20	2	0	1
Claims on sovereigns	98,281	0-150	5,275	3,311	4,086
Claims on central banks	58,549	0	-	-	-
Claims on Banks	29,894	0-150	9,751	6,991	5,135
Claims on non-central government public sector entities	11,458	50-100	7,961	6,595	2,585
Claims on corporates	61,791	20-150	54,704	51,138	56,599
Claims on retail segment	22,019	75	16,514	14,032	12,160
Claims secured by residential property	40,630	35-125	15,515	13,668	12,047
Past due claims	3,618	50-150	4,116	900	1,171
Fixed Assets/other assets	6,053	100	6,053	4,654	4,812
Total On Balance sheet RWAs	**335,520**		**119,891**	**101,289**	**98,596**

In terms of the risk profile of on-balance sheet assets, the zero % or 'risk free' assets, principally Government and BOM securities represented 50.7 % while assets under the 100 % risk-weight bucket, consisting mainly of loans and advances, constituted 20.0 % of on-balance sheet assets. Assets with risk weights ranging from 20% to 75% accounted for 27.5 % while remaining 1.8 % pertained to risk weights above 100%.

The total non-market-related off-balance sheet RWA increased by MUR 2.2 billion to MUR 9.6 billion compared to FY 2023 due to new guarantees issued and commitments made during the year.

RWAs - Non-market related Off-Balance sheet credit exposures	Dec 2024					Dec 2023	Dec 2022
Figures in MUR Mn	Nominal Amount	Credit Conversion Factor	Credit Equivalent Amount	Weight (%)	RWAs	RWAs	RWAs
Direct Credit Substitutes	1,447	100	1,447	0-100	1,417	1,380	1,893
Transaction-Related Contingent items	13,079	50	6,539	0-100	6,585	4,864	4,659
Trade-Related Contingencies	1,134	20-100	358	0-100	287	166	444
Other Commitments	18,332	0-50	1,702	35-100	1,353	965	1,146
Total Off Balance sheet RWAs	**33,992**		**10,046**		**9,642**	**7,375**	**8,142**

The total market-related off-balance sheet RWA increased by MUR 10 million to MUR 475 million compared to FY 2023.

RWAs - Market related Off-Balance sheet credit wxposures	Dec 2024						Dec 2023	Dec 2022
Figures in MUR Mn	Notional principal amount	Credit conversion factor %	Potential future exposure	Current exposure	Credit equivalent amount	RWAs	RWAs	RWAs
Interest rate contracts	1,255	0 - 1.5	9	-	9	7	7	24
Foreign exchange contracts	8,864	1 - 5.0	147	185	332	267	271	441
Equity contracts	1,501	6 - 8.0	120	170	290	144	128	131
Other commodity contracts	-	-	-	-	-	-	-	-
Credit derivative contracts	-	-	-	-	-	-	-	-
Other market related contracts	603	10 - 12.0	69	10	79	57	59	85
Total Market RWAs	**12,223**		**345**	**365**	**710**	**475**	**465**	**681**

	Dec 2024	Dec 2023	Dec 2022
Total Credit RWAs - MUR Mn	**130,007**	**109,129**	**107,419**

Risk Management Report (cont'd)

(B) Risk-weighted assets for market risk

Market risk is the risk that the Bank's earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads.

For computation of capital on market risk, the Bank adheres to the standardised approach as outlined in the BOM's Guideline on measurement and management of Market Risk.

Aggregate Net Open Foreign Exchange Position

The RWA calculation includes the foreign exchange open position risk of the banking and trading book.

Figures in MUR Mn	Dec 2024	Dec 2023	Dec 2022
Aggregate net open foreign exchange position	456	733	463

Capital charge for trading book position

As per the standardised approach, a bank is required to hold additional capital whenever its overall trading book position activities exceeds 5 % of total assets. As at end of December 2024, the Bank prudently allocated an additional capital charge of MUR 307 million though the trading book significance level was below 5%.

(C) Operational risk capital

Operational risk is an inherent risk in the ordinary course of business activity. It is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences.

For the calculation of operational risk capital, SBM Bank applies the Alternative Standardised Approach as per BOM's Guideline on Operational Risk Management and Capital Adequacy Determination.

The table below sets out the operational risk capital charge for SBM Bank:

Figures in MUR Mn	Dec 2024	Dec 2023	Dec 2022
RWAs for operational risk	15,475	13,888	12,343

In line with growth in business volumes, capital charge for Operational Risk as at end of December 2024 has increased by 11.4 % from FY 2023.

Leverage Ratio

An underlying cause of the Great Financial Crisis was the build-up of excessive on- and off-balance sheet leverage in the banking system. In many cases, banks built up excessive leverage while maintaining seemingly strong risk-based capital ratios. The ensuing deleveraging process at the height of the crisis created a vicious circle of losses and reduced availability of credit in the real economy.

The Basel Committee on Banking Supervision (BCBS) introduced a leverage ratio in Basel III to act as a credible supplementary measure to the risk-based capital requirements.

The leverage ratio is used to capture the amount of debt the Bank has relative to its Tier 1 capital. The ratio is calculated as Tier 1 qualifying capital divided by on-and off-balance sheet exposures, as defined by the BCBS.

The Bank's leverage ratio decreased from 7.6% to 7.2% as at 31 December 2024 compared with BCBS minimum requirement of 3% mainly due to increase in on-balance sheet and off-balance sheet exposures compared to FY 2023.

Compliance

The Bank has complied with all the regulatory capital-related requirements throughout the year. The capital adequacy ratio remained well above the BOM's prescribed limit with an average of 19.3% for FY 2024 while being prudent in growth across its lines of business.

BROADENED OUTLOOK FUTURES BUILT

Financial strategies to widened perspectives, fuel growth, and strengthen collaboration.

Financial Review

Financial Review

For the year ended 31 December 2024

Key Financial Highlights

	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022
Statement of profit or loss (MUR million)			
Net interest income	**9,409**	8,495	6,934
Non interest income	**3,446**	2,901	2,450
Operating income	**12,855**	11,396	9,384
Non interest expense	**5,540**	5,239	4,187
Profit before income tax and net impairment loss on financial assets	**7,315**	6,157	5,197
Profit before income tax	**7,199**	5,238	4,027
Profit for the year	**5,835**	4,625	3,528
Statement of financial position (MUR million)			
Total assets	**336,736**	281,113	269,074
Gross loans and advances to non-bank customers	**134,796**	119,070	118,545
Deposits from non-bank customers	**295,179**	239,208	236,885
Shareholder's equity	**29,515**	25,728	21,704
Tier 1 capital	**24,903**	22,137	18,439
Risk-weighted assets	**146,245**	123,981	120,360
Performance ratios (%)			
Capital adequacy ratio	**18.7**	19.4	16.9
Tier 1 Capital adequacy ratio	**17.0**	17.9	15.3
Profit before income tax/average assets[a]	**2.3**	1.9	1.5
Profit before income tax/average shareholder's equity[a]	**26.1**	22.1	19.0
Return on average assets[a]	**1.9**	1.7	1.3
Return on average shareholder's equity[a]	**21.1**	19.5	16.7
Efficiency ratios (%)			
Cost to income	**43.1**	46.0	44.6
Asset quality ratios (%)			
Gross impaired advances to gross advances	**5.5**	5.2	7.9
Net impaired advances to net advances	**2.7**	0.8	1.5
Other key data			
Number of employees	**1,719**	1,790	1,683
Number of service units	**45**	45	44

[a]Averages are calculated using year-end balances.

Results

The Bank posted record profits of MUR 5,834.7 million and maintained a double-digit year on year growth of 26.2% for FY 2024. This can be attributed to the Bank's continued strength across its domestic lines of business as well as a renewed and disciplined focus on its international business segment with loans and advances more than doubling to reach MUR 13,147.4 million.

Highlights for the year include (i) a growth of 12.8% in operating income to MUR 12,885.1 million driven by a significant increase across all income categories, (ii) the ability to contain cost with a 5.8% growth in non-interest expense resulting in a lower cost to income ratio of 43.1% (46.0% for FY 2023) and (iii) better credit quality of the loans and advances book resulting in a 87.4% reduction in the credit loss expense to only MUR 116.2 million.

Overall, the Bank's fundamentals remain strong with a profit before income tax growing by a healthy 37.4% to MUR 7,198.9 million in FY 2024 (MUR 5,238.0 million for FY 2023) and a strong capital adequacy ratio of 18.7%.

Revenue growth

Operating income for FY 2024 grew by 12.8% to reach MUR 12.9 billion (MUR 11.4 billion in FY 2023) with the main contributors being (i) net interest income; (ii) non-interest income, comprising mainly fees and commissions as well as income from the card business; and (iii) net trading income, representing gain on sale of securities and gain on dealings in financial instruments and foreign currency.

Net Interest Income

The Bank's net interest income reached MUR 9.4 billion for the year under review driven by the growth in advances both in the domestic as well as in the international markets and growth in the portfolio of high yielding investment securities.

Interest income from loans and advances to non-bank customers stood at MUR 9.0 billion, grew by MUR 473.8 million at the reporting date and remains the main source of interest income for the Bank.

Good asset and liability management helped with the deployment of funds in high yielding investment securities and this generated an additional interest income of MUR 991.0 million (25.2% growth).

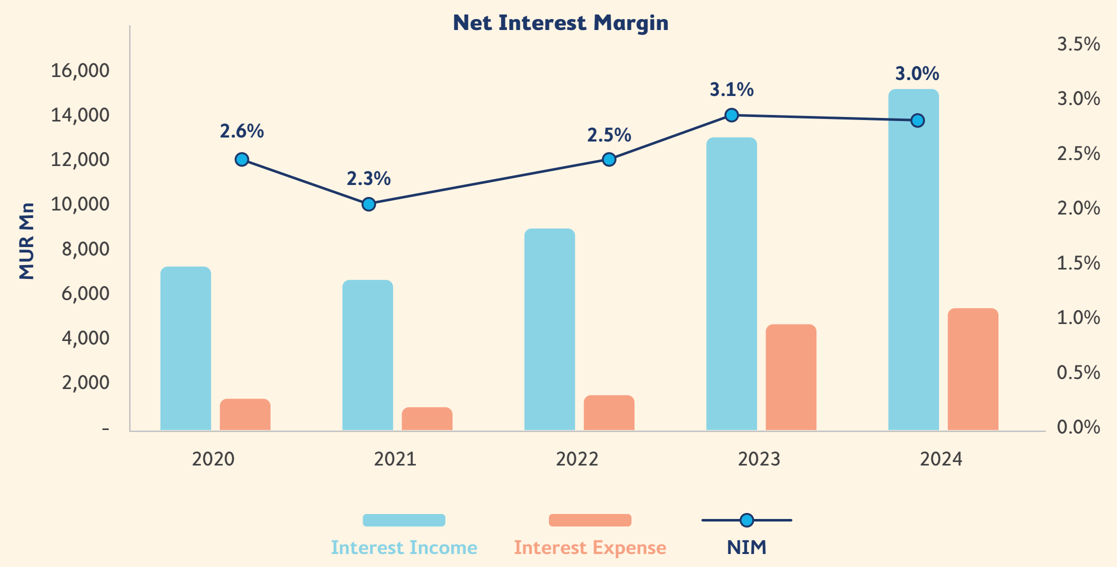
On the interest expense side, an overall increase of MUR 1.1 billion was noted both as a result of the increase in total deposits base by MUR 56.4 billion and due to higher competition for longer term and stable deposits.

Financial Review (cont'd)

For the year ended 31 December 2024

Net Interest Income (cont'd)

Net interest margin decreased slightly from 3.09% in FY 2023 to 3.05% for FY 2024.



Non-Interest Income

As shown in the table below, non-interest income increased by 18.8%, from MUR 2,901.3 million in FY 2023 to MUR 3,446.1 million for FY 2024.

	Year Dec 2024	Year Dec 2023	Year Dec 2022	Variance	
	MUR' million	MUR' million	MUR' million	MUR' million	%
Net fee and commission income	**1,036.4**	937.6	821.1	98.8	10.5
Card income including e-commerce income	**544.6**	463.0	419.7	81.6	17.6
Net trading income from:					
Profit arising from dealings in foreign currencies	**992.9**	888.0	1,051.7	104.9	11.8
Interest rate instruments	**77.7**	(24.2)	16.4	101.9	(421.1)
Fair value movements on debt securities measured at FVTPL	**733.9**	603.4	113.6	130.5	21.6
(Losses)/gains on financial assets at FVTPL	**(7.2)**	19.8	(24.3)	(27.0)	(136.4)
Others*	**67.8**	13.7	52.3	54.1	394.9
	3,446.1	2,901.3	2,450.5	544.8	18.8

*Others consist of Gain on sale of financial instruments and other operating income.

Non-Interest Income (cont'd)

The main contributor of non-interest income for FY 2024 is net trading income, which registered an increase of 23.0% or MUR 337.3 million compared to FY 2023. Fair value movements on debt securities have been the main driver for this increase, moving up from MUR 603.4 million for FY2023 to MUR 733.9 million for FY 2024. Nonetheless, a drop in net gains on financial assets measured at FVTPL has been observed by MUR 27.0 million or by 136.4%.

Net fees and commission income recorded an increase of MUR 180.4 million or 12.9% on account of higher card income and loan related fees for FY 2024.

Card income grew by MUR 81.6 million from MUR 463.0 million for FY 2023 to MUR 544.6 million for FY 2024, mostly due to higher volume of transactions as economic activity continued to gain momentum.

The ratio of non-interest income to average assets stood at 1.1% for both FY 2024 and FY 2023.

Non-Interest Expense

The table below shows the components of operating expenses.

	Year Dec 2024	Year Dec 2023	Year Dec 2022	Variance	
	MUR' million	MUR' million	MUR' million	MUR' million	%
Personnel costs	**2,659.1**	2,309.5	2,014.0	349.6	15.1
Property costs (including depreciation)	**480.8**	473.1	385.5	7.7	1.6
System costs (including depreciation and amortisation)	**1,593.8**	1,308.3	1,114.4	285.5	21.8
Other expenses	**806.2**	1,147.7	673.0	(341.5)	(29.8)
	5,539.9	5,238.6	4,186.9	301.3	5.8

Non-interest expenses witnessed a 5.8% growth or an increase of MUR 301.3 million for FY 2024 compared to FY 2023. The Bank, however, managed to lower its cost to income ratio to 43.1% for FY 2024 compared to 46.0% for FY 2023.

The major components of the increase in non-interest expense are attributed to (i) personnel expenses as the Bank continues to invest in its human capital and due to adjustments made to salaries and benefits and (ii) system costs following upgrade of the banking applications approaching end of service life.

Stronger cost management has also contributed to a remarkable drop in other expenses from MUR 1,147.7 million for FY 2023 to MUR 806.2 million for FY 2024 (29.8% decrease) due to the non-occurrence of one-off charges in the previous year.

Credit loss expense on financial assets

Despite an increase in specific provisions, total credit loss expenses recognised for FY 2024 amounted to only MUR 116.2 million on account of recoveries amounting to MUR 224.1 million as well as a general improvement in the credit quality of the loans and advances portfolio.

Financial Review (cont'd)

For the year ended 31 December 2024

Statement of Financial Position

Loans and advances to non-bank customers

Gross loans and advances increased by MUR 15.7 billion or 13.2% to reach MUR 134.8 billion as at 31 December 2024 against MUR 119.1 billion as at 31 December 2023. Advances from residents reported an increase of MUR 9.3 billion, from MUR 109.0 billion as at 31 December 2023 to MUR 118.3 billion as at 31 December 2024, which reflects the Bank's ability to grow its business domestically despite a very competitive environment. The increase emanates from the retail segment (mainly mortgage) which increased from MUR 43.0 billion as at 31 December 2023 to MUR 48.6 billion as at 31 December 2024. Advances from non-resident also improved from MUR 6.7 billion to MUR 13.3 billion, which is more than doubled, as the Bank continues to expand on a global scale with strict internal risk controls.

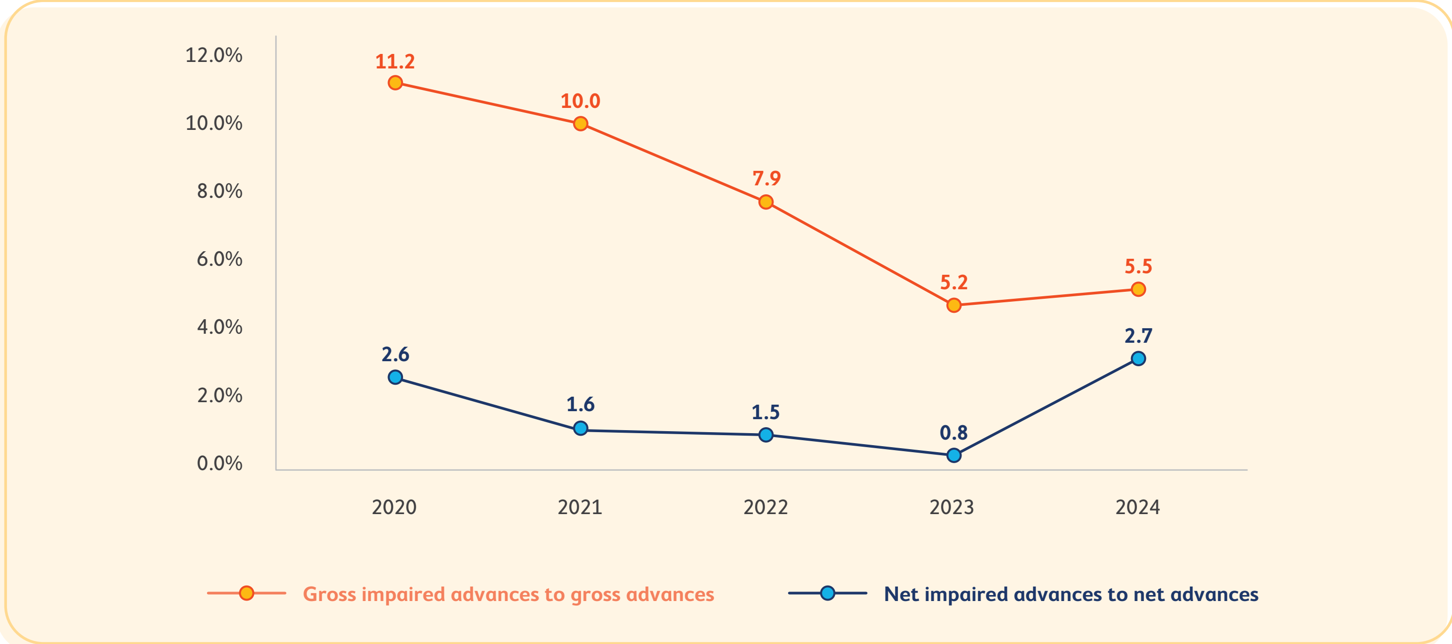
Net loans and advances stood at MUR 129.9 billion compared to MUR 112.1 billion for FY 2023, with total outstanding provisions of MUR 4.9 billion at 31 December 2024. A breakdown of the credit portfolio by economic sectors and level of provisions held has been disclosed in Note 8 of the Financial Statements.

Credit quality

Impaired advances stood at MUR 7.4 billion as at 31 December 2024, compared to MUR 6.2 billion as at 31 December 2023. The Bank has written off advances amounting to MUR 2.4 billion during the year under review (FY 2023: MUR 4.2 billion).

While the provision coverage ratio has dropped to 52.4% at 31 December 2024 from 85.7% as at 31 December 2023, the Bank remains comfortable that the provisioning is sufficient and adequate given that the remaining portion of impaired exposures is adequately secured by collaterals and suitably discounted to reflect prevailing market conditions and expected time of recovery.

The gross impaired advances to gross advances ratio and net impairment ratio stood at 5.5% and 2.7% respectively as at 31 December 2024 compared to 5.2% and 0.8% as at 31 December 2023.



Investment Securities and Placements

The Bank continues to deploy its surplus liquidity into fixed income gilt-edged securities, foreign bank bonds and corporate bonds. Investment securities before credit loss moved upward by MUR 15.2 billion over 31 December 2023 and represents 41.8% of the total balance sheet size of the Bank as at reporting date (FY 2023: 44.6%).

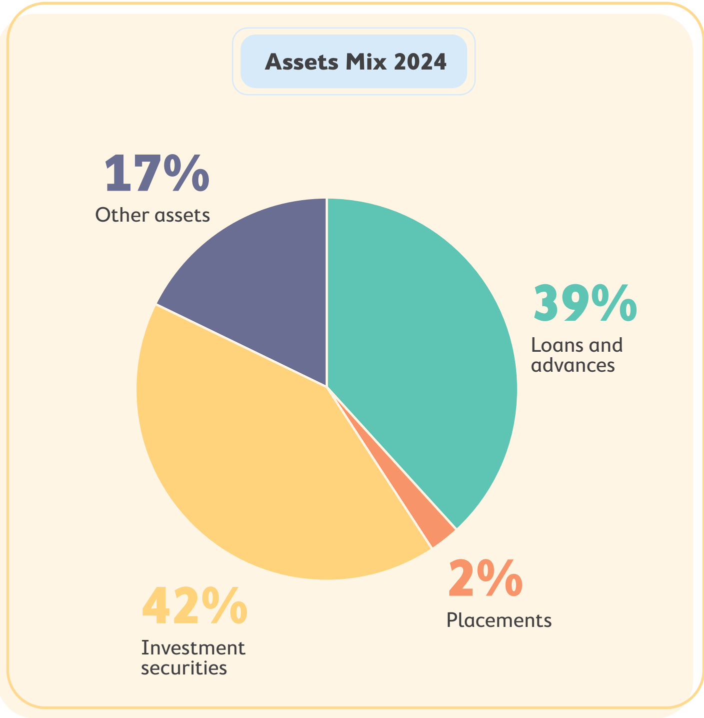
As at 31 December 2024, financial assets classified at Fair Value Through Other Comprehensive Income (FVTOCI) witnessed an increase of MUR 13.1 billion to reach MUR 56.4 billion (FY 2023: MUR 43.3 billion) and those classified at Fair Value at Profit and Loss increased from MUR 11.4 billion as at 31 December 2023 to MUR 14.6 billion as at 31 December 2024. At the same time, financial assets classified at Amortised Cost dropped by 1.6% to reach MUR 69.7 billion at reporting date, while representing 49.5% of total investment securities before credit loss movement.

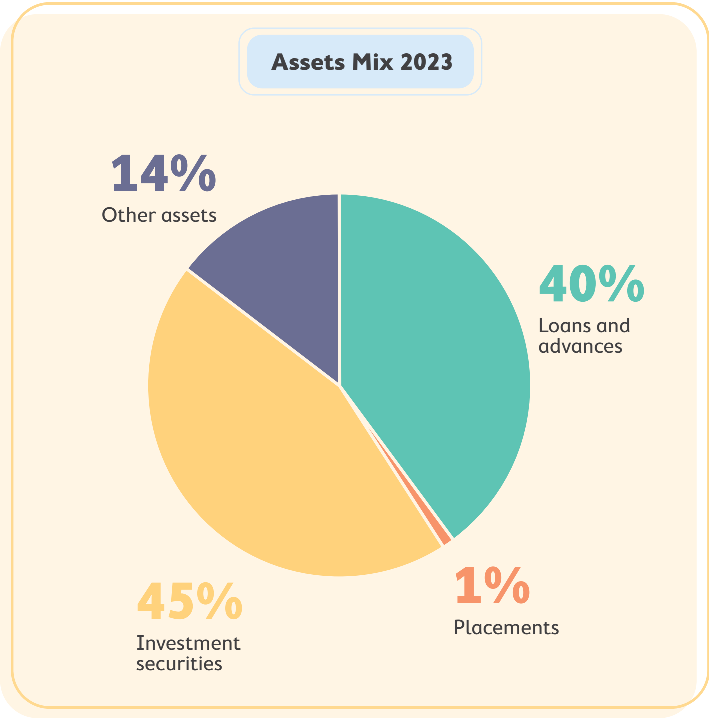
Gross loans and placements with banks amounted to MUR 7.7 billion as at 31 December 2024 compared to MUR 2.9 billion as at 31 December 2023.

Other Bank Assets

Other assets of the balance sheet increased by MUR 17.9 billion, mainly cash and cash equivalents which grew by MUR 15.0 billion as at 31 December 2024 from MUR 18.8 billion as at 31 December 2023 to MUR 33.8 billion as at 31 December 2024, with unrestricted balance with the central bank amounting to MUR 291.6 million at 31 December 2024 (FY 2023: MUR 3.2 billion).

A positive movement has been observed in property and equipment of MUR 985.0 million for FY 2024 against FY 2023 following the revaluation exercise of properties conducted by the Bank.





Note: Other Bank assets include cash and cash equivalents, mandatory balance with central bank, derivative financial instruments, property and equipment, right of use assets, intangible assets, deferred tax assets and other assets.

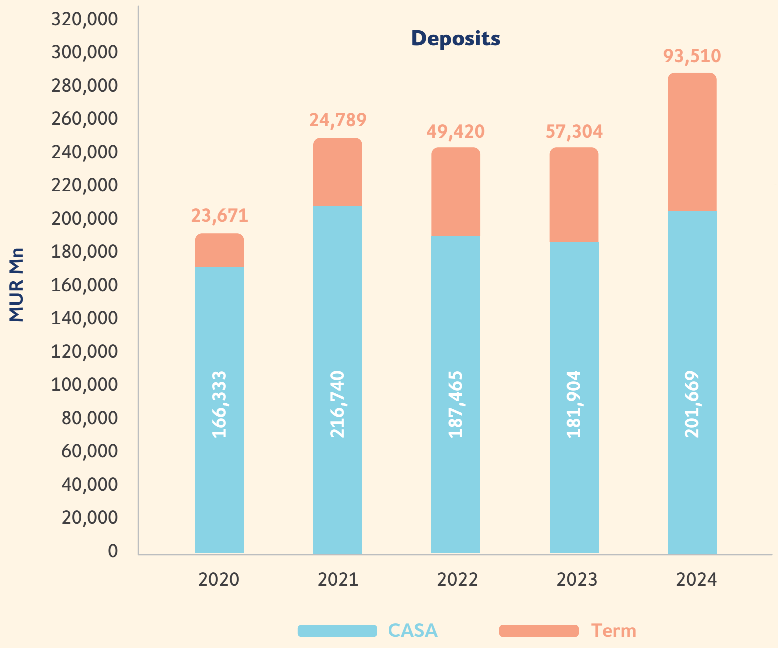
Financial Review (cont'd)

For the year ended 31 December 2024

Deposits and Borrowings

Total deposits from non-bank customers grew by 23.4% during the year under review, from MUR 239.2 billion as at 31 December 2023 to MUR 295.2 billion as at 31 December 2024. This increase is attributable to term deposits which increased from MUR 57.3 billion as at 31 December 2023 to MUR 93.5 billion as at 31 December 2024. Current account and Savings account (CASA) deposits also witnessed an increase of MUR 19.8 billion, from MUR 181.9 billion as of 31 December 2023 to MUR 201.7 billion as at 31 December 2024, mainly due to inflow of hot money. CASA deposits remained the core deposits for the Bank and accounted for 68.3% of total deposits as at 31 December 2024 (FY 2023: 76.0%).

FCY deposits made up 44.8% of total deposits as at 31 December 2024 (FY 2023: 38.7%).



Other Borrowed Funds

Borrowings as at 31 December 2024 stood at MUR 511.1 million compared to MUR 4.7 billion as at 31 December 2023.

Shareholder's Fund

The Bank remains well capitalised, with a Capital Adequacy Ratio of 18.7% as at 31 December 2024, from 19.4% as at 31 December 2023 and a Tier 1 capital to risk-weighted assets ratio of 17.0% as at 31 December 2024 (FY 2023: 17.9%). Both capital ratios are above the minimum regulatory requirements for Domestic-Systemically Important Banks.

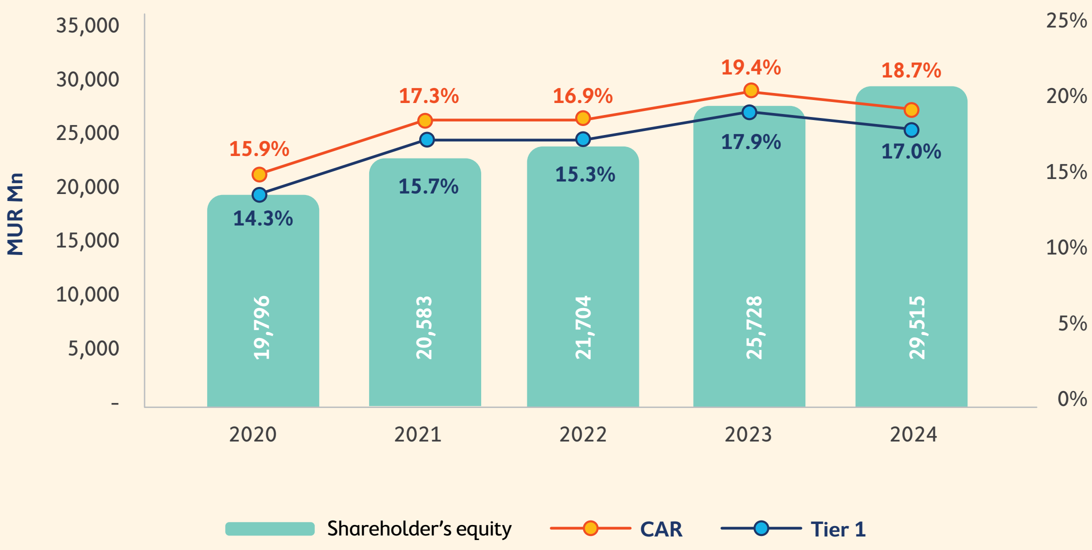
Shareholder's equity stood at MUR 29.5 billion as at 31 December 2024 compared to MUR 25.7 billion as at 31 December 2023 and common equity Tier 1 capital stood at MUR 24.9 billion (FY 2023: MUR 22.1 billion).

Shareholder's Fund (cont'd)

Return on average shareholder's equity has increased from 19.5% in FY 2023 to 21.1% in FY 2024.

The Bank remained a key contributor to the Group, with a profit after tax of MUR 5.8 billion and paid a dividend of MUR 2.5 billion to its parent entity in FY 2024.

Refer to the Capital Management section in Note 35 for more details.



Financial Review (cont'd)

For the year ended 31 December 2024

Performance against objectives

Indicator	Target for FY 2024	Performance for FY 2024	Target for FY 2025
Return on Average Assets (ROA)	With a competitive environment, it is expected that ROA will be stable.	Improved ROA of 1.9%, representing a growth of around 21bps over FY 2023, on account of a significant increase of 26.2% in profits after tax.	While the operating environment is expected to remain highly competitive, ROA is anticipated to stay stable.
Return on Average Equity (ROE)	To achieve a minimum of 18%.	For the same reasons as stated above, ROE improved over FY 2023 and stood at 21.1%.	ROE is targeted to be above 18%.
Operating Income	A key objective of the Bank is to gradually diversify its market footprint and judiciously tap into new segments which would help to boost up transactional and trade finance income.	Operating income of MUR 12.9 billion for FY 2024, hike of 12.8% compared to FY 2023 with higher net interest income, driven by growth in business volumes. Non-interest income grew by 18.8%, fueled by higher revenues from trading as well as fees & commission.	The Bank will keep its focus on growing the loan books in both Corporate International and Domestic Segments to boost up interest income. A two digit growth is expected in Non-Interest Income.
Operating Expense	Operating expenses are expected to grow with sustained initiatives to boost up the capabilities of the Bank, notably in terms of human capital and technology.	Operating expenses increased by 5.8% compared to last year as the Bank continues to invest in human capital and technology.	Operating expenses are likely to grow as the Bank sustains its investments in human capital and technology to support business growth.
Cost to Income ratio (CI)	CI ratio to be contained below 50%.	The CI ratio stood at 43.1%.	CI ratio to be contained below 50%.
Gross Advances	A double-digit growth is anticipated with focus on both expanding and diversifying the domestic loan book while coping with the challenging economic context and growing the international business prudently.	The Bank grew its overall loans and advances to non-bank customers by around 15.9% supported by positive contribution from both domestic and international segments.	The loan portfolio is projected to maintain a double-digit growth driven by further expansion of its international business coupled with initiatives taken to strengthen its domestic position.
Deposits from non-bank customers	Expecting a growth of at least 10% from both domestic and corporate segment B business.	A remarkable growth on 23.4% registered in deposits compared to last year, bolstered mainly by strong growth in foreign currency deposits due to strategies implemented to mobilise fundings.	A momentum double-digit growth is expected for 2025 which is to emanate from both domestic and cross border segments.
Assets Quality	Objective is to further improve the Gross Impaired ratio.	Gross Impaired ratio stood at 5.5%.	The Bank's focus is to improve the asset quality.
Capital Management	The Bank shall continue to maintain its capital adequacy ratio (CAR) at the optimum level and ensure adherence to regulatory requirements at all times.	The Bank's CAR ratio and Tier 1 ratio stood respectively at 18.7% and 17.0% respectively, which are well above the prescribed minimum requirements.	The capital adequacy ratios are expected to remain above regulatory limit as the Bank continues to consolidate its capital base in view of the expansion of its asset base.

SOLIDIFYING TIES SHAPING TOMORROW

Building lasting relationships to secure
a brighter future for all.

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities

For the year ended 31 December 2024

The Board of Directors of SBM Bank (Mauritius) Ltd is appointed to act on behalf of its sole shareholder, SBM (Bank) Holdings Ltd. A professional management team is appointed to run the business of SBM Bank (Mauritius) Ltd (the 'Bank') under the oversight of the Board of Directors. The Board is directly accountable to the shareholder and each year the Bank holds an Annual Meeting at which the directors report to the shareholder on the performance of the Bank and its future plans and strategies. They also submit themselves for re-election as directors at the Annual Meeting, as laid out in the Constitution and the National Code of Corporate Governance for Mauritius.

The Board of Directors' key purpose is to ensure the Bank's prosperity by collectively directing its affairs via delegated authority, whilst meeting the appropriate interests of its stakeholders. In addition to business and financial issues, the Board of Directors is also called upon to deal with the challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics. The Board must ensure that appropriate internal controls and risk management processes are set in place for the proper running of the business.

The Risk Management Committee has the responsibility to set the risk strategy, advise the Board on risk issues and monitor the risk management processes. Amongst others, it sets and reviews policies for the management of risks particularly in the areas of credit, market, interest, liquidity, operational and technological risks including legal, reputational and strategic risks, ensuring that adequate procedures and limits as well as appropriate methodologies and systems are in place.

The Audit Committee critically reviews the financial and interim reports, prospectus and other financial circulars/ documents and is responsible, amongst others, for reviewing the systems of internal controls to ascertain their adequacy and effectiveness. It reviews and discusses any material weaknesses identified in controls and deficiencies in system and if necessary, recommends additional procedures to enhance the system of internal controls.

An internal audit function, whose Head also reports directly to the Audit Committee, is in place to ensure that the Bank's operations are conducted according to the established practices by providing an independent and objective assurance and by advising on best practices. The Audit Committee reviews reports from internal and external auditors and monitors relevant actions taken by management.

The Risk Management section contained in the Annual Report provides further details on the processes for risk management and internal controls.

The directors confirm, to the best of their knowledge and belief, that:

(i) an effective system of internal controls and robust risk management practices, including compliance, has been put in place to safeguard the assets and for the prevention and detection of fraud and other irregularities;

(ii) the Bank has neither the intention nor the need to liquidate or curtail materially the scale of its operations in the foreseeable future;

(iii) the Financial Statements give a true and fair view of the state of affairs of the Bank for the year ended 31 December 2024 and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Banking Act 2004, Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and applicable Bank of Mauritius (BOM) guidelines and appropriate accounting policies. These were supported by reasonable and prudent judgments and estimates have been used consistently;

(iv) they continuously review the implications of corporate governance best practices and are of the opinion that the Bank complies with the requirement of the National Code of Corporate Governance for Mauritius in all material aspects or has explained non-compliance; and

(v) proper accounting records have been kept, in accordance with the requirements of the Mauritius Companies Act 2001 and are free from misstatements.

The external auditors, Deloitte, have independently given their opinion in their audit report as set out on pages 254 to 257.

Premchand MUNGAR
Chief Executive

Imalambaal KICHENIN
Chairperson, Audit Committee

Ranapartab TACOURI, GCSK
Chairman, Board

18 March 2025

Statement of Management's Responsibility for Financial Reporting

For the year ended 31 December 2024

The financial statements of the Bank have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. IFRS Accounting standards as issued by the IASB, as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The 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, procedures 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 and Conduct Review Committee and Risk Management Committee, which comprised mostly independent directors, 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 internal auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, 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, Deloitte, 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.

Premchand MUNGAR
Chief Executive

Imalambaal KICHENIN
Chairperson, Audit Committee

Ranapartab TACOURI, GCSK
Chairman, Board

18 March 2025

Independent Auditor's Report

Deloitte.

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

Independent auditor's report to the Shareholder of SBM Bank (Mauritius) Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SBM Bank (Mauritius) Ltd** (the "Bank" and the "Public Interest Entity") set out on pages 260 to 375, which comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the IASB) and comply with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Bank in accordance with the *International Ethics Standard Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Provision for expected credit losses – Financial assets which are not credit impaired</td></tr>
<tr><td>IFRS 9 requires the Bank to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgements and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the application of IFRS 9 are:

• Model estimations – the Bank has used a statistical model to estimate ECLs depending on type of portfolio which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD') and Exposures at Default ('EAD'). The PD and LGD models used in the loan portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach.

• Determining the criteria for significant increase in credit risk ('SICR') and identifying SICR – These criteria are highly judgemental and can impact the ECL materially where facilities have maturity of greater than 12 months.</td><td>Our audit procedures included amongst others:

• Testing the design and operating effectiveness of the key controls over the key inputs and significant judgements, estimates and assumptions used in the models;

• Using specialist team in performing certain procedures in relation to model validation including review of economic scenarios as well as ECL recomputation;

• Verifying the historical data used in determination of PD in the models;

• Assessing the appropriateness of macro-economic forecasts used;

• Assessing the appropriateness of probability of default, loss given default and exposure at default assumptions;</td></tr>
</table>

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- Macro-Economic Forecasts – IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro-economic forecasts. The macro-economic forecasts are estimates of future economic conditions.
- Economic scenarios – the Bank has used a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied, especially when considering the current uncertain global economic environment.
- Qualitative adjustments - Adjustments to the model-driven ECL results are accounted by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

Due to the significance of the judgements and estimates applied in the computation of the provision for expected credit losses, this item is considered as a key audit matter.

The details of the policies and processes followed for the determination of ECL are disclosed in Note 37 to the financial statements.

- Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology;
- Assessing the reasonableness of the qualitative adjustments applied by management for events not captured by the ECL models; and
- Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Provision for credit losses – Credit impaired assets

The use of assumptions for the measurement of provision for credit losses on credit-impaired assets is subjective due to the level of judgement applied by Management.

Changes in the assumptions and the methodology applied may have a material impact on the measurement of allowance for credit impairment.

The details of allowance for credit impairment on loans and advances to non-bank customers and memorandum items are disclosed in Notes 8(c), 22 and 32 to the financial statements.

The most significant judgements / matters are:

- whether impairment events have occurred;
- valuation of collateral and future cash flows; and
- management judgements and assumptions used

Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for credit losses, this item is considered as a key audit matter.

Our audit procedures included amongst others:

- Obtaining audit evidence in respect of key controls over the processes for identification of impairment events, impaired assets and impairment assessment;
- Inspecting the minutes of Management Credit Forum, Board Risk Committee/Board Supervisory Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment;
- Challenging the methodologies applied by using our industry knowledge and experience;
- Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach;
- Performing a risk-based test of loans and advances to customers to ensure timely identification of credit impaired assets;
- Performing tests of details on accuracy of the provision for credit losses, including validation of collateral valuation and future cash flows; and
- Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

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Independent auditor's report to the Shareholder of SBM Bank (Mauritius) Ltd (cont'd)

Other information

The directors are responsible for the other information. The other information, obtained at the date of this auditor's report, comprises the Corporate Governance Report, Risk Management Report, Financial Review, Statement of Directors' responsibility, Statement of Management's responsibility for financial reporting and Supplementary information as required by the Bank of Mauritius but, does not include the financial statements and our auditor's report 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 on the reports obtained prior to the date of this auditor's report. When we read the other information expected to be available after the auditor's report date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Deloitte.

Independent auditor's report to the Shareholder of SBM Bank (Mauritius) Ltd (cont'd)

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Mauritius

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Financial Reporting Act 2004

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 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 Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Banking Act 2004

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

Use of this report

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

Deloitte

Deloitte
Chartered Accountants

18 March 2025

LLK Ah Hee, FCA
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Financial Statements

Statement of Financial Position

As at 31 December 2024

	Notes	**31 December 2024**	31 December 2023	31 December 2022
		MUR'000	MUR'000	MUR'000
ASSETS				
Cash and cash equivalents	5	**33,788,907**	18,836,899	26,534,212
Mandatory balances with central bank		**17,070,164**	14,911,020	13,316,978
Loans to and placements with banks	6	**7,595,289**	2,853,065	1,221,415
Derivative financial instruments	7	**480,219**	297,875	637,903
Loans and advances to non-bank customers	8	**129,907,656**	112,117,910	108,118,967
Investment securities	9	**140,607,868**	125,398,628	113,044,546
Property and equipment	10	**4,424,918**	3,439,903	3,134,713
Right-of-use assets	11	**173,342**	174,348	234,150
Intangible assets	12	**1,254,847**	1,623,646	1,518,510
Deferred tax assets	18 (d)	**448,134**	716,603	511,001
Other assets	13	**984,817**	743,000	801,351
Total assets		**336,736,161**	281,112,897	269,073,746
LIABILITIES				
Deposits from banks	15	**2,106,029**	1,716,593	1,757,243
Deposits from non-bank customers	16	**295,178,634**	239,207,880	236,885,327
Other borrowed funds	17	**511,088**	4,654,000	757,808
Derivative financial instruments	7	**437,028**	415,277	574,694
Lease liability	11	**183,519**	183,049	189,756
Current tax liabilities	18 (a)	**992,214**	535,619	411,835
Pension liabilities	14	**693,609**	425,420	549,107
Other liabilities	19	**7,119,189**	8,247,088	6,244,460
Total liabilities		**307,221,310**	255,384,926	247,370,230
SHAREHOLDER'S EQUITY				
Stated capital	20	**400,000**	400,000	400,000
Capital contribution	20	**13,054,011**	13,054,011	13,054,011
Retained earnings		**12,945,766**	10,923,822	8,028,574
Other reserves	38	**3,115,074**	1,350,138	220,931
Total equity		**29,514,851**	25,727,971	21,703,516
Total liabilities and equity		**336,736,161**	281,112,897	269,073,746

Approved by the Board of Directors and authorised for issue on 18 March 2025.

Premchand MUNGAR
Chief Executive

Imalambaal KICHENIN
Chairperson, Audit Committee

Ranapartab TACOURI, GCSK
Chairman, Board

The notes on pages 265 to 379 form an integral part of these financial statements.

Statement of Profit or Loss
For the year ended 31 December 2024

	Notes	31 December 2024	31 December 2023	31 December 2022
Continuing Operations		**MUR'000**	MUR'000	MUR'000
Interest income using the effective interest method		**14,706,127**	12,787,297	8,065,950
Other interest income		**311,892**	214,294	137,868
Interest expense using the effective interest method		**(5,477,657)**	(4,354,676)	(1,099,822)
Other interest expense		**(131,378)**	(152,389)	(170,299)
Net interest income	25	**9,408,984**	8,494,526	6,933,697
Fee and commission income		**1,665,505**	1,502,375	1,305,989
Fee and commission expense		**(84,509)**	(101,735)	(65,224)
Net fee and commission income	26	**1,580,996**	1,400,640	1,240,765
Other income				
Net trading income	27	**1,804,561**	1,467,259	1,181,648
Net (losses) / gains from financial assets at FVTPL	28	**(7,220)**	19,781	(24,334)
Net losses on derecognition of financial assets measured at amortised cost	29 (a)	**(11,443)**	(21,394)	-
Net gains on derecognition of financial assets measured at FVTOCI	29 (b)	**51,566**	21,565	34,914
Other operating income		**27,653**	13,462	17,497
		1,865,117	1,500,673	1,209,725
Non-interest income		**3,446,113**	2,901,313	2,450,490
Operating income		**12,855,097**	11,395,839	9,384,187
Personnel expenses	30	**(2,659,103)**	(2,309,521)	(2,013,950)
Depreciation of property and equipment	10	**(242,738)**	(214,614)	(195,532)
Depreciation of right-of-use assets	11	**(67,529)**	(72,652)	(71,319)
Amortisation of intangible assets	12	**(561,293)**	(425,194)	(419,552)
Other expenses	31	**(2,009,259)**	(2,216,586)	(1,486,545)
Non-interest expense		**(5,539,922)**	(5,238,567)	(4,186,898)
Profit before credit loss expense		**7,315,175**	6,157,272	5,197,289
Credit loss movement on financial assets and memorandum items	32	**(116,245)**	(919,304)	(1,170,348)
Profit before income tax		**7,198,930**	5,237,968	4,026,941
Tax expense	18 (b)	**(1,364,221)**	(613,311)	(499,001)
Profit for the year		**5,834,709**	4,624,657	3,527,940

The notes on pages 265 to 379 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	**31 December 2024**	31 December 2023	31 December 2022
		MUR'000	MUR'000	MUR'000
Profit for the year		**5,834,709**	4,624,657	3,527,940
Other comprehensive income :				
Items that will not be reclassified to profit or loss:				
Increase in revaluation of property	10	**779,502**	-	-
Deferred tax on revaluation of property	18 (d)	**(94,290)**	-	-
Deferred tax arising following change in rate:	18 (d)			
- Revaluation of property		**-**	(70,482)	-
- Defined benefit pension plans		**-**	(6,446)	-
Remeasurement of defined benefit pension plan	14	**(245,660)**	(198,455)	(23,742)
Deferred tax on remeasurement of defined benefit pension plan	18 (d)	**34,392**	27,784	1,662
Fair value gains on equity instruments measured at FVTOCI	9	**384**	653	1,531
		474,328	(246,946)	(20,549)
Items that may be reclassified subsequently to profit or loss:				
Debt securities measured at FVTOCI				
Movement in fair value during the year		**158,536**	1,134,291	(1,318,535)
Fair value gains reclassified to profit or loss on disposals		**(51,566)**	(21,565)	(34,914)
Credit loss movement relating to debt instruments held at FVTOCI		**(129,127)**	134,018	(33,128)
		(22,157)	1,246,744	(1,386,577)
Total other comprehensive income / (loss)		**452,171**	999,798	(1,407,126)
Total comprehensive income for the year		**6,286,880**	5,624,455	2,120,814

The notes on pages 265 to 379 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Stated capital	Capital contribution	Retained earnings	Provision reserve	Statutory reserve	Fair value reserve	Property Revaluation reserve	Total equity
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 January 2022		400,000	11,854,011	6,675,006	-	400,000	(2,214)	1,255,899	20,582,702
Profit for the year		-	-	3,527,940	-	-	-	-	3,527,940
Other comprehensive loss for the year		-	-	(22,080)	-	-	(1,385,046)	-	(1,407,126)
Total comprehensive income for the year		-	-	3,505,860	-	-	(1,385,046)	-	2,120,814
Capital contribution received during the year	20	-	1,200,000	-	-	-	-		1,200,000
Revaluation surplus realised on depreciation		-	-	47,708	-	-	-	(47,708)	-
Dividend	21	-	-	(2,200,000)	-	-	-	-	(2,200,000)
At 31 December 2022		400,000	13,054,011	8,028,574	-	400,000	(1,387,260)	1,208,191	21,703,516
At 01 January 2023		400,000	13,054,011	8,028,574	-	400,000	(1,387,260)	1,208,191	21,703,516
Profit for the year		-	-	4,624,657	-	-	-	-	4,624,657
Other comprehensive (loss) / income for the year		-	-	(177,117)	-	-	1,247,397	(70,482)	999,798
Total comprehensive income for the year		-	-	4,447,540	-	-	1,247,397	(70,482)	5,624,455
Revaluation surplus realised on depreciation		-	-	47,708	-	-	-	(47,708)	-
Dividend	21	-	-	(1,600,000)	-	-	-	-	(1,600,000)
At 31 December 2023		400,000	13,054,011	10,923,822	-	400,000	(139,863)	1,090,001	25,727,971
At 01 January 2024		**400,000**	**13,054,011**	**10,923,822**	**-**	**400,000**	**(139,863)**	**1,090,001**	**25,727,971**
Profit for the year		**-**	**-**	**5,834,709**	**-**	**-**	**-**	**-**	**5,834,709**
Other comprehensive (loss) / income for the year		**-**	**-**	**(211,268)**	**-**	**-**	**(21,773)**	**685,212**	**452,171**
Total comprehensive income for the year		**-**	**-**	**5,623,441**	**-**	**-**	**(21,773)**	**685,212**	**6,286,880**
Transfer to provision reserve during the year		**-**	**-**	**(1,153,919)**	**1,153,919**	**-**	**-**	**-**	**-**
Revaluation surplus realised on depreciation		**-**	**-**	**52,422**	**-**	**-**	**-**	**(52,422)**	**-**
Dividend	21	**-**	**-**	**(2,500,000)**	**-**	**-**	**-**	**-**	**(2,500,000)**
At 31 December 2024		**400,000**	**13,054,011**	**12,945,766**	**1,153,919**	**400,000**	**(161,636)**	**1,722,791**	**29,514,851**

The notes on pages 265 to 379 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022
		MUR'000	MUR'000	MUR'000
Net cash generated from / (used in) operating activities	33	**22,390,883**	(8,876,432)	(7,675,010)
Investing activities				
Acquisition of property and equipment	10	**(448,252)**	(520,157)	(312,781)
Acquisition of intangible assets	12	**(249,667)**	(559,592)	(144,167)
Proceeds on disposal of property and equipment		**-**	-	1,454
Net cash used in investing activities		**(697,919)**	(1,079,749)	(455,494)
Financing activities				
Repayment of principal portion of lease liabilities		**(81,118)**	(37,435)	(100,428)
Net change in other borrowed funds		**(4,142,912)**	3,896,192	(4,517,592)
Capital contribution received during the year	20	**-**	-	1,200,000
Dividend paid on ordinary shares	21	**(2,500,000)**	(1,600,000)	(2,200,000)
Net cash (used in) / generated from financing activities		**(6,724,030)**	2,258,757	(5,618,020)
Net change in cash and cash equivalents		**14,968,934**	(7,697,424)	(13,748,524)
Expected credit loss on cash and cash equivalents		**(16,926)**	111	1,314
Cash and cash equivalents at start of year	5	**18,836,899**	26,534,212	40,281,422
Cash and cash equivalents at end of year	5	**33,788,907**	18,836,899	26,534,212

The notes on pages 265 to 379 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2024

1. General information

SBM Bank (Mauritius) Ltd ("the Bank") is a public company incorporated and domiciled in Mauritius. The address of its registered office is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius. The Bank operates in the financial services sector, principally commercial banking.

The Directors regard SBM Holdings Ltd, a company incorporated in Mauritius as its ultimate holding company and SBM (Bank) Holdings Ltd, a company incorporated in Mauritius as its immediate holding company. SBM Holdings Ltd is a public company, domiciled in Mauritius and listed on the Stock Exchange of Mauritius. The address of the registered office of both SBM Holdings Ltd and SBM (Bank) Holdings Ltd is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius.

2. Application of new and revised standards and interpretations

In the current year, the Bank has applied all of the new and revised Standard and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2024.

(a) New and revised IFRS Accounting Standards as issued by the IASB

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments regarding classification of liabilities
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants
IAS 7	Statement of cash flows - Amendments regarding supplier finance arrangements
IFRS 7	Financial Instruments Disclosure - Amendments regarding supplier finance arrangements
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

(b) New and revised IFRS Accounting Standards as issued by the IASB in issue but not yet effective

IFRS 7	Financial Instruments Disclosure - Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 9	Financial Instruments - Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 18	Presentation and Disclosures in financial statements - Original Issue (effective 01 January 2027)

The Directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The Directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

Notes to the Financial Statements
For the year ended 31 December 2024

3. Accounting Policies

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001, the Banking Act 2004, the Guidelines and Guidance Notes issued by the Bank of Mauritius and the Financial Reporting Act 2004.

(b) Basis of preparation

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated. The accounting policies of each relevant line item not disclosed in the section below, are included in the respective notes.

The financial statements have been prepared on the historical cost basis, except for certain property and equipment and financial instruments that are measured at revalued amounts or fair value as explained in the accounting policies. The financial statements are presented in Mauritian Rupee, which is the Bank's functional and presentation currency.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or liability the Bank takes into account the characteristics of the asset or liability if market participants would take into account those characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern

Directors and management have made an assessment of the Bank's ability to continue as a going concern and are satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

(c) Presentation of financial statements

The financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest thousand except where otherwise indicated. The Bank presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented under Note 39.

(d) Recognition of income and expenses

(i) Net interest income

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

For all financial instruments measured at amortised cost and interest-earning financial instruments classified as investment securities measured at fair value through other comprehensive income (FVTOCI), interest income or expense is recorded at the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

3. Accounting Policies (cont'd)

(d) Recognition of income and expenses (cont'd)

(i) Net interest income (cont'd)

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

For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition. Interest on financial assets at FVTPL are recognised under other interest income or other interest expense.

(ii) Net fee and commission income

Fee income earned from services provided

These fees include commission income, account servicing fees, asset management, custody and other management and advisory fees. The fees are recognised as the related services are provided. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income from providing transaction services

Commission and fees arising from negotiation of transactions with third parties, or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

Fee and commission expense

Fee and commission expense relates mainly to transactions and service fees, which are expensed as the services are received.

(iii) Net trading income

Results arising from trading activities include profits arising on dealings in foreign currencies; all gains and losses from changes in fair value and dividend from financial assets and financial liabilities held-for-trading.

Profits arising from dealings in foreign currencies include gains and losses from spot and forward contracts and other currency derivatives. Debt securities income includes the results of buying and selling and changes in the fair value of debt securities and debt securities sold short. The results of trading money market instruments, interest rate swaps, options and other derivatives are recorded under other interest rate instruments.

(iv) Gains/losses from financial assets measured at FVTPL

Gains or losses on assets, liabilities and derivatives designated in hedge relationships recognise fair value movements (excluding interest) on both the hedged item and hedging derivative in a fair value hedge relationship and hedge ineffectiveness from fair value hedge relationships.

Gains or losses on other financial assets designated at fair value through profit or loss recognise fair value movements (excluding interest) on those items designated as fair value through profit or loss.

3. Accounting Policies (cont'd)

(e) Financial instruments

Financial assets and liabilities

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Regular way trades are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. These are recognised using settlement date accounting and are applied both for financial assets mandatorily measured at FVTPL and financial assets measured at amortised cost.

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

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

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

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

Financial assets

For all financial assets, the amount presented on the statement of financial position represents all amounts receivable including interest accruals. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

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

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

The Bank has not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Debt instruments measured at amortised cost or at FVTOCI

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

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

The Bank has more than one business model for managing its financial instruments which reflects how it manages its financial assets in order to generate cash flows. The business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank considers all relevant information available when making the business model assessment.

However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models at each reporting period to determine whether the business models have changed since the preceding period. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial assets measured at FVTPL

Financial assets at FVTPL are:

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

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Equity instruments designated at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Cash and cash equivalents

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

Reclassifications

If the business model under which the entity holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets. During the current financial year there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss and other exchange differences are recognised in OCI in fair value reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the fair value reserve.

Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, bank guarantees and acceptances.

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the entity's revenue recognition policies.

Any increase in the liability relating to financial guarantees is recorded in the statements of profit or loss and other comprehensive income. The premium received is recognised in the statements of profit or loss and other comprehensive income in 'Fees and commission income' on a straight-line basis over the life of the guarantee.

Impairment of financial assets

The Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to non-bank customers;
- loans to and placements with banks;
- investment securities measured at amortised cost;
- investment securities measured at FVTOCI;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments designated at FVTOCI.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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

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

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note 37 (b).

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

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

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

More information on measurement of ECLs is provided in Note 37.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Credit impaired financial assets (cont'd)

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit-impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit-impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Bank does not have purchased or originated credit impaired financial assets.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 37).

The Bank considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Bank; or
- the borrower is unlikely to pay its credit obligations to the Bank in full.

This definition of default is used by the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 37. As noted in the definition of credit-impaired financial assets above, default is evidence that an asset is credit-impaired. Therefore credit-impaired assets will include defaulted assets, but will also include other non-defaulted assets given the definition of credit impaired is broader than the definition of default.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Significant increase in credit risk (SICR)

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

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

When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Bank considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation. In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For assets, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Bank performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Bank calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in profit or loss. Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'credit loss movement on financial assets and memorandum items' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

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

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

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either the financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank. Where a financial instrument includes both a drawn and an 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 loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision. A contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial liabilities

Financial liabilities include deposits from banks and non-bank customers, other borrowed funds, lease liabilities and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derecognition and modification of financial liabilities

The Bank derecognises financial liabilities when and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Bank recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Bank. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

Hedge accounting

The Bank enters into fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Bank formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Hedge accounting (cont'd)

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Bank will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

In accordance with its wider risk management, as set out in Note 37(d)(ii), it is the Bank's strategy to apply fair value hedge accounting to keep interest rate sensitivities within its established limits. Applying fair value hedge accounting enables the Bank to reduce fair value fluctuations of fixed rate financial assets and liabilities as if they were floating rate instruments linked to the attributable benchmark rates. From a hedge accounting point of view, the Bank designates the hedged risk as the exposure to changes in the fair value of a recognised financial asset or liability or an unrecognised firm commitment, or an identified portion of such financial assets, liabilities or firm commitments that is attributable to a particular risk and could affect profit or loss. The Bank only hedges changes due to interest rates such as benchmark rates, which are typically the most significant component of the overall fair value change. The Bank assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates using the hypothetical derivative method as set out above.

In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Bank uses pay fixed/receive floating interest rate swaps to hedge its fixed rate debt instruments and pay floating/receive fixed interest rate swaps to hedge its fixed rate liabilities. The Bank applies only a micro fair value hedging strategy as set out under the relevant subheadings below.

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments.
- Different interest rate curves applied to discount the hedged items and hedging instruments.
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation.
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged item.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit or loss in net trading income. In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised in the statement of profit or loss in net trading income and also recorded as part of the carrying value of the hedged item in the statement of financial position. The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship include fixed rate corporate and small business loans. These hedge relationships are assessed for prospective hedge effectiveness on a monthly basis.

Notes to the Financial Statements

For the year ended 31 December 2024

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Hedge accounting (cont'd)

Micro fair value hedges (cont'd)

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Bank decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Bank discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVTOCI, changes in fair value that were recorded in the statement of profit or loss whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the statement of profit or loss to OCI. There were no such instances in either the current year or in the comparative years.

(f) Repurchase and reverse repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as investment securities and the counterparty liability is included in other borrowed funds.

Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and placements with banks. The difference between sale and repurchase price is treated as interest and accrued over the life of the repos agreements using the effective interest method.

(g) Derivative financial instruments

The Bank enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivatives held include forward contracts, spot position, swaps and option contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(h) Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

3. Accounting Policies (cont'd)

(h) Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(i) Provisions and other contingent liabilities

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Bank's business. 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. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements. 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.

(j) Foreign currency translation

Assets, liabilities, income and expense items denominated in other currencies are translated into Mauritian Rupees, the currency of the primary economic environment in which the entity operates ('functional currency') in accordance with IAS 21.

(i) Transactions denominated in foreign currency are converted at the rate prevailing at the date of the transactions.

(ii) Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into Mauritian Rupees at the rates of exchange ruling at that date.

(iii) Non-monetary assets and liabilities denominated in foreign currency are reported using the exchange rates at the date of the transactions, if carried at cost, or the exchange rates that existed when the fair values were determined, if carried at fair value.

(iv) Exchange differences arising on the settlement of monetary items and on the translation of monetary items, are included in the statement of profit or loss and other comprehensive income ('OCI') for the period. When a gain or loss on a non-monetary item is recognised in equity, any exchange component of that gain or loss shall be recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the statement of profit or loss and other comprehensive income, any exchange component of that gain or loss shall be recognised in the statement of profit or loss and other comprehensive income.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. Accounting Policies (cont'd)

(k) Offsetting financial instruments (cont'd)

This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position. Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

(l) Comparative figures

Where necessary, comparative figures are reclassified to conform to the current year's presentation and to the changes in accounting policies.

4. Significant accounting judgements and estimates

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are summarised below with respect to judgements/estimates involved.

Judgements

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

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

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

Notes to the Financial Statements

For the year ended 31 December 2024

4. Significant accounting judgements and estimates (cont'd)

Judgements (cont'd)

Significant increase in credit risk (cont'd)

- Models and assumptions used: The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Deferred tax assets

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 benefits thereon. The outcome of their actual utilisation may be different.

Establishing groups of assets with similar credit risk characteristics

When ECL are measured on a collective basis, the financial assets are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether groups of financial assets continue to share similar characteristics. This is required in order to assess the need for re-segmentation of the financial assets, with new portfolios being created or assets moving to an existing portfolio that better reflects their credit risk characteristics.

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets and in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset and when determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Estimates

Expected credit losses (ECL) on financial assets

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

> The Bank's internal credit grading model, which assigns PDs to the individual grades;

> The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a long term ECL basis and the qualitative assessment;

> The segmentation of financial assets when their ECL are assessed on a collective basis;

> Development of ECL models, including the various formulas and the choice of inputs;

> Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values and the effect on PDs, EADs and LGDs; and

> Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Notes to the Financial Statements

For the year ended 31 December 2024

4. Significant accounting judgements and estimates (cont'd)

Estimates (cont'd)

Expected credit losses (ECL) on financial assets (cont'd)

In relation to credit-impaired facilities, the Bank determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Assessment of useful lives of property and equipment and intangible assets

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.

Leases

The application of IFRS 16 requires significant judgement and certain key estimations. Critical judgements include determination of the enforceable period of the lease and whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of the lease terms, determination of the appropriate rates to discount the lease payments and assessment of whether right of use asset is impaired.

Pension benefits

The Bank operates a defined benefit pension plan for its employees as well as provides for retirement gratuities under the Workers' Rights Act. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the defined benefit pension plans is based on report submitted by an independent actuarial firm on an annual basis. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may differ from their estimates.

Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Bank has met the recognition criterion. The Directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

5. Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months maturity from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash, balances with banks and central bank excluding mandatory balances.

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Cash in hand	**2,477,739**	2,757,115	1,895,584
Foreign currency notes and coins	**739,819**	739,819	627,363
Unrestricted balances with central bank[1]	**291,578**	3,172,986	19,806,824
Loans and placements with banks[2]	**28,998,719**	7,800,493	692,729
Balances with banks	**1,303,366**	4,371,874	3,517,211
	33,811,221	18,842,287	26,539,711
Less: allowance for credit losses	**(22,314)**	(5,388)	(5,499)
	33,788,907	18,836,899	26,534,212

[1] Unrestricted balances with central bank represent amounts above the minimum cash reserve requirement.

[2] The balance above relates to loans and placements with banks having an original maturity of up to three months.

Cash and cash equivalents were classified under stage 1 and 12-month ECL was calculated thereon.

An analysis of changes in the corresponding ECL allowances is as follows:

	31 December 2024	31 December 2023	31 December 2022
	Stage 1	Stage 1	Stage 1
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**5,388**	5,499	6,813
Net remeasurement of loss allowance	**21,569**	4,929	5,050
Assets repaid	**(4,643)**	(5,040)	(6,364)
ECL allowance as at 31 December	**22,314**	5,388	5,499

Notes to the Financial Statements
For the year ended 31 December 2024

6. Loans to and placements with banks

	31 December 2024	31 December 2023	31 December 2022
At amortised cost			
Loans to and placements with banks:	**MUR'000**	MUR'000	MUR'000
- outside Mauritius	**7,670,399**	2,871,465	1,226,864
	7,670,399	2,871,465	1,226,864
Less: allowance for credit losses	**(75,110)**	(18,400)	(5,449)
	7,595,289	2,853,065	1,221,415
Remaining term to maturity			
Up to 3 months	**14,717**	576,871	658,677
Over 3 months and up to 6 months	**-**	667,405	219,627
Over 6 months and up to 12 months	**3,580,105**	1,554,256	223,536
Over 1 year and up to 2 years	**1,424,985**	72,933	-
Over 2 years and up to 5 years	**2,650,592**	-	125,024
	7,670,399	2,871,465	1,226,864

Notes to the Financial Statements

For the year ended 31 December 2024

6. Loans to and placements with banks (cont'd)

Credit loss allowance for loans to and placements with banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Bank's internal grading system are explained in Note 37(b)(i).

	31 December 2024		
	Stage 1	Stage 2	Total
Internal rating grade	MUR'000	MUR'000	MUR'000
Performing			
Standard grade	3,617,112	-	3,617,112
Sub-standard grade	2,809,493	1,243,794	4,053,287
Total	6,426,605	1,243,794	7,670,399

	31 December 2023			31 December 2022
	Stage 1	Stage 2	Total	Stage 1
Internal rating grade	MUR'000	MUR'000	MUR'000	MUR'000
Performing				
Standard grade	1,770,997	-	1,770,997	658,677
Sub-standard grade	1,027,535	72,933	1,100,468	568,187
Total	2,798,532	72,933	2,871,465	1,226,864

Notes to the Financial Statements
For the year ended 31 December 2024

6. Loans to and placements with banks (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	31 December 2024		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	**2,798,532**	**72,933**	**2,871,465**
Financial assets originated or purchased	**6,426,605**	**1,229,077**	**7,655,682**
Financial assets repaid (excluding write offs)	**(2,987,200)**	**(58,546)**	**(3,045,746)**
Foreign exchange adjustments	**188,668**	**330**	**188,998**
Gross carrying amount as at 31 December	**6,426,605**	**1,243,794**	**7,670,399**

	31 December 2023			31 December 2022
	Stage 1	Stage 2	Total	Stage 1
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	1,226,864	-	1,226,864	843,079
Financial assets originated or purchased	2,798,532	-	2,798,532	443,381
Transfer to Stage 2	(125,023)	125,023	-	-
Financial assets repaid (excluding write offs)	(1,112,028)	(57,903)	(1,169,931)	(55,181)
Foreign exchange adjustments	10,187	5,813	16,000	(4,415)
Gross carrying amount as at 31 December	2,798,532	72,933	2,871,465	1,226,864

	31 December 2024		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
ECL allowance as at 01 January	**8,942**	**9,458**	**18,400**
Net remeasurement of loss allowance	**73,814**	**223**	**74,037**
Assets repaid (excluding write offs)	**(8,941)**	**(8,386)**	**(17,327)**
ECL allowance as at 31 December	**73,815**	**1,295**	**75,110**

	31 December 2023			31 December 2022
	Stage 1	Stage 2	Total	Stage 1
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	5,449	-	5,449	5,109
Transfer to Stage 2	(1,107)	1,107	-	-
Net remeasurement of loss allowance	8,942	8,351	17,293	3,911
Assets repaid (excluding write offs)	(4,342)	-	(4,342)	(3,571)
ECL allowance as at 31 December	8,942	9,458	18,400	5,449

7. Derivative financial instruments

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Assets			
Derivative assets	**480,219**	297,875	637,903
Liabilities			
Derivative liabilities	**437,028**	415,277	574,694

The fair values of derivative instruments are further analysed as follows:

	Notional Principal Amount	Fair Values	
		Assets	Liabilities
31 December 2024	**MUR'000**	**MUR'000**	**MUR'000**
Derivatives held for trading			
Foreign exchange contracts*	**13,295,204**	**82,729**	**(48,693)**
Cross currency swaps	**1,344,729**	**156,537**	**(143,755)**
Other derivative contracts**	**3,466,416**	**230,089**	**(236,530)**
Derivatives held for risk management			
Interest rate swap contracts	**254,645**	**10,864**	**(8,050)**
	18,360,994	**480,219**	**(437,028)**
31 December 2023			
Derivatives held for trading			
Foreign exchange contracts*	13,691,157	34,205	(139,002)
Cross currency swaps	1,177,600	163,040	(163,040)
Other derivative contracts**	4,778,931	84,378	(113,235)
Derivatives held for risk management			
Interest rate swap contracts	279,741	16,252	-
	19,927,429	297,875	(415,277)
31 December 2022			
Derivatives held for trading			
Foreign exchange contracts*	13,359,465	157,190	(197,523)
Cross currency swaps	2,455,913	269,724	(238,895)
Other derivative contracts**	3,434,114	99,410	(99,410)
Derivatives held for risk management			
Interest rate swap contracts	2,842,932	111,579	(38,866)
	22,092,424	637,903	(574,694)

* Foreign exchange contracts include forward and spot contracts.

** Other derivative contracts include option contracts (structured deposits) and interest rate swap contracts.

8. Loans and advances to non-bank customers

	31 December 2024	31 December 2023	31 December 2022
At amortised cost	**MUR'000**	MUR'000	MUR'000
Credit cards	**537,441**	516,931	514,736
Governments	**3,971**	4,985	72,232
Retail customers	**63,518,236**	56,330,058	49,521,102
- Mortgages	**49,914,572**	44,107,773	37,921,052
- Other retail loans	**13,603,664**	12,222,285	11,600,050
Corporate customers	**58,846,236**	56,878,090	57,731,114
Entities outside Mauritius	**11,889,879**	5,340,181	10,706,252
	134,795,763	119,070,245	118,545,436
Less credit loss allowance	**(4,888,107)**	(6,952,335)	(10,426,469)
	129,907,656	112,117,910	108,118,967
(a) Remaining term to maturity			
Up to 3 months	**25,481,502**	13,170,491	12,345,257
Over 3 months and up to 6 months	**4,074,741**	5,999,102	4,134,680
Over 6 months and up to 12 months	**3,958,083**	4,119,659	10,253,390
Over 1 year and up to 2 years	**5,253,806**	8,254,405	5,104,972
Over 2 years and up to 5 years	**20,077,729**	15,863,826	22,430,310
Over 5 years	**75,949,902**	71,662,762	64,276,827
	134,795,763	119,070,245	118,545,436

Out of the MUR 134.80 billion, there is an amount of MUR 303.92 million (2023: MUR 308.52 million and 2022: MUR 337.92 million) relating to loans where fair value hedge accounting has been applied. Refer to Note 37(d)(ii) for more details.

8. Loans and advances to non-bank customers (cont'd)

(b) Net investment in finance leases

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases. Net investment in finance leases are measured at amortised cost.

The Bank acts as lessor of several items like motor vehicles and equipment. There are no restrictions placed upon the lessee by entering into these leases. Rental income earned by the Bank during the year is MUR 155.40 million (2023: MUR 140.73 million and 2022: MUR 91.09 million).

The amount of net investment in finance leases included in loans and advances to non-bank customers and the associated allowance for credit losses are as follows:

	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2024				
Gross investment in finance leases	**710,365**	**1,931,287**	**313,051**	**2,954,703**
Less: Unearned finance income	**(154,107)**	**(271,381)**	**(13,948)**	**(439,436)**
Present value of minimum lease payments	**556,258**	**1,659,906**	**299,103**	**2,515,267**
Credit loss expense				**(89,283)**
Net investment in finance lease				**2,425,984**
31 December 2023				
Gross investment in finance leases	576,654	1,476,987	246,177	2,299,818
Less: Unearned finance income	(126,855)	(216,560)	(9,134)	(352,549)
Present value of minimum lease payments	449,799	1,260,427	237,043	1,947,269
Credit loss expense				(101,342)
Net investment in finance lease				1,845,927
31 December 2022				
Gross investment in finance leases	524,401	1,318,366	147,381	1,990,148
Less: Unearned finance income	(112,985)	(189,935)	(7,878)	(310,798)
Present value of minimum lease payments	411,416	1,128,431	139,503	1,679,350
Credit loss expense				(35,444)
Net investment in finance lease				1,643,906

Finance lease contracts give the lessees the option to purchase the assets for a residual value at the termination of the lease arrangements. The term of lease contracts generally ranges from five to seven years. Finance leases are secured mainly by charges on the leased assets and/or corporate/personal guarantees.

8. Loans and advances to non-bank customers (cont'd)

(c) Credit loss allowance on loans and advances to non-bank customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are set out in Note 37(b)(i).

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	**56,958,277**	**1,150,597**	**-**	**58,108,874**
Standard grade	**32,286,909**	**6,602,794**	**-**	**38,889,703**
Sub-standard grade	**23,380,048**	**4,837,922**	**-**	**28,217,970**
Past due but not impaired	**-**	**2,149,691**	**-**	**2,149,691**
Non-performing				
Individually impaired	**-**	**-**	**7,429,525**	**7,429,525**
Total	**112,625,234**	**14,741,004**	**7,429,525**	**134,795,763**

At 31 December 2023:

Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	46,981,690	4,100,804	-	51,082,494
Standard grade	28,190,443	3,515,272	-	31,705,715
Sub-standard grade	13,123,505	13,923,913	-	27,047,418
Past due but not impaired	-	2,989,512	-	2,989,512
Non-performing				
Individually impaired	-	-	6,245,106	6,245,106
Total	88,295,638	24,529,501	6,245,106	119,070,245

At 31 December 2022:

Internal rating grade	Stage 1	Stage 2	Stage 3	Total
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	28,515,292	20,895,731	-	49,411,023
Standard grade	13,747,253	15,671,147	-	29,418,400
Sub-standard grade	4,370,122	22,634,413	-	27,004,535
Past due but not impaired	-	3,351,123	-	3,351,123
Non-performing				
Individually impaired	-	-	9,360,355	9,360,355
Total	46,632,667	62,552,414	9,360,355	118,545,436

Notes to the Financial Statements

For the year ended 31 December 2024

8. Loans and advances to non-bank customers (cont'd)

(c) Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	88,295,638	24,529,501	6,245,106	119,070,245
Financial assets originated or purchased	42,876,397	4,923,134	-	47,799,531
Assets derecognised or repaid (excluding write offs)	(22,712,002)	(8,285,351)	399,974	(30,597,379)
Transfers to Stage 1	7,832,577	(7,824,122)	(8,455)	-
Transfers to Stage 2	(4,087,553)	4,241,001	(153,448)	-
Transfers to Stage 3	(171,046)	(2,906,164)	3,077,210	-
Amounts written off	-	-	(2,406,970)	(2,406,970)
Foreign exchange adjustments	591,223	63,005	276,108	930,336
Gross carrying amount as at 31 December	112,625,234	14,741,004	7,429,525	134,795,763

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	46,632,667	62,552,414	9,360,355	118,545,436
Financial assets originated or purchased	31,782,868	5,675,018	-	37,457,886
Assets derecognised or repaid (excluding write offs)	(14,764,055)	(18,295,035)	(359,014)	(33,418,104)
Transfers to Stage 1	28,588,799	(28,555,126)	(33,673)	-
Transfers to Stage 2	(4,262,013)	4,624,373	(362,360)	-
Transfers to Stage 3	(70,442)	(1,711,546)	1,781,988	-
Amounts written off	-	-	(4,226,382)	(4,226,382)
Foreign exchange adjustments	387,814	239,403	84,192	711,409
Gross carrying amount as at 31 December	88,295,638	24,529,501	6,245,106	119,070,245

At 31 December 2022:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	70,062,363	28,424,554	10,883,354	109,370,271
Financial assets originated or purchased	14,006,323	24,203,453	-	38,209,776
Assets derecognised or repaid (excluding write offs)	(19,033,989)	(7,270,749)	135,548	(26,169,190)
Transfers to Stage 1	1,573,566	(1,536,158)	(37,408)	-
Transfers to Stage 2	(19,748,949)	19,844,171	(95,222)	-
Transfers to Stage 3	(160,479)	(539,191)	699,670	-
Amounts written off	-	-	(2,286,067)	(2,286,067)
Foreign exchange adjustments	(66,168)	(573,666)	60,480	(579,354)
Gross carrying amount as at 31 December	46,632,667	62,552,414	9,360,355	118,545,436

Notes to the Financial Statements

For the year ended 31 December 2024

8. Loans and advances to non-bank customers (cont'd)

(c) Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont'd):

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	534,840	1,063,884	5,353,611	6,952,335
Allowance on new financial assets	141,627	53,053	-	194,680
Assets derecognised or repaid (excluding write offs)	(55,384)	(412,194)	(596,801)	(1,064,379)
Transfers to Stage 1	312,754	(312,743)	(11)	-
Transfers to Stage 2	(35,151)	38,611	(3,460)	-
Transfers to Stage 3	(1,805)	(167,478)	169,283	-
Net remeasurement of loss allowance	(182,415)	20,389	1,374,467	1,212,441
Amounts written off	-	-	(2,406,970)	(2,406,970)
ECL allowance as at 31 December	714,466	283,522	3,890,119	4,888,107

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	212,977	2,481,972	7,731,520	10,426,469
Allowance on new financial assets	78,149	184,443	-	262,592
Assets derecognised or repaid (excluding write offs)	(25,611)	(615,793)	(733,573)	(1,374,977)
Transfers to Stage 1	829,718	(829,604)	(114)	-
Transfers to Stage 2	(30,161)	41,743	(11,582)	-
Transfers to Stage 3	(764)	(66,794)	67,558	-
Net remeasurement of loss allowance	(529,468)	(132,083)	2,526,184	1,864,633
Amounts written off	-	-	(4,226,382)	(4,226,382)
ECL allowance as at 31 December	534,840	1,063,884	5,353,611	6,952,335

At 31 December 2022:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	651,183	1,455,012	9,347,876	11,454,071
Allowance on new financial assets	50,917	361,407	-	412,324
Assets derecognised or repaid (excluding write offs)	(110,177)	(93,272)	(483,713)	(687,162)
Transfers to Stage 1	86,328	(86,193)	(135)	-
Transfers to Stage 2	(174,629)	175,996	(1,367)	-
Transfers to Stage 3	(3,296)	(14,831)	18,127	-
Net remeasurement of loss allowance	(287,349)	683,853	1,136,799	1,533,303
Amounts written off	-	-	(2,286,067)	(2,286,067)
ECL allowance as at 31 December	212,977	2,481,972	7,731,520	10,426,469

Notes to the Financial Statements

For the year ended 31 December 2024

8. Loans and advances to non-bank customers (cont'd)

(d) Credit loss allowances on loans and advances by industry sectors

At 31 December 2024:

	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 credit loss allowance	Total allowances for credit impairment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	4,273,912	5,535	2,502	19,156	21,658
Manufacturing	4,953,123	59,155	53,787	25,901	79,688
of which EPZ	*1,267,487*	*6,086*	*6,086*	*4,831*	*10,917*
Tourism	10,362,446	2,305,258	436,547	75,793	512,340
Transport	353,686	15,446	7,553	2,301	9,854
Construction	14,346,680	1,866,156	835,989	126,238	962,227
Financial and business services	6,729,009	303,479	302,322	137,735	440,057
Traders	7,241,667	438,252	309,293	23,702	332,995
Personal	61,875,629	1,139,172	794,342	452,485	1,246,827
Professional	41,831	1,509	1,509	468	1,977
Global Business Licence holders	3,164,963	1,198,300	1,095,675	29,669	1,125,344
Others	21,452,817	97,263	50,600	104,540	155,140
	134,795,763	7,429,525	3,890,119	997,988	4,888,107

At 31 December 2023:

	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 credit loss allowance	Total allowances for credit impairment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	3,105,318	613,022	563,877	93,719	657,596
Manufacturing	3,765,081	58,933	54,979	9,602	64,581
of which EPZ	*1,279,208*	*6,072*	*6,072*	*1,379*	*7,451*
Tourism	12,426,412	32,926	11,075	396,028	407,103
Transport	332,367	17,693	16,455	5,526	21,981
Construction	15,274,247	866,315	608,782	468,287	1,077,069
Financial and business services	5,461,769	358,140	351,159	25,462	376,621
Traders	6,257,933	954,824	912,957	31,671	944,628
Personal	55,054,199	1,080,930	785,214	492,988	1,278,202
Professional	40,648	7,570	3,599	2,080	5,679
Global Business Licence holders	3,373,479	2,199,401	1,998,491	2,693	2,001,184
Others	13,978,792	55,352	47,023	70,668	117,691
	119,070,245	6,245,106	5,353,611	1,598,724	6,952,335

Notes to the Financial Statements
For the year ended 31 December 2024

8. Loans and advances to non-bank customers (cont'd)

(d) Credit loss allowances on loans and advances by industry sectors (cont'd)

At 31 December 2022:	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 credit loss allowance	Total allowances for credit impairment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	3,269,559	930,393	581,525	187,457	768,982
Manufacturing	3,932,153	160,403	152,500	11,900	164,400
of which EPZ	*1,507,956*	*6,092*	*6,092*	*1,277*	*7,369*
Tourism	12,313,984	202,333	120,575	875,028	995,603
Transport	1,864,917	32,770	28,752	214,364	243,116
Construction	13,770,186	980,197	712,744	386,808	1,099,552
Financial and business services	5,786,037	72,046	72,039	124,746	196,785
Traders	9,392,470	4,247,813	3,635,750	65,902	3,701,652
Personal	48,285,622	1,071,134	814,217	384,903	1,199,120
Professional	128,022	83,292	83,292	639	83,931
Global Business Licence holders	4,696,272	1,349,247	1,355,990	319,705	1,675,695
Others	15,106,214	230,727	174,136	123,497	297,633
	118,545,436	9,360,355	7,731,520	2,694,949	10,426,469

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities

Remaining term to maturity

At 31 December 2024:	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	13,171	-	2,808	1,259,943	4,772,288	1,235,369	-	7,283,579
Treasury bills	253,418	3,113,332	488,385	2,696,218	-	-	-	-	6,551,353
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	741,779	741,779
	253,418	3,126,503	488,385	2,699,026	1,259,943	4,772,288	1,235,369	741,779	14,576,711
(b) Debt securities measured at FVTOCI									
Government bonds	244,567	-	-	-	2,103,476	4,496,859	1,815,749	-	8,660,651
Treasury bills	3,536,145	-	1,150,050	-	-	-	-	-	4,686,195
Bank of Mauritius bills/bonds	745,438	-	-	-	-	-	-	-	745,438
Bank bonds	1,059,475	2,409,260	1,870,653	229,227	5,852,688	6,012,796	357,934	-	17,792,033
Corporate bonds	2,603,086	4,176,132	1,017,815	-	4,585,261	9,970,617	2,164,382	-	24,517,293
	8,188,711	6,585,392	4,038,518	229,227	12,541,425	20,480,272	4,338,065	-	56,401,610
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	288,176	4,151,054	1,072,706	2,565,103	7,115,798	10,725,761	24,158,947	-	50,077,545
Bank of Mauritius bills/bonds	-	4,563,546	403,069	148,896	-	-	4,989,090	-	10,104,601
Bank bonds	47,813	-	-	-	94,556	164,211	93,358	-	399,938
Corporate bonds	-	-	-	754,608	721,449	3,770,531	3,849,448	-	9,096,036
	335,989	8,714,600	1,475,775	3,468,607	7,931,803	14,660,503	33,090,843	-	69,678,120
(d) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	9,437	9,437
	-	-	-	-	-	-	-	9,437	9,437
Total investment securities	8,778,118	18,426,495	6,002,678	6,396,860	21,733,171	39,913,063	38,664,277	751,216	140,665,878
Less: allowance for credit losses									(58,010)
									140,607,868

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Remaining term to maturity (cont'd)

At 31 December 2023:	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	-	741	2,243,592	1,025,161	-	3,269,494
Treasury bills	20,379	6,646,424	-	303,210	-	-	-	-	6,970,013
Bank of Mauritius bills / bonds	-	-	-	-	168,468	-	-	-	168,468
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	951,301	951,301
	20,379	6,646,424	-	303,210	169,209	2,243,592	1,025,161	951,301	11,359,276
(b) Debt securities measured at FVTOCI									
Government bonds	-	1,339,871	-	521,570	3,798,940	5,837,768	4,100,902	-	15,599,051
Treasury bills	1,100,461	-	-	-	-	-	-	-	1,100,461
Bank of Mauritius bills/bonds	112,683	-	-	-	291,698	-	-	-	404,381
Bank bonds	2,632,057	1,870,751	529,605	713,495	4,925,933	6,621,615	-	-	17,293,456
Corporate bonds	270,260	460,913	218,351	1,577,943	1,110,911	4,455,748	834,198	-	8,928,324
	4,115,461	3,671,535	747,956	2,813,008	10,127,482	16,915,131	4,935,100	-	43,325,673
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	946,483	2,486,759	1,909,279	460,565	8,057,027	16,087,135	24,285,836	-	54,233,084
Treasury bills	1,787	-	-	-	-	-	-	-	1,787
Bank of Mauritius bills/bonds	-	-	991,498	-	5,115,462	-	4,985,927	-	11,092,887
Bank bonds	-	416,279	-	-	45,238	242,269	87,084	-	790,870
Corporate bonds	-	-	472,771	-	-	3,102,739	1,105,349	-	4,680,859
	948,270	2,903,038	3,373,548	460,565	13,217,727	19,432,143	30,464,196	-	70,799,487
(d) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	9,053	9,053
	-	-	-	-	-	-	-	9,053	9,053
Total investment securities	5,084,110	13,220,997	4,121,504	3,576,783	23,514,418	38,590,866	36,424,457	960,354	125,493,489
Less: allowance for credit losses									(94,861)
									125,398,628

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Remaining term to maturity (cont'd)

At 31 December 2022:	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	-	5,101,646	70,459	271,101	-	5,443,206
Treasury bills	30,622	188,869	39,220	1,298,525	-	-	-	-	1,557,236
Bank of Mauritius bills / bonds	198,040	-	290,442	169,023	-	-	-	-	657,505
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,022,515	1,022,515
	228,662	188,869	329,662	1,467,548	5,101,646	70,459	271,101	1,022,515	8,680,462
(b) Debt securities measured at FVTOCI									
Government bonds	4,419	506,791	1,259,551	1,084,914	1,033,638	3,308,039	2,525,521	-	9,722,873
Treasury bills	2,486,605	970,202	1,116,726	-	-	-	-	-	4,573,533
Bank of Mauritius bills/bonds	950,742	195,719	96,648	-	-	-	-	-	1,243,109
Bank bonds	1,745,412	1,531,309	2,377,725	757,744	2,757,271	641,394	-	-	9,810,855
Corporate bonds	726,629	-	952,126	-	2,603,026	2,576,072	1,968,748	-	8,826,601
	5,913,807	3,204,021	5,802,776	1,842,658	6,393,935	6,525,505	4,494,269	-	34,176,971
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	-	403,593	105,063	1,140,600	5,992,628	20,027,992	20,581,250	-	48,251,126
Treasury bills	2,618,363	1,090,890	1,080,704	-	-	-	-	-	4,789,957
Bank of Mauritius bills/bonds	202,910	-	3,027,776	-	504,305	4,966,719	4,982,773	-	13,684,483
Bank bonds	-	-	-	-	417,898	132,409	85,938	-	636,245
Corporate bonds	-	-	-	-	-	1,344,873	1,498,450	-	2,843,323
	2,821,273	1,494,483	4,213,543	1,140,600	6,914,831	26,471,993	27,148,411	-	70,205,134
(d) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	8,400	8,400
	-	-	-	-	-	-	-	8,400	8,400
Total investment securities	8,963,742	4,887,373	10,345,981	4,450,806	18,410,412	33,067,957	31,913,781	1,030,915	113,070,967
Less: allowance for credit losses									(26,421)
									113,044,546

Investment securities analysed as follows:	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
- Debt securities	**140,598,431**	125,389,575	113,036,146
- Equity securities	**9,437**	9,053	8,400
	140,607,868	125,398,628	113,044,546

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

The tables below show the Bank's debt instruments at amortised cost and those measured at FVTOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification.

Debt investment securities at amortised cost

At 31 December 2024:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
High grade	**4,907,462**	**-**	**4,907,462**
Standard grade	**63,309,381**	**204,103**	**63,513,484**
Sub standard grade	**1,257,174**	**-**	**1,257,174**
Total gross carrying amount	**69,474,017**	**204,103**	**69,678,120**
Credit loss allowance	**(57,705)**	**(305)**	**(58,010)**
Carrying amount	**69,416,312**	**203,798**	**69,620,110**

At 31 December 2023:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
High grade	10,692,451	-	10,692,451
Standard grade	59,100,528	-	59,100,528
Sub standard grade	520,588	485,920	1,006,508
Total gross carrying amount	70,313,567	485,920	70,799,487
Credit loss allowance	(50,371)	(44,490)	(94,861)
Carrying amount	70,263,196	441,430	70,704,626

At 31 December 2022:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
High grade	14,143,607	-	14,143,607
Standard grade	54,394,187	505,140	54,899,327
Sub standard grade	1,162,200	-	1,162,200
Total gross carrying amount	69,699,994	505,140	70,205,134
Credit loss allowance	(24,208)	(2,213)	(26,421)
Carrying amount	69,675,786	502,927	70,178,713

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Debt investment securities at amortised cost (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2024:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	**70,313,567**	**485,920**	**70,799,487**
Transfers to stage 1	**300,000**	**(300,000)**	**-**
Transfers to stage 2	**(200,000)**	**200,000**	**-**
New financial assets acquired	**6,290,395**	**-**	**6,290,395**
Financial assets that have been repaid	**(7,843,049)**	**(177,206)**	**(8,020,255)**
Other movements	**613,104**	**(4,611)**	**608,493**
Gross carrying amount as at 31 December	**69,474,017**	**204,103**	**69,678,120**
At 31 December 2023:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	69,699,994	505,140	70,205,134
Transfers to stage 1	204,104	(204,104)	-
Transfers to stage 2	(184,884)	184,884	-
New financial assets acquired	11,438,147	-	11,438,147
Financial assets that have been repaid	(12,669,147)	-	(12,669,147)
Other movements	1,825,353	-	1,825,353
Gross carrying amount as at 31 December	70,313,567	485,920	70,799,487
At 31 December 2022:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	51,670,111	-	51,670,111
Transfers to stage 2	(100,346)	100,346	-
New financial assets acquired	31,086,160	404,794	31,490,954
Financial assets that have been repaid	(12,419,024)	-	(12,419,024)
Other movements	(536,907)	-	(536,907)
Gross carrying amount as at 31 December	69,699,994	505,140	70,205,134

Other movements include interest and exchange differences.

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Debt investment securities at amortised cost (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont'd):

At 31 December 2024:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	50,371	44,490	94,861
Transfers to stage 1	10,077	(10,077)	-
Transfers to stage 2	(174)	174	-
Net remeasurement of loss allowance	4,764	131	4,895
Assets derecognised or repaid	(7,333)	(34,413)	(41,746)
ECL allowance as at 31 December	57,705	305	58,010

At 31 December 2023:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	24,208	2,213	26,421
Transfers to stage 1	380	(380)	-
Transfers to stage 2	(2,968)	2,968	-
Net remeasurement of loss allowance	37,565	39,689	77,254
Assets derecognised or repaid	(8,814)	-	(8,814)
ECL allowance as at 31 December	50,371	44,490	94,861

At 31 December 2022:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	27,884	-	27,884
Transfers to stage 2	(31)	31	-
Net remeasurement of loss allowance	402	2,182	2,584
Assets derecognised or repaid	(4,047)	-	(4,047)
ECL allowance as at 31 December	24,208	2,213	26,421

9. Investment securities (cont'd)

Debt investment securities at FVTOCI

At 31 December 2024:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
High grade	37,070,270	-	37,070,270
Standard grade	17,251,916	866,768	18,118,684
Sub standard grade	1,045,180	167,476	1,212,656
Carrying amount	55,367,366	1,034,244	56,401,610
At 31 December 2023:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	MUR'000	MUR'000
High grade	27,327,329	229,475	27,556,804
Standard grade	13,409,749	460,650	13,870,399
Sub standard grade	860,818	1,037,652	1,898,470
Carrying amount	41,597,896	1,727,777	43,325,673
At 31 December 2022:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	MUR'000	MUR'000
High grade	16,755,090	-	16,755,090
Standard grade	15,728,826	822,791	16,551,617
Sub standard grade	-	870,264	870,264
Carrying amount	32,483,916	1,693,055	34,176,971

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Debt investment securities at FVTOCI (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2024:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	**41,597,896**	**1,727,777**	**43,325,673**
Transfers to stage 1	**1,366,914**	**(1,366,914)**	**-**
Transfers to stage 2	**(578,400)**	**578,400**	**-**
New financial assets acquired	**60,662,018**	**300,000**	**60,962,018**
Financial assets that have been repaid	**(49,906,125)**	**(225,000)**	**(50,131,125)**
Fair value and other movements	**2,225,063**	**19,981**	**2,245,044**
Gross carrying amount as at 31 December	**55,367,366**	**1,034,244**	**56,401,610**

At 31 December 2023:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	32,483,916	1,693,055	34,176,971
Transfers to stage 1	1,083,944	(1,083,944)	-
Transfers to stage 2	(184,884)	184,884	-
New financial assets acquired	160,784,429	-	160,784,429
Financial assets that have been repaid	(151,011,185)	-	(151,011,185)
Fair value and other movements	(1,558,324)	933,782	(624,542)
Gross carrying amount as at 31 December	41,597,896	1,727,777	43,325,673

At 31 December 2022:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	58,656,608	905,201	59,561,809
Transfers to stage 2	(821,182)	821,182	-
New financial assets acquired	24,403,063	-	24,403,063
Financial assets that have been repaid	(49,279,828)	-	(49,279,828)
Fair value and other movements	(474,745)	(33,328)	(508,073)
Gross carrying amount as at 31 December	32,483,916	1,693,055	34,176,971

Other movements include interest, exchange differences and fair value adjustments.

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Debt investment securities at FVTOCI (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont'd):

At 31 December 2024:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**57,753**	**103,434**	**161,187**
Transfers to stage 1	**87,733**	**(87,733)**	**-**
Transfers to stage 2	**(507)**	**507**	**-**
Net remeasurement of loss allowance	**(70,646)**	**(11,112)**	**(81,758)**
Assets derecognised or repaid	**(47,311)**	**(58)**	**(47,369)**
ECL allowance as at 31 December	**27,022**	**5,038**	**32,060**

At 31 December 2023:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	4,689	22,480	27,169
Transfers to stage 1	9,176	(9,176)	-
Net remeasurement of loss allowance	46,022	90,130	136,152
Assets derecognised or repaid	(2,134)	-	(2,134)
ECL allowance as at 31 December	57,753	103,434	161,187

At 31 December 2022:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	12,080	48,217	60,297
Transfers to stage 2	(2,003)	2,003	-
Net remeasurement of loss allowance	(1,420)	19,791	18,371
Assets derecognised or repaid	(3,968)	(47,531)	(51,499)
ECL allowance as at 31 December	4,689	22,480	27,169

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value.

Notes to the Financial Statements

For the year ended 31 December 2024

9. Investment securities (cont'd)

Equity instruments designated at FVTOCI

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Carrying amount as at 01 January	**9,053**	8,400	6,869
Fair value movement	**384**	653	1,531
Carrying amount as at 31 December	**9,437**	9,053	8,400

10. Property and equipment

Accounting policy

Property and equipment are stated at cost (except for freehold land and buildings and buildings on leasehold land) less accumulated depreciation and any cumulative impairment loss. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Bank's policy to revalue its freehold land and buildings and leasehold buildings at least every five years by independent valuers. Any revaluation surplus is credited to the Property revaluation reserve. Any revaluation decrease is first charged directly against any property revaluation reserve held in respect of the respective asset and then to the statement of profit or loss.

Progress payments on tangible fixed assets are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation on owned assets is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	50 years
Equipment, machinery, furniture, fittings and computer equipment (other tangible fixed assets)	3 to 10 years
Motor vehicles	5 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within other operating income in the statement of profit or loss.

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from the revaluation reserve to retained earnings as the asset is used (representing difference between depreciation based on revalued amount and depreciation based on original cost). On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Notes to the Financial Statements

For the year ended 31 December 2024

10. Property and equipment (cont'd)

Cost or Valuation	Freehold land and buildings MUR'000	Buildings on leasehold land MUR'000	Other tangible fixed assets MUR'000	Motor vehicles MUR'000	Total property and equipment MUR'000
At 01 January 2022	803,952	1,437,876	1,806,947	4,123	4,052,898
Additions	58,243	81,662	519,670	-	659,575
Disposals	-	-	(129,028)	-	(129,028)
At 31 December 2022	862,195	1,519,538	2,197,589	4,123	4,583,445
Transfer	-	(6,629)	6,629	-	-
Additions	-	-	127,711	-	127,711
Disposals	-	-	(18,761)	-	(18,761)
At 31 December 2023	**862,195**	**1,512,909**	**2,313,168**	**4,123**	**4,692,395**
Revaluation adjustments	**154,101**	**255,910**	**-**	**-**	**410,011**
Additions	**30,756**	**284,375**	**129,053**	**5,200**	**449,384**
Disposals	**-**	**-**	**(55,209)**	**-**	**(55,209)**
At 31 December 2024	**1,047,052**	**2,053,194**	**2,387,012**	**9,323**	**5,496,581**

Notes to the Financial Statements

For the year ended 31 December 2024

10. Property and equipment (cont'd)

	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total property and equipment
Accumulated Depreciation	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
At 01 January 2022	24,406	119,540	1,413,369	2,192	1,559,507
Disposal	-	-	(127,305)	-	(127,305)
Charge for the year	13,972	60,452	120,358	750	195,532
At 31 December 2022	38,378	179,992	1,406,422	2,942	1,627,734
Transfer	-	(424)	424	-	-
Disposal	-	-	(18,408)	-	(18,408)
Charge for the year	14,334	60,842	138,794	644	214,614
At 31 December 2023	**52,712**	**240,410**	**1,527,232**	**3,586**	**1,823,940**
Revaluation adjustments	**(70,343)**	**(299,148)**	**-**	**-**	**(369,491)**
Disposal	**-**	**-**	**(55,208)**	**-**	**(55,208)**
Charge for the year	**19,477**	**76,254**	**146,123**	**884**	**242,738**
At 31 December 2024	**1,846**	**17,516**	**1,618,147**	**4,470**	**1,641,979**
Net book value					
At 31 December 2024	**1,045,206**	**2,035,678**	**768,865**	**4,853**	**3,854,602**
Progress payments on tangible fixed assets					**570,316**
					4,424,918
At 31 December 2023	809,483	1,272,499	785,936	537	2,868,455
Progress payments on tangible fixed assets					571,448
					3,439,903
At 31 December 2022	823,817	1,339,546	791,167	1,181	2,955,711
Progress payments on tangible fixed assets					179,002
					3,134,713

Other tangible fixed assets (included within Property and equipment) consist of equipment, furniture, fittings and computer equipment.

Notes to the Financial Statements
For the year ended 31 December 2024

10. Property and equipment (cont'd)

Details of the Bank's land and buildings and information about the fair value hierarchy are as follows:

	Fair value level	31 December 2024	31 December 2023	31 December 2022
		MUR'000	MUR'000	MUR'000
Freehold land	Level 2	**591,001**	485,001	485,001
Freehold buildings	Level 3	**454,205**	324,482	338,816
Buildings on leasehold land	Level 3	**2,035,678**	1,272,499	1,339,546
		3,080,884	2,081,982	2,163,363

The carrying amounts of land and buildings, that would have been included in the financial statements had the assets been carried at cost, are as follows:

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Freehold land and buildings	**712,491**	477,402	483,978
Buildings on leasehold land	**345,153**	361,759	378,366
	1,057,644	839,161	862,344

The freehold land and buildings and buildings on leasehold land are periodically valued by an independent chartered valuation surveyor. The valuation exercise conducted as at 31 December 2024 has been performed by an independent chartered valuation surveyor, Aestima Ltd who is a duly registered valuer licensed by the RICS.

The valuation is based on its Market Value which is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The following methods of valuation has been used, namely, the sales comparison method, the depreciated replacement cost method and the income capitalisation approach. There has been no change in the valuation basis and methodology compared to the last valuation exercise conducted.

Notes to the Financial Statements

For the year ended 31 December 2024

11. Right-of-use assets and lease liability

Accounting policy

The Bank as lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. 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 amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers 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 in the statement of financial position. The Bank leases several assets including land, buildings and equipment. The average lease term is 5 years.

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 'Impairment of non-financial assets' 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 'Other operating expenses' in profit or loss.

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 lease contracts do not have lease and non-lease components.

11. Right-of-use assets and lease liability (cont'd)

Right-of-use assets	**Land and buildings**	**Other tangible fixed assets**	**Total**
Cost	**MUR'000**	**MUR'000**	**MUR'000**
At 01 January 2022	209,099	134,111	343,210
Additions	94,084	710	94,794
Termination/Expiry	(11,168)	-	(11,168)
At 31 December 2022	292,015	134,821	426,836
Additions	41,210	-	41,210
Termination/Expiry	(32,045)	(117,135)	(149,180)
At 31 December 2023	**301,180**	**17,686**	**318,866**
Additions	**65,406**	**7,998**	**73,404**
Termination/Expiry	**(60,034)**	**(17,151)**	**(77,185)**
At 31 December 2024	**306,552**	**8,533**	**315,085**
Accumulated Depreciation			
At 01 January 2022	69,729	61,444	131,173
Termination/Expiry	(9,806)	-	(9,806)
Charge for the year	39,084	32,235	71,319
At 31 December 2022	99,007	93,679	192,686
Termination/Expiry	(22,037)	(98,783)	(120,820)
Charge for the year	55,904	16,748	72,652
At 31 December 2023	**132,874**	**11,644**	**144,518**
Termination/Expiry	**(58,186)**	**(12,118)**	**(70,304)**
Charge for the year	**64,347**	**3,182**	**67,529**
At 31 December 2024	**139,035**	**2,708**	**141,743**
Net book value			
At 31 December 2024	**167,517**	**5,825**	**173,342**
At 31 December 2023	168,306	6,042	174,348
At 31 December 2022	193,008	41,142	234,150

The following are the amounts recognised in profit or loss:	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
(Loss) / gain on termination	**(1,088)**	5,306	-
Depreciation expense on right-of-use assets	**67,529**	72,652	71,319
Interest expense on lease liability (Note 25)	**13,978**	12,572	12,087
Total amount recognised in profit or loss	**80,419**	90,530	83,406

11. Right-of-use assets and lease liability (cont'd)

Lease liability	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
At 01 January	**183,049**	189,756	184,665
Additions	**73,404**	41,210	94,794
Interest expense	**13,978**	12,572	12,087
Termination	**(5,794)**	(23,054)	(1,362)
Total cash outflows	**(81,118)**	(37,435)	(100,428)
At 31 December	**183,519**	183,049	189,756

For short term leases (leases with a lease term of 12 months or less) and leases of low value assets (printers and computers), the Bank recognises the lease payments as an operating expense on a straight line basis over the term of the lease. Lease payments for short term lease amounted to MUR 1.2 million and MUR 98.1 million for low value assets for the year ended 31 December 2024.

At 31 December 2024, the Bank does not have any commitment for short-term leases. There are no variable lease payment in the lease contracts of the Bank.

Maturity analysis of lease liability are as follows:	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Up to 1 year	**16,967**	9,074	37,629
1 to 5 years	**110,353**	153,664	141,638
5 to 25 years	**56,199**	20,311	10,489
	183,519	183,049	189,756
Further analysed into:			
Current	**16,967**	9,074	85,223
Non current	**166,552**	173,975	104,533
	183,519	183,049	189,756

The Bank does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees.

12. Intangible assets

Accounting policy

Intangible assets with finite useful lives, that are acquired separately, are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight line basis over their estimated useful lives of 3 to 10 years. Costs directly associated with the production of identifiable and software products controlled, that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(a) WIP Software

The Bank is developing few softwares. These costs will be transferred under "Software" as soon as they will be in use at the Bank.

Notes to the Financial Statements

For the year ended 31 December 2024

12. Intangible assets (cont'd)

(b) Intellectual property rights

The Bank entered into an agreement in respect of Business Process Engineering and Business Transformation Initiatives to align both its strategies and processes with the Technology Transformation Initiative namely Flamingo Project and also high performance banks. The costs incurred in respect of these initiatives were capitalised as intellectual property rights and are being amortised following the project going live in September 2016.

	Software	WIP Software (Note (a))	Intellectual Property (Note (b))	Total
Cost	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
At 01 January 2022	4,054,117	76,512	284,917	4,415,546
Additions	2,410	141,757	-	144,167
Transfers	44,168	(44,168)	-	-
Transfer to expenses	-	(22,614)	-	(22,614)
At 31 December 2022	4,100,695	151,487	284,917	4,537,099
Additions	-	559,592	-	559,592
Transfers	353,233	(353,233)	-	-
Transfer to expenses	-	(29,262)	-	(29,262)
At 31 December 2023	**4,453,928**	**328,584**	**284,917**	**5,067,429**
Additions	**15,247**	**234,420**	**-**	**249,667**
Transfers	**304,710**	**(304,710)**	**-**	**-**
Transfer to expenses	**-**	**(57,173)**	**-**	**(57,173)**
At 31 December 2024	**4,773,885**	**201,121**	**284,917**	**5,259,923**
Accumulated amortisation				
At 01 January 2022	2,314,120	-	284,917	2,599,037
Charge for the year	419,552	-	-	419,552
At 31 December 2022	2,733,672	-	284,917	3,018,589
Charge for the year	425,194	-	-	425,194
At 31 December 2023	**3,158,866**	**-**	**284,917**	**3,443,783**
Charge for the year	**561,293**	**-**	**-**	**561,293**
At 31 December 2024	**3,720,159**	**-**	**284,917**	**4,005,076**
Net book value				
At 31 December 2024	**1,053,726**	**201,121**	**-**	**1,254,847**
At 31 December 2023	1,295,062	328,584	-	1,623,646
At 31 December 2022	1,367,023	151,487	-	1,518,510

All intangibles are tested for impairment on an annual basis and the intangible assets have not been impaired during the years under review.

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13. Other assets

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Accounts receivable[1]	**605,789**	314,178	487,393
Balances due in clearing	**9,776**	1,963	4,833
Prepayments	**262,785**	235,344	175,390
Refund for income tax	**20,430**	20,430	20,430
Other receivables[2]	**86,037**	171,085	113,305
	984,817	743,000	801,351

[1]The accounts receivable are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

[2]Repossessed assets amounting to MUR 7.4 million have been included under 'Others receivables'. The Bank's policy is to dispose of such assets as soon as the market permits.

14. Pension liabilities

Accounting policy

(i) Defined benefit plan

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement 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 the statement of 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 service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Bank's defined benefits plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Defined contribution plan

Employees who joined after 31 December 2004 are entitled to defined contribution retirement benefit pension arrangements. Employer contributions are expensed in the statement of profit or loss in the period in which they fall due. The defined contribution benefit replaced the defined benefit pension plan as from 01 January 2005. Employees who were initially in the defined benefit pension plan remained in the said plan.

14. Pension liabilities (cont'd)

The amount included in the statement of financial position arising from the Bank's obligation in respect of its defined benefit plans is as follows:

Pension liabilities	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Defined benefit pension plan *(Note 14 (a))*	**386,930**	242,288	356,412
Residual retirement gratuities *(Note 14 (b))*	**306,679**	183,132	192,695
	693,609	425,420	549,107

(a) Defined benefit pension plan

The Bank provides final salary defined benefit (DB) plan to some of its employees ("eligible employees") and the plan operates under the SBM Group Pension Fund (the "Fund") which is in existence since 1 July 1999. The plan provides for a pension at retirement and a benefit on death or disablement in service before retirement and is wholly funded. The Bank is the principal sponsor of the Fund and eligible employees are those who have joined the Bank prior to 31 December 2004. The assets of the Fund are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The plan provides for a pension at retirement and a benefit in death or disablement in service before retirement.

There has been no plan amendment, curtailment or settlement during the year except for some employee transfers between related entities within SBM Group.

The plan exposes the Bank to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary rise risks.

Investment risk

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

Notes to the Financial Statements

For the year ended 31 December 2024

14. Pension liabilities (cont'd)

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Present value of funded defined benefit obligation	**2,464,694**	2,077,037	1,776,681
Fair value of plan assets	**(2,077,764)**	(1,834,749)	(1,420,269)
Net liability arising from defined benefit obligation	**386,930**	242,288	356,412
Reconciliation of net defined benefit liability			
Balance at start of the year	**242,288**	356,412	303,844
Amount recognised in statement of profit or loss	**54,846**	73,305	55,787
Amount recognised in other comprehensive income	**138,086**	175,867	48,882
Less employer contributions	**(48,290)**	(363,296)	(52,101)
Balance at end of the year	**386,930**	242,288	356,412
Components of amount recognised in statement of profit or loss			
Current service cost	**42,835**	40,187	42,717
Net interest on net defined benefit liability	**12,011**	33,118	13,070
Total expense as above	**54,846**	73,305	55,787
Components of amount recognised in other comprehensive income			
Return on plan assets (excluding amount included in net interest expense)	**(204,159)**	(83,990)	195,577
Liability experience loss	**292,158**	-	131,943
Liability loss/(gain) due to change in demographic assumptions	**28,887**	(5,452)	(1,198)
Liability loss/(gain) due to change in financial assumptions	**21,200**	265,309	(277,440)
Total	**138,086**	175,867	48,882
Reconciliation of fair value of plan assets			
Balance at start of the year	**1,834,749**	1,420,269	1,577,962
Interest income	**99,272**	82,132	73,341
Employer contributions	**48,290**	363,296	52,101
Benefits paid	**(108,706)**	(114,938)	(87,558)
Return on plan assets excluding interest income	**204,159**	83,990	(195,577)
Balance at end of the year	**2,077,764**	1,834,749	1,420,269

Notes to the Financial Statements

For the year ended 31 December 2024

14. Pension liabilities (cont'd)

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Reconciliation of present value of defined benefit obligation			
Balance at start of the year	**2,077,037**	1,776,681	1,881,806
Current service cost	**42,920**	40,187	42,717
Interest expense	**111,283**	115,250	86,411
Past service cost	**(85)**	-	-
Benefits paid	**(108,706)**	(114,938)	(87,558)
Liability experience loss	**292,158**	-	131,943
Liability loss/(gain) due to change in demographic assumptions	**28,887**	(5,452)	(1,198)
Liability loss/(gain) due to change in financial assumptions	**21,200**	265,309	(277,440)
Balance at end of the year	**2,464,694**	2,077,037	1,776,681

	31 December 2024	31 December 2023	31 December 2022
Allocation of plan assets at end of year	**%**	%	%
Equity - Overseas quoted	**47**	42	35
Equity - Overseas unquoted	**-**	-	4
Equity - Local quoted	**18**	19	18
Equity - Local unquoted	**-**	-	8
Debt - Overseas quoted	**1**	-	-
Debt - Local quoted	**6**	8	10
Debt - Local unquoted	**13**	17	23
Investment funds	**14**	14	-
Cash and other	**1**	-	2
Total	**100**	100	100
Reporting entity's own transferable financial instruments	**2.0%**	2.0%	2.0%

Notes to the Financial Statements

For the year ended 31 December 2024

14. Pension liabilities (cont'd)

Principal assumptions used at end of year	**31 December 2024**	31 December 2023	31 December 2022
Discount rate	**5.3%**	5.5%	6.7%
Rate of salary increases	**5.7%**	6.2%	6.9%
Rate of pension increases	**2.0%**	2.0%	2.0%
Average retirement age (ARA)	**65 years**	65 years	65 years
Average life expectancy for:			
- Male at ARA	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20 years**	20 years	20 years

IAS 19 requires that the discount rate be set based on the yields of high quality corporate bonds with an appropriate term. Since no deep market in such bonds is available, IAS 19 requires that the yield on government bonds of appropriate term can be applied. The discount rate takes account of the nominal yield to redemption of government bonds traded on the secondary market as at 31 December 2024.

Sensitivity analysis on defined benefit pension plan at end of year

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Increase due to 1% decrease in discount rate	**369,592**	311,555	256,337
Decrease due to 1% increase in discount rate	**297,974**	249,244	205,320

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of 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.

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

Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the Bank's actuary.

The Bank is expected to make a contribution of around MUR 48.2 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is 14 years.

The most recent actuarial valuation exercise was carried out at 31 December 2024 by AON Hewitt Ltd, actuaries and consultants.

Notes to the Financial Statements

For the year ended 31 December 2024

14. Pension liabilities (cont'd)

(b) Residual retirement gratuities

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Bank is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its residual retirement gratuities is as follows:

	31 December 2024	31 December 2023	31 December 2022
Reconciliation of net defined benefit liability	**MUR'000**	MUR'000	MUR'000
Balance at start of the year	**183,132**	192,695	92,084
Amount recognised in statement of profit or loss	**28,490**	(25,508)	126,631
Amount recognised in other comprehensive income	**107,574**	22,588	(25,140)
Less benefits paid	**(12,517)**	(6,643)	(880)
Balance at end of the year	**306,679**	183,132	192,695
Components of amount recognised in statement of profit or loss			
Current service cost	**31,336**	19,309	21,376
Past service cost	**(12,246)**	(57,509)	97,225
Net interest on net defined benefit liability	**9,400**	12,692	8,030
Total expense as above	**28,490**	(25,508)	126,631
Components of amount recognised in other comprehensive income			
Liability experience loss	**32,274**	252	6,618
Liability loss / (gain) due to change in demographic assumptions	**83,912**	(13,251)	(2,330)
Liability (gain) / loss due to change in financial assumptions	**(8,612)**	35,587	(29,428)
Total	**107,574**	22,588	(25,140)

Notes to the Financial Statements

For the year ended 31 December 2024

14. Pension liabilities (cont'd)

(b) Residual retirement gratuities (cont'd)

	31 December 2024	31 December 2023	31 December 2022
Reconciliation of present value of defined benefit obligation	**MUR'000**	MUR'000	MUR'000
Balance at start of the year	**183,132**	192,695	92,084
Current service cost	**31,336**	19,309	21,376
Interest expense	**9,400**	12,692	8,030
Past service cost	**(12,246)**	(57,509)	97,225
Other benefits paid	**(12,517)**	(6,643)	(880)
Liability experience loss	**32,274**	252	6,618
Liability loss / (gain) due to change in demographic assumptions	**83,912**	(13,251)	(2,330)
Liability (gain) / loss due to change in financial assumptions	**(8,612)**	35,587	(29,428)
Balance at end of the year	**306,679**	183,132	192,695

	31 December 2024	31 December 2023	31 December 2022
Principal assumptions used at end of year			
Discount rate	**5.3%**	5.5%	6.7%
Rate of salary increases	**5.7%/7.0%**	6.2%/7.0%	6.9%/7.0%
Rate of pension increases	**2.0%**	2.0%	2.0%
Average retirement age (ARA)	**60/65 years**	60/65 years	60/65 years
Sensitivity Analysis on defined benefit obligation at end of year	**MUR'000**	MUR'000	MUR'000
Increase due to 1% decrease in discount rate	**98,551**	50,727	40,482
Decrease due to 1% increase in discount rate	**82,126**	42,800	34,521

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the SBM Group DC Fund with reference to the Bank's share of contributions.

Future cashflows

The funding policy is to pay benefits from the reporting entity's cashflow as and when due.

The Bank expects to make a contribution of around MUR 28.6 million for the next financial year and the weighted average duration of the defined benefit obligation is 16 years.

The most recent actuarial valuation exercise was carried out at 31 December 2024 by AON Hewitt Ltd, actuaries and consultants.

Notes to the Financial Statements

For the year ended 31 December 2024

14. Pension liabilities (cont'd)

(c) Defined contribution plan

As from 1 January 2005, the defined benefit plan has been closed to new entrants and all new entrants of the Bank joined a defined contribution plan operated under the SBM Group Defined Contribution Fund (DC Fund). The Bank is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd.

The Bank made a contribution amounting to MUR 155.44 million to SBM Group DC Fund for employees under the defined contribution pension plan (2023: MUR 124.10 million and 2022: MUR 115.37 million).

15. Deposits from banks

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Demand deposits	**2,106,029**	1,716,593	1,757,243

16. Deposits from non-bank customers

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
(i) Retail customers			
Current accounts	**30,111,549**	27,126,029	27,955,352
Savings accounts	**88,262,196**	75,982,793	70,710,281
Time deposits with remaining term to maturity:			
Up to 3 months	**2,845,262**	3,448,559	2,219,532
Over 3 months and up to 6 months	**1,709,992**	1,091,485	1,060,322
Over 6 months and up to 12 months	**2,949,100**	2,299,009	1,950,941
Over 1 year and up to 5 years	**6,315,532**	3,345,624	2,585,987
Over 5 years	**7,143**	8,102	9,240
Total time deposits	**13,827,029**	10,192,779	7,826,022
Total deposits from retail customers	**132,200,774**	113,301,601	106,491,655
(ii) Corporate customers			
Current accounts	**66,811,388**	64,616,760	74,488,085
Savings accounts	**4,320,039**	4,080,451	4,475,182
Time deposits with remaining term to maturity:			
Up to 3 months	**61,761,531**	27,551,175	18,312,617
Over 3 months and up to 6 months	**7,598,378**	6,059,843	11,567,009
Over 6 months and up to 12 months	**2,042,101**	3,645,977	2,442,734
Over 1 year and up to 5 years	**1,129,506**	1,069,746	2,773,652
Over 5 years	**170**	170	170
Total time deposits	**72,531,686**	38,326,911	35,096,182
Total deposits from corporate customers	**143,663,113**	107,024,122	114,059,449

Notes to the Financial Statements

For the year ended 31 December 2024

16. Deposits from non-bank customers (cont'd)

	31 December 2024 MUR'000	31 December 2023 MUR'000	31 December 2022 MUR'000
(iii) Government			
Current accounts	**7,946,142**	6,659,776	6,592,814
Savings accounts	**4,217,740**	3,438,240	3,243,286
Time deposits with remaining term to maturity:			
Up to 3 months	**3,217,755**	5,996,122	65,703
Over 3 months and up to 6 months	**3,215,800**	1,930,294	1,607,635
Over 6 months and up to 12 months	**23,304**	305,760	4,014,432
Over 1 year and up to 5 years	**694,006**	551,965	810,353
Over 5 years	**-**	-	-
Total time deposits	**7,150,865**	8,784,141	6,498,123
Total deposits from government	**19,314,747**	18,882,157	16,334,223
Total deposits from non-bank customers	**295,178,634**	239,207,880	236,885,327

17. Other borrowed funds

	31 December 2024 MUR'000	31 December 2023 MUR'000	31 December 2022 MUR'000
Borrowings from other financial institutions	**511,088**	652,356	757,808
Borrowings from banks - In Mauritius	**-**	4,001,644	-
	511,088	4,654,000	757,808
Remaining term to maturity			
Up to 3 months	**-**	4,001,644	-
Over 6 months and up to 12 months	**91,042**	-	-
Over 1 year and up to 5 years	**-**	181,257	259,724
Over 5 years	**420,046**	471,099	498,084
	511,088	4,654,000	757,808

Borrowings from other financial institutions are long term borrowings taken for refinancing purposes with an interest rate ranging from 0.4% to 3.2% and have maturity date up to 2032.

Notes to the Financial Statements

For the year ended 31 December 2024

18. Taxation

Accounting policy

Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of chargeable income of the preceding financial year to government approved CSR NGOs. The chargeable income excludes income derived from non-residents and companies holding a Global Business License. The Bank remits 75% of the CSR contribution to the Director General of the MRA and 25% of the CSR contribution to an approved Fund. This contribution is recorded as part of income tax expense.

Corporate Climate Responsibility (CCR) levy

The Finance (Miscellaneous Provisions) Act 2024, which was gazetted on 27 July 2024, introduced a new Corporate Climate Responsibility (CCR) levy at 2% of the current year's chargeable income as from the year of assessment commencing on 01 July 2024. CCR is payable to the MRA by all companies where the turnover exceeds MUR 50M. This levy is recognised as part of income tax expense.

Bank levy

The Bank is liable to pay the taxation authorities a special levy calculated at 5.5% of its leviable income for the year ended 31 December 2023. For the years 2021 and 2020 special levy was calculated at 5.5% of the leviable income which is less than or equal to MUR 1.2 billion or at 4.5% where leviable income is greater than MUR 1.2 billion. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT act. The bank levy is treated as tax expense as per communique issued by BOM.

Prior to the enactment of the Finance Act 2023, the tax regime applicable to banks for financial years ended 31 December 2020 to 31 December 2022 was as follows, subject to Banks satisfying some prescribed conditions:

- Chargeable income of up to MUR 1.5 billion - 5%
- Chargeable income above MUR 1.5 billion up to the amount equivalent to the chargeable income of the base year (FY 31 December 2017) - 15%
- Remainder chargeable income - 5%

Following enactment of the Finance Act 2023 in July 2023, the reduced incentive rate of 5% applicable to banks on chargeable income exceeding MUR 1.5 billion has been abolished. Banks are now taxed at 5% on a chargeable income of less than MUR 1.5 billion and at 15% on a chargeable income exceeding MUR 1.5 billion.

Notes to the Financial Statements

For the year ended 31 December 2024

18.. Taxation (cont'd)

(a) Current tax liabilities

Current tax liabilities can be analysed as follows:	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
At 01 January	**535,619**	411,835	307,887
Income tax provision	**749,712**	279,220	163,744
Corporate Social Responsibility	**99,560**	101,207	77,566
Bank levy payable	**186,416**	186,416	186,416
Corporate Climate Responsibility levy	**119,962**	-	-
Additional tax	**-**	230,000	-
Underprovision in prior years	**-**	71,214	62,171
Paid during the year	**(699,055)**	(744,273)	(385,949)
At 31 December	**992,214**	535,619	411,835

(b) Tax expense

The total tax expense can also be analysed as follows:	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Income tax provision	**749,712**	279,220	163,744
Additional tax	**-**	230,000	-
Underprovision in prior years	**-**	71,214	62,171
Corporate Social Responsibility	**99,560**	101,207	77,566
Corporate Climate Responsibility levy	**119,962**	-	-
Bank levy	**186,416**	186,416	186,416
Deferred tax charge / (credit) *(Note 18(d))*	**208,571**	(254,746)	9,104
Total tax expense	**1,364,221**	613,311	499,001

(c) Tax reconciliation

Profit before tax from continuing operations	**7,198,930**	5,237,968	4,026,941
Tax on accounting profit at 14% (2023: 14% and 2022: 7%)	**1,007,850**	733,315	281,886
Underprovision in prior years	**-**	71,214	62,171
Additional tax	**-**	230,000	-
Non allowable expenses	**183,485**	139,595	1,698
Exempt income	**(75,123)**	(52,131)	(21,098)
Corporate Social Responsibility adjustment	**40**	4,264	(19,468)
Special levy on banks	**186,416**	186,416	186,416
Tax rate differential	**61,553**	(699,362)	7,396
Total tax expense	**1,364,221**	613,311	499,001

18. Taxation (cont'd)

(d) Deferred tax (assets)/liabilities

Accounting policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

> Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

> In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

> Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

> In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Following the change in tax rate for banks, the deferred tax rate applied for residents is 14% and for non residents & GBL companies is 12% (2023: 14% and 12%, 2022 : 7% and 5%).

18. Taxation (cont'd)

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

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
At 01 January	**(716,603)**	(511,001)	(518,443)
Charge/(credit) to profit or loss:			
- Movement for the year *(Note 18 (b))*	**208,571**	(254,746)	9,104
(Credit)/charge to other comprehensive income:			
- Remeasurement of retirement benefit obligations	**(34,392)**	(21,338)	(1,662)
- Revaluation of properties	**94,290**	70,482	-
At 31 December	**(448,134)**	(716,603)	(511,001)

	01 January 2024	**Charge/(credit) to profit or loss**	**Charge/(credit) to OCI**	**31 December 2024**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Deferred tax assets				
Allowances for credit impairment	**(972,401)**	**249,048**	**-**	**(723,353)**
Pension liability	**(58,844)**	**(2,434)**	**(34,392)**	**(95,670)**
Other provisions	**(15,362)**	**(1,281)**	**-**	**(16,643)**
	(1,046,607)	**245,333**	**(34,392)**	**(835,666)**
Deferred tax liabilities				
Accelerated capital allowances	**182,363**	**(27,650)**	**-**	**154,713**
Revaluation of property	**147,641**	**(9,112)**	**94,290**	**232,819**
Net deferred tax assets	**(716,603)**	**208,571**	**59,898**	**(448,134)**

	01 January 2023	**Charge/(credit) to profit or loss**	**Charge/(credit) to OCI**	**31 December 2023**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Deferred tax assets				
Allowances for credit impairment	(632,984)	(339,417)	-	(972,401)
Pension liability	(37,506)	-	(21,338)	(58,844)
Other provisions	(7,188)	(8,174)	-	(15,362)
	(677,678)	(347,591)	(21,338)	(1,046,607)
Deferred tax liabilities				
Accelerated capital allowances	89,518	92,845	-	182,363
Revaluation of property	77,159	-	70,482	147,641
Net deferred tax assets	(511,001)	(254,746)	49,144	(716,603)

Notes to the Financial Statements

For the year ended 31 December 2024

18. Taxation (cont'd)

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

	01 January 2022	Charge/(credit) to profit or loss	Charge/(credit) to OCI	31 December 2022
	MUR'000	MUR'000	MUR'000	MUR'000
Deferred tax assets				
Allowances for credit impairment	(679,807)	46,823	-	(632,984)
Pension liability	(27,059)	(8,785)	(1,662)	(37,506)
Other provisions	(6,574)	(614)	-	(7,188)
	(713,440)	37,424	(1,662)	(677,678)
Deferred tax liabilities				
Accelerated capital allowances	114,497	(24,979)	-	89,518
Revaluation of property	80,500	(3,341)	-	77,159
Net deferred tax assets	(518,443)	9,104	(1,662)	(511,001)

19. Other liabilities

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Balance due in clearing	**2,086,122**	3,507,044	2,600,663
Bills payable	**475,542**	368,042	385,082
Accruals for expenses	**1,475,498**	1,400,157	708,843
Accounts payable	**1,199,316**	1,697,329	1,244,663
Deferred income	**66,912**	54,349	53,500
Balances in transit	**1,520,522**	1,014,839	997,023
ECL on memorandum items *(Note 22)*	**295,277**	205,328	254,686
	7,119,189	8,247,088	6,244,460

Notes to the Financial Statements

For the year ended 31 December 2024

20. Stated capital

Authorised, issued and paid up share capital	Number' Million	MUR'000
At 31 December 2024	**40,000**	**400,000**
At 31 December 2023	40,000	400,000
At 31 December 2022	40,000	400,000

Capital Contribution	**31 December 2024**	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
At 01 January	**13,054,011**	13,054,011	11,854,011
Capital contribution received during the year	**-**	-	1,200,000
At 31 December	**13,054,011**	13,054,011	13,054,011

Fully paid ordinary shares at no par value carry one vote per share and the right to dividend.

The capital contribution refers to additional capital over and above the actual stated capital. It is fully paid up, unsecured, interest free and is perpetual with no maturity date. The shareholder shall not demand, sue for or receive payment of the whole or any part of the capital contribution or claim any set-off which would result in the principal amount of the capital contribution outstanding to be reduced. The Bank reserves the right to issue ordinary shares against the amount of capital contribution at any time.

21. Dividend

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Cash dividend declared:			
2024: 6.25 cents per share; 2023: 4 cents per share and 2022: 5.5 cents per share	**2,500,000**	1,600,000	2,200,000
Less dividend paid: 2024: 6.25 cents per share; 2023: 4 cents per share and 2022: 5.5 cents per share	**(2,500,000)**	(1,600,000)	(2,200,000)
Dividend payable	**-**	-	-

Dividends amounting to MUR 1 billion were declared on 26 January 2024 and paid to SBM (Bank) Holdings Ltd on 05 March 2024 and an additional dividend of MUR 1.5 billion was declared on 27 March 2024 and paid on 12 June 2024.

Notes to the Financial Statements

For the year ended 31 December 2024

22. Memorandum items

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
(a) Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers			
Acceptances on account of customers	**241,345**	160,930	339,401
Guarantees on account of customers	**14,612,823**	11,954,740	11,772,546
Letters of credit and other obligations on account of customers	**1,135,720**	708,702	1,380,092
Other contingent items	**-**	1,084,574	-
	15,989,888	13,908,946	13,492,039
(b) Commitments			
Undrawn credit facilities	**18,331,999**	18,656,632	14,945,779
(c) Others			
Inward bills held for collection	**136,300**	199,289	261,050
Outward bills sent for collection	**2,439,405**	351,646	38,999
	2,575,705	550,935	300,049
Total	**36,897,592**	33,116,513	28,737,867

Notes to the Financial Statements
For the year ended 31 December 2024

22. Memorandum items (cont'd)

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

At 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Internal rating grade				
Performing				
High grade	**10,165,192**	**998,974**	**-**	**11,164,166**
Standard grade	**9,532,933**	**2,803,103**	**-**	**12,336,036**
Sub-standard grade	**12,346,871**	**410,517**	**-**	**12,757,388**
Non-performing				
Individually impaired	**-**	**-**	**640,002**	**640,002**
Total	**32,044,996**	**4,212,594**	**640,002**	**36,897,592**

At 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR'000	MUR'000	MUR'000	MUR'000
Performing				
High grade	12,537,285	428,391	-	12,965,676
Standard grade	11,020,862	1,368,950	-	12,389,812
Sub-standard grade	5,127,326	2,506,235	-	7,633,561
Non-performing				
Individually impaired	-	-	127,464	127,464
Total	28,685,473	4,303,576	127,464	33,116,513

At 31 December 2022:

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR'000	MUR'000	MUR'000	MUR'000
Performing				
High grade	10,638,198	1,743,379	-	12,381,577
Standard grade	8,435,829	2,736,095	-	11,171,924
Sub-standard grade	2,815,164	2,203,749	-	5,018,913
Non-performing				
Individually impaired	-	-	165,453	165,453
Total	21,889,191	6,683,223	165,453	28,737,867

Details of the Bank's internal grading system are set out in Note 37(b)(i).

22. Memorandum items (cont'd)

An analysis of changes in the gross carrying amount is as follows:

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	**28,685,473**	**4,303,576**	**127,464**	**33,116,513**
Financial assets originated	**13,943,963**	**2,253,624**	**42,272**	**16,239,859**
Assets derecognised	**(10,202,459)**	**(2,059,840)**	**(196,481)**	**(12,458,780)**
Transfers to Stage 1	**353,132**	**(353,132)**	**-**	**-**
Transfers to Stage 2	**(579,635)**	**579,635**	**-**	**-**
Transfers to Stage 3	**(155,478)**	**(511,269)**	**666,747**	**-**
Gross carrying amount as at 31 December	**32,044,996**	**4,212,594**	**640,002**	**36,897,592**

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	21,889,191	6,683,223	165,453	28,737,867
Financial assets originated	16,673,048	2,122,348	2,000	18,797,396
Assets derecognised	(10,835,788)	(3,506,318)	(76,644)	(14,418,750)
Transfers to Stage 1	2,169,985	(2,169,985)	-	-
Transfers to Stage 2	(1,210,963)	1,210,963	-	-
Transfers to Stage 3	-	(36,655)	36,655	-
Gross carrying amount as at 31 December	28,685,473	4,303,576	127,464	33,116,513

At 31 December 2022:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	20,366,479	2,062,475	160,734	22,589,688
Financial assets originated	14,136,767	2,593,386	24,544	16,754,697
Assets derecognised	(9,302,359)	(1,236,248)	(67,911)	(10,606,518)
Transfers to Stage 1	91,864	(91,864)	-	-
Transfers to Stage 2	(3,403,560)	3,415,358	(11,798)	-
Transfers to Stage 3	-	(59,884)	59,884	-
Gross carrying amount as at 31 December	21,889,191	6,683,223	165,453	28,737,867

An analysis of changes in the corresponding ECL allowances is as follows:

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**69,635**	**8,229**	**127,464**	**205,328**
Movement for the year	**83,450**	**2,719**	**106,871**	**193,040**
Assets derecognised	**(38,610)**	**(4,757)**	**(59,724)**	**(103,091)**
Transfers to Stage 1	**1,497**	**(1,497)**	**-**	**-**
Transfers to Stage 2	**(500)**	**500**	**-**	**-**
Transfers to Stage 3	**-**	**(1,401)**	**1,401**	**-**
ECL allowance as at 31 December	**115,472**	**3,793**	**176,012**	**295,277**

22. Memorandum items (cont'd)

An analysis of changes in the corresponding ECL allowances is as follows (cont'd):

At 31 December 2023:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
ECL allowance as at 01 January	75,026	14,207	165,453	254,686
Movement for the year	48,903	5,433	38,418	92,754
Assets derecognised	(57,029)	(8,439)	(76,644)	(142,112)
Transfers to Stage 1	3,116	(3,116)	-	-
Transfers to Stage 2	(381)	381	-	-
Transfers to Stage 3	-	(237)	237	-
ECL allowance as at 31 December	69,635	8,229	127,464	205,328

At 31 December 2022:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
ECL allowance as at 01 January	82,472	56,125	157,563	296,160
Movement for the year	60,141	7,787	84,377	152,305
Assets derecognised	(68,326)	(48,915)	(76,538)	(193,779)
Transfers to Stage 1	1,592	(1,592)	-	-
Transfers to Stage 2	(853)	853	-	-
Transfers to Stage 3	-	(51)	51	-
ECL allowance as at 31 December	75,026	14,207	165,453	254,686

Legal Claims

The Bank is subject to various legal claims from former employees and customers with claims totallying MUR 696.75 million (2023: MUR 882.40 million and 2022: MUR 743.38 million). Out of these, the Bank has assessed the claims that are highly probable and has made a provision of MUR 60.69 million as at 31 December 2024, the Bank has not made any provision on the remaining claims (MUR 636.06 million) on the basis that so far there is no indication that the claims would succeed in court.

23. Assets pledged

The aggregate amount of assets that have been pledged to secure the credit facilities of the Bank are as follows:

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Bank of Mauritius Bonds / Government of Mauritius Bonds	**-**	1,200,000	-
Other investment securities	**-**	1,129,691	-
	-	2,329,691	-
Analysed as:			
- In Mauritius	**-**	2,329,691	-
- Overseas	**-**	-	-
	-	2,329,691	-

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24. Capital commitments

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Approved and contracted for	**1,111,861**	1,216,167	467,208
Approved and not contracted for	**698,554**	766,249	355,433

25. Net interest income

	31 December 2024	31 December 2023	31 December 2022
Interest Income using the effective interest method	**MUR'000**	MUR'000	MUR'000
Cash and cash equivalents	**704,232**	310,794	106,674
Loans to and placements with banks	**282,920**	111,099	37,471
Loans and advances to non-bank customers	**8,991,651**	8,517,842	5,443,759
Investment securities at amortised cost	**2,442,978**	2,356,238	1,678,348
Investment securities at FVTOCI	**2,284,346**	1,491,324	799,698
	14,706,127	12,787,297	8,065,950
Other interest income			
Investment securities measured at FVTPL	**196,268**	85,009	33,277
Derivatives held for risk management	**115,624**	129,285	104,591
	311,892	214,294	137,868
Total interest income	**15,018,019**	13,001,591	8,203,818
Interest expense using the effective interest method			
Deposits from customers	**(5,420,160)**	(4,200,159)	(1,060,306)
Other borrowed funds	**(40,981)**	(136,086)	(24,531)
Interest expense on lease liabilities *(Note 11)*	**(13,978)**	(12,572)	(12,087)
Other	**(2,538)**	(5,859)	(2,898)
	(5,477,657)	(4,354,676)	(1,099,822)
Other interest expense			
Derivatives held for risk management	**(131,378)**	(152,389)	(170,299)
	(131,378)	(152,389)	(170,299)
Total interest expense	**(5,609,035)**	(4,507,065)	(1,270,121)
Net interest income	**9,408,984**	8,494,526	6,933,697

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26. Net fee and commission income

	31 December 2024	31 December 2023	31 December 2022
Fee and commission income	**MUR'000**	MUR'000	MUR'000
Retail banking customer fees	**382,529**	374,597	346,284
Corporate banking customer fees	**659,696**	562,499	467,517
Card income	**544,552**	463,031	419,694
Other fees	**78,728**	102,248	72,494
Total fee and commission income	**1,665,505**	1,502,375	1,305,989
Fee and commission expense			
Interbank transaction fees	**(55,314)**	(54,795)	(32,838)
Other fees	**(29,195)**	(46,940)	(32,386)
Total fee and commission expense	**(84,509)**	(101,735)	(65,224)
Net fee and commission income	**1,580,996**	1,400,640	1,240,765

27. Net trading income

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Profit arising on dealings in foreign currencies	**992,901**	888,021	1,051,669
Fair value movements on debt securities held for trading	**733,936**	603,450	113,588
Derivatives	**77,724**	(24,212)	16,391
	1,804,561	1,467,259	1,181,648

The interest element which also form part of the fair value of debt securities held for trading are disclosed in Note 25.

28. Net (losses) / gains from financial assets measured at FVTPL

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Financial assets measured at FVTPL	**(2,120)**	30,269	(34,675)
Derivatives held for risk management purposes	**(5,100)**	(10,488)	10,341
	(7,220)	19,781	(24,334)

Notes to the Financial Statements

For the year ended 31 December 2024

29. (a) Net losses on derecognition of financial assets measured at amortised cost

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Debt securities measured at amortised cost	**(11,443)**	(21,394)	-

The Bank disposed some of its investments held at amortised cost during the year following credit downgrade of these investments. The nominal value of investment disposed amounts to MUR 307.48 million and realised a loss of MUR 11.44 million for the year ended 31 December 2024.

29. (b) Net gains on derecognition of financial assets measured at FVTOCI

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Debt securities measured at FVTOCI	**51,566**	21,565	34,914

The Bank disposed of these assets due to the risks associated.

30. Personnel expenses

Accounting policy

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

(a) wages, salaries and social security contributions;

(b) paid annual leave and paid sick leave;

(c) bonuses; and

(d) non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) as an expense, unless another IFRS Accounting Standards as issued by the IASB requires or permits the inclusion of the benefits in the cost of an asset.

Refer to Note 14 for accounting policy on defined benefit plans.

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30. Personnel expenses (cont'd)

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Salaries	**2,053,897**	1,824,737	1,535,489
Other social security obligations	**99,741**	82,918	78,964
Defined contribution plan	**155,440**	124,101	115,375
Defined benefit plan *(Note 14 (a))*	**54,846**	73,305	55,787
Residual retirement gratuities *(Note 14 (b))*	**28,490**	(25,508)	126,631
Benefits under early retirement scheme	**101,165**	23,530	-
Staff welfare costs	**107,077**	126,908	69,194
Other benefits	**58,447**	79,530	32,510
	2,659,103	2,309,521	2,013,950

31. Other expenses

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Software licensing and other information technology costs	**895,133**	754,688	562,421
Utilities and telephone charges	**69,120**	69,533	51,075
Professional charges	**226,210**	244,265	202,433
Marketing costs	**119,874**	155,311	99,371
Rent, repairs, maintenance and security charges	**236,245**	251,197	199,452
Licence and other registration fees	**30,694**	27,611	29,592
Postage, courier and stationery costs	**49,367**	58,972	53,342
Insurance costs	**49,903**	54,639	56,895
Other operational and administrative costs	**332,713**	600,370	231,964
	2,009,259	2,216,586	1,486,545

Notes to the Financial Statements

For the year ended 31 December 2024

32. Credit loss movement on financial assets and memorandum items

The table below shows the movement in credit losses recognised in the statement of profit or loss under IFRS 9:

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to non-bank customers	179,626	(780,362)	943,478	342,742
Loans and placements with banks*	81,799	(8,163)	-	73,636
Debt instruments measured at amortised cost and FVTOCI	(23,397)	(142,581)	-	(165,978)
Loan commitments	43,194	-	-	43,194
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	2,643	(4,436)	48,548	46,755
Total credit loss expense	283,865	(935,542)	992,026	340,349
Bad debts recovered				(224,104)
				116,245

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to non-bank customers	321,863	(1,418,088)	1,848,473	752,248
Loans and placements with banks*	3,382	9,458	-	12,840
Debt instruments measured at amortised cost and FVTOCI	79,227	123,231	-	202,458
Loan commitments	(5,541)	-	-	(5,541)
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	150	(5,978)	(37,989)	(43,817)
Other financial assets	13,035	-	-	13,035
Total credit loss expense	412,116	(1,291,377)	1,810,484	931,223
Write off				111
Bad debts recovered				(12,030)
				919,304

At 31 December 2022:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to non-bank customers	(438,206)	1,026,960	669,711	1,258,465
Loans and placements with banks*	(974)	-	-	(974)
Debt instruments measured at amortised cost and FVTOCI	(11,067)	(23,524)	-	(34,591)
Loan commitments	752	-	-	752
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	(8,198)	(41,918)	7,890	(42,226)
Total credit loss expense	(457,693)	961,518	677,601	1,181,426
Bad debts recovered				(11,078)
				1,170,348

*ECL movement for cash and cash equivalents is included under loans and placements with banks.

33. Net cash generated from operating activities

	Notes	31 December 2024	31 December 2023	31 December 2022
Operating activities		**MUR'000**	MUR'000	MUR'000
Profit for the year		**5,834,709**	4,624,657	3,527,940
Adjustments to determine net cash flows:				
Depreciation of property and equipment	10	**242,738**	214,614	195,532
Depreciation of right-of-use assets	11	**67,529**	72,652	71,319
Amortisation of intangible assets	12	**561,293**	425,194	419,552
Pension expense		**83,336**	47,797	182,418
Credit loss expense on financial assets	32	**116,245**	919,304	1,170,348
Net loss on termination of finance lease / disposal of property and equipment		**1,088**	5,659	268
Tax expense	18 (b)	**1,364,221**	613,311	499,001
Operating profit before working capital changes		**8,271,159**	6,923,188	6,066,378
Change in operating assets and liabilities				
Net change in mandatory balances with central bank		**(2,159,144)**	(1,594,042)	(2,113,145)
Net change in derivative financial assets		**(182,344)**	340,028	(57,957)
Net change in loans to and placements with banks		**(4,798,934)**	(1,644,601)	(383,785)
Net change in loans and advances to non-bank customers		**(17,908,384)**	(4,752,307)	(11,450,154)
Net change in investment securities		**(15,065,035)**	(11,309,143)	5,004,334
Net change in other assets		**(241,817)**	58,351	(13,404)
Net change in deposits from banks		**389,436**	(40,650)	275,389
Net change in deposits from non-bank customers		**55,970,754**	2,322,553	(4,643,501)
Net change in derivative financial liabilities		**21,751**	(159,417)	9,039
Net change in other liabilities		**(1,207,504)**	1,723,881	17,745
Income tax paid	18 (a)	**(699,055)**	(744,273)	(385,949)
Net cash generated from / (used in) operating activities		**22,390,883**	(8,876,432)	(7,675,010)

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33. Net cash generated from operating activities (cont'd)

Reconciliation of liabilities arising from financing activities

	At 01 January	Financing cash flows[(i)]	New leases	Other changes[(ii)]	At 31 December
2024	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Lease liabilities	**183,049**	**(81,118)**	**73,404**	**8,185**	**183,520**
Other borrowed funds	**4,654,000**	**(4,142,912)**	**-**	**-**	**511,088**
	4,837,049	**(4,224,030)**	**73,404**	**8,185**	**694,608**
2023					
Lease liabilities	189,756	(37,435)	41,210	(10,482)	183,049
Other borrowed funds	757,808	3,896,192	-	-	4,654,000
	947,565	3,858,757	41,210	(10,482)	4,837,049
2022					
Lease liabilities	184,665	(100,428)	94,794	10,725	189,756
Other borrowed funds	5,275,400	(4,517,592)	-	-	757,808
	5,460,065	(4,618,020)	94,794	10,725	947,564

(i) The cash flows from other borrowed funds make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include non-cash transactions such as interests accrued but not yet paid.

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34. Related party disclosures

Accounting policy

For the purposes of these financial statements, 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. Key management personnel relate to directors and senior officers of the Bank.

		Key management personnel			Immediate holding company and fellow subsidiaries			Ultimate holding company			Government and Government related entities		
		31 Dec 2024	31 Dec 2023	31 Dec 2022	**31 Dec 2024**	31 Dec 2023	31 Dec 2022	**31 Dec 2024**	31 Dec 2023	31 Dec 2022	**31 Dec 2024**	31 Dec 2023	31 Dec 2022
	Balances:	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
(a)	Credit facilities												
(i)	*Loans*												
	Balance at beginning of year	**424,460**	311,346	396,442	**975,450**	1,410,956	1,445,403	**1,600**	1,600	1,600	**10,517,504**	9,908,225	4,283,402
	Loans of directors / entities who ceased to be related parties during the year	**(53,378)**	(31,548)	(11,113)	**-**	-	-	**-**	-	-	**-**	-	-
	Existing loans of new related parties	**30,718**	78,132	73,346	**-**	-	-	**-**	-	-	**-**	-	-
	Other net movements	**44,223**	66,530	(147,328)	**28,262**	(435,506)	(34,447)	**201,800**	-	-	**7,037,212**	609,279	5,624,823
	Balance at end of year	**446,023**	424,460	311,346	**1,003,712**	975,450	1,410,956	**203,400**	1,600	1,600	**17,554,716**	10,517,504	9,908,225
(ii)	*Off-balance sheet obligations*												
	Balance at end of year	**1,050**	323	-	**39,491**	22,984	127,288	**-**	-	-	**542,285**	457,841	1,935,272
(b)	Placements	**-**	-	-	**24,404**	146,779	548,037	**-**	-	-	**-**	-	-
(c)	Receivables	**-**	-	-	**51,966**	54,724	57,940	**16,679**	534	5,201	**-**	-	-
(d)	Deposits	**319,207**	262,520	243,207	**2,231,897**	882,502	877,572	**2,514**	710,730	28,213	**43,724,462**	32,536,869	35,043,417
(e)	Borrowings	**-**	-	-	**-**	-	-	**-**	-	-	**-**	2,000,690	-
(f)	Derivative liabilities	**-**	-	-	**8,009**	30,091	-	**-**	-	-	**3,571,550**	916,298	2,304,951
(g)	Payables	**-**	-	-	**5,829**	20,844	25,025	**9,100**	1,297	6,955	**-**	-	-
	Transactions:												
(h)	Interest income	**12,278**	13,191	13,262	**45,431**	69,159	35,164	**150**	-	-	**785,354**	766,856	297,777
(i)	Interest expense	**8,094**	5,155	1,422	**4,833**	74	108	**-**	-	-	**778,296**	637,310	92,784
(j)	Other income	**338**	649	514	**24,036**	17,357	17,650	**10,707**	4,557	4,337	**119,346**	81,832	33,418
(k)	Other expenses	**-**	-	-	**-**	11,928	23,345	**19,296**	26,704	12,720	**-**	-	-
(l)	Emoluments of directors	**37,520**	31,854	34,671	**-**	-	-	**-**	-	-	**-**	-	-

Short term benefits paid to directors amounted to MUR 37.5 million at the reporting date (2023: MUR 31.85 million and 2022: MUR 34.67 million) and long term benefits was nil at the reporting date (2023 and 2022: nil). Post employment benefits to directors was nil at the reporting date (2023: MUR 1.04 million and 2022: MUR 2.16 million).

34. Related party disclosures (cont'd)

The Government of Mauritius (GOM), by virtue of board representation, exercises significant influence on SBM Holdings Ltd.

The transactions with GOM and other entities controlled, jointly controlled or significantly influenced by GOM pertain mainly to investments, loans and advances and deposits.

The remaining transactions are individually and collectively not material. None of these transactions are carried out on either non-market terms or outside the normal course of business.

Related party transactions in relation to pension plans are as follows:

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Deposits at end of year	**94,388**	446,502	85,166

Credit facilities to key management personnel and executive directors are as per their contract of employment. All other transactions with key management personnel and directors, whether credit facilities, deposits or purchase of goods and services, are at market terms and conditions and will be settled in cash.

All credit facilities with entities considered as related parties disclosed above are at market terms and conditions and will be settled in cash. Credit facilities are secured except for credit card advances and some personal loans which are granted under an unsecured loan scheme in the normal course of business.

The above mentioned outstanding balances arose in the normal course of business. For the year ended 31 December 2024, the Bank has recognised expected credit losses on amounts owed by related parties as per ECL model currently being applied on financial assets. At 31 December 2024, none of the facilities to related parties were non-performing (2023 & 2022: MUR Nil). In addition, for the year ended 31 December 2024 the Bank has not written off any amount owed by related party (2023 & 2022: MUR Nil).

35. Capital management

The Bank manages its capital to ensure that it will be able to continue as a going concern and maximise returns to shareholders. It also ensures that adequate capital is maintained to support its growth strategies, its risk appetite and depositors' confidence, while complying with statutory and regulatory requirements. The capital resources of the Bank are disclosed in the statement of changes in equity.

The Bank has met the respective minimum capital requirements set out by the relevant regulatory body and, where applicable, appropriate transfers have also been made to statutory reserves, ranging from 10% to 25% of annual profits.

The Bank has also met its respective minimum capital adequacy ratio requirements.

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Tier 1 capital	**24,903,096**	22,136,531	18,439,397
Tier 2 capital	**2,400,350**	1,854,613	1,886,088
Eligible capital base	**27,303,446**	23,991,144	20,325,485
Risk weighted assets	**146,245,310**	123,980,669	120,360,386
Capital adequacy ratio (%)	**18.67**	19.35	16.89

Tier 1 Capital also known as going concern capital consists of shareholder's equity less revaluation of fixed assets and regulatory deductions such as intangible assets and deferred tax and Tier 2 Capital also known as the supplementary capital that provides loss absorption on a gone concern basis includes 45% revaluation reserves on fixed assets and allowances for credit losses (restricted to 1.25% of total credit risk weighted assets).

36. Events after reporting date

There have been no significant events after the statement of financial position date which, in the opinion of the board of directors, requires disclosure or adjustment to the financial statements for the year ended 31 December 2024.

37. Risk management

The Board of Directors oversees the risk management framework and ensures decision making is aligned with the Board-driven strategic risk objectives and risk appetite. The Board approves the risk policies and a set of prudential limits and risk tolerance limits, besides regulatory limits, within which the Bank operates. The Senior Management team monitors a full spectrum of risks on an ongoing basis and is accountable to ensure its operations are within board approved policies and risk appetite framework besides regulatory limits. Any deviation and non-compliance are reported to Board Risk Committee. The principal risks arising from financial instruments to which the Bank are exposed include credit risk, liquidity risk, market risk, operational risk, strategic risk and reputational risk.

(a) (i) Classification of financial assets and financial liabilities

The following table shows the measurement categories under IFRS 9 for the Bank's financial assets and financial liabilities:

Financial assets	**Classification and measurement category**	**31 December 2024**	31 December 2023	31 December 2022
		MUR'000	MUR'000	MUR'000
Cash and cash equivalents	Amortised Cost	**33,788,907**	18,836,899	26,534,212
Mandatory balances with central bank	Amortised Cost	**17,070,164**	14,911,020	13,316,978
Loans to and placements with banks	Amortised Cost	**7,595,289**	2,853,065	1,221,415
Derivative financial instruments	Fair value through P&L	**480,219**	297,875	637,903
Loans and advances to non-bank customers	Amortised cost	**129,907,656**	112,117,910	108,118,967
Investment securities	Amortised cost	**69,620,110**	70,704,626	70,178,713
Investment securities	Fair value through OCI	**56,401,610**	43,325,673	34,176,971
Investment securities	Fair value through P&L	**14,576,711**	11,359,276	8,680,462
Equity investments	Fair value through OCI	**9,437**	9,053	8,400
Other assets	Amortised Cost	**637,481**	591,976	546,213
Total financial assets		**330,087,584**	275,007,373	263,420,234
Financial liabilities				
Deposits from banks	Amortised Cost	**2,106,029**	1,716,593	1,757,243
Deposits from non-bank customers	Amortised Cost	**295,178,634**	239,207,880	236,885,327
Other borrowed funds	Amortised Cost	**511,088**	4,654,000	757,808
Derivative financial instruments	Fair value through P&L	**437,028**	415,277	574,694
Other liabilities (including lease liability)	Amortised Cost	**6,780,479**	7,867,807	6,373,008
Total financial liabilities		**305,013,258**	253,861,557	246,348,080

An amount of MUR 347 million representing prepayments, accrued income and taxes have been excluded from other assets under the above section. (2023: MUR 151 million & 2022: MUR 255 million)

An amount of MUR 522 million representing advance commission and taxes have been excluded from other liabilities under the above section. (2023: MUR 562 million & 2022: MUR 61 million)

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(a) (ii) Fair values

Accounting policy

The Bank measures financial instruments, such as, derivatives at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are also disclosed under this Note. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	31 December 2024		31 December 2023		31 December 2022	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets						
Cash and cash equivalents	**33,788,907**	**33,788,907**	18,836,899	18,836,899	26,534,212	26,534,212
Mandatory balances with central bank	**17,070,164**	**17,070,164**	14,911,020	14,911,020	13,316,978	13,316,978
Loans to and placements with banks	**7,595,289**	**7,595,289**	2,853,065	2,853,065	1,221,415	1,221,415
Derivative financial instruments	**480,219**	**480,219**	297,875	297,875	637,903	637,903
Loans and advances to non-bank customers	**129,907,656**	**129,839,517**	112,117,910	111,693,597	108,118,967	107,642,627
Investment securities	**140,598,431**	**137,990,106**	125,389,575	121,699,510	113,036,146	105,813,383
Equity investments	**9,437**	**9,437**	9,053	9,053	8,400	8,400
Other assets	**637,481**	**637,481**	591,976	591,976	546,213	546,213
	330,087,584	**327,411,120**	275,007,373	270,892,995	263,420,234	255,721,131
Financial liabilities						
Deposits from banks	**2,106,029**	**2,106,029**	1,716,593	1,716,593	1,757,243	1,757,243
Deposits from non-bank customers	**295,178,634**	**295,098,617**	239,207,880	239,093,947	236,885,327	236,747,157
Other borrowed funds	**511,088**	**511,088**	4,654,000	4,654,000	757,808	757,808
Derivative financial instruments	**437,028**	**437,028**	415,277	415,277	574,694	574,694
Other liabilities (including lease liability)	**6,780,479**	**6,780,479**	7,867,807	7,867,807	6,373,008	6,373,008
	305,013,258	**304,933,241**	253,861,557	253,747,624	246,348,080	246,209,910

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(a) (ii) Fair values (cont'd)

Loans and advances to non-bank customers

All the fixed loans and advances maturing after one year have been fair valued based on the current prevailing lending rate.

Investment securities and equity investments

All government bonds and BoM bonds have been fair valued based on the latest weighted yield rate. The equity investment has been fair valued at year end based on the net assets value of the investee. The Bank fair values its investment in mutual funds using net asset values.

Derivative Financial Instruments

Derivative products valued using a valuation methodology with market observable inputs include forward foreign exchange contracts, interest rate swaps and option contracts across several asset classes, including but not limited to foreign currencies, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using discounted cash flow methodology based on market conventions. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves, market volatilities and other feeds from appointed valuation/calculation agents.

Deposits from non-bank customers

For deposits from non-bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate.

Except for the levels in which the financial assets and financial liabilities are shown in table 37 (a)(iii), the fair values of the other financial assets and financial liabilities are categorised in level 3.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy

Fair value measurements of financial instruments can be grouped into level 1 to 3 based on the degree to which the fair value is observable, namely:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2024				
Derivative financial assets	-	480,219	-	480,219
Investment securities mandatorily measured at FVTPL				
Debt securities	13,834,932	-	741,779	14,576,711
Investments at FVTOCI				
Debt securities	51,422,124	2,678,428	2,301,058	56,401,610
Equity investments	-	-	9,437	9,437
Total assets	65,257,056	3,158,647	3,052,274	71,467,977
Derivative financial liabilities	-	437,028	-	437,028
Total liabilities	-	437,028	-	437,028

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy (cont'd)

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
31 December 2023	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Derivative financial assets	-	297,875	-	297,875
Investment securities mandatorily measured at FVTPL				
Debt securities	10,961,227	-	398,049	11,359,276
Investments at FVTOCI				
Debt securities	38,222,063	2,804,612	2,298,998	43,325,673
Equity investments	-	-	9,053	9,053
Total assets	49,183,290	3,102,487	2,706,100	54,991,877
Derivative financial liabilities	-	415,277	-	415,277
Total liabilities	-	415,277	-	415,277
31 December 2022				
Derivative financial assets	-	637,903	-	637,903
Investment securities mandatorily measured at FVTPL				
Debt securities	8,175,034	-	505,428	8,680,462
Investments at FVTOCI				
Debt securities	29,377,469	3,376,644	1,422,858	34,176,971
Equity investments	-	-	8,400	8,400
Total assets	37,552,503	4,014,547	1,936,686	43,503,736
Derivative financial liabilities	-	574,694	-	574,694
Total liabilities	-	574,694	-	574,694

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy (cont'd)

Reconciliation of level 3 assets:

	31 December 2024 MUR'000	31 December 2023 MUR'000	31 December 2022 MUR'000
Balance at start of year	**2,706,100**	1,936,686	2,036,281
Additions	**709,563**	875,969	213,092
Disposals	**(461,067)**	(105,685)	(254,228)
Fair value movement	**68,639**	(5,734)	(63,629)
Foreign exchange adjustment	**29,039**	4,864	5,170
Balance at end of year	**3,052,274**	2,706,100	1,936,686

There was no transfer between levels during the year.

(b) Credit risk

The Bank is exposed to credit risk through its lending, trade finance, treasury, investment and leasing activities. Credit risk is the risk of loss arising from the failure of a counterparty to fulfil its contractual or financial obligations to the Bank as and when they fall due. The Bank's credit risk is managed through a portfolio approach with prudential limits set across country, sovereign, bank, single and group of connected counterparties concentration, industry and asset quality. The risk management team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assessment. The Bank has a tiered credit sanctioning process depending on the group exposure. Credit exposures and risk profile are monitored by the risk management team and are reported regularly to the Board Risk Management Committee. The Bank has also enhanced its credit risk policy to reinforce its controls on non-resident lending.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(i) Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	31 December 2024	31 December 2023	31 December 2022
Fund-based exposures:	**MUR'000**	MUR'000	MUR'000
Cash and cash equivalents	**30,593,663**	15,345,352	24,016,765
Mandatory balances with central bank	**17,070,164**	14,911,020	13,316,978
Loans to and placements with banks	**7,670,399**	2,871,465	1,226,864
Derivative financial instruments	**480,219**	297,875	637,903
Loans and advances to non-bank customers	**134,795,763**	119,070,245	118,545,436
Investment securities	**140,656,441**	125,484,436	113,062,567
Other assets	**637,481**	591,976	546,213
	331,904,130	278,572,369	271,352,726
Non-fund based exposures:			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**18,565,593**	14,459,881	13,792,088
Credit commitments	**18,331,999**	18,656,632	14,945,779
	36,897,592	33,116,513	28,737,867

An analysis of the Bank's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements has been disclosed in Notes 6, 8 and 9.

An analysis of credit exposures, including non-fund based facilities, for advances to non-bank customers that are neither past due nor impaired using the Bank's credit grading system is given below:

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Grades:			
1 to 3 - High Grade	**51,000,552**	58,529,743	62,577,303
4 to 6 - Standard	**48,979,920**	43,623,505	39,468,765
7 to 10 (including unrated) - Sub standard	**57,540,365**	30,009,826	34,375,004
	157,520,837	132,163,074	136,421,072

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 10 includes weak category clients and unrated customers who have been defaulted to 10 on a prudent basis. The Bank also has an internal policy to downgrade internal ratings which are based on outdated financials depending on the date of the last available financials. For non bank exposures, internal ratings are used except for some corporates which have external ratings.

Notes to the Financial Statements
For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(i) Maximum credit exposure (cont'd)

Overview of modified loans

From a risk management point of view, once an asset is modified, the Bank continues to monitor the exposure until it is completely and ultimately derecognised.

The table below shows the gross carrying amount and ECL of modified financial assets where modification did not result in derecognition. No modification gains/losses were recognised as amounts were not material.

	31 December 2024		31 December 2023		31 December 2022	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Modified loans	3,657,297	45,691	6,707,188	171,665	9,103,310	714,511

(ii) Credit risk assessment

The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL (Expected Credit Loss).

The Bank uses a combination of credit rating (internal and external) and statistical regression analyses to determine the probability of default. Statistical regression is derived using an analysis of historical data, whereby the Bank has estimated relationships between macro-economic variables, credit risk and credit losses.

Governance and post model adjustments

The IFRS 9 parameters PD, EAD and LGD models are subject to the provisioning policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments (PMAs) are applied where necessary to incorporate the most recent data available and are made on a temporary basis ahead of the underlying model parameter changes being implemented.

Internal credit risk ratings

In order to minimise credit risk, the Bank has recourse to external international providers of credit rating scorecards that grades the corporate and SME clients according to their degree of risk of default. The Bank also has internal acquisition scorecards for its retail facilities. The Bank's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Bank's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

Internal credit risk ratings (cont'd)

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for corporate exposures. The Bank collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Bank's credit risk grades	BOM external rating grade	Standard & Poor's Rating services	Moody's Investors rating	Fitch ratings	Description
1 - 3	1	AAA to AA-	Aaa to Aa3	AAA to AA-	High Grade
4	2	A+ to A -	A1 to A3	A+ to A -	Standard
5	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	Standard
6-7	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	Standard
8-9	5	B+ to B-	B1 to B3	B+ to B-	Sub-standard
10	6	CCC+ to D	Caa1 to D	CCC+ to D	Sub-standard

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time by using macroeconomic forecasts to adjust estimates of PDs.

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrate otherwise. The Bank has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit-risk that led to default were accurately reflected in the rating in a timely manner.

1. Inputs, assumptions and techniques used in estimating ECL

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is a compounded element of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

The Bank calculates ECLs based on three scenarios (baseline, upside and downside) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the Bank expects to receive.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

1. Inputs, assumptions and techniques used in estimating ECL (cont'd)

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

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

Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. Of note, for the year under review, the Bank also abides by the Bank of Mauritius Guideline on Classification, Provisioning and Write-off of credit exposures effective 30 September 2024.

2. Incorporation of forward-looking information

The Bank incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on analysis from economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

When estimating the macro-economic variables used in ECL calculation, the Bank considers three scenarios (a base case, an upside and a downside). These economic scenarios are subject to different assumptions with the base scenario being the best estimate. These estimates are taken from reputable external providers based on econometrics methods.

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of increasing the severity of the weights assigned to the downside scenarios or taking higher percentile of downside scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered:

- Industrial production index: General index
- Implicit Price Deflator: Government Consumption
- National Accounts: Real Changes in Inventory
- National Accounts: Nominal Gross Capital Formation [GCF]
- Money & Banking: Claims on Private Sector
- Stock Price Index
- National Accounts: Real Gross Domestic Product [GDP] - Market exchange rate
- Labour Force Survey Employment – Total
- National Accounts: Real Gross Fixed Capital Formation [GFCF]
- Labour Force Survey: Labour Force

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

2. Incorporation of forward-looking information(cont'd)

In light of the high inflationary environment coupled with rising interest rates and change in outlook of Mauritius, SBM reviewed its ECL framework so as to cater for the higher level of uncertainty in markets, both local and across borders. Adjusting for forward looking information during this unprecedented event, the Bank had factored in post model adjustment on its retail book to cater for clients where recomputed debt-to-income based on prevailing interest rates, following hike in interest rates, was above norms. The adjustment was based on uncertainty of future interest rates and its impact on the future probability of default of this segment. Besides, as of 31 December 2024, the Bank has considered 100 percent weightage on the downside PD and LGD for models other than Banks and Sovereigns on a prudent stance given the recent review of Moody's rating agency on the outlook of Mauritius, which might subsequently impact on the macroeconomic variable forecast.

Significant increase in credit risk (SICR)

The Bank monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information. For the year under review, the Bank has revised its approach to SICR criteria for corporate clients. Previously, downgrade in credit rating and outdated financials were automatic SICR triggers for movement to stage 2. However, such events do not always indicate a genuine increase in credit risk, particularly when they are temporary or do not materially affect the client's ability to meet their financial obligations. As such, these criterias were adopted into a watchlist process where the Bank ensures that decisions are made based on a more comprehensive evaluation considering the client's overall risk profile, external conditions and any mitigating circumstances. The watchlist process warrants clients being classified as high risk and these are reviewed on a quaterly basis by the Credit Portfolio and Monitoring Forum (Senior Management Risk Forum) prior movement to stage 2. The Bank has however maintained clients rescheduled over the last 12 months as criteria of SICR.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products.

Forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. The Bank allocated its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The quantitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated.

As a back-stop when an asset becomes 30 days past due (rebuttable presumption), the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors.

For the year under review, the Bank has also considered classification requirements under the BoM Guideline on Classification, Provisioning and Write-Off of Credit Exposures.

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made at a facility level for all credit exposures.

The key inputs into the measurement of ECL are the following:

(i) Probability of default (PD);

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

(ii) Loss given default (LGD);

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

(iii) Exposure at default (EAD).

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

These parameters are derived from trusted external sources based on internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD Estimates

PD estimates are estimates at a certain date, which are calculated based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a corporate counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. For other segments, different internal variables such as industry, line of business, product, month on book are considered. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Retail, Corporate and SME PD models all use the logistic regression framework to model monthly default rates. For the different segments, different features including macro-economic variables have been chosen for inclusion in the logit models based on their statistical significance in explaining defaults as well as intuitiveness of the coefficients.

For banks, external default data from Standard & Poor's (S&P) is used. The PD models convert the through-the-cycle transition matrices (and TTC Default rates) from Standard & Poor's into point-in-time estimates that reflect economic conditions observed at reporting date. The forward looking factor is quantified by a scalar factor arrived by a difference of two economic regressions (with Macroeconomic variables and without Macroeconomic variables). For sovereigns, historical default rates from Moody's is used together with correlated Global MEVs. The average 12-month rating transition matrix is converted into point-in-time (PIT) transition matrix using the Vasicek Transformation.

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

LGD

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties as well as cure rates. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset.

Retail, Corporate and SME LGD model uses the work-out LGD framework. In this methodology, LGD estimates are based on the historical data after discounting the cash flows (of the contracts in default) that are recorded through the recovery & workout stage at the reference time. Two possible outcomes are considered: Cure (Facility defaults, but goes back to active without loss, LGD close to zero) and No cure (Facility defaults, does not cure, LGD between 0% and 100%). A logit model is fitted to the work-out LGD and the different features for inclusion in the model are chosen based on their statistical significance as well as the intuitiveness of the coefficients. The Bank considers different scenarios for LGD to reflect possible changes in the forecasted LGD figures.

For banks and sovereign exposures, in the absence of internal data, Basel F-IRB unsecured recovery rates for senior claims are used for the LGD parameter.

EAD

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques. As described above and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for loans with a funded component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

For corporates, segmentation has been done based on local and cross-border categories with credit rating as internal variable. SME has been modelled separately with industry and line of business as internal parameters. Retail on the other hand has been segmented at a product level with different internal parameters such as month-on-book and line of business as suited by the models.

Revolving products use segment specific (Retail, SME, Corporate) credit conversion factors (CCF) to project EAD values. Amortising products use an amortising schedule, where the expected cash flows from the Bank's IT system are used to project EAD values at each point-in-time.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

EAD (cont'd)

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cashflows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

Credit cards and other revolving facilities: The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgement is to reflect the operational practice of card reissuance and the associated credit assessment as enabling a formal re-origination trigger. As a consequence, a capped lifetime approach of 12 months is used for overdraft balances since limit are renewed on a yearly basis. For credit cards, an estimate of the behavioural lifetime is considered by segment (36 months for retail cards and 20 months for corporates and SME).

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

Individually assessed allowances

The Bank determines the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Regulatory provision

Regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on 'Classification, Provisioning and Write offs' which require the Bank to take a minimum level of general provisioning as follows:

- Exposures with bullet repayment with remaining maturity of more than 2 years (other than those to sovereigns, central banks, Multilateral Development Banks and banks): 1.5%
- Exposures to or guaranteed by counterparties whose rating is investment grade or better: 0.5% (The ratings should be issued by an Eligible External Credit Assessment Institution (ECAI) as per the Guideline on the Recognition and Use of External Credit Assessment Institutions. The guarantee should meet the minimum requirements stipulated in the Guideline on Standardised Approach to Credit Risk).
- All other performing exposures: 1%

Additional portfolio provision is also required as a macroprudential policy measure ranging between 0.5% to 1% depending on the sectors.

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

EAD (cont'd)

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are recorded on the statement of financial position.

4. Modified financial asset

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, renegotiation is performed on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to renegotiation policy. For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal based on the Bank's previous experience on similar renegotiation.

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Modified financial asset (cont'd)

Generally modification of financial assets is a qualitative indicator of a significant increase in credit risk and may constitute evidence that the exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time, as prescribed by BOM guidelines on The Guideline on 'Classification, Provisioning and Write offs' before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to lifetime ECL.

Where the restructuring occurs prior to the classification of a loan as impaired, the restructured loan is classified as impaired when, in the aggregate, the period of time the loan is in arrears before and after restructuring is 90 days or more. A non-performing exposure should be upgraded to a standard exposure when:

- all arrears of interest and principal are paid by the counterparty in full and the customer meets the terms and conditions of the existing loan for a continuous 'observation' period as specified in the table below:
- the counterparty has resolved its financial difficulty such that full repayment is expected according to original or modified terms; and
- the reduction in credit risk is considered sustainable.

The observation period for each type of exposure is listed below:

- Non-performing exposure: 3 months
- Restructured (included repeated restructuring) non-performing exposure: 6 months
- Non-performing bullet facility: 12 months

Where the restructuring occurs after a loan has been classified as impaired, the restructured loan is continued to be classified as impaired until repayments have been received by the Bank, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan.

Where the loan has been restructured more than once, the restructured loan shall continue to be classified as impaired until repayments have been received by the financial institutions in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(iii) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Bank Credit Risk policy. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types taken include:

- Fixed/floating charge on assets of borrowers;
- Pledge of deposits/securities/life insurance policy/shares;
- Government guarantee/bank guarantee/corporate guarantee/personal guarantee;
- Lien on vehicle; and
- Letter of comfort.

The Bank holds collateral and other credit enhancement against certain of its credit exposure. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	31 December 2024	31 December 2023	31 December 2022	Principal Type of collateral held
	MUR'000	MUR'000	MUR'000	
Fund-based exposures:				
Cash and cash equivalents	**30,593,663**	15,345,352	24,016,765	*Unsecured*
Mandatory balances with central bank	**17,070,164**	14,911,020	13,316,978	*Unsecured*
Loans to and placements with banks	**7,670,399**	2,871,465	1,226,864	*Unsecured*
Derivative financial instruments	**480,219**	297,875	637,903	*Unsecured*
Loans and advances to non-bank customers	**134,795,763**	119,070,245	118,545,436	*Residential/ Commercial property/Floating charge on assets*
Investment securities	**140,656,441**	125,484,436	113,062,567	*Unsecured*
Other assets	**637,481**	591,976	546,213	*Unsecured*
Non-fund based exposures:				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**18,565,593**	14,459,881	13,792,088	*Fixed/Floating charge on assets*
Credit commitments	**18,331,999**	18,656,632	14,945,779	*Unsecured*

In addition to the collateral included in the table above, the Bank holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

There was no change in the Bank's collateral policy during the year.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(iv) Ageing of loans and advances of loans to non-bank customers:

Under the Bank's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted and at the latest when the exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of receivables by past due status:

	31 December 2024		31 December 2023		31 December 2022	
	Gross Carrying Amount	**Loss Allowance**	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
0-30 days	**125,216,478**	**951,076**	109,835,627	1,508,097	105,833,958	2,577,301
31-60 days	**1,577,085**	**38,312**	1,639,964	49,794	2,567,102	83,094
61-89 days	**572,675**	**8,600**	1,349,548	40,833	784,021	34,554
Total	**127,366,238**	**997,988**	112,825,139	1,598,724	109,185,081	2,694,949

(v) Impaired financial assets

Loans and advances are assessed for impairment when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation, which indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Loans and advances *(Note 8c)*	**7,429,525**	6,245,106	9,360,355
Specific allowance held in respect of impaired advances *(Note 8c)*	**3,890,119**	5,353,611	7,731,520
Fair value of collaterals of impaired advances	**4,221,488**	1,142,327	1,866,487

37. Risk management (cont'd)

(b) Credit risk (cont'd)

(vi) Credit concentration of risk by industry sectors

Total outstanding credit facilities, net of deposits where there is a right of set off, including guarantees, acceptances and other similar commitments extended by the Bank to any one customer or group of closely-related customers for amounts aggregating more than 10% of its capital base, classified by industry sectors:

	31 December 2024	31 December 2023	31 December 2022
Portfolio	**MUR'000**	MUR'000	MUR'000
Agriculture	**7,190,426**	2,755,624	5,703,996
Building Contractors	**-**	2,091,908	-
Traders	**5,469,270**	2,823,048	7,911,107
Real estate	**14,401,415**	8,647,728	8,984,298
Transport	**3,244,846**	3,223,968	3,220,563
Tourism	**7,741,570**	4,066,777	6,842,347
Financial services	**28,026,998**	21,759,129	23,437,291
	66,074,525	45,368,182	56,099,602

(vii) Offsetting financial instruments

Loans and advances to customers

The Bank holds cash collateral and marketable securities to mitigate the credit risk of securities lending.

Derivative financial instruments

The Bank enters into derivatives bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Bank and each counterparty to post collateral to mitigate credit risk. Collateral is also posted as per terms of Credit Support Annex (CSA) in respect of derivatives transacted on exchanges.

(c) Liquidity risk

Liquidity risk is the potential earnings volatility arising from being unable to fund assets at reasonable rates over required maturities. The Bank ensures that sufficient liquidity is maintained to fund its day-to-day operations, meet deposit withdrawals and loan disbursements. Liquidity risk is managed by setting prudential limits on maturity mismatches, liquid assets ratios, concentration of deposits by type and by entity. Liquidity gap analysis is used to measure and monitor the mismatches by time bucket and currency under realistic and stress scenarios.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(c) Liquidity risk (cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Bank, slotted as per the rules defined by the Bank of Mauritius.

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket	Total
31 December 2024	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Financial assets								
Cash and cash equivalents	33,592,714	18,428	21,815	15,315	4,884	158,065	(22,314)	33,788,907
Mandatory balances with central bank	1,984,886	785,855	757,842	315,063	487,903	12,738,615	-	17,070,164
Loans to and placements with banks	-	14,592	74,264	3,552,061	4,070,675	-	(116,303)	7,595,289
Derivative financial instruments	-	-	-	-	-	-	480,219	480,219
Loans and advances to non-bank customers	14,049,478	6,797,261	6,177,223	7,890,275	22,001,766	65,057,432	7,934,221	129,907,656
Investment securities	20,291,549	3,760,212	17,624,825	9,251,277	36,396,224	53,332,354	(58,010)	140,598,431
Equity investments	-	-	-	-	-	-	9,437	9,437
Other assets	-	-	-	-	-	-	637,481	637,481
Total financial assets	**69,918,627**	**11,376,348**	**24,655,969**	**21,023,991**	**62,961,452**	**131,286,466**	**8,864,731**	**330,087,584**
Financial liabilities								
Deposits from banks	2,094,938	-	-	11,091	-	-	-	2,106,029
Deposits from non-bank customers	72,868,235	15,102,728	17,568,648	13,695,834	5,780,874	170,162,315	-	295,178,634
Other borrowed funds	-	-	2,349	91,026	-	417,713	-	511,088
Derivative financial instruments	-	-	-	-	-	-	437,028	437,028
Other liabilities (including lease liability)	-	-	-	-	-	-	6,780,479	6,780,479
Total financial liabilities	**74,963,173**	**15,102,728**	**17,570,997**	**13,797,951**	**5,780,874**	**170,580,028**	**7,217,507**	**305,013,258**
Liquidity Gap	**(5,044,546)**	**(3,726,380)**	**7,084,972**	**7,226,040**	**57,180,578**	**(39,293,562)**	**1,647,224**	**25,074,326**

Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(c) Liquidity risk (cont'd)

31 December 2023	Up to 1 month MUR'000	1-3 months MUR'000	3-6 months MUR'000	6-12 months MUR'000	1-3 years MUR'000	Over 3 years MUR'000	Non-Maturity Bucket MUR'000	Total MUR'000
Financial assets								
Cash and cash equivalents	16,110,142	257,143	156,046	111,525	44,035	2,163,396	(5,388)	18,836,899
Mandatory balances with central bank	1,498,802	1,210,671	607,494	350,367	235,575	11,008,111	-	14,911,020
Loans to and placements with banks	565,953	664,524	27,109	1,553,203	72,235	-	(29,959)	2,853,065
Derivative financial instruments	-	-	-	-	-	-	297,875	297,875
Loans and advances to non-bank customers	6,054,206	8,473,343	5,087,204	5,788,081	22,265,352	61,065,461	3,384,263	112,117,910
Investment securities	15,223,760	2,798,922	12,952,900	6,859,228	36,851,568	50,798,058	(94,861)	125,389,575
Equity investments	-	-	-	-	-	-	9,053	9,053
Other assets	-	-	-	-	-	-	591,976	591,976
Total financial assets	39,452,863	13,404,603	18,830,753	14,662,404	59,468,765	125,035,026	4,152,959	275,007,373
Financial liabilities								
Deposits from banks	1,651,518	65,075	-	-	-	-	-	1,716,593
Deposits from non-bank customers	39,741,650	20,061,133	13,024,883	11,797,502	3,044,607	151,538,105	-	239,207,880
Other borrowed funds	3,012,994	1,023,606	39,678	71,294	194,567	311,861	-	4,654,000
Derivative financial instruments	-	-	-	-	-	-	415,277	415,277
Other liabilities (including lease liability)	-	-	-	-	-	-	7,867,807	7,867,807
Total financial liabilities	44,406,162	21,149,814	13,064,561	11,868,796	3,239,174	151,849,966	8,283,084	253,861,557
Liquidity Gap	(4,953,299)	(7,745,211)	5,766,192	2,793,608	56,229,591	(26,814,940)	(4,130,125)	21,145,816
31 December 2022								
Financial assets								
Cash and cash equivalents	26,539,711	-	-	-	-	-	(5,499)	26,534,212
Mandatory balances with central bank	4,450,785	239,742	388,770	584,194	135,483	7,518,004	-	13,316,978
Loans to and placements with banks	-	658,677	224,584	219,471	124,132	-	(5,449)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	637,903	637,903
Loans and advances to non-bank customers	6,408,619	8,808,378	6,902,587	9,096,994	21,897,412	55,685,871	(680,894)	108,118,967
Investment securities	35,808,840	900,000	1,033,996	5,782,583	21,403,615	48,133,533	(26,421)	113,036,146
Equity investments	-	-	-	-	-	-	8,400	8,400
Other assets	-	-	-	-	-	-	546,213	546,213
	73,207,955	10,606,797	8,549,937	15,683,242	43,560,642	111,337,408	474,253	263,420,234

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(c) Liquidity risk (cont'd)

31 December 2022 (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket	Total
Financial liabilities	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Deposits from banks	1,757,243	-	-	-	-	-	-	1,757,243
Deposits from non-bank customers	35,668,380	9,935,103	15,460,308	12,930,460	4,771,942	158,119,134	-	236,885,327
Other borrowed funds	-	21,640	23,253	56,698	280,471	375,746	-	757,808
Derivative financial instruments	-	-	-	-	-	-	574,694	574,694
Other liabilities (including lease liability)	-	-	-	-	-	-	6,373,008	6,373,008
Total financial liabilities	37,425,623	9,956,743	15,483,561	12,987,158	5,052,413	158,494,880	6,947,702	246,348,080
Liquidity Gap	35,782,332	650,054	(6,933,624)	2,696,084	38,508,229	(47,157,472)	(6,473,449)	17,072,154

(ii) The table below shows the remaining contractual maturities of financial liabilities:

	On Demand	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Total
Financial liabilities	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Deposits	**203,683,124**	**68,702,838**	**12,340,484**	**4,784,139**	**5,780,874**	**1,993,204**	**297,284,663**
Other borrowed funds	**-**	**-**	**2,349**	**91,026**	**-**	**417,713**	**511,088**
Derivative financial instruments	**437,028**	**-**	**-**	**-**	**-**	**-**	**437,028**
Other liabilities (including lease liability)	**6,780,479**	**-**	**-**	**-**	**-**	**-**	**6,780,479**
31 December 2024	**210,900,631**	**68,702,838**	**12,342,833**	**4,875,165**	**5,780,874**	**2,410,917**	**305,013,258**
Deposits	183,542,199	37,796,830	8,962,139	5,949,463	3,044,607	1,629,235	240,924,473
Other borrowed funds	-	4,036,601	39,678	71,294	194,566	311,861	4,654,000
Derivative financial instruments	415,277	-	-	-	-	-	415,277
Other liabilities (including lease liability)	7,867,807	-	-	-	-	-	7,867,807
31 December 2023	191,825,283	41,833,431	9,001,817	6,020,757	3,239,173	1,941,096	253,861,557
Deposits	189,204,725	21,277,357	14,129,137	8,151,642	4,771,941	1,107,768	238,642,570
Other borrowed funds	-	21,640	23,253	56,699	280,470	375,746	757,808
Derivative financial instruments	574,694	-	-	-	-	-	574,694
Other liabilities (including lease liability)	6,373,008	-	-	-	-	-	6,373,008
31 December 2022	196,152,427	21,298,997	14,152,390	8,208,341	5,052,411	1,483,514	246,348,080

(d) Market risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank's market risks are monitored by the Market Risk Team and reported to the Alco Forum and Risk Management Committee on a regular basis.

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(d) Market risk (cont'd)

(i) Interest rate risk

The Bank's interest rate risk arises mostly from mismatches in the repricing of its assets and liabilities. The Bank uses an interest rate gap analysis to measure and monitor the interest rate risk. Prudential limits for currency wise gaps, expressed as a percentage of assets, have been set for specific time buckets and earnings at risk is calculated based on different shock scenarios across major currencies.

The table below analyses the Bank's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The 'up to 3 months' column includes the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 2024	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Assets								
Cash and cash equivalents	28,995,419	-	-	-	-	-	4,793,488	33,788,907
Mandatory balances with central bank	-	-	-	-	-	-	17,070,164	17,070,164
Loans to and placements with banks	5,695,342	1,941,986	-	-	-	-	(42,039)	7,595,289
Derivative financial instruments	-	-	-	-	-	-	480,219	480,219
Loans and advances to non-bank customers	124,675,310	3,502,693	233,743	1,019,422	490,580	2,893,155	(2,907,247)	129,907,656
Investment securities	13,519,415	23,698,281	11,685,277	21,680,694	35,004,419	35,028,627	(18,282)	140,598,431
Equity investments	-	-	-	-	-	-	9,437	9,437
Other assets	-	-	-	-	-	-	637,481	637,481
Total assets	172,885,486	29,142,960	11,919,020	22,700,116	35,494,999	37,921,782	20,023,221	330,087,584
Liabilities								
Deposits from banks	71,481	-	11,068	-	-	-	2,023,480	2,106,029
Deposits from non-bank customers	183,026,013	11,893,399	4,149,496	603,421	1,484,783	-	94,021,522	295,178,634
Other borrowed funds	508,739	-	-	-	-	-	2,349	511,088
Derivative financial instruments	-	-	-	-	-	-	437,028	437,028
Other liabilities (including lease liability)	-	-	-	-	-	-	6,780,479	6,780,479
Total liabilities	183,606,233	11,893,399	4,160,564	603,421	1,484,783	-	103,264,858	305,013,258
On balance sheet interest rate sensitivity gap	(10,720,747)	17,249,561	7,758,456	22,096,695	34,010,216	37,921,782	(83,241,637)	25,074,326
Off balance sheet interest rate sensitivity gap	(12,861,113)	(2,186,320)	(90,200)	(113,127)	(544,410)	(336,475)	-	(16,131,645)
	(23,581,860)	15,063,241	7,668,256	21,983,568	33,465,806	37,585,307	(83,241,637)	8,942,681

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(d) Market risk (cont'd)

(i) Interest rate risk (cont'd)

31 December 2023	Up to 3 months MUR'000	3-6 months MUR'000	6-12 months MUR'000	1-2 years MUR'000	2-5 years MUR'000	Over 5 years MUR'000	Non-interest sensitive MUR'000	Total MUR'000
Assets								
Cash and cash equivalents	7,797,082	-	-	-	-	-	11,039,817	18,836,899
Mandatory balances with central bank	-	-	-	-	-	-	14,911,020	14,911,020
Loans to and placements with banks	2,855,915	-	-	-	-	-	(2,850)	2,853,065
Derivative financial instruments	-	-	-	-	-	-	297,875	297,875
Loans and advances to non-bank customers	113,042,848	3,718,983	320,937	356,784	536,954	785,957	(6,644,553)	112,117,910
Investment securities	10,843,195	13,251,806	7,214,741	23,643,606	35,092,031	35,691,377	(347,181)	125,389,575
Equity investments	-	-	-	-	-	-	9,053	9,053
Other assets	-	-	-	-	-	-	591,976	591,976
Total assets	134,539,040	16,970,789	7,535,678	24,000,390	35,628,985	36,477,334	19,855,157	275,007,373
Liabilities								
Deposits from banks	65,000	-	-	-	-	-	1,651,593	1,716,593
Deposits from non-bank customers	138,648,349	7,485,394	3,754,393	173,220	1,769,999	-	87,376,525	239,207,880
Other borrowed funds	4,649,015	-	-	-	-	-	4,985	4,654,000
Derivative financial instruments	-	-	-	-	-	-	415,277	415,277
Other liabilities (including lease liability)	-	-	-	-	-	-	7,867,807	7,867,807
Total liabilities	143,362,364	7,485,394	3,754,393	173,220	1,769,999	-	97,316,187	253,861,557
On balance sheet interest rate sensitivity gap	(8,823,324)	9,485,395	3,781,285	23,827,170	33,858,986	36,477,334	(77,461,030)	21,145,816
Off balance sheet interest rate sensitivity gap	281,273	(1,019,378)	(2,685)	-	1,000,000	(346,173)	-	(86,963)
	(8,542,051)	8,466,017	3,778,600	23,827,170	34,858,986	36,131,161	(77,461,030)	21,058,853

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(d) Market risk (cont'd)

(i) Interest rate risk (cont'd)

31 December 2022	Up to 3 months MUR'000	3-6 months MUR'000	6-12 months MUR'000	1-2 years MUR'000	2-5 years MUR'000	Over 5 years MUR'000	Non-interest sensitive MUR'000	Total MUR'000
Assets								
Cash and cash equivalents	691,729	-	-	-	-	-	25,842,483	26,534,212
Mandatory balances with central bank	-	-	-	-	-	-	13,316,978	13,316,978
Loans to and placements with banks	1,002,014	219,471	-	-	-	-	(70)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	637,903	637,903
Loans and advances to non-bank customers	109,717,700	2,436,869	1,355,287	687,159	777,865	4,129,890	(10,985,803)	108,118,967
Investment securities	13,046,125	4,927,465	14,919,619	18,230,435	31,482,502	31,244,078	(805,678)	113,044,546
Other assets	-	-	-	-	-	-	546,213	546,213
Total assets	124,457,568	7,583,805	16,274,906	18,917,594	32,260,367	35,373,968	28,552,026	263,420,234
Liabilities								
Deposits from banks	-	-	-	-	-	-	1,757,243	1,757,243
Deposits from non-bank customers	111,770,642	13,813,477	7,506,909	858,835	1,259,118	-	101,676,346	236,885,327
Other borrowed funds	756,194	-	-	-	-	-	1,614	757,808
Derivative financial instruments	-	-	-	-	-	-	574,694	574,694
Other liabilities (including lease liability)	-	-	-	-	-	-	6,373,008	6,373,008
Total liabilities	112,526,836	13,813,477	7,506,909	858,835	1,259,118	-	110,382,905	246,348,080
On balance sheet interest rate sensitivity gap	11,930,732	(6,229,672)	8,767,997	18,058,759	31,001,249	35,373,968	(81,830,879)	17,072,154
Off balance sheet interest rate sensitivity gap	1,040,166	(997,413)	253,517	(677,223)	(581,723)	430,339	-	(532,337)
	12,970,898	(7,227,085)	9,021,514	17,381,536	30,419,526	35,804,307	(81,830,879)	16,539,817

Various scenarios are used to measure the effect of the changing interest rates on net interest income including the standardised approach of 200bp parallel shock over a 12-month period assuming a static balance sheet, as shown below.

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Increase/(decrease) in profit	**60,743**	(24,768)	231,860

Notes to the Financial Statements
For the year ended 31 December 2024

37. Risk management (cont'd)

(d) Market risk (cont'd)

(ii) Fair value hedges

Micro fair value hedges	31 December 2024				31 December 2023				31 December 2022			
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Fixed rate corporate loans	**303,924**	**-**	**-**	**10,242**	308,516	-	-	15,643	337,916	-	-	11,692
Fixed rate debt instrument	**-**	**-**	**-**	**-**	-	-	-	-	1,111,311	-	-	66,498

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Bank's statement of financial position:

Micro fair value hedges	31 December 2024			31 December 2023			31 December 2022		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest rate swaps	**254,645**	**10,716**	**-**	279,741	15,977	-	1,377,620	97,148	-

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 8 and 9, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

Hedged items	Hedging instruments	31 December 2024			31 December 2023			31 December 2022		
		Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk		
		Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness
Micro fair value hedge relationships hedging assets										
Fixed rate corporate loans	Interest rate swaps	**(10,242)**	**10,716**	**474**	(15,643)	15,977	334	(11,692)	12,171	479
Fixed rate debt instrument	Interest rate swaps	**-**	**-**	**-**	-	-	-	(66,498)	84,977	18,479
Total micro fair value hedge relationship		**(10,242)**	**10,716**	**474**	(15,643)	15,977	334	(78,190)	97,148	18,958

Notes to the Financial Statements
For the year ended 31 December 2024

37. Risk management (cont'd)

(d) Market risk (cont'd)

(ii) Fair value hedges (cont'd)

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

At 31 December 2024:	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
Fixed rate corporate loans	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Interest rate swap (Notional amount)	**-**	**-**	**-**	**-**	**254,645**	**254,645**
At 31 December 2023:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	279,741	279,741
At 31 December 2022:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	1,073,750	303,870	1,377,620

(iii) Currency risk

Foreign exchange risk arises from open and imperfectly offset or hedged positions. Imperfect correlations across currencies and international interest rate markets pose particular challenges to the effectiveness of foreign currency hedging strategies. The Bank exercises strict control over its foreign currency exposures. The Bank reports on foreign currency positions to the Central Bank and has set up conservative internal limits in order to mitigate foreign exchange risk. To manage their foreign currency exposures, dealers operate within prudential limits approved by the Board including intraday/overnight open exposures, stop loss and authorised currencies. These trading limits for Mauritius and Indian Operations are reviewed at least once annually by the Board/Board Risk Management Committee. The Middle Office closely monitors the Front Office and reports any excesses and deviations from approved limits to the Market Risk Forum and to the Board Risk Management Committee.

The tables below show the carrying amounts of the monetary assets and liabilities:

	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2024	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Assets								
Cash and cash equivalents	**4,623,525**	**28,433,080**	**103,940**	**23,891**	**22,900**	**100**	**581,471**	**33,788,907**
Mandatory balances with central bank	**14,633,930**	**1,684,992**	**143,393**	**575,972**	**-**	**-**	**31,877**	**17,070,164**
Loans to and placements with banks	**(75,110)**	**5,740,672**	**-**	**1,929,727**	**-**	**-**	**-**	**7,595,289**
Derivative financial instruments	**200,753**	**271,520**	**5,090**	**24**	**-**	**-**	**2,832**	**480,219**
Loans and advances to non-bank customers	**90,561,719**	**24,002,003**	**582,428**	**14,702,566**	**-**	**-**	**58,940**	**129,907,656**
Investment securities	**84,834,855**	**53,692,467**	**-**	**1,532,608**	**547,938**	**-**	**-**	**140,607,868**
Other assets	**528,867**	**20,380**	**1,375**	**85,677**	**-**	**-**	**1,182**	**637,481**
Total monetary financial assets	**195,308,539**	**113,845,114**	**836,226**	**18,850,465**	**570,838**	**100**	**676,302**	**330,087,584**

Notes to the Financial Statements

For the year ended 31 December 2024

37. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2024 (cont'd)	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Liabilities								
Deposits from banks	1,115,317	822,256	12,717	147,972	2,779	-	4,988	2,106,029
Deposits from non-bank customers	163,005,324	114,570,090	2,560,061	13,548,399	-	160	1,494,600	295,178,634
Other borrowed funds	-	-	-	511,088	-	-	-	511,088
Derivative financial instruments	193,278	240,728	-	18	731	6	2,267	437,028
Other liabilities (including lease liability)	4,167,032	3,963,106	(331,765)	214,143	(2,042)	-	(1,229,995)	6,780,479
Total monetary financial liabilities	168,480,951	119,596,180	2,241,013	14,421,620	1,468	166	271,860	305,013,258
On balance sheet position	26,827,588	(5,751,066)	(1,404,787)	4,428,845	569,370	(66)	404,442	25,074,326
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	26,827,588	(5,751,066)	(1,404,787)	4,428,845	569,370	(66)	404,442	25,074,326
31 December 2023								
Assets								
Cash and cash equivalents	5,103,630	11,883,791	504,872	552,401	145,875	746	645,584	18,836,899
Mandatory balances with central bank	12,880,174	1,327,729	162,981	508,671	-	-	31,465	14,911,020
Loans to and placements with banks	(18,400)	2,798,532	-	72,933	-	-	-	2,853,065
Derivative financial instruments	173,679	120,790	2,053	-	-	-	1,353	297,875
Loans and advances to non-bank customers	82,433,478	15,506,837	662,505	13,481,706	-	-	33,384	112,117,910
Investment securities	79,573,714	43,659,185	-	1,611,976	553,753	-	-	125,398,628
Other assets	515,382	12,875	2,750	60,296	-	-	673	591,976
Total monetary financial assets	180,661,657	75,309,739	1,335,161	16,287,983	699,628	746	712,459	275,007,373
Liabilities								
Deposits from banks	563,696	1,093,966	1,506	36,141	-	-	21,284	1,716,593
Deposits from non-bank customers	146,586,279	75,234,986	2,767,561	13,680,037	-	112	938,905	239,207,880
Other borrowed funds	4,001,644	-	-	652,356	-	-	-	4,654,000
Derivative financial instruments	102,511	305,097	-	-	2,588	-	5,081	415,277
Other liabilities (including lease liability)	3,863,708	3,368,654	54,252	523,905	(1,701)	-	58,989	7,867,807
Total monetary financial liabilities	155,117,838	80,002,703	2,823,319	14,892,439	887	112	1,024,259	253,861,557
On balance sheet position	25,543,819	(4,692,964)	(1,488,158)	1,395,544	698,741	634	(311,800)	21,145,816
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	25,543,819	(4,692,964)	(1,488,158)	1,395,544	698,741	634	(311,800)	21,145,816

37. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

31 December 2022	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Assets								
Cash and cash equivalents	3,105,427	20,990,017	1,170,358	851,249	16,274	3,741	397,146	26,534,212
Mandatory balances with central bank	12,013,258	814,966	114,069	349,620	-	-	25,065	13,316,978
Loans to and placements with banks	(5,449)	1,101,841	-	125,023	-	-	-	1,221,415
Derivative financial instruments	322,380	284,592	-	5,609	4,961	-	20,361	637,903
Loans and advances to non-bank customers	73,816,040	19,502,630	652,162	14,095,246	-	-	52,889	108,118,967
Investment securities	73,092,852	38,879,918	-	492,705	579,071	-	-	113,044,546
Other liabilities (including lease liability)	451,790	23,956	772	70,332	-	-	(637)	546,213
Total monetary financial assets	162,796,298	81,597,920	1,937,361	15,989,784	600,306	3,741	494,824	263,420,234
Liabilities								
Deposits from banks	772,056	862,879	23,763	95,891	-	-	2,654	1,757,243
Deposits from non-bank customers	134,590,952	82,590,036	3,341,559	15,409,141	-	218	953,421	236,885,327
Other borrowed funds	-	-	-	757,808	-	-	-	757,808
Derivative financial instruments	326,043	239,825	-	-	4,546	-	4,280	574,694
Other liabilities (including lease liability)	3,227,988	2,498,539	53,693	533,136	(2,600)	(1)	62,253	6,373,008
Total monetary financial liabilities	138,917,039	86,191,279	3,419,015	16,795,976	1,946	217	1,022,608	246,348,080
On balance sheet position	23,879,259	(4,593,359)	(1,481,654)	(806,192)	598,360	3,524	(527,784)	17,072,154
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	23,879,259	(4,593,359)	(1,481,654)	(806,192)	598,360	3,524	(527,784)	17,072,154

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant and the impact on the Bank's profit and equity.

	Impact on profit after tax and equity					
Change in currency by:	USD	GBP	EURO	INR	KES	OTHER
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2024						
5%	**(287,553)**	**(70,239)**	**221,442**	**28,469**	**(3)**	**20,222**
-5%	**287,553**	**70,239**	**(221,442)**	**(28,469)**	**3**	**(20,222)**
31 December 2023						
5%	(234,648)	(74,408)	69,777	34,937	32	(15,590)
-5%	234,648	74,408	(69,777)	(34,937)	(32)	15,590
31 December 2022						
5%	(229,668)	(74,083)	(40,310)	29,918	176	(26,389)
-5%	229,668	74,083	40,310	(29,918)	(176)	26,389

37. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Bank uses Value-at-Risk (VAR) to estimate the potential foreign exchange loss arising from adverse movements in an ordinary market environment. To calculate VAR, the Bank uses the historical method which assumes that historical changes in market values are representative of future changes. The VAR is based on the previous 12 months data. The Bank calculates VAR using 10 days holding period and an expected tail-loss methodology, which approximates a 99% confidence level. This would mean that only once in every 100 trading days, the Bank would expect to incur losses greater than the VAR estimates, or about two to three times a year. The use of 10 days holding period and a one-year historical observation period are in line with the Basel II recommendation.

The Bank's VAR amounted to:

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Minimum for the year	**2,875**	1,390	857
Maximum for the year	**20,747**	11,226	6,773
Year end	**4,187**	5,167	2,489

(iv) Equity price sentivity analysis

The Bank is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Bank does not actively trade in these investments. Changes in prices / valuation of these investments are reflected in the statement of comprehensive income, except for impairment losses which are reported in the statement of profit or loss. Changes in prices of held-for-trading investments are reflected in the statement of profit or loss.

A 5% increase in the price of equities held at the reporting date would have resulted in an unrealised gain to the statement of comprehensive income or statement of profit or loss as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Statement of other comprehensive income	**472**	453	420

(e) Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in Note 3 to the financial statements (accounting policies).

Notes to the Financial Statements

For the year ended 31 December 2024

38. Other reserves

Provision reserve

The Bank has appropriated part of its retained earnings to the provision reserve in accordance with the revised Bank of Mauritius Guideline on Classification, Provisioning and Write off of Credit Exposures effective on 30 September 2024.

Statutory reserve

This reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the profit for the year is transferred each year until the balance is equal to the amount paid as stated capital.

Fair value reserve

This reserve comprises fair value movements recognised on equity and debts instruments measured at FVTOCI.

Property revaluation reserve

The net property revaluation reserve is used to record increases in the fair value of land and buildings (net of deferred tax on the revalued asset) and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Provision reserve	**1,153,919**	-	-
Statutory reserve	**400,000**	400,000	400,000
Fair value reserve	**(161,636)**	(139,863)	(1,387,260)
Property revaluation reserve	**1,722,791**	1,090,001	1,208,191
	3,115,074	1,350,138	220,931

Notes to the Financial Statements

For the year ended 31 December 2024

39. Maturity analysis of assets and liabilities

	31 December 2024		
	Current	Non current	Total
	MUR'000	MUR'000	MUR'000
ASSETS			
Cash and cash equivalents	33,788,907	-	33,788,907
Mandatory balances with central bank	17,070,164	-	17,070,164
Loans to and placements with banks	3,533,053	4,062,236	7,595,289
Derivative financial instruments	104,724	375,495	480,219
Loans and advances to non-bank customers	33,106,240	96,801,416	129,907,656
Investment securities	39,593,944	101,013,924	140,607,868
Property and equipment	-	4,424,918	4,424,918
Right-of-use assets	-	173,342	173,342
Intangible assets	-	1,254,847	1,254,847
Deferred tax assets	-	448,134	448,134
Other assets	984,817	-	984,817
Total assets	128,181,849	208,554,312	336,736,161
LIABILITIES			
Deposits from banks	2,106,029	-	2,106,029
Deposits from non-bank customers	287,032,277	8,146,357	295,178,634
Other borrowed funds	91,042	420,046	511,088
Derivative financial instruments	77,378	359,650	437,028
Lease liability	16,967	166,552	183,519
Current tax liabilities	992,214	-	992,214
Pension liabilities	-	693,609	693,609
Other liabilities	7,095,154	24,035	7,119,189
Total liabilities	297,411,061	9,810,250	307,221,310

Notes to the Financial Statements
For the year ended 31 December 2024

39. Maturity analysis of assets and liabilities (cont'd)

	31 December 2023		
	Current	Non current	Total
	MUR'000	MUR'000	MUR'000
ASSETS			
Cash and cash equivalents	18,836,899	-	18,836,899
Mandatory balances with central bank	14,911,020	-	14,911,020
Loans to and placements with banks	2,789,590	63,475	2,853,065
Derivative financial instruments	110,768	187,107	297,875
Loans and advances to non-bank customers	21,462,316	90,655,594	112,117,910
Investment securities	25,990,301	99,408,327	125,398,628
Property and equipment	-	3,439,903	3,439,903
Right-of-use assets	-	174,348	174,348
Intangible assets	-	1,623,646	1,623,646
Deferred tax assets	-	716,603	716,603
Other assets	743,000	-	743,000
Total assets	84,843,894	196,269,003	281,112,897
LIABILITIES			
Deposits from banks	1,716,593	-	1,716,593
Deposits from non-bank customers	234,232,272	4,975,608	239,207,880
Other borrowed funds	4,001,644	652,356	4,654,000
Derivative financial instruments	214,056	201,221	415,277
Lease liability	9,074	173,975	183,049
Current tax liabilities	535,619	-	535,619
Pension liabilities	-	425,420	425,420
Other liabilities	8,226,236	20,852	8,247,088
Total liabilities	248,935,494	6,449,432	255,384,926

Notes to the Financial Statements

For the year ended 31 December 2024

39. Maturity analysis of assets and liabilities (cont'd)

	31 December 2022		
	Current	Non current	Total
	MUR'000	MUR'000	MUR'000
ASSETS			
Cash and cash equivalents	26,534,212	-	26,534,212
Mandatory balances with central bank	13,316,978	-	13,316,978
Loans to and placements with banks	1,097,499	123,916	1,221,415
Derivative financial instruments	265,003	372,900	637,903
Loans and advances to non-bank customers	23,892,819	84,226,148	108,118,967
Investment securities	28,647,902	84,396,644	113,044,546
Property and equipment	-	3,134,713	3,134,713
Right-of-use assets	-	234,150	234,150
Intangible assets	-	1,518,510	1,518,510
Deferred tax assets	-	511,001	511,001
Other assets	801,351	-	801,351
Total assets	94,555,764	174,517,982	269,073,746
LIABILITIES			
Deposits from banks	1,757,243	-	1,757,243
Deposits from non-bank customers	230,705,925	6,179,402	236,885,327
Other borrowed funds	-	757,808	757,808
Derivative financial instruments	273,869	300,825	574,694
Lease liability	85,223	104,533	189,756
Current tax liabilities	411,835	-	411,835
Pension liabilities	-	549,107	549,107
Other liabilities	6,244,460	-	6,244,460
Total liabilities	239,478,555	7,891,675	247,370,230

Notes to the Financial Statements

For the year ended 31 December 2024

40. Supplementary information as required by Bank of Mauritius

The Bank of Mauritius requires the Bank to disclose its assets and liabilities, income and expenditure classified into Residents and Non-Residents. Non-Resident activity is essentially directed to the provision of international financial services that give rise to 'foreign source income', excluding global business licence services. Resident activity relates to all banking business other than Non-Resident activity. 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. Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance.

(a) Statement of financial position

	Residents	**Non Residents**	**Total**	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2024	**31-Dec 2024**	**31-Dec 2024**	31-Dec 2023	31-Dec 2023	31-Dec 2023	31-Dec 2022	31-Dec 2022	31-Dec 2022
	MUR'000	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ASSETS									
Cash and cash equivalents	**32,507,830**	**1,281,077**	**33,788,907**	14,601,453	4,235,446	18,836,899	22,494,134	4,040,078	26,534,212
Mandatory balances with central bank	**17,070,164**	**-**	**17,070,164**	14,911,020	-	14,911,020	13,316,978	-	13,316,978
Loans to and placements with banks	**-**	**7,595,289**	**7,595,289**	-	2,853,065	2,853,065	-	1,221,415	1,221,415
Derivative financial instruments	**202,566**	**277,653**	**480,219**	193,646	104,229	297,875	350,396	287,507	637,903
Loans and advances to non-bank customers	**116,760,263**	**13,147,393**	**129,907,656**	106,774,839	5,343,071	112,117,910	100,472,290	7,646,677	108,118,967
Investment securities	**88,117,532**	**52,490,336**	**140,607,868**	82,565,151	42,833,477	125,398,628	74,100,124	38,944,422	113,044,546
Property and equipment	**4,226,952**	**197,966**	**4,424,918**	3,150,676	289,227	3,439,903	2,822,920	311,793	3,134,713
Right-of-use assets	**160,644**	**12,698**	**173,342**	147,057	27,291	174,348	200,522	33,628	234,150
Intangible assets	**1,180,923**	**73,924**	**1,254,847**	1,217,104	406,542	1,623,646	1,139,073	379,437	1,518,510
Deferred tax assets	**274,784**	**173,350**	**448,134**	330,276	386,327	716,603	154,955	356,046	511,001
Other assets	**842,211**	**142,606**	**984,817**	679,436	63,564	743,000	724,102	77,249	801,351
Total assets	**261,343,869**	**75,392,292**	**336,736,161**	224,570,658	56,542,239	281,112,897	215,775,494	53,298,252	269,073,746
LIABILITIES									
Deposits from banks	**1,233,317**	**872,712**	**2,106,029**	1,518,372	198,221	1,716,593	1,224,995	532,248	1,757,243
Deposits from non-bank customers	**275,861,786**	**19,316,848**	**295,178,634**	216,138,021	23,069,859	239,207,880	205,780,852	31,104,475	236,885,327
Other borrowed funds	**-**	**511,088**	**511,088**	4,001,644	652,356	4,654,000	-	757,808	757,808
Derivative financial instruments	**196,338**	**240,690**	**437,028**	281,922	133,355	415,277	344,118	230,576	574,694
Lease liability	**160,040**	**23,479**	**183,519**	156,915	26,134	183,049	165,327	24,429	189,756
Current tax liabilities	**957,999**	**34,215**	**992,214**	454,164	81,455	535,619	401,737	10,098	411,835
Pension liabilities	**641,216**	**52,393**	**693,609**	389,712	35,708	425,420	518,890	30,217	549,107
Other liabilities	**5,154,332**	**1,964,857**	**7,119,189**	4,331,218	3,915,870	8,247,088	3,201,886	3,042,574	6,244,460
Total liabilities	**284,205,028**	**23,016,282**	**307,221,310**	227,271,968	28,112,958	255,384,926	211,637,805	35,732,425	247,370,230
SHAREHOLDER'S EQUITY									
Stated capital			**400,000**			400,000			400,000
Capital contribution			**13,054,011**			13,054,011			13,054,011
Retained earnings			**12,945,766**			10,923,822			8,028,574
Other reserves			**3,115,074**			1,350,138			220,931
Total equity			**29,514,851**			25,727,971			21,703,516
Total liabilities and equity			**336,736,161**			281,112,897			269,073,746

Notes to the Financial Statements

For the year ended 31 December 2024

40. Supplementary information as required by Bank of Mauritius (cont'd)

(b) Operating Income

	Residents	**Non Residents**	**Total**	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2024	**31-Dec 2024**	**31-Dec 2024**	31-Dec 2023	31-Dec 2023	31-Dec 2023	31-Dec 2022	31-Dec 2022	31-Dec 2022
Continuing operations	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income using the effective interest method	**11,878,085**	**2,828,042**	**14,706,127**	10,691,101	2,096,196	12,787,297	7,048,910	1,017,040	8,065,950
Other interest and similar income	**251,563**	**60,329**	**311,892**	155,201	59,093	214,294	123,827	14,041	137,868
Interest expense using the effective interest method	**(4,989,141)**	**(488,516)**	**(5,477,657)**	(4,065,477)	(289,199)	(4,354,676)	(1,021,022)	(78,800)	(1,099,822)
Other interest and similar expense	**(93,625)**	**(37,753)**	**(131,378)**	(118,327)	(34,062)	(152,389)	(78,789)	(91,510)	(170,299)
Net interest income	**7,046,882**	**2,362,102**	**9,408,984**	6,662,498	1,832,028	8,494,526	6,072,926	860,771	6,933,697
Fee and commission income	**1,466,418**	**199,087**	**1,665,505**	1,382,734	119,641	1,502,375	1,240,574	65,415	1,305,989
Fee and commission expense	**(7,367)**	**(77,142)**	**(84,509)**	(5,582)	(96,153)	(101,735)	(5,515)	(59,709)	(65,224)
Net fee and commission income	**1,459,051**	**121,945**	**1,580,996**	1,377,152	23,488	1,400,640	1,235,059	5,706	1,240,765
Other Income									
Net trading income	**761,866**	**1,042,695**	**1,804,561**	863,343	603,916	1,467,259	990,655	190,993	1,181,648
Net gains / (losses) from financial assets at FVTPL	**15**	**(7,235)**	**(7,220)**	(5,670)	25,451	19,781	(60,644)	36,310	(24,334)
Net losses on derecognition of financial assets measured at amortised cost	**-**	**(11,443)**	**(11,443)**	-	(21,394)	(21,394)	-	-	-
Net (losses) / gains on derecognition of financial assets measured at FVTOCI	**(4,627)**	**56,193**	**51,566**	4,421	17,144	21,565	37,849	(2,935)	34,914
Other operating income	**22,120**	**5,533**	**27,653**	9,704	3,758	13,462	14,098	3,399	17,497
	779,374	**1,085,743**	**1,865,117**	871,798	628,875	1,500,673	981,958	227,767	1,209,725
Non interest income	**2,238,425**	**1,207,688**	**3,446,113**	2,248,950	652,363	2,901,313	2,217,017	233,473	2,450,490
Operating income	**9,285,307**	**3,569,790**	**12,855,097**	8,911,448	2,484,391	11,395,839	8,289,943	1,094,244	9,384,187

Notes to the Financial Statements

For the year ended 31 December 2024

40. Supplementary information as required by Bank of Mauritius (cont'd)

(c) Sectorwise Distribution of Loans and Advances

	Residents	**Non Residents**	**Total**	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2024	**31-Dec 2024**	**31-Dec 2024**	31-Dec 2023	31-Dec 2023	31-Dec 2023	31-Dec 2022	31-Dec 2022	31-Dec 2022
	MUR'000	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Other Non-Financial Corporations									
A - Agriculture, forestry and fishing	**4,142,196**	**-**	**4,142,196**	2,523,393	561,599	3,084,992	2,323,481	918,253	3,241,734
B - Mining and quarrying	**-**	**1,080,550**	**1,080,550**	-	-	-	-	-	-
C - Manufacturing	**4,935,147**	**25**	**4,935,172**	3,622,204	-	3,622,204	3,774,519	115	3,774,634
D - Electricity, gas, steam and air conditioning supply	**762,725**	**-**	**762,725**	1,170,200	40	1,170,240	1,549,441	-	1,549,441
E - Water supply; sewerage, waste management and remediation activities	**6,989**	**-**	**6,989**	6,175	-	6,175	7,231	-	7,231
F - Construction	**4,019,968**	**403,321**	**4,423,289**	4,006,115	-	4,006,115	3,435,789	-	3,435,789
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	**5,252,182**	**3,494,827**	**8,747,009**	5,057,081	1,099,875	6,156,956	5,435,416	3,765,201	9,200,617
H - Transportation and storage	**241,061**	**-**	**241,061**	232,556	-	232,556	239,786	1,614,212	1,853,998
I - Accommodation and food service activities	**9,776,801**	**282,033**	**10,058,834**	11,913,048	365,336	12,278,384	11,687,983	432,914	12,120,897
J - Information and communication	**729,504**	**435,845**	**1,165,349**	298,401	-	298,401	367,187	-	367,187
L - Real estate activities	**9,880,790**	**172,433**	**10,053,223**	11,708,893	211,979	11,920,872	10,483,114	238,867	10,721,981
M - Professional, scientific and technical activities	**627,462**	**523,139**	**1,150,601**	310,646	623,290	933,936	309,296	687,754	997,050
N - Administrative and support service activities	**347,256**	**87**	**347,343**	279,518	87	279,605	259,515	87	259,602
P - Education	**141,845**	**-**	**141,845**	141,896	-	141,896	133,571	-	133,571
Q - Human health and social work activities	**36,917**	**-**	**36,917**	41,087	-	41,087	37,432	-	37,432
R - Arts, entertainment and recreation	**101,647**	**-**	**101,647**	43,328	-	43,328	154,321	-	154,321
S - Other service activities	**34,447**	**12**	**34,459**	29,107	5	29,112	35,299	-	35,299
Financial Corporations (excluding Global Business Companies)	**4,824,507**	**1,100,069**	**5,924,576**	4,012,343	83,795	4,096,138	5,173,525	195,816	5,369,341
Public Non-Financial Corporations	**11,562,996**	**-**	**11,562,996**	9,455,400	-	9,455,400	8,851,083	-	8,851,083
Global Business Corporations (GBCs)	**3,167,096**	**-**	**3,167,096**	3,376,325	-	3,376,325	4,700,520	-	4,700,520
Households	**60,807,311**	**1,444,057**	**62,251,368**	54,148,784	1,312,330	55,461,114	47,646,362	1,174,156	48,820,518
Central Bank	**1**	**-**	**1**	297	-	297	-	-	-
Banks	**-**	**7,670,400**	**7,670,400**	-	2,871,466	2,871,466	165,117	1,753,561	1,918,678
Non-Bank Deposit Taking Institutions	**-**	**-**	**-**	6,704	-	6,704	20,103	-	20,103
Central Government	**4,560**	**4,398,628**	**4,403,188**	5,382	2,396,756	2,402,138	6,409	2,854,735	2,861,144
Nonprofit Institutions serving resident households	**57,328**	**-**	**57,328**	26,269	-	26,269	32,858	-	32,858
	121,460,736	**21,005,426**	**142,466,162**	112,415,152	9,526,558	121,941,710	106,829,358	13,635,671	120,465,029

Notes to the Financial Statements

For the year ended 31 December 2024

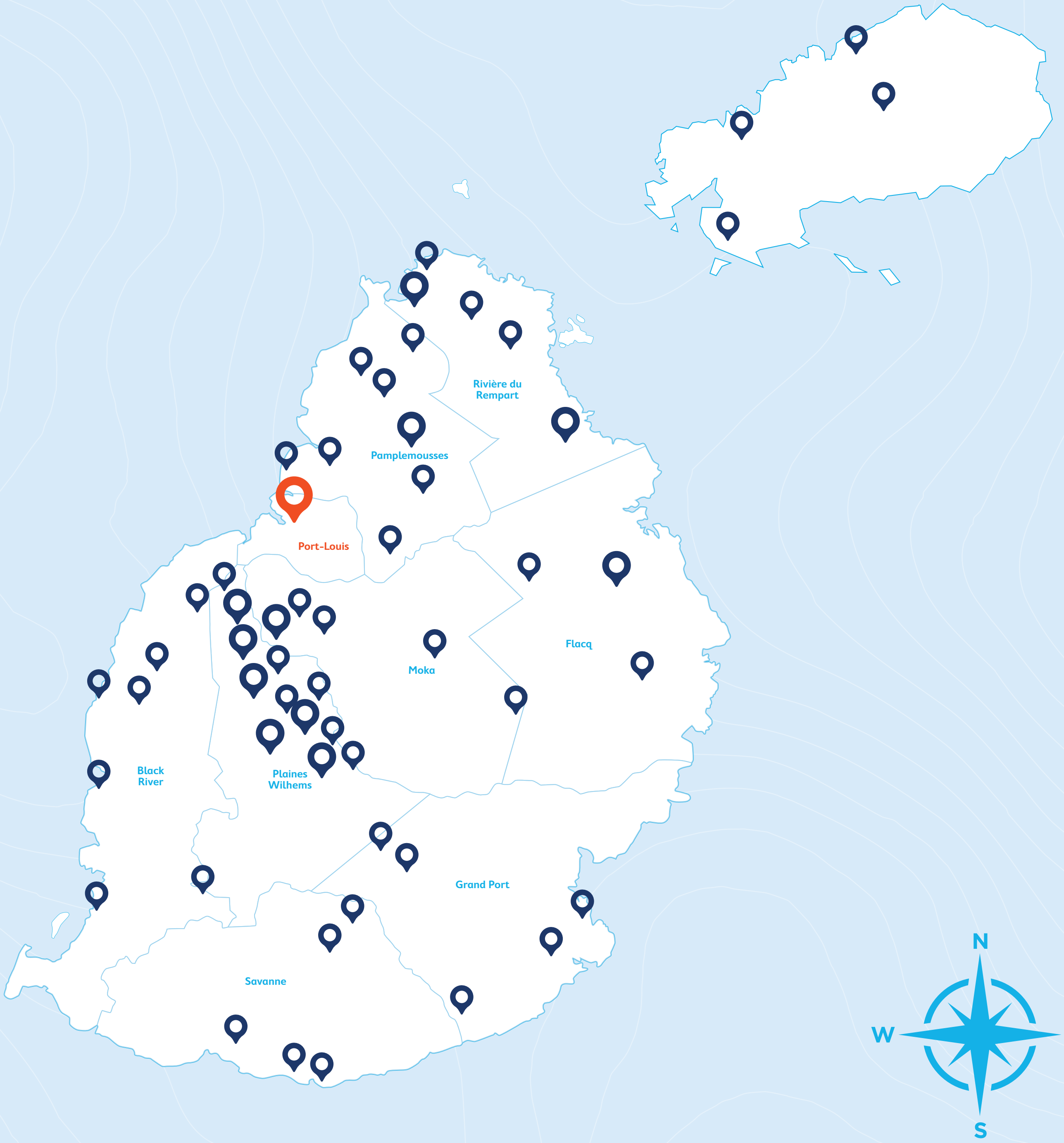
40. Supplementary information as required by Bank of Mauritius (cont'd)

(d) Deposits from non-bank customers

	Residents	**Non Residents**	**Total**	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2024	**31-Dec 2024**	**31-Dec 2024**	31-Dec 2023	31-Dec 2023	31-Dec 2023	31-Dec 2022	31-Dec 2022	31-Dec 2022
	MUR'000	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Retail Customers	**123,866,127**	**8,334,647**	**132,200,774**	106,107,827	7,193,774	113,301,601	98,692,667	7,798,988	106,491,655
- Current Accounts	**26,406,602**	**3,704,947**	**30,111,549**	23,634,842	3,491,187	27,126,029	24,083,239	3,872,113	27,955,352
- Savings Accounts	**86,343,832**	**1,918,364**	**88,262,196**	74,263,565	1,719,228	75,982,793	68,884,908	1,825,373	70,710,281
- Time Deposits	**11,115,693**	**2,711,336**	**13,827,029**	8,209,420	1,983,359	10,192,779	5,724,520	2,101,502	7,826,022
Corporate Customers	**132,680,912**	**10,982,201**	**143,663,113**	91,148,037	15,876,085	107,024,122	90,753,962	23,305,487	114,059,449
- Current Accounts	**59,832,219**	**6,979,169**	**66,811,388**	58,212,530	6,404,230	64,616,760	59,477,580	15,010,505	74,488,085
- Savings Accounts	**4,320,039**	**-**	**4,320,039**	4,080,451	-	4,080,451	4,475,182	-	4,475,182
- Time Deposits	**68,528,654**	**4,003,032**	**72,531,686**	28,855,056	9,471,855	38,326,911	26,801,200	8,294,982	35,096,182
Government	**19,314,747**	**-**	**19,314,747**	18,882,157	-	18,882,157	16,334,223	-	16,334,223
- Current Accounts	**7,946,142**	**-**	**7,946,142**	6,659,776	-	6,659,776	6,592,814	-	6,592,814
- Savings Accounts	**4,217,740**	**-**	**4,217,740**	3,438,240	-	3,438,240	3,243,286	-	3,243,286
- Time Deposits	**7,150,865**	**-**	**7,150,865**	8,784,141	-	8,784,141	6,498,123	-	6,498,123
	275,861,786	**19,316,848**	**295,178,634**	216,138,021	23,069,859	239,207,880	205,780,852	31,104,475	236,885,327

Additional Information

Branches and counters



List of branches & counters

District	Location	Addresss	Type of Business
Port Louis	Port Louis/Head Office	State Bank Tower, 1 Queen Elizabeth II Avenue, Port-Louis	Branch
	Pope Henessy Street	18 Jules Koenig Street (opposite the St. Louis cathedral), Port-Louis	Branch
	Cassis	Royal Road, Cassis	Branch
	Plaine Verte	La Paix Square, corner SSR (formerly Desforges) and La Paix Streets, Port Louis	Branch
	Labourdonnais Street	Labourdonnais Street, Port Louis	Branch
	Royal Street	Royal Street, Port Louis	Branch
Black River	Bambous	Royal Road, Bambous	Branch
	Riviere Noire	London Way Shopping Centre Black River Rd - La Preneuse	Branch
Flacq	Bel Air	Royal Road, Bel Air	Branch
	Lallmatie	Royal Road, Lallmatie	Branch
	Central Flacq	Flacq Retail Park, Boulet Rouge, Central Flacq	Branch
	Montagne Blanche	Royal Road, Montagne Blanche	Branch
Riviere du Rempart	Goodlands	Royal Road, Goodlands	Branch
	Riviere Du Rempart	Maurel Road, Riviere Du Rempart	Branch
	Grand Bay	Coeur de Ville, Grand Baie Commercial Complex, La Salette Road, Grand Baie	Branch

Additional Information (cont'd)

List of branches & counters

District	Location	Addresss	Type of Business
Grand Port	Rose Belle	Royal Road, Rose Belle	Branch
	Plaine Magnien	Royal Road, Plaine Magnien	Branch
	Mahebourg	Corner Cent Gaulettes and Délices Streets, Mahebourg	Branch
	L'Escalier	Royal Road, L'Escalier	Branch
	Plaisance	SSR International Airport, Plaisance	Counter
Moka	St Pierre	L'Agrement, St Pierre	Branch
	Quartier Militaire	Royal Road, Quartier Militaire	Branch
	Reduit	Opposite MIE Building, Réduit	Branch
	Ebène	Ibiza Building, Ground Floor, Lot 15A3, Wall Street, Ebène	Branch
Pamplemousses	Pamplemousses	Royal Road, Pamplemousses	Branch
	SSRN Hospital	SSRNH, Powder Mill Street, Pamplemousses	Branch
	Triolet	Royal Road, Triolet (Near the Triolet Police Station)	Branch
	Long Mountain	Royal Road, Long Mountain	Branch
	Fond Du Sac	Royal Road, Fond Du Sac	Branch
Plaine Wilhems	Curepipe	Royal Road, Curepipe	Branch

List of branches & counters

District	Location	Addresss	Type of Business
Plaine Wilhems	Candos	Victoria Hospital, Candos	Branch
	Quatre Bornes	27, St Jean Road, Quatre Bornes	Branch
	Rose Hill	Cardinal Margeot Square, Rose Hill	Branch
	Stanley	Hugnin Street, Stanley	Branch
	Mesnil	Royal Road, Mesnil	Branch
	Vacoas	John Kennedy Avenue, Vacoas	Branch
	Beau Bassin	Napier Broome St, Beau Bassin	Branch
Savanne	Surinam	Royal Road, Surinam	Branch
	Rivière Des Anguilles	La Barrack Road, Rivière des Anguilles	Branch
	Chemin Grenier	Royal Road, Chemin Grenier	Branch
	Grand Bois	Royal Road, Grand Bois	Branch
Rodrigues	Port Mathurin	Max Lucchesi Street, Port Mathurin, Rodrigues	Branch
	Mont Lubin	Mont Lubin, Rodrigues	Counter
	La Ferme	La Ferme, Rodrigues	Counter
	Plaine Corail	Plaine Corail Airport, Plaine Corail, Rodrigues	Counter

Notes

Notes

Registered Office
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