

# A New Horizon

Annual Report 2025





## At the Center of Opportunity

Anchored in stability, guided by purpose,  
Mauritius shapes its role as a leading financial hub  
for tomorrow.

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**MR LAKSHMANA  
LUTCHMENARRAIDOO**  
CHAIRPERSON

**Dear Esteemed Shareholders,**

On behalf of the Board of Directors, it is my pleasure to present the Chairperson's Report for the financial year ended 30 June 2025.

First of all, I would like to thank Mrs Ah Foon Chui Yew Cheong for her chairmanship of the Board over the last few years and her valuable contribution to the bank. With her legacy, the bank continues to deliver resilient performance while laying the foundations for future growth and transformation, in a rapidly evolving global and regional landscape.

**Strategic Milestone:  
Creation of ABCB Holdings Limited**

A cornerstone of this year's strategic agenda has been the corporate reorganisation with the creation of **ABCB Holdings Limited**, now the parent company overseeing ABC Banking Corporation Limited and its developing non-banking subsidiaries.

**The bank's profit after tax for the year ended 30 June 2025 stood at Mur 380.6M, an increase of 48% compared to Mur 257.7M last year.**

Approved by shareholders and regulators, this reorganization enables greater agility, diversification, and access to capital markets, with ABCB Holdings Limited being listed on the main board of the Stock Exchange of Mauritius.

This corporate restructuring reflects our commitment to evolving the group's structure for long-term resilience and broader financial services delivery.

**Our Performance**

The bank's profit after tax for the year ended 30 June 2025 stood at MUR 380.6 million an increase of 48% compared to MUR 257.7 million last year.

Operating income grew from MUR 849.6 million to MUR 1,054.8 million, inclusive of an exceptional item of MUR 146.5 million arising from the gain on disposal of its three properties to ABCB Properties Limited, as part of the corporate restructure. The growth in operating income was achieved through a sustained growth in its balance sheet. The loan book reached MUR 18.0 billion representing an increase of 26% and deposit book stood at MUR 28.8 billion, representing a growth of 29%. Our Capital Adequacy Ratio of 15.9% and Liquidity Coverage Ratio of 290% remain well above regulatory thresholds, affirming our financial stability and risk management rigor.

The bank has grown steadily across the main business pillars—Retail, Corporate Banking, Private Banking, International Banking and Treasury. Driven by its Managing Director, with the support of the Chief Operating Officer and recently appointed Chief Business Officer and a team of professionals, coupled with sound governance practices, the bank has delivered a solid financial performance, reflecting the commitment to sustainable growth and operational excellence.

Corporate governance remains at the heart of our operations. The Board continues to uphold the highest standards of oversight, accountability, and transparency, guided by the Bank of Mauritius guidelines and other local regulations.

We are committed to boardroom diversity, strengthening risk management and internal controls, and ensuring proper succession. These remain central to our governance philosophy.

I wish to extend sincere thanks to our valued shareholders & customers for their unwavering trust, which helps us to keep the momentum.

My thanks also go to the Board of Directors for steadfast guidance and to our Management and Staff for their dedication and professionalism.

Together, we shall continue to build on our achievements, delivering sustained value and navigating through new opportunities with confidence.

**Lakshmana Lutchmenarraidoo**  
Chairperson of the board

## CORPORATE PROFILE

Rooted in strong family values and a legacy dating back to 1931, ABC Banking Corporation Ltd has grown from a modest financial institution into a respected, market-leading bank, recognised for its integrity, innovation, and high-quality products and services.

From its early days, when it held a Term Deposit portfolio of MUR 2.0 billion in December 2010, the bank has demonstrated remarkable growth, expanding its deposits to MUR 28.8 billion as at 30 June 2025, with shareholders' equity reaching MUR 2.8 billion.

Headquartered in the heart of Port Louis, the bank operates across four main pillars: Personal, Corporate, Private and International Banking. A significant milestone was reached in January 2016, when the bank was listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM), with share prices showing consistent growth since listing. In 2017, ABC Banking Corporation Ltd became the first Mauritian bank in China by opening a Hong Kong representative office. In April 2021, it expanded further with a representative office in Dubai, enhancing its presence in the Middle East.

In March 2024, the bank issued bonds totalling MUR 700 million, which were admitted to the Official List of the Stock Exchange of Mauritius. Following a corporate reorganisation, the bank became a subsidiary of the newly created ABCB Holdings Limited. This process also involved the delisting of the bank from the Development & Enterprise Market, and the listing of ABCB Holdings on the Main Board of the Stock Exchange of Mauritius in April 2025, marking a significant milestone in the bank's growth and governance evolution. The reorganisation will enable the Group to develop its non-banking activities more efficiently while allowing the bank to focus on its core business.

Over the past years, ABC Banking has received numerous awards and recognition for its performance and innovation. From "Best Private Bank for Offshore Services" from Euromoney to "Best International Bank, Indian Ocean" of Capital Finance International (CFI.co) and "Fastest Growing Banking Brand in Mauritius" from Global Brands Magazine - these distinctions stand as a testament to the dedication, excellence, and forward-looking vision of its board of directors, management and employees.

## OUR VISION

To be the preferred and trusted bank in our stakeholders' quest for success and value creation.

## OUR MISSION

We strive to delight our customers whilst delivering on our responsibilities towards the country, community & environment.

We shall also drive the continuous development of the bank as one team, whilst catering for diverse interest, providing development opportunities for individual talents.

Furthermore, we commit to uphold our shareholders' and all stakeholders' trust in us.

## OUR VALUES

**Integrity** - A commitment to always do the right thing, no matter what the situation or potential gain involved.

**Loyalty** - To have a strong sense of belonging and dedication to the groups' activities, beliefs and values.

**Tenacity** - An inner desire to keep advancing and progressing in the face of adversity.

**Spirit of innovation** - The zest to continuously come up with new and creative solutions amidst changing times.

**Service excellence** - The dedication to deliver the utmost level of customer experience.

# CORPORATE INFORMATION

## REGISTERED OFFICE, HEAD OFFICE & MAIN BRANCH

WEAL HOUSE  
Duke of Edinburgh Avenue  
Place d'Armes  
11328 Port Louis  
Tel: (230) 206 8000  
Fax: (230) 208 0088  
www.abcbanking.mu  
BRN: C07018920

## EXTERNAL AUDITORS

### KPMG Mauritius

KPMG Centre  
31 Cybercity, Ebène  
Mauritius

## LEGAL SERVICES

Me. Dev Erriah  
Me. Jean Christophe Oh-San Bellepeau  
Me. Georgy Ng Wong Hing  
Me. Michael King Fat  
Me. Ghanshyam Bhanji Soni  
Me. Roobesh Ramanjooloo

## MAIN CORRESPONDENT BANKS

Abu Dhabi Commercial Bank  
Bank of China Limited  
Crown Agents Bank Limited  
Mizuho Bank Ltd  
Société Générale  
Standard Chartered Bank  
Standard Bank of South Africa Limited  
Yes Bank Limited

# BOARD OF DIRECTORS FOR THE YEAR ENDED 30 JUNE 2025

## CHAIRPERSON

Mrs Ah Foon Chui Yew Cheong (Ceased to be a director and chairperson on 29 November 2024)  
Mr Lakshmana Lutchmenarraido (Also known as Kris Lutchmenarraido) (Appointed as chairperson on 29 November 2024)

## MANAGING DIRECTOR

Mr David Brian Ah-Chuen (Appointed on 1 July 2024)

## EXECUTIVE DIRECTOR

Mr Michel Bruno Lalanne (Appointed on 28 April 2025)

## MEMBERS

Prof. Donald Ah-Chuen, G.O.S.K (Appointed on 1 April 2025)  
Mr Patrick Andrew Dean Ah-Chuen  
Ms Varuna Roy Bunwaree (Appointed on 8 May 2025)  
Mr Max Danny Kim Shian Fon Sing  
Ms Sareeta Goundan  
Mr Bhanu Pratabsingh Jaddoo (Also known as Raju Jaddoo) (Ceased to be a director on 29 November 2024)  
Mr Lakshmana Lutchmenarraido  
Late Mr André Kwet-Tsong Tze Sek Sum (Ceased to be a director on 6 July 2025)  
Ms Laura Yee Min Wong Sun Thiong (Also known as Laura Yeung Sik Yuen)

## Composition as at 30 June 2025

## BOARD CREDIT COMMITTEE

Mr Danny Fon Sing (Chairperson)  
Prof. Donald Ah-Chuen (Ceased to be a member on 1 April 2025)  
Mr Brian Ah-Chuen (Member as from 1 April 2025)  
Mr Lakshmana Lutchmenarraido

## AUDIT COMMITTEE

Ms Laura Wong Sun Thiong (Chairperson as from 29 November 2024)  
Mr Bhanu Jaddoo (Ceased to be a member and chairperson on 29 November 2024)  
Ms Sareeta Goundan (Member as from 12 July 2024)  
Late Mr André Tze Sek Sum (Member since 29 November 2024 and ceased to be a member on 8 May 2025)  
Ms Varuna Bunwaree (Member as from 8 May 2025)

## RISK MANAGEMENT COMMITTEE

Ms Sareeta Goundan (Chairperson as from 29 November 2024)  
Mr Lakshmana Lutchmenarraido  
Prof. Donald Ah-Chuen (Ceased to be a member on 7 July 2024)  
Mr Brian Ah-Chuen (Member as from 7 July 2024)  
Mr Bhanu Jaddoo (Ceased to be a member on 29 November 2024)

## CONDUCT REVIEW COMMITTEE

Mr Lakshmana Lutchmenarraido (Chairperson) (Discontinued on 29 November 2024)  
Mr Danny Fon Sing  
Late Mr André Tze Sek Sum

*The Corporate Governance Committee and the Nominations and Remuneration Committee have been merged on 29 November 2024 to create a new committee, namely the Governance, Nominations and Remuneration Committee which carries out the activities of both committees.*

## GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE

Late Mr André Tze Sek Sum (Chairperson) (Ceased to be a member on 6 July 2025)  
Prof. Donald Ah-Chuen  
Ms Laura Wong Sun Thiong

## COMPANY SECRETARY & SHARE REGISTRY

Mr Mahesh Ittoo, ACG

The Company Secretary acts as Secretary to the Board and all Board committees.

## Global Banking, Local Insight

With presence in leading financial centers, we combine international reach with local expertise to serve you better.

# FINANCIAL HIGHLIGHTS

	Bank		
	2025	2024	2023
<b>STATEMENT OF PROFIT OR LOSS (MUR M)</b>			
Net Interest Income	709.7	677.2	610.3
Operating Income	1,054.8	849.6	776.6
Profit before impairment	460.2	338.8	292.1
Profit before tax	440.1	298.1	343.4
Profit after tax	380.6	257.7	298.2
<b>STATEMENT OF FINANCIAL POSITION (MUR M)</b>			
Total assets	33,523.5	26,392.7	23,638.7
Net loans and advances portfolio	18,041.5	14,270.5	11,246.6
Total deposit	28,843.1	22,352.7	20,354.3
Shareholders' fund	2,793.8	2,476.2	2,297.6
Tier 1 Capital	2,489.5	2,400.9	2,210.7
Total net capital	3,442.8	3,272.1	2,488.8
Risk- weighted assets	21,625.3	17,387.4	16,238.7
<b>PERFORMANCE RATIOS (%)</b>			
Return on average total assets*	1.3	1.0	1.3
Return on equity**	13.6	10.4	13.0
Non-interest income to operating income	32.7	20.3	23.2
Loans and advances to deposit ratio	63.1	64.5	56.2
Cost to income ratio	56.4	60.1	62.4
<b>CAPITAL ADEQUACY RATIOS (%)</b>			
Capital & Reserves/Total assets	8.3	9.4	9.7
Capital adequacy ratio	15.9	18.8	15.3
Tier 1 ratio	11.5	13.8	13.6
<b>INVESTOR DATA</b>			
Earnings per share (MUR)**	5.0	3.4	3.9

\* based on profit after tax

\*\* based on average number of shares



**MR BRIAN**  
**AH-CHUEN**  
MANAGING DIRECTOR

## Our Net interest income has increased from MUR 677.2 million last year to MUR 709.7 million this year

### Dear Esteemed Shareholders,

It is my privilege to present the bank's annual report for the financial year ended 30 June 2025 and to share with you our strategic objectives as we enter the next phase of our journey under the ABCB Holdings structure.

The corporate reorganisation that we announced last year has now been fully implemented, effectively separating the banking and non-banking activities. The 2025 financial year marked a strategic milestone with the creation and listing of ABCB Holdings Limited on the Official Market of the Stock Exchange of Mauritius. The new holding

structure provides strategic optionality, improved market visibility and better access to capital.

The bank has continued to deliver a resilient performance while laying the foundations for future growth and transformation despite volatile conditions both locally and globally as well as rapidly evolving customer expectations.

### Operating environment in the global & local economic context

The Mauritian economy continued to normalise, demonstrating commendable resilience in 2024 and recording a GDP growth of 4.9%. However, growth is forecasted to moderate to 3.1% in 2025 due to global uncertainties and domestic structural challenges. The economy should continue to improve with robust activity in tourism, construction and financial services, although

global rate cycles will continue to impact the local economy. Against this backdrop, we shall focus on disciplined growth, balance-sheet strength, innovation and service excellence, supported by continued investments in technology and talent.

Globally, 2025 has been a year of recalibration. Trade realignments, particularly new U.S. tariffs and evolving EU-Japan agreements, have reshaped global commerce. Central banks worldwide have intensified gold purchases, signalling a shift in reserve strategies amid geopolitical and monetary uncertainties.

Major economies have shown mixed performance, while China and India posted steady growth. Europe faced contractions in Germany and Italy, and the U.S. maintained a cautious monetary policy. Inflation remains a concern but easing financial conditions and strategic fiscal interventions have helped stabilize markets.

### Financial performance

We closed the year with a profit after tax of MUR 380.6 million which represents a 48% increase over last year (MUR 257.7 million). Our net interest income has increased from MUR 677.2 million last year to MUR 709.7 million this year, representing a 5% growth. Operating income of MUR 1,054.8 million was generated this year and excluding an exceptional item of MUR 146.5 million relating to the sale of properties, the figure stands at MUR 908.3 million which is an increase of 7% as compared to last year, reflecting healthy balance-sheet momentum and improving productivity. Total assets reached MUR 33.5 billion as compared to MUR 26.4 billion last year, an increase of 27%. Net loans and advances have also recorded a similar growth of 26%, materially increasing from MUR 14.3 billion last year to MUR 18.0 billion this year while deposits increased by 29% from MUR 22.4 billion to MUR 28.8 billion for this financial year. Our Return on Equity stood at 13.6%, with a cost-to-income ratio trending down to 56.4% as efficiency programmes gained traction.

## MANAGING DIRECTOR'S REPORT

Asset quality remained sound: the NPL ratio was 2.1%, well below the market which averages around 6%, underscoring disciplined risk selection and proactive monitoring.

Our capital position is robust. The Capital Adequacy Ratio (CAR) stood at 15.9% (regulatory minimum: 12.5%), reinforced by a successful MUR 700 million Tier 2 bond issuance in March 2024, which was oversubscribed and is listed on the Stock Exchange of Mauritius. This demonstrates our ability to fund prudent growth and buffer the bank against stress scenarios.

### Key drivers of performance:

- 1) Focused growth in priority segments. We sustained double-digit expansion in our lending book, driven by Corporate Banking, Private Banking and International Banking, while maintaining disciplined underwriting. Fee-generating activities and treasury operations complemented our net interest income growth.
- 2) Funding and liquidity strength. Solid deposit mobilisation provided a stable, diversified funding base to support asset growth, while proactively managing interest-rate repricing gaps and liquidity buffers.
- 3) Building digital foundations. We continued on our path to modernise our core platforms and digital channels across Retail, Corporate and Private Banking, and improving speed while maintaining a strong security infrastructure and providing a user-friendly experience for transaction payments and daily banking. These efforts align with national priorities to accelerate digital adoption and inclusion.

### Strategic Objectives

Looking ahead, we are executing a well-defined strategic plan anchored on the following:

1. Customer-centric growth. Deepen relationships in Corporate, Private and International Banking, leveraging sector expertise, explore cross-border capabilities and tailored solutions in trade finance and wealth management services.
2. Digital transformation. Scale end-to-end digital journeys (origination to servicing), enhancing our digital platforms and cybersecurity frameworks, in line with Mauritius' digital transformation roadmap.
3. Capital & funding optimisation. Use the ABCB Holdings Limited platform to pursue diversified funding, selective capital actions and active balance-sheet management to support sustainable growth while keeping CAR comfortably above regulatory thresholds.
4. Risk excellence. Maintain adequate risk appetite, vigilant credit monitoring and data-driven early-warning system to preserve low NPLs; strengthen ICAAP, stress testing and climate-related risk assessments.
5. People, culture & governance. Invest in leadership, specialist skills and a performance culture grounded in integrity and accountability.

### Outlook

While the external environment remains volatile, the bank has started the new financial year with strong capital, healthy asset quality and a differentiated customer proposition. The combination of focused segment strategies, advanced digital capabilities and the ABCB Holdings structure positions us to deliver sustainable growth, resilient profitability, and adequate shareholders' return, while contributing meaningfully to the Mauritian economy and community.

### Acknowledgements

Effective 1 July 2024, I assumed the role of Managing Director, succeeding Professor Donald Ah-Chuen, whose vision and stewardship laid the foundations for today's bank. I thank our Board, leadership team and all ABC Banking colleagues for their commitment and dedication; our customers for their trust; our regulators and partners for constructive engagement; and you, our shareholders, for your continued trust and support.

Together, we will write the next chapter of ABC Banking's growth with ambition, discipline and purpose. This year, we are marking the 15<sup>th</sup> anniversary of ABC Banking—a noteworthy milestone that we will commemorate alongside the unveiling of our strengthened brand identity, which is set to serve as a catalyst for continued growth and innovation.



**David Brian Ah-Chuen**  
Managing Director  
ABC Banking Corporation Limited



## Your Horizon, Your Legacy

We protect and grow your wealth,  
so you can enjoy what matters most.

# CORPORATE GOVERNANCE REPORT

The financial services industry stands at an inflection point where artificial intelligence, sustainable finance, and evolving regulatory frameworks are reshaping the foundation of banking. In this environment of accelerated change, institutions that thrive are those that embed agility, purpose, and robust governance into their organisational fabric across all levels.

At ABC Banking, our Board of Directors champions a governance framework that goes beyond compliance—we view governance as the foundation for creating shared value across our ecosystem of customers, employees, investors, and communities. Our commitment extends to driving meaningful impact in Mauritius’s economic development while setting new benchmarks for responsible banking practices in the region.

Our governance architecture is built on transparency, accountability, and continuous evolution. We maintain a comprehensive suite of governance documents including our Board Charter, executive role definitions, Code of Ethics, and accountability frameworks—all of which undergo regular review to reflect emerging best practices, regulatory developments, and strategic priorities. These living documents, accessible through our digital platforms, demonstrate our commitment to open governance and stakeholder engagement.

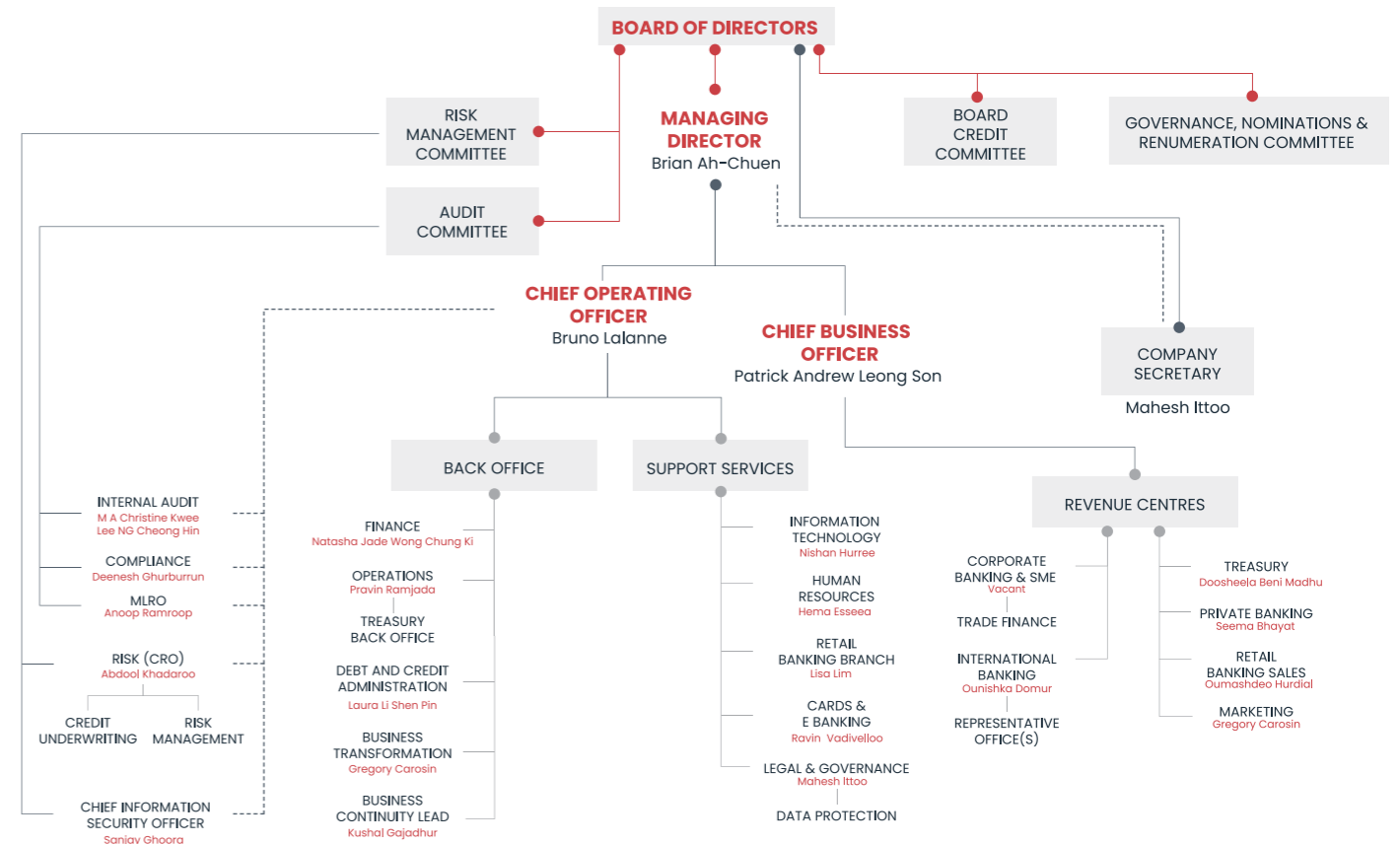
As we look ahead, our governance approach remains anchored in three core principles: fostering innovation while managing risk intelligently, embedding sustainability into every decision, and ensuring that our growth contributes meaningfully to Mauritius’s prosperity and the broader global financial ecosystem.

## OUR GOVERNANCE FRAMEWORK

Our governance framework operates as an integrated ecosystem that drives accountability, transparency, and stakeholder value creation across every dimension of our operations. Rather than viewing governance as a constraint, our Board positions it as the strategic enabler that transforms regulatory requirements into competitive advantages and operational excellence.

This framework serves as our organizational backbone—a dynamic platform that supports adaptive management while ensuring unwavering compliance. It creates the infrastructure through which strategic initiatives, risk management, and stakeholder engagement seamlessly converge to deliver sustainable performance and lasting value.

The below diagram depicts the bank’s structure chart as at 30 June 2025:



The new Head of Department of Corporate Banking and SME, Mr Ibrahim Malleck, was appointed in August 2025



## Bridging Cultures, Building Futures.

Our heritage gives us the unique ability to connect East and West, linking traditions, markets and people.

## THE BOARD AND ITS ROLE

Our Board of Directors has established a governance framework specifically calibrated to drive our organisation toward achieving ambitious business objectives, strategic milestones, and meaningful societal impact. This comprehensive framework encompasses intelligent oversight mechanisms, robust control systems, and performance parameters that ensure management and staff operate with the highest standards of ethics and efficiency while maintaining strict adherence to all regulatory mandates.

The Directors maintain active oversight of evolving corporate governance standards and consistently validate that the bank not only meets but exceeds the requirements set forth in the National Code of Corporate Governance and Bank of Mauritius Guidelines on Corporate Governance.

Our Constitution establishes Board composition between 6 and 10 Directors, strategically sized to balance diverse perspectives with operational efficiency. In alignment with Banking Act 2004 provisions and Bank of Mauritius Guidelines, our Board comprised 8-10 Directors during the year ended 30 June 2025. Gender diversity represents a strategic priority, with the Board actively committed to maintaining strong female representation as we advance our inclusive leadership agenda. Director appointments are made by shareholders at our Annual Meeting, ensuring democratic accountability in our governance leadership.

This carefully curated composition delivers an optimal blend of experience, expertise, and competencies that enables effective, independent decision-making under the strategic guidance of Chairperson Mr. Lakshmana Lutchmenaraidoo. Our Executive Directors, Mr. Brian Ah-Chuen and Mr. Bruno Lalanne, serve as the critical bridge between Board-level strategy and operational execution, ensuring seamless implementation of approved policies and strategic initiatives throughout the organization.

The Board comprised 10 members as at 30 June 2025. Their profiles can be viewed on pages 20 – 25.

Directors	Category
Mr Lakshmana Lutchmenaraidoo	Independent (Chairperson as from 29 November 2024)
Mr David Brian Ah-Chuen	Executive (Managing Director)
Mr Bruno Lalanne	Executive (Appointed on 28 April 2025)
Prof. Donald Ah-Chuen	Non-Executive
Mr Dean Ah-Chuen	Non-Executive
Ms Varuna Bunwaree	Independent (Appointed on 8 May 2025)
Mr Danny Fon Sing	Independent
Ms Sareeta Goundan	Independent
Ms Laura Wong Sun Thiong	Independent
Late Mr André Tze Sek Sum	Independent

*All Directors of the bank as at 30 June 2025 were residents in Mauritius.*

# PROFILE OF DIRECTORS



**MR LAKSHMANA LUTCHMENARRAIDOO**  
(ALSO KNOWN AS KRIS LUTCHMENARRAIDOO)  
INDEPENDENT DIRECTOR AND CHAIRPERSON  
(Appointed as Chairperson as from 29 November 2024)

Mr Lakshmana (Kris) Lutchmenarraidoo holds a Banking Diploma from Finafrica Institute. He has worked for the State Bank of Mauritius between 1973 and 1986, during which period he occupied various managerial positions, including the position of Assistant General Manager during his last four years there. He then participated to the set up the Mauritius Leasing Company as General Manager before being later appointed as Managing Director in 1997, and promoted as President of the Financial Services arm of the British American Group in 1999.

In 2002, Mr Lutchmenarraidoo was appointed as the Executive Chairman of The Mauritius Post Ltd and he was subsequently appointed as Chief Executive Officer of the Mauritius Post and Cooperative Bank Ltd, which he set up in May 2003.

He thereafter took assignments as General Manager of Mauritours Ltd in December 2005, and La Prudence (Mauricienne) Assurances Ltée as General Manager of the General Insurance Department in August 2007. He was appointed Group Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd on 1 January 2011 and held this position till 31 December 2014. He was then appointed Group Managing Director of Phoenix East Africa Assurance Company Limited till June 2016, and Chief Executive Officer of La Prudence Leasing & Finance Co Ltd from 1 September 2016 to 14 January 2017.

Prior to joining the bank, he was the Chief Executive Officer of SBM (NBFC) Holdings Limited from 15 January 2017 to 30 June 2020. He has also been appointed as Independent Director of Afrexim Bank Insurance Management Services Ltd (Afrexinsure), a 100% subsidiary of Afrexim Bank, in July 2024. Afrexinsure is a GBC Company and is involved in the provision of Insurance Management Services.



**MR DAVID BRIAN AH-CHUEN**  
MANAGING DIRECTOR

Mr Brian Ah-Chuen is the Managing Director of ABC Banking, banking arm of ABCB Holdings Limited, where he has spearheaded the bank's growth and diversification both locally and internationally. He holds a BBA Honours from the Schulich School of Business, York University, Toronto, Canada, and brings over three decades of leadership experience across multiple industries within the ABC Group of Companies.

Building on this extensive background, Mr Brian Ah-Chuen has played a central part in defining the strategic direction of ABC Banking Corporation Ltd. Under his leadership, the bank has established its international footprint with the opening of representative offices in Hong Kong and Dubai and accelerated the growth of the bank's portfolio with the launch of its Private Banking segment. The bank also achieved a major milestone in April 2025, with the listing of ABCB Holdings Limited on the Official Market of the Stock Exchange of Mauritius. By driving innovation and a client-first approach, he has positioned ABC Banking Corporation Ltd as a trusted and competitive player in the regional financial landscape.

Before taking on the role of Managing Director of the banking arm of the ABC Group, he held senior positions across the Automobile, FMCG, and Hospitality clusters. Among his boldest initiatives are the introduction of the Alfa Romeo and Fiat brands in Mauritius, the modernisation and relocation of ABC Foods (Chue Wing & Co Ltd) to Trianon, and the management of Marina Resort, a 4-star hotel formerly owned by the Group.

Beyond his executive role, Mr Brian Ah-Chuen has also contributed actively to the Mauritian business community, holding key positions notably as Deputy Chairperson of the Mauritius Bankers Association, Director of Mauritius Union Assurance Ltd and Board Member of Business Mauritius' Africa Strategy Committee.

Moreover, he has previously served as a Board Member of the Mauritius Chamber of Commerce & Industry. He is a Fellow member of the Mauritius Institute of Directors (MIoD).



**MR MICHEL BRUNO LALANNE**  
EXECUTIVE DIRECTOR

Mr Bruno Lalanne joined ABC Banking Corporation Ltd as Chief Operating Officer in January 2024, bringing with him more than 30 years of experience in the banking sector. On 28 April 2025, he was appointed as Executive Director. Mr Bruno Lalanne has an in-depth knowledge of Compliance (including AML/CFT) procedures, models and operations which he acquired during his extensive career at HSBC Mauritius. He held various positions including Head of Corporate Banking, Chief Operating Officer, Area Compliance Officer and Head of Financial Crime Compliance & Regulatory Compliance. Mr Lalanne has also spent 2 years in the Asia Pacific region as Senior Regulatory Compliance Assurance Manager in HSBC, Hong Kong, and Head of Regulatory Compliance in HSBC, Macau from 2018 to 2019.

He has a proven track record of designing and implementing risk management strategies, which will support the bank in its growth path.



**PROFESSOR DONALD AH-CHUEN, G.O.S.K.**  
NON-EXECUTIVE DIRECTOR

Professor Donald Ah-Chuen holds an M.B.A (University of Strathclyde, UK). He is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Institute of Chartered Accountants of Australia and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK).

Professor Donald's long career started with his appointment as the first Chief Internal Auditor of the Central Electricity Board of Mauritius followed by his promotion three years later to the position of Secretary and Head of Administration of the same organization. His hard work, administrative skills and initiatives, especially in bringing stability in the company's state of Industrial Relations and securing a durable long-term Wages and Employment Conditions Agreement with the Workers' Union, were greatly appreciated by the Board which then granted him a scholarship to undertake post-graduate studies in Management in the UK. He obtained the MBA Degree in July 1968 and joined the University of Mauritius two years later to head the Centre of Professional Studies and in 1975, he became the first Mauritian to be appointed Professor of Management and Head of the School of Administration of the University. He subsequently served as Pro-Vice Chancellor of the University before he decided to move to Australia.

Professor Donald worked for a period of 12 years in Sydney in important professional roles in both Academia & Industry, becoming the CEO of Graham

Group of Companies and finishing with distinction as Chairman of the Association of Steel Galvanizing Enterprises of Australia. He returned to Mauritius in 1995 to contribute in the consolidation, diversification and further development of the ABC Group of Companies.

Professor Donald is a director of the Stock Exchange of Mauritius Ltd (SEM) and was its Chairman for the year 2018. He is also a director of ABC MOTORS COMPANY LIMITED and P.O.L.I.C.Y Limited, listed on the DEM and SEM respectively. He is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius, and former Chairman of the Standard Bank (Mauritius) Ltd of South Africa. His other previous responsibilities include the Presidency of the Mauritius Chamber of Commerce and Industry, the Chinese Chamber of Commerce, the Mauritian Institute of Management and the Association of Accountants of Mauritius, the Chairmanship of the Tertiary Education Commission of Mauritius, and that of the Mauritius Broadcasting Corporation.

Professor Donald was called by the Authorities to serve as a member of the Commission of Inquiry on Education, the Committee of Inquiry on the Amcol Project of Domaine Les Pailles, and as Chairman of the Committee of Inquiry on the Industrial Disputes in the Public Hospitals Service. Prior to his appointment as Managing Director of ABC Banking Corporation Ltd in January 2012, Professor Donald was the founding Chairman of the bank which was originally set up by him as the ABC Finance & Leasing Company before its subsequent establishment 13 years later as a fully-fledged commercial bank.

Finally, in 2009 he was conferred by Government the distinction of G.O.S.K (Grand Officer of the Order of the Star and Key of the Indian Ocean) in recognition of his valuable contributions to Commerce and Industry, Banking & Financial Services, and Tertiary Education.



**MR PATRICK ANDREW DEAN AH-CHUEN**  
NON-EXECUTIVE DIRECTOR

Mr Dean Ah-Chuen holds a BA degree in Computer Science, from the University of Sydney (Australia) and holds an MBA in International Business from the University of Western Sydney.

Mr Dean Ah-Chuen worked for Westpac Banking Corporation (Australia) in the IT Division and for Clinton's Toyota before returning to Mauritius in 1994 where he joined ABC MOTORS COMPANY LIMITED as Business Development Manager. As at date, he is the Chief Executive Officer of ABC MOTORS COMPANY LIMITED, now listed on DEM with overall responsibility for the Automobile Cluster, and the Chief Executive Officer of the Freight & Logistics, Insurance & Properties clusters of the ABC Group of Companies.

He is currently an independent director on the Board of Harel Mallac & Co Ltd, a Board member of Lovebridge Ltd (a joint private / public project to assist low-income families, and a Benefactor of the Court of the University of Mauritius since May 2019. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd.

Mr Dean Ah Chuen's experience and business acumen brings an entrepreneurial perspective to boardroom discussions.



**MS VARUNA ROY BUNWAREE**  
INDEPENDENT DIRECTOR

Ms. Varuna Bunwaree is a practising barrister with 23 years tenure at the Mauritian Bar. She was called to the Bar of England & Wales in 2001 and to the Mauritian Bar in 2002 where she practised as private practitioner.

Ms. Bunwaree took up employment in 2007 as an in-house lawyer with Ciel Properties Ltd (now Alteo Properties Ltd) as Head of Legal and Corporate Affairs. She returned to private practice in 2009 where she practised as litigator until 2014 when she joined ENSafrica (Mtius) Ltd as Senior Associate of the Litigation Department. She was made Executive of the Litigation Department in March 2016.

Ms. Bunwaree resumed private practice since August 2018. She practises general civil and commercial law. She also has a keen interest for employment, construction, property and environment law matters. Ms. Bunwaree has appeared in commercial and construction arbitrations, and appears regularly before the Supreme Court and Court of Appeal.



**MR MAX DANNY KIM SHIAN FON SING**  
INDEPENDENT DIRECTOR

Mr Danny Fon Sing holds a BA Management Sciences from the London School of Economics and Political Science. He is qualified as Chartered Accountant from the Institute of Chartered Accountants in England since 1993.

Mr Danny Fon Sing is the CEO of MaxCity Group since 1994 and has more than 25 years of experience in Property Development and Property Funds, Real Estate Finance and Smart City development. Throughout his career, he has assumed several directorship positions and played an active role in setting up MaxCity Property Fund, which has over MUR 7 billion of property assets under management.

Mr Danny Fon Sing's experience and continuous self-driven pursuit of knowledge brings a fresh perspective to boardroom discussions.



**MS SAREETA GOUNDAN**  
INDEPENDENT DIRECTOR

Ms Sareeta Goundan is a seasoned business and technology leader with over 25 years of experience in complex IT and business transformation environments, including more than a decade in senior management roles. As President of the Project Management Institute for the Mauritius Chapter, she advocates for the project management profession.

Ms Sareeta Goundan holds an MBA (University of Sunderland, UK), an MSc in Project Management (University of Salford, Manchester), a Postgraduate Diploma in Business Studies (Edexcel, UK), and a Graduate Diploma in Computer Science (UK). She is a Fellow of the Chartered Management Institute and a Member of the Project Management Institute (PMI).

As Founder and Director of SSL Consulting Services Ltd, Ms. Sareeta Goundan leads strategic transformation initiatives across industries, building on her previous leadership experience as General Manager, Information Technology at IBL Group of Companies and senior management roles at Ireland Blyth Limited. Her expertise spans digital innovation, business transformation, project management, organisational change, information security/cyber security, business continuity planning, and ISO 27001.

With her extensive experience and proven capacity to align technology strategies with business objectives and deliver impactful results, Ms. Goundan brings valuable strategic insight and expertise to the Board of ABC Banking Corporation Ltd.



**MRS LAURA YEE MIN WONG SUN THIONG**  
(ALSO KNOWN AS LAURA YEUNG SIK YUEN)  
INDEPENDENT DIRECTOR

Ms Laura Wong Sun Thiong is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA) and holds a BSc (Hons) Business Studies from City University, London, United Kingdom. She trained and qualified as a Chartered Accountant and spent six years with KPMG in London before coming back to Mauritius and joining Deloitte.

She has more than 35 years of audit and advisory experience which includes 25 years as partner of Deloitte Mauritius. She was the lead client partner of some of the top listed companies and multinationals in Mauritius and has experience working with clients in a wide variety of sectors. During her career, she has held a number of leadership positions within the firm, including the roles of Talent Partner, Learning Partner, Director of Independence, and Ethics Leader. She served as Audit Leader, responsible for managing and leading the audit function with 6 audit partners and more than 200 professionals until her retirement in July 2022.

Ms Laura Wong Sun Thiong is a seasoned executive with extensive knowledge in auditing, financial reporting and internal controls and she has extensive experience working with boards and audit committees of listed and non-listed companies. She now brings these skill sets to the benefit of the Board of ABC Banking Corporation Ltd.



**LATE MR ANDRÉ KWET-TSONG TZE SEK SUM**  
INDEPENDENT DIRECTOR

Late Mr André Tze Sek Sum was a seasoned professional with nearly 50 years' experience in the fields of Accountancy, Auditing and Financial Services. With a vast experience in finance, commerce and banking, and having played an important role in the setting up of new companies in the Export Processing Zone and substitution industries, as well as helped clients develop their links internationally through India and Africa. Late Mr André Tze Sek Sum was also an advisor to businesses and interested parties on key aspects of business operations, management strategies and organisation.

A holder of several memberships in Professional Societies, Late Mr André Tze Sek Sum was a Barrister at Law - Member of the Honourable Society of the Middle Temple Inns of Court, London, a Fellow of the Association of Chartered Certified Accountants, UK, a Member of the Chartered Institute of Taxation, England, a Member of Society of Trust and Estate Practitioners, and a Member of the Mauritius Institute of Professional Accountants.

Finally, he was the Managing Director of Port Louis Management Services Ltd (PMSL) and the Honorary Consul General of Thailand in Mauritius.

# MANAGEMENT

The day-to-day management and operation of the bank's business is delegated to the Senior Management Team.

The Senior Management Team comprises the Managing Director, the Executive Director and the Chief Business Officer. The departmental heads and managers are tasked to implement the strategies and policies approved by the Board and ensure that same are communicated to all relevant staff. They are also responsible for the design and monitoring of the internal control systems, ensuring there exists an adequate segregation of duties, with prevalence of dual control in all areas, where required.

The Senior Management Team ensures the Board is regularly provided with timely, relevant and complete information on the bank's affairs, enabling it to periodically review the bank's performance and making appropriate decisions for its future course of action and development.

## Profile of Management Team

### SENIOR MANAGEMENT

Mr David Brian Ah-Chuen

Mr Bruno Lalanne

Mr Patrick Andrew Leong Son (also known as Andy Leong Son)

Managing Director

Executive Director and Chief Operating Officer

Chief Business Officer (as from 28 April 2025)

### MANAGEMENT TEAM

Mr Andy Leong Son

Mr Abdool Wahab Khadaroo

Mr Deenesh Ghurburrun

Mrs Marie Angele Christine Kwee Leen Ng Cheong Hin

Mrs Seema Bhayat

Mrs Doosheela Kumari Beni Madhu (also known as Anju Beni Madhu)

Mrs Natasha Jade Wong Chung Ki

Mrs Laura Li Shen Pin

Mr Mahesh Ittoo

Mrs Ounishka Seesurun-Domur

Mr Pravin Ramjada

Mr Gregory Carosin

Mr Nishan Hurree

Finance (till 1 June 2025)

Risk

Compliance

Internal Audit

Private Banking & Wealth Management

Treasury

Corporate Banking & SME (till 1 June 2025)

Finance (as from 1 June 2025)

Debt & Credit Administration

Legal and Governance

International Banking

Operations

Business Transformation & Marketing

Information Technology



#### MR PATRICK ANDREW LEONG SON – CHIEF BUSINESS OFFICER

Mr Andy Leong Son has over 15 years of experience spanning banking, capital markets, and financial advisory. He currently serves as Chief Business Officer at ABC Banking Corporation Ltd in Mauritius, where he oversees strategic business development and growth initiatives. Prior to this, he held the role of Head of Finance at the same institution, playing a key role in strengthening financial governance and performance.

Mr Andy Leong Son's career includes senior roles at Perigeum Capital, Intercontinental Trust Ltd, and the British Business Bank in the UK, where he advised on capital market transactions and investment programmes. He began his career at KPMG, gaining a strong foundation in audit and financial advisory.

Mr Andy Leong Son is a Member of the Institute of Chartered Accountants in England and Wales, and holds a BSc in Computer and Business from the University of Warwick.



#### MR ABDOOL WAHAB KHADAROO – CHIEF RISK OFFICER

Mr Abdool Khadaroo has over 25 years' experience in the financial services industry. Before joining the bank in October 2016, he worked for 13 years in different departments (Corporate Credit Risk, International Banking, Internal Audit) across Barclays Bank Mauritius Ltd and acquired international exposure with ABSA Bank South Africa, within the Corporate & Investment Banking space, where he was seconded for duty in 2016. Mr Abdool Khadaroo also had 6 years exposure in external audit with Deloitte and PwC. He is qualified from the Association of Chartered Certified Accountants.



#### MR DEENESH GHURBURRUN – HEAD OF COMPLIANCE

Mr Deenesh Ghurburrun has over 43 years of experience in the banking sector. Before joining the bank in April 2021 as Regulatory Affairs Executive, he worked as the Head of Compliance and Money Laundering Reporting Officer at Banyan Tree Bank Limited. Mr Ghurburrun was employed as Head of Compliance at the SBM Bank (Mauritius) Limited from May 2016 to February 2019. Between 1983 – 2016, he held various positions at the Bank of Mauritius.

Mr Deenesh Ghurburrun was appointed as Head of Compliance at the bank on February 2022. He is a Fellow of the Association of Chartered Certified Accountants (FCCA).



#### MRS MARIE ANGELE CHRISTINE KWEE LEEN NG CHEONG HIN – HEAD OF INTERNAL AUDIT

Mrs Christine Ng has more than 24 years of work experience acquired in Mauritius and abroad.

She is the Head of Internal Audit of ABC Banking Corporation Ltd since June 2012 and has played a crucial role in the strengthening of the governance, risk management and control framework at the bank. Prior to joining the bank, Mrs Christine Ng worked in various divisions at Ernst & Young Ltd, including consulting, risk advisory and audit. She has led European Union financial audits and institutional assessments for different entities across Africa as well as local audit assignments for leading companies in Mauritius operating in the insurance, hotel, manufacturing and banking sectors. She was also seconded for duty at the Ernst & Young Ltd office in South Africa during 2016 and 2017.

Mrs Christine Ng holds a BSc (Hons.) in Management Sciences from the University of Warwick in UK and an MSc. in Human Resource Studies from the University of Mauritius. She is a Certified Internal Auditor from the Institute of Internal Auditors (USA) and a Certified Risk Based Auditor from the London School of Business and Finance (UK). She has also recently passed the examinations of Lead Auditor for ISO/IEC 27001:2022 Information Security Management Systems, provided by the Professional Evaluation and Certification Board (PECB) based in Canada.



**MRS NATASHA JADE WONG CHUNG KI – HEAD OF FINANCE (previously HEAD OF CORPORATE BANKING)**

Mrs Natasha Wong has over 20 years’ experience in the financial services sector. She joined the bank in 2015, prior to which she was an Executive Director at Mauritian Eagle Leasing (previously a member of the IBL Group) for over 10 years. She also held office at DTOS Ltd Management Company and Deloitte.

Mrs Natasha Wong is a Chartered Accountant and Fellow member of ACCA and holds an MBA in Finance from the University of Leicester, UK. She is also a member of MIPA and MIOD.



**MRS LAURA LI SHEN PIN – HEAD OF DEBT AND CREDIT ADMINISTRATION**

Mrs Laura Li Shen Pin has more than 20 years of experience in the banking sector. She previously held the post of Accountant at the MCB Group for 7 years where she acquired significant experience in the finance department.

Mrs Laura Li Shen Pin joined the bank in July 2011 as Accountant and was appointed as Senior Recovery Manager in February 2014. She was promoted to Head Recovery in June 2016 and as Head of Debt & Credit Administration in October 2022. Mrs Laura Li Shen Pin is a Fellow member of the Association of Chartered Certified Accountants (ACCA).



**MR MAHESH ITTOO – HEAD OF LEGAL AND GOVERNANCE**

Mr Mahesh Ittoo has more than 11 years’ experience in the corporate administration and governance field and was working in the Global Business Industry prior to joining the ABC Group in 2016. He has represented ABC Professional & Corporate Secretarial Services between 2016 and 2020, prior to his appointment as Company Secretary of ABC Banking Corporation Ltd on 1 September 2020.

Mr Mahesh Ittoo holds a BA (Hons) Law and Management from the University of Mauritius and a Masters in Banking and Financial Law from the University of London, UK. He is also an Associate of the Chartered Governance Institute (ex-ICSA) and a Member of the Chartered Institute for Securities and Investment.



**MRS OUNISHKA SEESURUN-DOMUR – HEAD OF INTERNATIONAL BANKING**

Mrs Ounishka Seesurun-Domur joined the bank in April 2024 as the Head of International Banking. With 20 years of experience in the financial services industry, she brings deep expertise in managing large international corporate portfolios and driving strategic growth across global business sectors.

Mrs Ounishka Seesurun-Domur began her career at HSBC Bank (Mauritius) Limited in the Global Business segment and went on to hold mid-management roles at Deutsche Bank (Mauritius) Limited and Bank One, where she quickly rose through the ranks from Account Manager to Senior Relationship Manager. Throughout her career, she has maintained a strong focus on sales, transactional banking, and delivering tailored solutions to a diverse international client base.

A bold and visionary leader, Mrs Ounishka Seesurun-Domur is committed to fostering client-centric cultures and building high-performing teams. She is also a member of the Chartered Banker Institute (UK).



**MR PRAVIN RAMJADA – HEAD OF OPERATIONS**

Mr Pravin Ramjada joined ABC Banking Corporation Ltd in May 2024, after a career spanning over 30 years with HSBC Mauritius.

He was appointed Head of Operations at HSBC Mauritius in 2014, where he was responsible for leading the operations of both HSBC entities in Mauritius, including the branch and the local subsidiary. He managed a team of 45 individuals in Mauritius and was accountable for the delivery of a team in Global Services Centers located across India, Sri Lanka, and China, supporting HSBC Mauritius. He successfully led various transformation projects, drove digital adoption and straight-through processing initiatives. He also held key roles in retail banking and treasury operations. During his career with HSBC Mauritius, Mr Ramjada had the opportunity to do short-term assignments with HSBC offices in India, Thailand, Macau and Hong Kong.

Mr Pravin Ramjada is a Certified Anti-Money Laundering Specialist with an impeccable track record of delivering the best solutions for the stakeholders and customers across multiple businesses at HSBC Mauritius.



**MR GREGORY CAROSIN – HEAD OF BUSINESS TRANSFORMATION AND MARKETING**

Mr Gregory Carosin has an international background with over 15 years of experience in France, China, and Mauritius. He joined ABC Banking Corporation Ltd in the International Banking department and previously served as the Chief Representative of the Bank in Hong Kong. Mr Gregory Carosin began his career in hospitality with the Accor Group in Shanghai, China, before joining ABC Group as Group Communications Manager in Mauritius. He then expanded his experience and network in the e-commerce and tech sectors in China as co-founder of Nightlive in Shanghai, and later as Head of Marketing for 247 Tickets in Shanghai and Hong Kong.

Mr Gregory Carosin studied at Shanghai Jiao Tong University. He also holds a master’s degree in management from ISC Business School in Paris and a bachelor’s degree in Law, Economics, and Management from Université de Poitiers, France.



**MRS SEEMA BHAYAT – HEAD OF PRIVATE BANKING & WEALTH MANAGEMENT**

Mrs Seema Bhayat is a seasoned private banking executive with over 25 years of international experience in Europe and Asia. She has held senior leadership roles at Lombard Odier in Luxembourg, Tokyo, and Singapore, driving business growth, operational excellence, and client satisfaction across diverse markets. Renowned for her expertise in serving High Net-Worth (HNW) and Ultra High Net-Worth (UHNW) clients, Mrs Seema Bhayat specialises in bespoke wealth planning, family governance, and cross-border structuring solutions.

At Lombard Odier, she successfully led multi-disciplinary teams, implemented digital transformation initiatives, and consistently delivered Assets Under Management (AUM) growth. Mrs Seema Bhayat’s career began at Société Générale Private Banking, where she built a strong foundation in international wealth planning. She has also contributed to industry development through roles on professional boards such as STEP (Society of Trust and Estate Practitioners) Singapore and the Swiss Chamber of Commerce in Japan.

Mrs Seema Bhayat holds a master’s degree in business management from EDHEC (École des Hautes Études Commerciales du Nord) Business School and has completed an executive program with Lombard Odier and a Board governance certificate at IMD (International Institute for Management Development). A dual Mauritian Swiss national, she brings a global perspective grounded in a deep understanding of local client needs.



**MR NISHAN HURREE – HEAD OF IT**

Mr Nishan Hurree joined the Bank in March 2025 as the Head of Information Technology, bringing with him over 25 years of experience in the banking and financial sectors. He holds a BSc(Hons) in Information Systems and a master’s in business administration. He also holds professional qualifications, notably the CISM certification from ISACA.

For the last 15 years, Mr Nishan Hurree has held leadership roles in various domains such as Technology, Business Solutions, Projects and Innovation, Information Security and Digital Implementations. He has been leading projects such as Robotic process automation, workflow automation, mobile first customer onboarding, online lending platform amongst others. With his design thinking approach, some of his projects have been recognized internationally in the ‘emerging technologies’ and ‘Api led innovations’ categories.



**MRS DOOSHEELA KUMARI BENI MADHU – HEAD OF TREASURY**

Mrs Anju Beni Madhu is a seasoned treasury professional with over 15 years of experience and a proven track record in managing complex financial transactions and strategies. She holds a Master’s degree in Financial Economics and a BSc (Hons) in Finance with Law. Her expertise spans various areas of treasury management, including cash management, foreign exchange, fixed income, derivatives, and risk management.

Mrs Anju Beni Madhu has successfully led teams and projects aimed at optimising liquidity, reducing costs, increasing efficiency, and enhancing profitability at her previous employment.



## Expanding Beyond Borders.

From Mauritius to leading global hubs, our purpose drives us to grow where opportunity thrives, building connections that span continents.

# BOARD STRUCTURE AND ITS CONDUCT OF AFFAIRS

Our corporate governance framework provides that a unitary Board of Directors shall be entrusted with the relevant powers to direct and supervise the management of the bank's business and affairs in an ethical and responsible manner, in line with the guidelines of the Bank of Mauritius and the National Code of Corporate Governance.

While some of the responsibilities are discharged directly by the full Board of Directors, others are delegated to Board committees to ensure appropriate attention is given at granular level. A summary of such discussions and action points are reported by the chairpersons of the respective committees at the subsequent meeting of the Board of Directors.

## Board Committees

The Board has set up 4 committees to facilitate the effective and efficient discharge of its duties and responsibilities, namely the Board Credit Committee, the Audit Committee, the Risk Management Committee, and the Governance, Nominations and Remuneration Committee. The Company Secretary acts as secretary for all meetings of the Board of Directors and its Committees. The terms of reference and composition of the Board Committees are summarised below.

The organisation of the Board is depicted on page 19.

## BOARD CREDIT COMMITTEE

The Board Credit Committee ("BCC") has been established by the Board of Directors of the bank and has been delegated the responsibility of considering and approving credit facilities, including placement limits with banks and financial institutions, in conformity with the provisions of the Credit Policy approved by the Board.

Since the discontinuation of the Conduct Review Committee on 29 November 2024, the BCC has also been delegated the responsibility of considering and approving credit facilities of related parties as provided for in the Guideline on Related Party Transactions.

Members of the BCC:

- Mr Danny Fon Sing (Chairperson)
- Mr David Brian Ah-Chuen
- Mr Lakshmana Lutchmenarraido

The Chief Operating Officer, the Chief Business Officer and the Chief Risk Officer are in attendance at all Committee meetings.

## AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reports and statements, in compliance with all applicable legal requirements and accounting standards. The responsibilities of the Audit Committee are defined in its terms of reference. They include but are not limited to:

- reviewing the bank's audited financial statements and quarterly results before they are approved by the Board of Directors;
- ensuring management implements and maintains appropriate accounting, internal control and financial disclosure procedures, and reviews, evaluates and approves such procedures;
- reviewing such transactions as could adversely affect the bank's sound financial condition;
- reviewing and approving the audit scope and frequency;
- receiving audit reports and ensuring management is taking appropriate corrective actions in a timely manner, to address and control weaknesses and identified areas of non-compliance;
- ensuring accounting principles, policies and practices are adequate to guarantee resources are safeguarded, laws followed, reliable data disclosed and internal control systems adequate.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE (CONT'D)

Members of the Audit Committee:

- Ms Laura Wong Sun Thiong (Chairperson)
- Ms Varuna Bunwaree
- Ms Sareeta Goundan

The Managing Director, Head of Internal Audit, Chief Operating Officer and Head of Finance are in attendance at all Committee meetings and the external auditor is requested to attend the meetings as and when required. The Head of Compliance and the Money Laundering Reporting Officer also report to the Committee on a quarterly basis.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee assists the Board of Directors in the discharge of its duties relating to corporate accountability and the associated risks in terms of management, assurance and reporting. The responsibilities of the Risk Management Committee are defined in its terms of reference. They include but are not limited to:

- reviewing the principal risks and formulating and making recommendations to the Board in respect of risk management issues;
- reviewing and approving discussions and risk disclosure;
- reviewing the Assets and Liabilities Committee's (ALCO) reports.

Since the discontinuation of the Conduct Review Committee, the functions of the Committee which relate to transactions with related parties other than credit facilities have been transferred under the aegis of the Risk Management Committee.

Members of the Risk Management Committee:

- Ms Sareeta Goundan (Chairperson)
- Mr David Brian Ah-Chuen
- Mr Lakshmana Lutchmenarraido

The Chief Risk Officer is in attendance at all Committee meetings.

## CONDUCT REVIEW COMMITTEE (Discontinued on 29 November 2024)

The responsibilities of the Conduct Review Committee are as specified in the BOM Guideline on Related Party Transactions. They include but are not limited to:

- ensuring management establishes policies and procedures to comply with the requirements of the BOM Guideline on Related Party Transactions;
- reviewing the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the bank's best interests;
- reviewing and approving each credit exposure to related parties;
- ensuring market terms and conditions are applied to all related party transactions.

Members of the Conduct Review Committee:

- Mr Lakshmana Lutchmenarraido (Chairperson)
- Mr Danny Fon Sing
- Late Mr André Tze Sek Sum

*\*The Conduct Review Committee has been discontinued on 29 November 2024 and its functions relating to the credit facilities have been transferred to the Board Credit Committee while the functions of the Conduct Review Committee which relates to transactions with related parties other than credit facilities have been transferred under the aegis of the Risk Management Committee.*

## CORPORATE GOVERNANCE REPORT

### CONDUCT REVIEW COMMITTEE (*Discontinued on 29 November 2024*) (CONT'D)

The Corporate Governance Committee and the Nominations and Remuneration Committee merged on 29 November 2024 to create a new **Governance, Nominations and Remuneration Committee** which shall carry out the activities of both committees.

### GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE

The Governance, Nominations & Remuneration Committee has been established by the Board of Directors to make recommendations to the Board on all Corporate Governance provisions to be adopted so that the Company remains effective and complies with prevailing corporate governance principles. The Committee shall be constituted to ensure that the reporting requirements regarding corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the principles set out by the Bank of Mauritius and the Code of Corporate Governance.

The Committee has also been delegated the responsibility of making recommendations to the Board on all new Board appointments. To ensure that the Board remains effective and focused, the Committee will regularly review the balance and effectiveness of the Board, identify the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner.

The Board of Directors, recognising the need to establish a formal and transparent procedure for developing a fair remuneration policy, has delegated this task to the Committee. It should be highlighted that, for reasons of self-interest, the Committee's function in relation to the remuneration of non-executives is limited to making recommendations to the full Board.

Members of the Governance, Nominations and Remuneration Committee:

- Late Mr André Tze Sek Sum (Chairperson)
- Prof. Donald Ah-Chuen
- Ms Laura Wong Sun Thiong

### Company Secretary

Mr Mahesh Ittoo, Head of Legal and Governance, is the Company Secretary of the bank. He is responsible for the management of corporate secretarial and governance affairs in-house.

The Company Secretary is also responsible for the organisation of Board and Committee meetings and acts as a bridge between executive management and non-executive board members. The Company Secretary oversees all governance matters at the bank, acting as the link between the bank and its shareholders.

### Key activities of the Board

#### STRATEGIC PLANNING AND MONITORING

The Board of Directors is responsible for setting the bank's ultimate direction. Like all large organisations, at the bank the initial strategy is developed at executive level, following an assessment of the issues, opportunities and risks that drive performance in the current market, and in line with the bank's risk tolerance, capacity and appetite.

The role of the Board in the strategic planning process englobes the identification of priorities, establishment of goals and objectives, finding resources and allocating funds to support the decisions that need to be made around strategic planning. The Board is also responsible for monitoring the execution of the strategic plan. This requires the Board to oversee the implementation of the strategic plan and consider whether there is a need to revisit the allocation of funds as well as the applicability of certain projects, as the plan progresses.

At the bank, strategic management is a dynamic and continuous exercise. While the executive team is responsible for the implementation of the strategic plan, the Board has the responsibility to oversee and monitor such implementation yearly. On a quarterly basis, the Board as a whole, questions, challenges and clarifies the plan submitted by management, to ensure it is well thought out, realistic, market-appropriate and compatible with the organisation's mission, vision and values.

## CORPORATE GOVERNANCE REPORT

### SUCCESSION PLANNING

Succession plan is of high importance at the bank, as it is the component of the governance framework which helps avoid any disruption in case of unplanned departure of any director or senior officer. The Governance, Nominations and Remuneration Committee has been delegated the task by the Board to regularly assess the situation at Board and Management levels, and to ensure appropriate coverage action can be taken at all times to fill any gap regarding all key positions at the bank.

The succession plan is reviewed at least on a quarterly basis, and any update to same is tabled at the Governance, Nominations and Remuneration Committee as and when required.

### APPOINTMENT OF NEW DIRECTORS AND SENIOR OFFICERS

Over and above the requirements identified by the Succession Plan, the Governance, Nominations and Remuneration Committee continuously assesses the balance of skills and experience required at Board level. Whenever the need for a new/additional member arises, the following process is rigorously followed:

- A profile of the best candidate is prepared, specifying the necessary skills and experience required for the position.
- Prospective candidates are identified by the Committee or a consultant.
- Should there be more than one candidate, the profiles of prospective candidates are transparently vetted by the Committee and each shortlisted candidate is interviewed by the members of the Committee or an appointed panel.
- Once a prospective candidate has been selected, his/her appointment will be put forward to the Board of Directors for appointment. In the case of a Director, the appointment shall be up to the next Annual Meeting of Shareholders, whereby he/she shall present for election. Appointment of any Director or senior officer at the bank is subject to approval by the Bank of Mauritius. In accordance with the Financial Services Commission ("FSC") licences obtained by the bank, the approval of the Financial Services Commission is also required for the appointment of a director.

Once a prospective Non-Executive Director has accepted a seat on the Board, he/she is requested to sign a letter of appointment which carefully outlines the terms of appointment, the duties and responsibilities expected by him/her.

All new Directors are, upon their appointment, invited to participate in an induction session, whereby the Managing Director and Company Secretary shall introduce the bank to the new Director. The incoming Director is provided with all necessary information he/she needs to fulfil his/her role and duties as a Director of the bank.

All Directors of the bank have participated in an induction session upon appointment to acquaint them of their legal duties and facilitate their understanding of the bank's business strategy, governance, and operations.

### CONTINUOUS DEVELOPMENT PROGRAMME

The development of directors is deemed essential for the maintenance of a highly engaged, well-informed and effective Board. A continuous development programme and training plan for directors has therefore been established and facilitated by both internal and external subject matter experts. A training log is maintained for each director by the Human Resource Department. During the financial year ended 30 June 2025, the Directors participated in the workshops and in-house courses below:

- Cybersecurity
- Leadership Development Programme – Growth Mindset, Complexity Thinking, Effective Communication, Motivation & Engagement, Management & Leadership
- Enhancing Capabilities: Relationship Management and Best Practices
- Improving Operational Effectiveness of AML/CFT related Controls
- Cyberbullying and Violence at work – A mined terrain in the digital age

## CORPORATE GOVERNANCE REPORT

### BOARD EVALUATION AND REMUNERATION

In line with the National Code of Corporate Governance and Bank of Mauritius' Guideline on Corporate Governance, the Board has established a mechanism to evaluate the Board's performance, as well as that of its committees and members. The review and evaluation include an assessment of the Board's composition and independence, performance and effectiveness, as well as the maintenance and implementation of the Board's governance and relationship with management, with the addition of an evaluation of the sub committees.

The Governance, Nominations and Remuneration Committee was delegated the task of conducting such appraisal to identify additional competencies and resources as appropriate and enable the Board to discharge its responsibilities more efficiently and effectively. Such a process also aids the Board to identify and deal with issues that impede its effectiveness. The "fit and proper person" criteria of Board members are also reviewed periodically to ensure they are up to date.

The Governance, Nominations and Remuneration Committee was also delegated the task of conducting periodic reviews of the above process to ensure same is always in line with the applicable legislations and regulations.

### APPROVAL OF REMUNERATION POLICY

In compliance with the National Code of Corporate Governance and Bank of Mauritius Guideline on Corporate Governance, the Board has established a Remuneration Policy to establish clear and guiding principles for decisions around employee and executive remuneration, to ensure fair, competitive, and appropriate pay for the market on which the bank operates. The bank's goal is to ensure that the mix and balance of remuneration is appropriate to attract, motivate, retain and reward employees fairly and is consistent with the National Code of Corporate Governance.

### Attendance at Committee and Board Meetings

FYE 30 June 2025

	Board Meeting	Audit Committee	Risk Management Committee	Conduct Review Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Board Credit Committee	Governance, Nomination and Remuneration Committee
AH-CHUEN David Brian	10	-	6	-	-	-	3	-
AH-CHUEN Donald	10	-	-	-	2	4	9	4
AH-CHUEN Patrick Andrew Dean	9	-	-	-	-	-	-	-
CHUI YEW CHEONG Ah Foon	5	1	-	-	-	-	-	-
JADDOO Bhanu Pratabsingh	4	2	2	-	-	-	-	-
LALANNE Michel Bruno	1	-	-	-	-	-	-	-
LUTCHMENARRAIDOO Lakshmana	10	-	6	4	-	-	13	-
TZE SEK SUM André Kwet-Tsong	6	1	-	4	2	3	-	2
WONG SUN THIONG Laura Yee Min	10	5	-	-	2	4	-	4
FON SING Max Danny Kim Shian	7	-	-	2	-	-	11	-
GOUNDAN Sareeta	9	4	3	-	-	-	-	-
BUNWAREE Varuna Roy	1	0	-	-	-	-	-	-
<b>Total Number of Meetings</b>	<b>10</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>13</b>	<b>4</b>

## CORPORATE GOVERNANCE REPORT

### DIRECTORS' REMUNERATION

Directors' remuneration is annually reviewed by the Governance, Nominations and Remuneration Committee, to ensure the remunerations are commensurate with the size of the bank, the time commitment required by the Directors to carry out their duties and the market rates for such services.

Any change in remuneration is recommended by the Governance, Nominations and Remuneration Committee to the Board for consideration. The Board shall review the proposal and table same at the next Annual Meeting of Shareholders for approval.

With respect to remuneration, the Board has determined that the Chairperson of the Board shall be eligible to a fixed fee whilst the other non-executive directors shall be entitled to a fixed fee and attendance fees for attendance at Board and Committee meetings. Non-Executive Directors are not subjected to any other sort of remuneration or long-term incentive plans.

Executive Directors are remunerated with monthly emoluments and are subjected to an annual discretionary bonus should the bank achieve or exceed its targets.

The bank does not have any long-term incentive plan in place.

### RISK GOVERNANCE AND INTERNAL CONTROL

Risk management refers to the process by which the bank monitors and mitigates its exposure to risk. At the bank, risk management is not viewed as an exercise seeking to identify and eliminate all risks, but as involving a comprehensive approach consisting of the identification and assessment of all potential risks in the banking business, the development and execution of an action plan to deal with and manage these activities that incur potential losses, and the continuous review and reporting of the risk management practices after implementation. All these need to be carried out within a risk appetite framework.

The Board has established a risk appetite framework where its business objectives are articulated in contrast with the level of risk it is willing to assume to achieve its targets. The framework offers a platform for the Board of Directors to be actively engaged in the improvement of risk governance and discussion of risk from a strategic point of view. The clear definition of risk tolerance and desired risk profiles helps cascade the risk strategy approved by the Board to individual business unit levels.

While the Board is responsible for the overall risk management and internal control systems, oversight of the bank's risk management process has been delegated to the Risk Management Committee. The Risk Management Committee in turn appoints a Head of Risk/Chief Risk Officer who is responsible for overseeing the risk management and internal control functions on a daily basis, reporting to the Risk Management Committee on a quarterly basis on key risk matters for discussion. Material matters are then reported to the Board by the Chairperson of the Risk Management Committee.

The risk management framework, including policies and systems in place, ensures a systematic and continuous identification and evaluation of risks and actions to terminate, transfer, accept or mitigate each risk, to achieve a prudential balance between the risks and potential returns to shareholders. Identification of key risk areas and internal control systems in place are also addressed.

### INFORMATION TECHNOLOGY SECURITY AND DATA PROTECTION

Bank operations now rely heavily on information technology and such reliance is expected to grow in the near future. A more digitized environment also presents many challenges to the security of the operations of the bank and of the data it holds. Such challenges are at the heart of a multi-pronged response instituted by the bank.

The Board has set up an Information Security Policy to encompass all aspects of information governance. The Internal Audit Department has also been mandated to carry out regular reviews to ensure compliance and to report on the results thereof to the Audit Committee on a regular basis. The Risk Management Committee has also instructed the Risk Department to monitor and report on the IT risks.

Management has also set up an IT Steering Committee, consisting of the Managing Director, the Chief Operating Officer, the Head of Finance and the IT Manager, to regularly assess the state of the bank's IT infrastructure, in terms of Information and Information Technology Policies, and to approve any required significant change and related expenditure.

Data protection is given utmost importance. The confidentiality, integrity and availability are protected by physical and logical access controls put in place and the sensitization of the staff of importance of such controls.

## CORPORATE GOVERNANCE REPORT

### REPORTING WITH INTEGRITY

The Board acknowledges that the banking business is built on trust and same goes in line with the highest degree of integrity. As such, the Board recognises its responsibility to ensure the accounts are prepared in a way that fairly present the bank's state of affairs.

The accounts are prepared by the Finance Department and are regularly reviewed by management. Interim financial statements are tabled and discussed at the Audit Committee and Board meetings on a quarterly basis. The bank's external auditors, KPMG Mauritius, ensure that the financial statements adhere to all International Financial Reporting Standards and that any deviation from same is disclosed, explained and quantified in the bank's audit report and financial statements.

### CORPORATE SOCIAL RESPONSIBILITY

Since 2013, our Foundation, named after ABC Group's founder, Sir Jean Etienne Moilin Ah-Chuen, has been at the heart of our social and community initiatives. Inspired by his enduring values of compassion, integrity and service, we are committed to making a positive impact in the lives of others.

With a deep sense of responsibility and hope for a better tomorrow, we focus our efforts on four key pillars: Health & Sports, Community Empowerment, Education and the Environment. In the financial year 24/25, we allocated MUR 3.4 million in CSR funding, to support underprivileged students and Non-Governmental Organisations (NGOs) that are driving meaningful change every day. The Foundation has supported several of these organisations since its inception.

In the execution of its mandate, the Foundation benefits from the active participation and support of the employees of the ABC Group.

#### Community Empowerment

At the core of our mission, is the belief that every individual deserves opportunities. Through this area of intervention, the Foundation supports a range of NGOs working to uplift vulnerable individuals and families across the country. Caritas Île Maurice is a charitable organisation that supports vulnerable communities across Mauritius through compassionate, community-led initiatives. Our support of their School Feeding Project ensures that 50 children receive a warm breakfast each day, a simple act that brings comfort, stability and well-being.

We stand beside SOS Children's Village in their mission to provide a loving, secure home to around 120 children facing difficult life circumstances. Mouvement pour le Progrès de Roche Bois (MPRB) is committed to the socio-economic development of Roche-Bois Community. Through our partnership, 20 out-of-school children and their families benefit from educational and social guidance, helping them reclaim their potential and rebuild their lives.

We are committed to supporting Lovebridge, whose interventions' objectives, through its psychosocial support, is the empowerment of vulnerable families with an exit route. Our support to the organisation aims at empowering 400 underprivileged families, offering them not just assistance, but hope.

We are also proud to support SAFIRE, Mo'Zar, Couvent Mère Theresa (Missionaries of Charity), First Act is to Help (FAITH) and Mahebourg Espoir, organisations that share our commitment to fostering dignity and inclusion by supporting individuals often excluded from mainstream systems.

#### Education

We believe that education remains a cornerstone for the future of our youth and our nation. Through scholarships and sponsorships, we help open doors for financially disadvantaged students to pursue their studies.

Whilst our ABC Group Scholarship Scheme helps deserving students from disadvantaged backgrounds pursue tertiary education, our support to Collège Technique Saint Gabriel ensure that young people gain practical skills through vocational training. Together, these initiatives open doors to brighter futures through learning and opportunity.

We continue to walk alongside APEIM, in their mission to support children and adults with intellectual disabilities, helping with their development, integration and personal fulfilment.

The Foundation also provides ongoing support to Terrain for Interactive Pedagogy Through Arts (TIPA) through its Interactive Pedagogy Programme in ZEP schools.

We are proud to welcome M-Kids Association and Fondation Cours Jeanne d'Arc to our network of supported NGOs. Whilst M-Kids foundation provides remedial education and psychosocial support to vulnerable children, while Fondation Cours Jeanne d'Arc offers tailored learning for children with special education needs.

Together, they share our commitment to making education inclusive, engaging, and empowering for every child.

## CORPORATE GOVERNANCE REPORT

### CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

#### Health & Sports

Health and sports are not just about physical well-being they are about confidence and resilience. We are proud to support Noemi Alphonse, a world champion in para-athletics, through the Magic Club Quatre-Bornes. Noemi Alphonse is a Para-athlete but also a national inspiration, her strength, resilience and dedication have placed Mauritius on the world's stage.

#### Environment

We are committed to protecting our planet for future generations. This year, we continued our support for the Rodrigues Environmental Education Project, led by the Mauritian Wildlife Foundation, which works tirelessly to preserve the island's unique flora and fauna.

We also partner with We-Cycle, an NGO dedicated to reducing plastic waste through the recycling of PET bottles as every small action contributes to a cleaner, greener Mauritius.

### AUDIT AND REPORTING

#### Internal audit

The Board recognises the importance of having a robust internal audit function at the bank, to provide assurance through continuous, independent and internally organised detailed checks and assessment, that the bank's risk management, governance and internal control processes, are operating effectively. The Internal Audit Department has been set up accordingly comprising auditors with a mix of banking and auditing experience, who are able to assess the current state of affairs and provide management with valuable recommendations.

The internal audit function provides assurance to the Board on the overall effectiveness of the governance, risk management and internal control framework of the bank. In line with the National Code of Corporate Governance for Mauritius (2016), the Board delegates oversight of the internal audit function and responsibility for receiving internal audit reports to the Audit Committee. Internal audit reports are considered at Audit Committee meetings, which are held on a quarterly basis, and the Head of Internal Audit has ready and regular access to the Chairperson of the Audit Committee. The Audit Committee also approves the Audit Plan at the beginning of each new financial year, to ensure proper coverage of the bank's key risk areas/activities by internal audit. The Head of Internal Audit adopts a systematic and disciplined approach to review all areas of activity of the bank - operations, internal controls, risk management systems and governance process - and makes recommendations to management accordingly. Internal audit reports highlighting the methodology, findings, recommendations and management responses, are tabled on a quarterly basis at Audit Committee meetings. The scope of action of the internal audit function has no restriction to any aspect of the bank.

The Audit Committee is also responsible for providing ongoing feedback and guidance to internal audit, to help provide the assurance service that it needs. Reviewing internal audit reports helps the Audit Committee to assess the quality of internal audit's work during the course of the year. As part of an annual review by the Audit Committee, feedback may also be obtained from senior management, management and external auditors.

To ensure the independence of the internal audit function, the Head of Internal Audit is appointed by the Audit Committee and directly reports to the latter, while reporting only administratively to the Chief Operating Officer.

#### External audit

External audit provides assurance to stakeholders that the accounts have been prepared as per International Financial Reporting Standards and gives a true and fair view of the bank's financial position as presented in the Financial Statements.

In line with the provisions of the Banking Act 2004, the bank was required to rotate its external auditors after EY Mauritius acted in this capacity for 7 years. A tender exercise was carried in late 2023 to four well-established audit firms in Mauritius. Upon review of their proposals, KPMG was selected by a committee consisting of the members of the Audit Committee and those of the management team. KPMG's final proposal was recommended to the Board by the Audit Committee. The Board subsequently appointed KPMG as external auditors following the approval of the Bank of Mauritius.

External auditors meet the Audit Committee at least twice a year to discuss the audit plan, prior to the statutory external audit exercise, and to present the audit findings and report at the end of same.

## CORPORATE GOVERNANCE REPORT

### AUDIT AND REPORTING (CONT'D)

#### External audit (cont'd)

The Audit Committee evaluates external auditors annually, to make an informed recommendation to the Board for their re-appointment. The evaluation includes an assessment of auditors' qualifications and performance, the quality and fairness of their communication with the Audit Committee, and their independence, objectivity, professional scepticism and judgement.

To preserve the external auditors' independence, any team member of KPMG providing non-audit services, such as tax compliance services, will not be part of the external audit team at KPMG. The bank also ensures that it does not assign non audit engagements to its external auditors that may impair its independence. Moreover, with different teams involved, KPMG shall retain its independence and objectivity with regard to their statutory obligations.

### RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Board is fully aware of its fiduciary duties towards the bank's shareholders, but it also acknowledges the bank is accountable to a wider range of stakeholders, namely its clients, employees, regulators and the public at large. Stakeholders are cognisant of the bank's performance and outlook through different forums including social media, website and annual reports.

#### Shareholders

The bank forms part of the ABC Group of Companies and, as at 30 June 2025, its sole shareholder was ABCB Holdings Limited.

The Supreme Court sanctioned the re-organisation of the bank, with effective date 2 April 2025, by way of the Scheme of Arrangement. All shareholders of the bank were requested to ensure that their shares are deposited to the Central Depository & Settlement Co. Ltd on 18 March 2025. On 3 April 2025, the shares of the bank was delisted from the Development & Enterprise Market at close of market. The shares of ABCB Holdings Limited were then exchanged with the shareholders of the bank as listed, as at 25 March 2025.

On 4 April 2025, the shares of ABCB Holdings Limited were listed on the Stock Exchange of Mauritius.

#### SHARE OPTION PLANS

The bank has no share option plan.

#### SHAREHOLDERS' AGREEMENT

The bank has not entered into any shareholder agreement with ABCB Holdings Limited.

#### MANAGEMENT AGREEMENT

The bank has not entered into any management agreement with third parties.

#### DIVIDEND POLICY

Payment of dividends is subject to the bank's profitability, cash flow and capital expenditure requirements.

#### Stakeholders

##### REGULATORS

The bank's main regulator is the Bank of Mauritius (BOM). The bank's officers regularly take part in the BOM's forums and working groups. The Trilateral Meeting, between the bank, the BOM and the bank's external auditors, is held on a yearly basis to discuss on the bank's state of affairs, conduct and progress.

The bank is also accountable to the Stock Exchange of Mauritius (SEM) by virtue of its bonds listed on the Official Market, and to the Financial Services Commission. The bank is required to strictly comply with the listing rules and to submit reports to the FSC on a regular basis.

The bank maintains an open channel of communication with all its regulators, to whom it always assures its cooperation.

## CORPORATE GOVERNANCE REPORT

### RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

#### Stakeholders (cont'd)

##### CUSTOMERS

Without customers, there would be no business. The bank thus recognises their vital importance. Customers are central to every management decision, and management and staff must endeavour to achieve customer satisfaction.

##### EMPLOYEES

Human capital is one of the key drivers for the achievement of the bank's objectives, growth, development and competitiveness. The management team and members of the Board have always laid emphasis on the empowerment and engagement of employees, along with their wellbeing.

The bank aims to develop excellence by creating a supportive environment within which all employees are given the opportunity to learn, develop and grow, to achieve their full potential. The learning and development programme for the year ended 30 June 2025 represents 5,082 man-hours. These include induction courses, regular training and team building activities. Internal newsletters and electronic communication are regularly circulated to staff to keep them abreast of the bank's performance, outlook and its #CountOnUs strategy.

The bank is committed to ensure and maintain the highest standards of health & safety for its employees and other stakeholders. Identifying hazards and controlling risks is of utmost importance. Thus, to meet these commitments, the bank complies with the Occupational Safety and Health Act 2005. Employees have been trained as first aiders and fire wardens. Fire drills are being organised as stipulated under relevant regulations.

The bank is an equal opportunity employer and supports the principle of equal employment opportunity for all staff, at all levels of employment. It is committed to providing a working environment which is free from discrimination and striving for equal treatment and respect of all employees at the workplace. The bank employs 249 employees with a balanced gender distribution.

##### LEGAL DUTIES

All Directors of the bank are fully apprised of their fiduciary duties, as laid out in the Company Act 2001, during the induction session. They also have access to the advice and services of the Company Secretary, who provides guidance to Directors regarding their duties and responsibilities.

All Directors also have access to senior executives, to obtain information on any item to be discussed at Board or Board Committee meetings or any other relevant area they deem appropriate. The Board and committees also have the authority to obtain such outside or other independent professional advice as they consider necessary to carry out their duties.

##### ETHICAL CONDUCT

The bank is committed to the highest standards of business integrity, transparency and professionalism, and ensures all its activities are managed responsibly and ethically, while seeking to enhance business value for all stakeholders.

In line with this objective, the bank has put in place a Code of Conduct and Ethics which clearly reveals its core values and the standard of dealings that the public at large can uncompromisingly expect. This code is designed to help employees at all levels to understand their responsibilities and carry out their duties with due diligence, honesty and integrity, which are fundamental to the bank's reputation and success.

The bank also has in place an anti-fraud policy to encourage employees to freely communicate concerns about illegal, unethical or questionable practices, to senior management or the Head of Internal Audit, without fear of reprisal.

A whistleblowing policy is also in place, providing an effective method to address bona fide concerns that employees might have. The policy reflects the bank's commitment to ensure concerns of potential breaches of laws, rules, regulations, policies and procedures, irregularities, unacceptable/unethical practices or misconduct, raised in good faith, are addressed in an appropriate manner. Matters of concern are addressed to the Head of Compliance & MLRO, unless the Head of Compliance & MLRO are the subject of the report, in which case they are addressed to the Head of Internal Audit. The bank also has an Anti-Fraud and Anti-Bribery Policy which is directed at cases of suspected fraud, theft and abuse.

## CORPORATE GOVERNANCE REPORT

### RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

#### Stakeholders (cont'd)

##### ETHICAL CONDUCT (cont'd)

Other bank policies are also in place to protect against improper use of the bank's property and/or information, unfair dealing with customers/clients, employees and other stakeholders.

All staff were apprised of the contents of the Code of Ethics and the consequences of its non-compliance. The document has also been published on the bank's website.

##### DIRECTORS' INTERESTS AND DEALINGS IN SHARES

In accordance with the Companies Act 2001 and the Banking Act 2004, an interest register is maintained by the Company Secretary to ensure the interests of every Director in the bank's affairs be recorded and referred to whenever required.

The following table shows Directors' interests in the bank's share capital as at 30 June 2025:

Directors	No. of shares acquired	No. of shares sold	Direct holding	Indirect holding
AH-CHUEN Brian	-	-	-	0.61%
AH-CHUEN Donald	-	-	-	5.74%
AH-CHUEN Dean	-	-	-	1.35%
BUNWAREE Varuna	-	-	-	NIL
FON SING Danny	-	-	-	1.96%
GOUNDAN Sareeta	-	-	-	NIL
LALANNE Bruno	-	-	-	NIL
LUTCHMENARRAIDOO Lakshmana	-	-	-	0.16%
TZE SEK SUM André	-	-	-	NIL
WONG SUN THIONG Laura	-	-	-	NIL

Pursuant to section 48 of the Banking Act 2004, the bank has a rigorous procedure for the management of conflicts of interest. All Directors are required to disclose any interest they may have in any activity of the bank.

Whenever there is any situation of conflict, the item is discussed at Board level and the member of the Board shall be asked to leave the meeting while the Board determines whether the situation amounts to a conflict of interest or whether the transaction is being done at arm's length basis.

Should the Board determine, after deliberation, that there is indeed a conflict of interest, the transaction is recorded as such in the Board minutes and in the interest register. Any decision relating to a proposed transaction in which a Director is conflicted is reached in the absence of that Director.

## CORPORATE GOVERNANCE REPORT

### RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

#### Stakeholders (cont'd)

##### DIRECTORS' INTERESTS AND DEALINGS IN SHARES (cont'd)

Related party transactions are carried by the bank in accordance with the BOM's Guideline on Related Party Transactions. The Board has established a Related Party Transaction Policy to set up the framework for the bank to deal with transactions with related parties. Such transactions are reviewed and approved by the Board Credit Committee and ratified by the Board at quarterly Board meetings.

All situations of conflicts of interest and related party transactions during the year ended 30 June 2025 have been conducted in accordance with the above guidelines and the bank's Code of Ethics.

##### CAUTIONARY NOTE:

This report contains several forward-looking statements with respect to the financial position and business strategy of ABC Banking Corporation Ltd. By their very nature, forward-looking statements are based on a number of assumptions and management's current views and are thus subject to inherent risks and uncertainties. Hence, there is a significant risk that the statements contained herein may not prove to be accurate.

Readers of this report are thus cautioned not to place undue reliance on the forward-looking statements as numerous factors could cause future results and actions to differ materially from the declarations of future expectations expressed herein. A number of factors ranging from the evolution of the economic and political landscape to technological headway, regulatory developments, interest rate and currency value fluctuations, management actions, level of competition in the local and global industry, are bound to influence the future outcomes that relate to forward-looking statements.

ABC Banking Corporation Ltd does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

# STATEMENT OF COMPLIANCE

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

NAME OF PUBLIC INTEREST ENTITY: ABC BANKING CORPORATION LTD

## Reporting Period: 30 June 2025

Throughout the year ended 30 June 2025, to the best of the Board's knowledge, ABC Banking Corporation Ltd (the "bank") has complied with the National Code of Corporate Governance for Mauritius (2016) (the "Code"). The bank has applied all the principles set out in the Code and explained how these principles have been applied.

Date: 25 September 2025

**Lakshmana Lutchmenarraido**  
Chairperson of the Board

**David Brian Ah-Chuen**  
Managing Director

# OTHER STATUTORY DISCLOSURES

(Pursuant to section 221 of the Companies Act 2001)

## PRINCIPAL ACTIVITY

ABC Banking Corporation Ltd (the "bank") is the holder of a banking licence from the Bank of Mauritius and provides the full range of banking products to the public at large.

## DIRECTORS & INTERESTS

The directors of the bank as at 30 June 2025 were as follows:

Mr Lakshmana Lutchmenarraido  
Mr David Brian Ah-Chuen  
Prof. Donald Ah-Chuen  
Mr Patrick Andrew Dean Ah-Chuen  
Ms Varuna Roy Bunwaree  
Mr Max Danny Kim Shian Fon Sing  
Ms Sareeta Goundan  
Mr Michel Bruno Lalanne  
Late Mr André Kwet-Tsong Tze Sek Sum  
Ms Laura Yee Min Wong Sun Thiong

Directors' interests in shares of the bank are set out on page 42 of the annual report. No directors have any service contract with the bank.

## DIRECTORS' EMOLUMENTS

During the financial year ended 30 June 2025, the executive directors have received emoluments amounting to MUR 29,766,304 (2024: MUR 24,474,942) and non-executive directors have received MUR 5,968,333 (2024: MUR 4,979,500).

In line with section 221(1)(e)(iii) of the Companies Act 2001, the remuneration received by each director individually are as follows:

Director	Remuneration (MUR)
Mrs Ah Foon Chui Yew Cheong	575,000
Mr Lakshmana Lutchmenarraido	1,237,000
Prof. Donald Ah-Chuen	11,001,707
Mr David Brian Ah-Chuen	11,405,898
Mr Patrick Andrew Dean Ah-Chuen	587,000
Ms Varuna Roy Bunwaree	76,333
Mr Max Danny Kim Shian Fon Sing	852,000
Ms Sareeta Goundan	612,000
Mr Bhanu Pratabsingh Jaddoo	405,000
Mr Michel Bruno Lalanne	7,358,697
Late Mr André Kwet-Tsong Tze Sek Sum	773,000
Ms Laura Yee Min Wong Sun Thiong	851,000

## OTHER STATUTORY DISCLOSURES

### DIRECTORS' SERVICE CONTRACT

There were no service contracts between the bank and its directors during the financial year under review.

### DIRECTORS AND OFFICERS LIABILITY INSURANCE

The bank has arranged for appropriate insurance cover in respect of legal actions against its directors and officers.

### DONATIONS

Donations made during the year were as follows:

	2025	2024	2023
	MUR	MUR	MUR
Donations	5,000	51,250	210,000
Political donations	1,700,000	-	-
	<b>1,705,000</b>	51,250	210,000

### AUDITORS

The fees payable to the auditors, Messrs. KPMG, for audit and other services during year 2025 were:

	2025	2024	2023
	MUR	MUR	MUR
Audit Services	5,550,000	5,000,000	5,150,000
Other Services*	640,000	125,000	515,000
	<b>6,190,000</b>	5,125,000	5,665,000

\*Other Services include tax compliance review services

Note: For year 2023, the above fees were paid to Messrs. Ernst & Young, for the audit and other services.

Date: 25 September 2025



**Lakshmana Lutchmenaraidoo**  
Chairperson of the Board



**David Brian Ah-Chuen**  
Managing Director

## SECRETARY'S CERTIFICATE

We certify that, to the best of our knowledge and belief, ABC Banking Corporation Ltd (the "bank") has filed with the Registrar of Companies, in respect of the financial year ended 30 June 2025, all such returns as are required of the bank under the Companies Act 2001 in terms of section 166(d).



**Mahesh Ittoo, ACG MCSI**  
Company Secretary

25 September 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the bank and which comply with the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and International Financial Reporting Standards.

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

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the bank will continue in business
- Adhere to the provisions of the National Code of Corporate Governance

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

The directors confirm that they have complied with the above requirements in preparing the annual report and financial statements. The Board of Directors acknowledges its responsibility for ensuring the preparation of the financial statements in accordance with International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements. The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

The Board of Directors considers that the bank has complied in all material aspects with the provisions of the National Code of Corporate Governance for the year ended 30 June 2025.

Approved by the Board of Directors on 25 September 2025 and signed on its behalf by



**Lakshmana Lutchmenaraidoo**  
Chairperson of the Board



**Laura Yee Min Wong Sun Thiong**  
Chairperson - Audit Committee

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC OUTLOOK

### GLOBAL ECONOMY

As outlined in the latest World Economic Outlook, the global economy in 2025 is demonstrating cautious resilience amid persistent uncertainty, with growth projected at 3.0%, edging up to 3.1% in 2026. This slight upward revision is driven by stronger-than-expected trade activity, as businesses front-load shipments in anticipation of potential tariff increases. Global financial conditions have improved—supported in part by a weaker U.S. dollar—while U.S. tariff rates have remained lower than anticipated. Headline inflation is projected to ease to 4.2% in 2025 and 3.6% in 2026, though regional disparities persist. Inflation in the U.S. remains elevated above central bank targets, whereas other advanced economies are experiencing more subdued inflation due to softer demand and tighter monetary policy. Financial markets have rebounded, with rising equity valuations and narrowing credit spreads. Fiscal support, particularly the enactment of the “One Big Beautiful Bill Act” (OBBBA) in the U.S., is providing a significant boost to domestic demand and global economic activity.

Regional performance continues to diverge. China’s growth forecast for 2025 has been revised upward to 4.8%, supported by strong exports and targeted fiscal measures. The Euro Zone is expected to grow by 1.0%, led by trade and investment, though consumer spending is weakening. India remains a key global growth driver, with projections holding steady at 6.4% for both 2025 and 2026, underpinned by robust domestic demand and a dynamic services sector. Despite these positive developments, the global outlook remains fragile, with risks stemming from geopolitical tensions, rising fiscal imbalances, and uncertainty around trade policy. Reinforcing confidence and securing sustainable growth will require clear policy communication, long-term structural reforms, and enhanced international cooperation.

### LOCAL ECONOMY

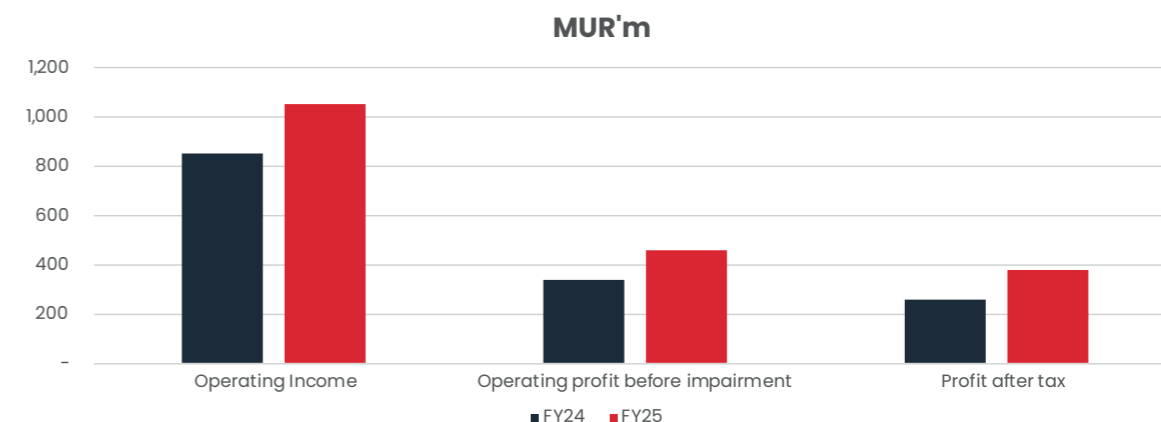
According to the recent figures published by Statistics Mauritius, the Consumer Price Index (CPI) recorded a rise of 0.9% in June 2025, increasing from 107.2 in May to 108.1. On a year-on-year basis, inflation accelerated to 5.4% in June 2025, compared to 2.2% in June 2024, reflecting mounting price pressures across several expenditure categories. Despite this, the headline inflation rate for the 12 months ending June 2025 moderated to 2.9%, down from 4.5% in the preceding year, signaling a gradual easing of broader inflation trends.

Core inflation indicators, which exclude volatile and regulated items, also exhibited upward momentum. Year-on-year CORE1 inflation rose to 3.4% in June 2025, up from 2.0% in June 2024, while CORE2 inflation reached 5.4%, compared to 3.3% a year earlier. GDP is expected to grow by 3.1% in 2025, lower than 4.9% in 2024.

## FINANCIAL REVIEW

### OVERVIEW

The bank achieved a Profit after tax of MUR 380.6 million, a 47.7% increase over last year. The 24.2% and 35.8% increases in Operating Income and Operating Profit before impairment respectively reflect the continued growth of the loan and advances portfolio and deposit balances. The improved financial performance of the bank is shown below:



# MANAGEMENT DISCUSSION AND ANALYSIS

## PERFORMANCE AGAINST OBJECTIVES

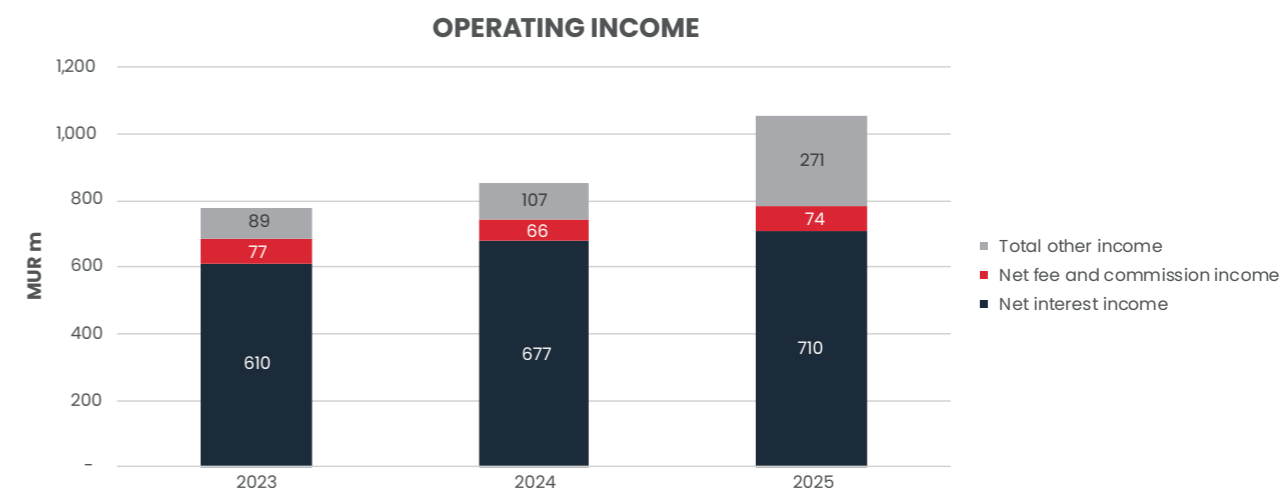
Area of performance	Objectives for FY 2024/25	Actual for FY 2024/25	Objectives for FY 2025/26
Net Interest Income	Net interest income was expected to record marginal growth.	Net interest income grew by 4.8% on account of the growth of the loan and advances portfolio.	In line with new strategy, net interest income is expected to increase.
Non-Interest Expenses	Non-Interest expenses were expected to grow as the bank continues to invest in the core areas of technology and human capital.	Non-Interest expenses increased by 16.4% in line with expectations and reflecting investments in support of the digital transformation of the bank.	Non-Interest expenses are expected to increase as the bank continues to invest in the core areas of technology and human capital.
Productivity (Non-interest expense as a % of the sum of operating income before impairment)	Due to key investments, cost to income ratio was anticipated to remain above 50%.	Cost to income ratio decreased from 60.0% to 56.4% compared to previous year due to improvement in operating income as well as the focus on driving operational efficiency.	The cost to income ratio is expected to remain above 50% due to the key investment expected to be done by the bank, although process improvement gains will continue to be recorded.
Return on Equity (Net profit/Equity)	The bank expected a minimum ROE of 10%.	ROE stood at 13.6% as at 30 June 2025.	The bank expects a minimum ROE of 10%.
Return on Average Total Assets	The bank aimed to achieve a ROA of 1.2%.	A ROA of 1.3% was achieved as at 30 June 2025.	The bank aims to achieve a ROA of 1.2%.
Portfolio Quality	The bank aimed to keep a low NPL ratio.	The NPL ratio decreased to 2.1% compared to 2.2% last year.	To maintain a low NPL ratio for the bank in line with the robust approach towards credit risk.
Deposit from Customers	The bank aimed to increase its deposit base both locally and by leveraging on representative offices in Hong Kong and Dubai.	Deposits increased from MUR 22.4 billion to MUR 28.8 billion.	To increase the deposit base with a focus on International Banking Customers.
Loans and other Advances portfolio	The bank projected to grow its loans and advances portfolio by 15%.	Loans and advances grew by 26.4% in line with the growth strategy.	The bank projects to grow its loans and advances portfolio by 14%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF CORE FINANCIAL PERFORMANCE

### OPERATING INCOME

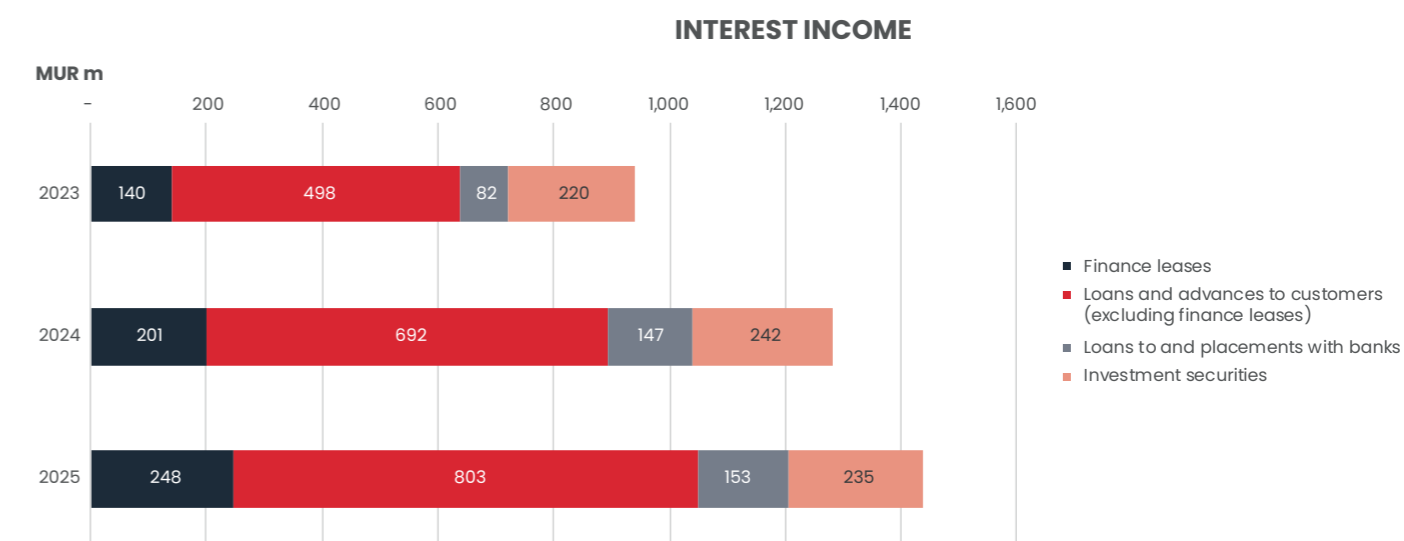
The increase in operating income from MUR 849.6 million to MUR 1,054.8 million (+24.2%) for the year ended 30 June 2025 is primarily due to an increase of 4.8% in Net interest income as a result of the growth in the balance sheet and an exceptional income of MUR 146.5 million, representing the gain on disposal of properties.



### NET INTEREST INCOME

The bank's interest income of MUR 1,439.2 million for the year increased by 12.3% compared to the previous year's figure of MUR 1,281.3 million. The increase in the loan book resulted in interest income growing significantly. Interest expenses increased by 20.8% from MUR 604.1 million to MUR 729.5 million. The bank witnessed an increase in Net interest income, growing to MUR 709.5 million compared to MUR 677.2 million the previous year.

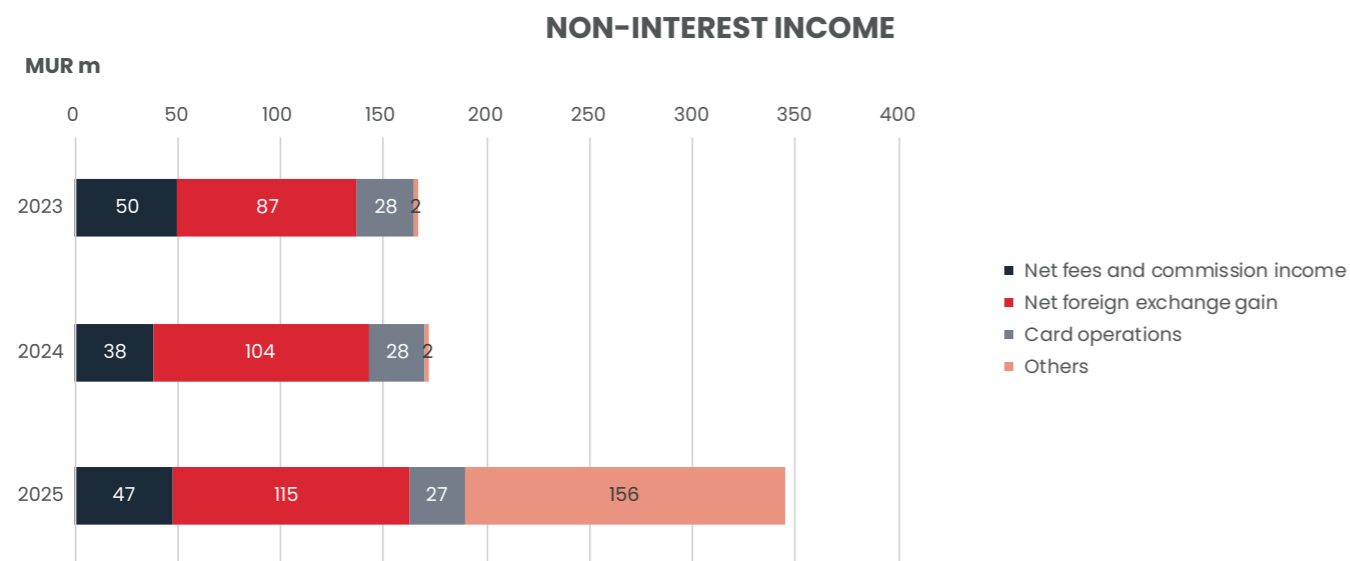
The chart below shows the yearly progress of Interest Income over the last 3 years:



## MANAGEMENT DISCUSSION AND ANALYSIS

### NON-INTEREST INCOME

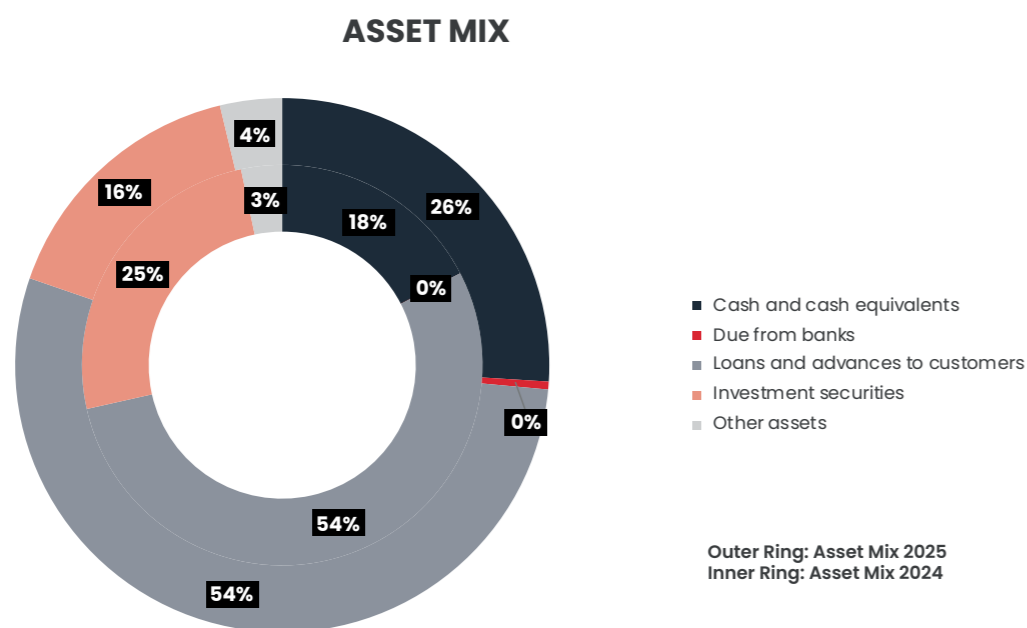
Non-Interest Income of the bank increased to MUR 345.1 million, with the main contributor being the gain on disposal of properties of MUR 146.5m.



### ASSET MIX

The bank's total assets grew by 27.0% from MUR 26.4 billion as at 30 June 2024 to MUR 33.5 billion as at 30 June 2025 mainly driven by an increase in loans and advances to customers of MUR 3.8 billion. The loans and advances portfolio and investment securities represented 54% and 16% respectively of the bank's asset as at 30 June 2025.

The following chart represents the bank's asset mix as at 30 June 2025 and 30 June 2024:



## MANAGEMENT DISCUSSION AND ANALYSIS

### INVESTMENT SECURITIES

The bank's investment portfolio stood at MUR 5.4 billion as at 30 June 2025 representing a decrease of 19.5% compared to 30 June 2024 (MUR 6.6 billion).

### CREDIT EXPOSURE

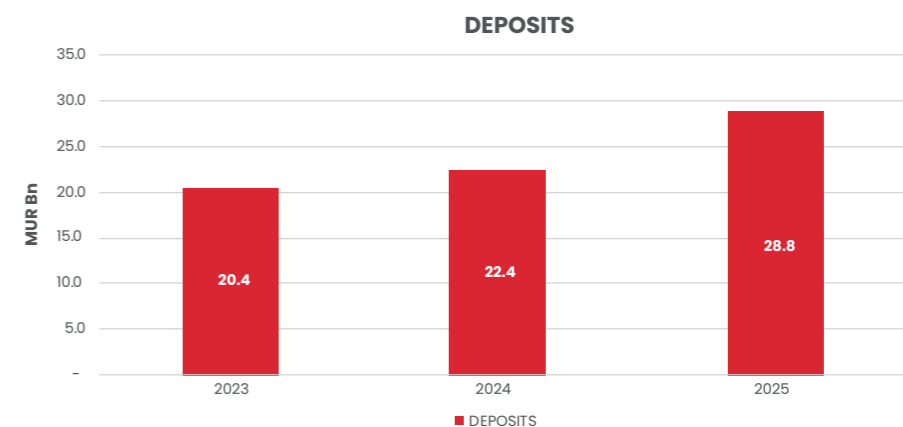
The bank's loan portfolio increased by 26.4% to reach MUR 18.0 billion as at 30 June 2025 compared to last year's MUR 14.3 billion. The bank continued to follow its strategy of having a diversified portfolio to mitigate any level of credit concentration risk across different economic sectors.

### PROVISIONING AND ASSET QUALITY

Despite the growth in the bank's exposure, the percentage of performing loans, i.e. exposures under stage 1, represented 94% of the loan portfolio as at 30 June 2025 (2024: 92%) reflecting the good quality of the book. The bank's non-performing loan ratio improved to 2.1% this year compared to 2.2% the previous year.

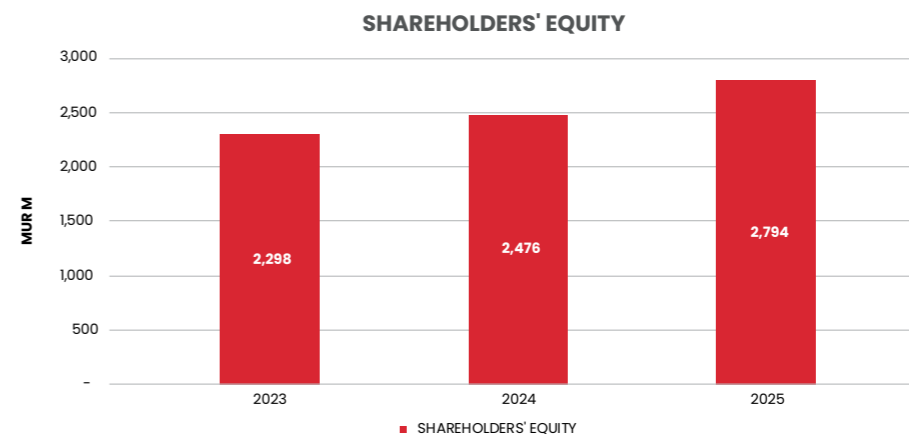
### DEPOSITS

The bank's deposit base increased by 29.0% to reach MUR 28.8 billion as at 30 June 2025 (2024: MUR 22.4 billion). The increase was primarily due to new deposits from IB customers.



### CAPITAL RESOURCES

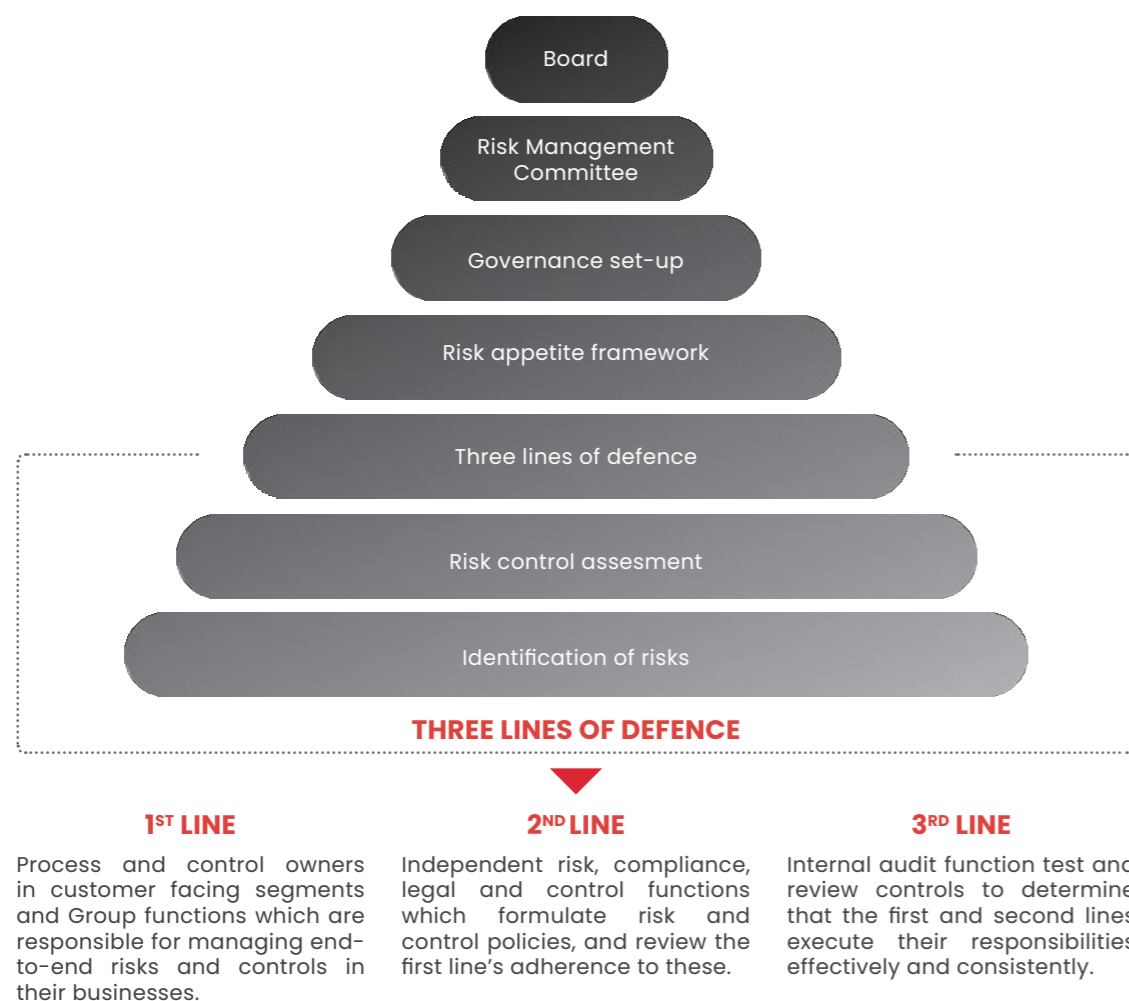
As at 30 June 2025, the bank's Shareholders' funds stood at MUR 2,793.8 million (2024: MUR 2,476.2 million). On the regulatory side, with a Tier 1 Capital of MUR 2,489.5 million and Total Capital Base of MUR 3,442.8 million coupled with total risk weighted assets of MUR 21,625.3 million, the bank achieved a satisfactory total capital adequacy ratio of 15.9% which is above the regulatory requirement of 12.5%.



# RISK REPORT

## RISK MANAGEMENT FRAMEWORK

Risks exist when a decision or action has an uncertain outcome that could impact our performance. The risk framework aims to manage rather than eliminate the risk of failure in order to achieve the business objectives. It can provide reasonable but not absolute assurance against material misstatement or loss. The bank seeks to ensure that the expected returns compensate for the risks taken and appropriate measures are put in place to mitigate any identified weaknesses in the control environment. The risk management framework sets a balanced risk appetite that takes into account the operating environment and our strategy. It is essential that business plans are supported by an effective risk management framework to allow us to grow sustainably and responsibly.



### 1. RISK RATIOS AT A GLANCE



# RISK REPORT

## 2. RISK HIGHLIGHTS

	SN.	Risk Category	Risk Description	Residual Risk*
FINANCIAL RISK	1.	<b>Funding and Liquidity Risk</b>	Funding risk refers to the risk that a bank does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient. Liquidity Risk is defined as the potential loss arising from either the inability to meet its obligations when they fall due or to fund increases in assets without incurring unacceptable cost or losses.	◆
	2.	<b>Interest Rate Risk</b>	The risk of potential negative impact on the Net Interest Income and refers to the vulnerabilities due to movement in interest rates.	◆
	3.	<b>Market Risk</b>	Market Risk refers to the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other market changes.	◆
	4.	<b>Country Risk</b>	Country risk refers to the risk attributable to events in a specific country. It is the risk of loss associated with lending, pre-settlement, money market and investment transactions in any given country.	◆
	5.	<b>Credit Risk</b>	Credit risk is the risk of financial loss resulting from failure of the parties, with whom the bank has contracted, to meet their obligations (both on and off-balance sheet).	◆
	6.	<b>Climate Related and Environmental Risk</b>	Climate-related risks refer to financial risks posed by the exposure of the bank to physical or transition risks caused by or related to climate change. Environmental risks refer to financial risks posed by the exposure of the bank to activities that may potentially cause or be affected by environmental degradation and the loss of ecosystem services.	◆
NON-FINANCIAL RISK	7.	<b>Cyber Risk</b>	Cyber Risk is defined as the potential threats occurring from failures in digital technologies, electronic systems, technological networks, devices and media.	◆
	8.	<b>Operational Risk</b>	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	◆
	9.	<b>Compliance Risk</b>	Compliance risk is exposure to legal penalties, financial forfeiture and material loss the bank may face as a result of failure to comply with laws and regulations, internal policies and prescribed best practices.	◆
	10.	<b>Information Risk</b>	Information risk are risks associated with regards to data protection, system performance, service delivery and time to market new products.	◆
TRANSVERSAL RISK	11.	<b>Business Strategic Risk</b>	Strategic Risk refers to the risk to earnings and/or capital arising from adverse effects of business decisions, failure to meet the business development targets, improper implementation of business decisions/projects, failure to react to unexpected external events which can impact on the business.	◆
	12.	<b>Reputational Risk</b>	Reputational Risk refers to the risk of loss arising from the adverse perception of the image of the bank by customers, counterparties, stakeholders.	◆

\*Residual risk is the risk that remains after mitigating controls have been put in place by management.

◆ Low ◆ Medium

# RISK REPORT

## HIGHLIGHTS FOR FINANCIAL YEAR ENDED JUNE 2025.

- Asset quality**

The bank's non-performing loan has risen to MUR 375.1 million as at June 2025 as opposed to MUR 311.6 million as at June 2024 mainly due to a few customers turning non-performing during the financial year. The NPL ratio dropped slightly to 2.1% as at June 2025 when compared to 2.2% as at June 2024 given the loan and advances book recorded a year on year increase of 26.2%, from MUR 14.4 billion as at June 2024 to MUR 18.2 billion as at June 2025.

Specific loan provision as a percentage of total non-performing loans stood at 24.5% as at June 2025 (June 2024: 28.7%). Despite the increase of MUR 63.5 million in NPL, specific provision increased only by MUR 2.1 million from MUR 89.9 million in June 2024 to MUR 92.0 million in June 2025, on the back of adequate collateral.

The watchlist portfolio has decreased from MUR 845.7 million as at June 2024 to MUR 442.1 million as at June 2025. The reduction is explained mainly by the upgrade of a counterparty operating in the hospitality sector, based on satisfactory debt service. Bond repayment of MUR 100.3 million from a previously watchlist customer also contributed to the decrease in aggregate watchlist exposure. The remaining decrease in watchlist exposure is explained by normal amortisation as per the repayment schedule.

Watchlist exposures are reviewed on a case-to-case basis against their latest financial performance and account conduct of counterparty. The bank remains committed to upholding the overall quality of its portfolio by maintaining a disciplined approach while taking proactive measures to navigate through the volatile macroeconomic environment.

- Sovereign risk**

Exposure in local and foreign sovereign counterparties stood at MUR 7.5 billion as at June 2025 (June 2024: MUR 6.4 billion). The bulk of the increase is on account of new placement made with the Bank of Mauritius. The bank continues on its strategy of maintaining a well-diversified sovereign portfolio while consolidating its liquidity buffers in terms of High-Quality Liquid Assets (HQLAs).

In a time of global geopolitical and economic uncertainty, the bank has continued to leverage on investment grade rated securities for its sovereign portfolio.

- Country risk**

Domestic exposure as a percentage of total exposure rose to 87.41% as at June 2025 (June 2024: 84.1%), while overseas exposures are well diversified in line with the bank's country risk management framework.

Overall, the bank continues to be selective in its cross-border lending strategy in line with its board approved risk appetite framework taking into consideration the various challenges and uncertainty in the current international macroeconomic environment.

- Banking counterparty risk**

In line with the bank's FI strategy, an overall increase in exposure to banks is noted, from MUR 8.8 billion as at June 2024 to MUR 9.1 billion as at June 2025, reflecting new money market placement and loans to banks.

- Sector concentration**

The top 4 sectors namely Personal, Financial & Business Services, Traders and Manufacturing make up 70.0% of total credit exposures. The weightage of the bank's credit exposure stood at 29.1% for Personal, 26.3% for Financial & Business Services, 9.2% for Traders and 5.8% for the Manufacturing sector, reflecting a well-diversified portfolio.

- Funding mix**

The split between MUR and foreign currency deposits stood at 46.4% and 53.6% respectively as at June 2025.

To support its expansion and diversification objectives, the bank remains determined to sustainably grow its sources of stable funds while optimising its funding mix as a means to manage the funding and maturity profile of its balance sheet.

- Operational risk**

No material operational loss was reported for the financial year ended June 2025, which is testimony of the robustness of the internal controls in place at the bank.

# RISK REPORT

## 1. Risk Governance Structure

The risk management process comprises the following steps:

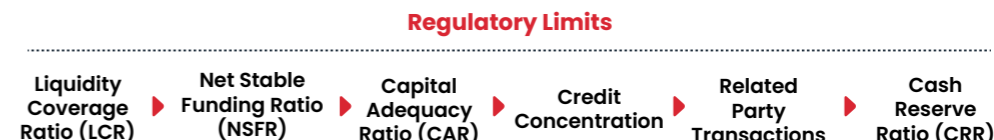


The process seeks to ensure that risk exposures are adequately managed within the set limits and guidelines.

The risk framework aims to manage rather than eliminate the risk of failure in order to achieve the business objectives. It can provide reasonable but not absolute assurance against material misstatement or loss. The bank seeks to ensure that the expected returns compensate for the risks taken and appropriate measures are put in place to mitigate any identified weaknesses in the control environment.

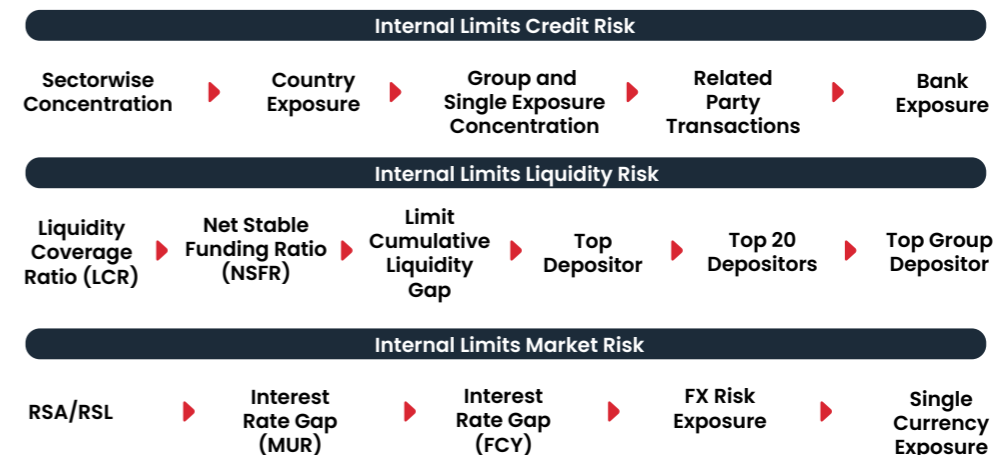
## LIMIT STRUCTURE

### Regulatory Limits



### Internal Limits

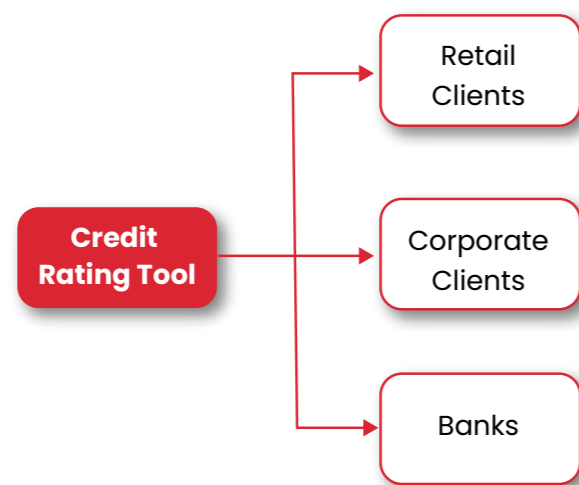
In addition to the regulatory limits, the bank has also established internal risk limits to ensure effective risk management throughout all of its operations. Some of these limits are detailed below.



\* RSA/RSL: Rate Sensitive Assets/Rate Sensitive Liabilities

# RISK REPORT

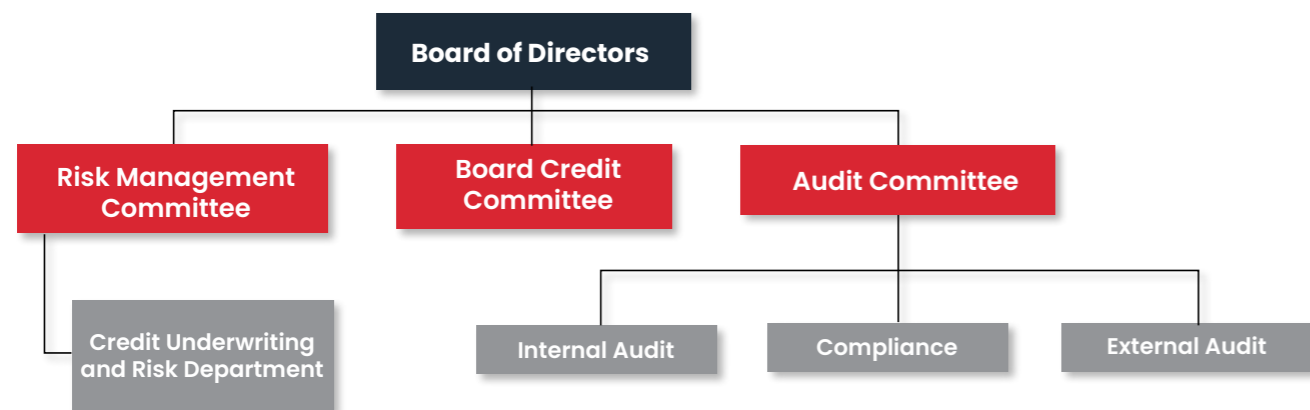
## CREDIT RATING TOOL



The bank has internal credit rating models in place for different types of counterparties – corporate, retail and banks. Each model assesses the creditworthiness of a customer and uses both qualitative and quantitative information to generate a credit rating.

The bank recalibrates its models on a regular basis ensuring that they remain dynamic and that all relevant variables are taken into consideration.

## 2. Risk Governance Framework



# RISK REPORT

## 2.1 Board Oversight and Management of Risks and Internal Control

The Board of the bank is responsible for determining the long-term strategy of the business, the markets in which it operates and the level of risk acceptable to the bank. The bank has both domestic and international client bases.

The Board has the responsibility of ensuring that management maintains an effective system of Risk Management and Internal Control and for reviewing its effectiveness.

The Board is principally responsible for:

- Establishing risk appetite and tolerance, and
- Approving risk management policies. Overseeing policy compliance and effectiveness of the risk systems, controls and policies to meet regulatory requirements.

## 2.2 Risk Management Committee

The Risk Management Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to corporate accountability and risk in terms of management, assurance and reporting.

Responsibilities include:

- Determining risk tolerance and appetite
- Reviewing and assessing the integrity of the risk control systems
- Reviewing policies and ensuring risk policies and strategies are effectively managed
- Monitoring exposures against limits set
- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP) document and recommending same to the Board
- Ensuring the effectiveness of procedures and compliance with Bank of Mauritius Guidelines

### A. BOARD CREDIT COMMITTEE

The Board Credit Committee has been established by the Board of Directors of the Company and has been delegated the responsibility of considering and approving credit facilities, in conformity with the provisions of the Credit Policy established by the Board. The Committee has also been delegated the responsibility of considering and approving credit facilities of related parties as provided for in the Guideline on Related Party Transactions.

The responsibilities of the Committee with respect to Related Parties shall be as specified in the Guideline on Related Party Transactions, and shall include the following:

- Review and approve each credit exposure to related parties in accordance with the Credit Policy
- Ensure that all transactions with related parties are carried out on terms and conditions that are at least as favorable to the Bank as market terms and conditions
- Grant credit facilities to staff which are not at prevailing market terms and conditions, provided that these terms and conditions are within the terms and conditions of employment contracts and have been approved by the Board, and
- Review the practices of the Bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Bank is identified and dealt with in a timely manner.

Any write-off of related party credit exposures shall be subject to the prior approval of the Board.

## RISK REPORT

### B. ASSETS AND LIABILITIES COMMITTEE (ALCO)

The ALCO comprises the following members or shall be as determined by the Risk Management Committee:

- Managing Director
- Chief Operating Officer
- Executive Director
- Chief Risk Officer
- Chief Business Officer
- Head of Finance
- Head of Treasury

Other employees, including the Head of Internal Audit may be invited to attend depending on the agenda to be discussed.

The Committee meets every month. The Chairman of ALCO may also convene a special meeting of the Committee in the event an issue arises that cannot wait until the next regularly scheduled meeting and the issue cannot be adequately dealt with via a quorum of ALCO members or the rapid response protocol.

ALCO is responsible for advising the Risk Management Committee on all matters relating to the balance sheet of the bank, specifically the following matters:

- Capital structure and related matters,
- Funding, and
- Liquidity

ALCO will advise the Risk Management Committee and recommend actions it considers necessary or desirable to establish that the bank's balance sheet matters are suitably understood and managed.

The Risk Management Committee will report key recommendations and provide information to the Board.

ALCO is also responsible for:

#### Interest Rate Risk

- Setting the bank's interest rate expectations. Consider, and if it be determined, authorise any specific actions arising from this agreed interest rate view
- Set policies for the management of market value risk and earnings risk within the balance sheet in relation to the agreed interest rate view
- Monitor the impact of basis risk on the net interest margin and authorise mitigating actions.

#### Funding

- To review and assess the management of funding undertaken by the bank and formulate appropriate actions to be taken.
- To review the bank's funding profile and consider
  - the diversification, cost and robustness of funding sources
  - the funding needs (both actual and projected)

## RISK REPORT

- current and new funding structures e.g., deposits
- the impact of structural investments and
- formulate appropriate actions to be taken.
- To monitor Net Stable Funding Ratio (NSFR) and ensure compliance with internal and regulatory limits.
- To evaluate the results of stress scenarios relating to the bank's funding position and formulate appropriate actions.

#### Liquidity

- To review and assess the management of the bank's liquidity position within the framework and policies established by the Risk Management Committee and the Board as the case may be, and formulate appropriate actions to be taken.
- To review the bank's liquidity profile and consider the management of rupee and foreign currency short term liquidity and formulate appropriate actions to be taken.
- To monitor liquidity coverage ratio (LCR) and ensure compliance with internal and regulatory limits.
- To evaluate the results of stress scenarios relating to the bank's liquidity position and formulate appropriate actions to be taken.

#### Balance Sheet Management

- To ensure proper management within defined control parameters set by the Risk Management Committee of the bank's net interest income and its structural exposure to movements in market rates and other changes in the external environment.
- To consider interest rate forecasts and, in light of these forecasts and other information:
  - To consider the bank's structural exposures, including the evaluation of appropriate stress scenarios, and to formulate actions, where required; and
  - To review information of the bank's net interest income margin performance in order to identify potential margin compression or similar concerns and formulate appropriate actions to be taken.
- To consider the significance on Assets and Liability Management (ALM) of any changes in customer behaviour and formulate appropriate actions.

### C. AUDIT COMMITTEE

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities by monitoring management's approach with respect to financial reporting, internal control, accounting, regulatory compliance, and by reviewing the Risk control framework and compliance. Major roles of the Audit Committee with respect to Risk Management include:

- Overseeing the effectiveness of the bank's Internal Control.
- Overseeing the policies and procedures to ensure compliance with legal and regulatory requirements.
- Reviewing the scope of internal audit, the annual audit plan and significant matters reported by Internal Audit department.
- Reviewing the scope of compliance, its work plan and significant matters reported by Compliance department.
- Reviewing the scope of external audit, its work plan and significant matters reported by External Auditors as part of their financial year-end audit.

The Audit Committee is also responsible for recommending the appointment/ reappointment of external auditors to the shareholders, through the Board of Directors.

## RISK REPORT

### D. LINES OF DEFENCE



### E. RISK DEPARTMENT

The Risk Department develops methodologies to identify, measure, mitigate and monitor the major risks of the bank. The department reports to the Risk Management Committee and ultimately to the Board in a structured manner on credit, liquidity, market and operational risk matters. The department is responsible for:

- Ensuring that risk remains within the boundaries and limits established by the Board.
- Ensuring that the business lines comply with risk parameters and prudential limits established by the Board.
- Remedial measures are implemented by the departments concerned to address identified issues and problems.
- Ensuring compliance with regulatory norms.
- Stress testing.
- Risk Reporting to Risk Management Committee on matters relating to credit, market and operational risks.
- Submitting the ICAAP to the Bank of Mauritius and addressing queries.

## 3 Risk Appetite Framework

The Risk Appetite Framework helps to align the bank's risk profile and strategic orientation, and is the key success factor of the risk management strategy that determines the level and type of risk, that the bank is willing to take and sustain while executing its business strategies.

The risk appetite is established by means of a complementary set of statements that are cascaded throughout the business units and updated to reflect internal customer and shareholder aspirations depending on the economic and geopolitical context.

The bank's risk appetite is defined by a Risk Appetite Framework set by the Board. It lays emphasis on a strong risk culture and defines the threshold to manage aggregate risks through an acceptable scale and in line with Bank of Mauritius Guidelines on credit and country risk management and cross-border lending.

## RISK REPORT

### 4. Credit Risk

Credit risk is the risk of financial loss resulting from failure of the parties, with whom the bank has contracted, to meet their obligations (both on and off-balance sheet).

#### 4.1 Credit Risk Management Approach

The Credit Underwriting and Risk Function is segregated from origination and sales function. Credit granting and approval authority is in compliance with the delegation of authority as set out in the credit policies.

The Credit Risk Management process at the bank can be summarised as follows:

- Establishment and use of limits including individual obligor/group limits, concentration limits to control concentrations within countries and industry sectors to avoid any undue concentrations.
- Consistent assessment of credit worthiness of counterparties and clients.
- Active use of credit mitigation tools.
- Dual signoff and approval.
- Escalation to the next level of approval authority for non-standard lending.
- Monitoring compliance with limits, policies and guidelines.
- Continuous monitoring of advances and identification of potential risky advances.
- Systematic approach to recognise credit impairment.
- Reporting to the Risk Management Committee on risk-related matters.

#### 4.2 Credit Policies

The credit policies set the standards on credit origination and credit risk assessment, concentration risk, credit risk mitigation, credit monitoring, collection and recovery. In addition, it incorporates the delegated powers of approval authorities, as approved by the Risk Management Committee. Approval authorities are tiered based on the lines of business and the aggregate credit facilities to the related customer group.

Credit policies are reviewed on at least an annual basis. More frequent reviews are undertaken in response to changes in the economic environment or strategies to ensure that the policies reflect the risk appetite of the bank accordingly.

#### Credit Approval Process



FRONT OFFICE

##### SALES TEAM

- In contact with customer
- Collect all relevant documents and information
- First evaluation of the deal
- Submit credit proposal to underwriting team



CREDIT UNDERWRITING

##### CREDIT ASSESSMENT

- Ensure compliance with guidelines and the bank's policy
- Independent assessment of risks
- Approve or provide recommendation to appropriate approval authority



APPROVAL PROCESS

##### CREDIT APPROVAL

- Approval by relevant party:
- Credit Underwriting Team (CUT) or
  - Chief Risk Officer (CRO) or
  - Management Credit Authority (MCA) or
  - Executive Credit Committee (ECC) or
  - Board Credit Committee (BCC),  
Depending on the nature of credit facility and deal amount

# RISK REPORT

## 4.3 Concentration Risk and Credit Risk Profile

Concentration risk refers to the risk of loss arising from an excessive concentration of exposure to single borrower/groups of closely related customers, counterparties, industry, geography or collateral.

### 4.3.1 Sovereign Risk

Sovereign Risk is a type of credit risk specific to government debt. Sovereign exposure (both local and foreign) amounted to MUR 7.5 billion (19.4%) of the total exposure of the bank. Local sovereign exposure stood at MUR 6.5 billion while foreign sovereign exposure accounted for MUR 994.0 million as at June 2025. Exposure in total local sovereign investments stood at MUR 2.7 billion as at June 2025 (June 2024: MUR 3.0 billion).

The investment book is split between local and foreign investments at MUR 4.5 billion and MUR 946.1 million respectively. Investment in foreign government securities amounting to MUR 900.4 million accounts for the bulk of foreign investment carrying sovereign risk, while investment in foreign corporates stood at MUR 45.6 million.

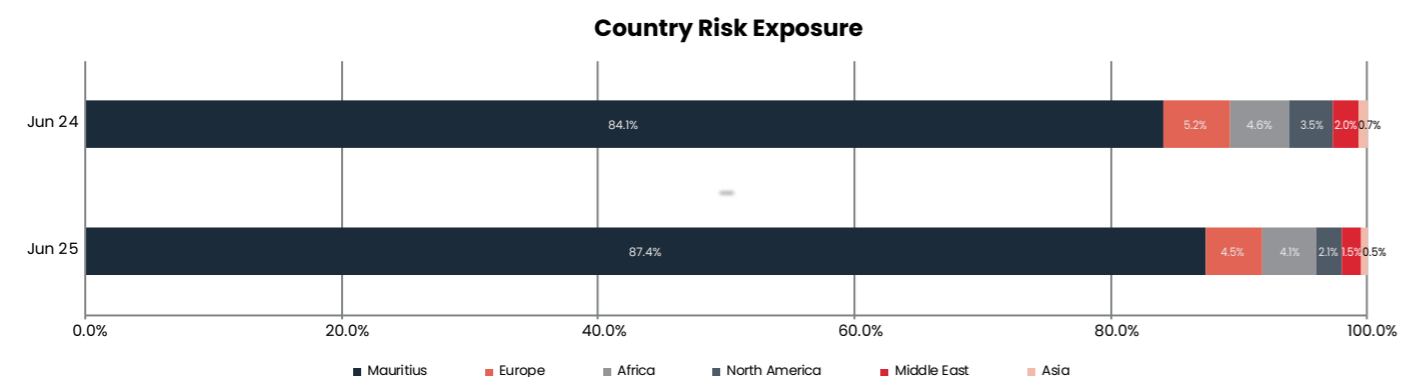
Local investment in domestic top tier corporates amounted to MUR 1.8 billion and investment in Government of Mauritius and Bank of Mauritius securities amounted to MUR 2.7 billion reflecting an acceptable risk profile of the portfolio.

### 4.3.2 Country Risk

Country risk refers to the risk attributable to events in a specific country. It is the risk of loss associated with lending, pre-settlement, money market and investment transactions in any given country. The occurrence of a country risk event may result in all counterparties in a country to be unable to effect timely payments, despite their willingness to meet contractual debt obligations.

To manage and assess country risk, the bank has in place a board approved Country Risk Management Framework. The bank uses Moody's, Standard & Poor's and/or Fitch ratings. The bank has subscribed to Moody's services and monitors country risk profile on a real-time basis. Country limits are worked out based on the country risk ratings and the bank's Tier 1 capital.

The following chart shows the distribution of exposure by region.



Domestic exposure as a percentage of total exposure rose to 87.4% as at June 2025 (June 2024: 84.1%), while overseas exposures are well diversified in line with the bank's country risk management framework.

A reduction in exposure in Europe is noted from 5.2% to 4.5% due to expired bank limits during the year. Exposure in other continents remained stable compared to last year.

# RISK REPORT

## Country Limit

Limits to exposure for each country are set based on the following:

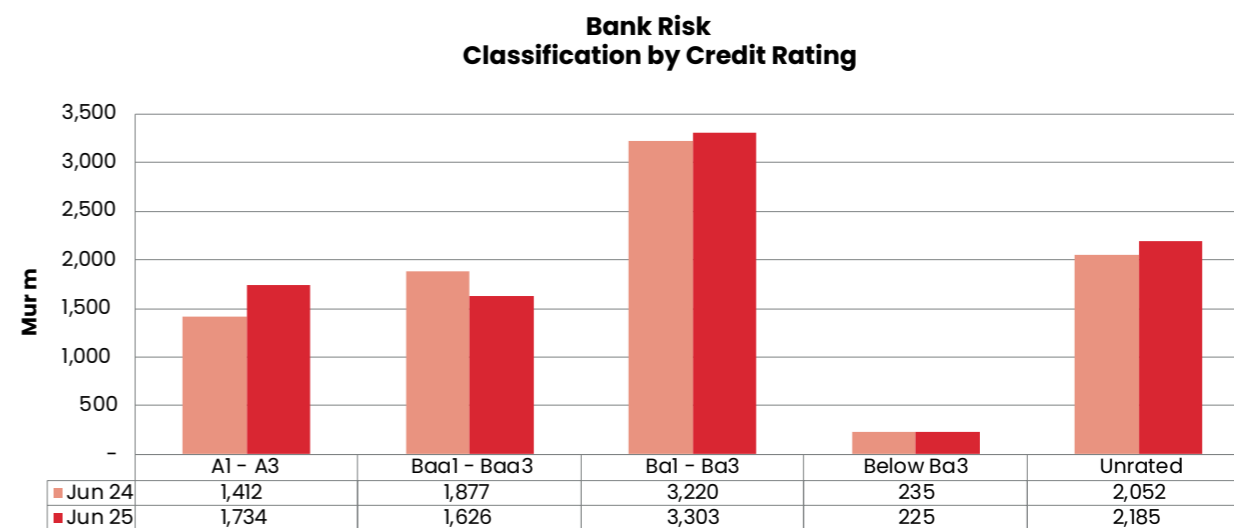
- The strategic intent of the bank
- The Country's Risk Rating
- Macro economic indicators
- Business opportunities available in the Country
- Exposure to the bank's Tier 1 Capital

### 4.3.3 Bank risk

Bank risk is the risk of loss arising from default or changes in the credit profile of a bank or a systemic change in the banking industry.

Surplus funds are invested in treasury bills/bonds or placed with other banks. Moody's, Standard & Poor's and/or Fitch ratings are used to assess the counterparty risk related to financial institutions while the internal bank scoring model is used for unrated banks. Limits on banks are worked out based on the ratings of the banks and the bank's Tier 1 capital.

Exposure to banks by rating are reflected below.



#### 4.3.4 Sector Concentration

SECTOR	Exposure						Exposure						Prudential limits	Concentration Direction (% of total exposure)	Actual Real GDP Growth by Sectors (2024)	Forecasted Real GDP Growth by Sectors (2025)
	Jun 24			Jun 25			Jun 24			Jun 25						
	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL				
(MUR m)	% of Total SEG A Exposure	(MUR m Equiv.)	% of Total SEG B Exposure	(MUR m Equiv.)	% of Total Exposure	(MUR m)	% of Total SEG A Exposure	(MUR m Equiv.)	% of Total SEG B Exposure	(MUR m Equiv.)	% of Total Exposure					
Agriculture and Fishing	197.2	1.2%	-	0.0%	197.2	1.1%	222.0	1.2%	-	0.0%	222.0	1.0%	15.0%	↓	+5.9%	+7.9%
Manufacturing	1,375.3	8.5%	-	0.0%	1,375.3	7.6%	1,307.9	7.1%	-	0.0%	1,307.9	5.8%	16.5%	↓	+1.6%	+1.9%
Tourism	1,386.9	8.6%	235.4	12.0%	1,622.3	9.0%	1,095.0	5.9%	184.7	4.6%	1,279.7	5.7%	25.0%	↓	+5.7%	+0.7%
Transport	496.0	3.1%	0.2	0.0%	496.2	2.7%	647.1	3.5%	0.2	0.0%	647.2	2.9%	10.0%	↑	+4.9%	+5.0%
Construction	1,048.6	6.5%	-	0.0%	1,048.6	5.8%	850.9	4.6%	-	0.0%	850.9	3.8%	10.0%	↓	+13.3%	+0.5%
Global Business Licence Holders	-	0.0%	532.9	27.3%	532.9	2.9%	-	0.0%	658.0	16.3%	658.0	2.9%	10.0%	↓	+3.0%	+3.2%
Traders	1,735.7	10.8%	-	0.0%	1,735.7	9.6%	2,066.3	11.2%	-	0.0%	2,066.3	9.2%	30.0%	↓	+3.2%	+3.2%
Information Communication and Technology	197.4	1.2%	-	0.0%	197.4	1.1%	161.7	0.9%	-	0.0%	161.7	0.7%	10.0%	↓	+4.5%	+4.8%
Financial and Business Services	3,347.5	20.7%	10.7	0.5%	3,358.2	18.6%	4,150.6	22.4%	1,788.2	44.2%	5,938.8	26.3%	35.0%	↑	+4.1%	+4.0%
Infrastructure	6.2	0.0%	-	0.0%	6.2	0.0%	71.5	0.4%	-	0.0%	71.5	0.3%	15.0%	↑		
Professional	413.7	2.6%	-	0.0%	413.7	2.3%	442.1	2.4%	-	0.0%	442.1	2.0%	5.0%	↓	+4.0%	+3.9%
Health Development Certificate Holders	364.7	2.3%	-	0.0%	364.7	2.0%	630.4	3.4%	-	0.0%	630.4	2.8%	5.0%	↑	+5.9%	+2.5%
Education	10.6	0.1%	-	0.0%	10.6	0.1%	10.4	0.1%	-	0.0%	10.4	0.0%	10.0%	↓	+6.0%	+2.4%
Media, Entertainment and Recreational Activities	16.5	0.1%	-	0.0%	16.5	0.1%	34.4	0.2%	-	0.0%	34.4	0.2%	5.0%	↑	+4.7%	+4.6%
Other	1,038.4	6.4%	45.5	2.3%	1,083.8	6.0%	1,755.0	9.5%	-	0.0%	1,755.0	7.8%	15.0%	↑	+2.0%	+2.0%
Personal	4,509.3	27.9%	1,130.8	57.8%	5,640.1	31.2%	5,085.0	27.4%	1,410.1	34.9%	6,495.1	28.8%	40.0%	↓		
of which Housing	2,224.1	13.8%	809.9	41.4%	3,034.0	16.8%	2,447.9	13.2%	1,050.1	26.0%	3,498.0	15.5%		↓		
of which Leasing	1,583.7	9.8%	3.5	0.2%	1,587.2	8.8%	1,864.8	10.1%	1.9	0.0%	1,866.7	8.3%		↓		
of which other personal	701.5	4.3%	317.4	16.2%	1,018.9	5.6%	772.4	4.2%	358.1	8.9%	1,130.5	5.0%		↓		
<b>Total</b>	<b>16,144.1</b>	<b>100.0%</b>	<b>1,955.5</b>	<b>100.0%</b>	<b>18,099.6</b>	<b>100.0%</b>	<b>18,530.2</b>	<b>100.0%</b>	<b>4,041.2</b>	<b>100.0%</b>	<b>22,571.4</b>	<b>100.0%</b>				

Table 1: Sector-wise distribution

70.0% of total exposures were concentrated in 4 top sectors being Personal, Financial & Business Services, Traders and Manufacturing.

Exposures to Segment B stood at MUR 4.0 billion as at 30 June 2025.

## RISK REPORT

### 4.3.5 Credit Concentration Risk for large exposures

The bank is exposed to the credit risk of large single/group counterparties. In the event of default of their obligations to the bank, this will have a significant impact on impairment charge.

The bank is in compliance with the Bank of Mauritius Guideline on Credit Concentration Limits. The bank ensures that it does not grant credit to a single customer or group of connected counterparties, which exceeds the regulatory limit stipulated in the Guideline.

The table below provides a breakdown of the bank's large credit exposures (group and single).

Group and Single Exposure	Exposure incl commitments at 30.06.25 (MUR M)	Exposure incl commitments as a % of Tier 1 Capital
1	693.3	27.8%
2	662.8	26.6%
3	607.8	24.4%
4	578.6	23.2%
5	577.4	23.2%
6	525.7	21.1%
7	473.5	19.0%
8	470.7	18.9%
9	451.5	18.1%
10	451.3	18.1%
11	411.9	16.5%
12	382.9	15.4%
13	361.0	14.5%
14	354.8	14.3%
15	344.8	13.9%
16	342.3	13.8%
17	316.6	12.7%
18	284.1	11.4%
19	275.7	11.1%
20	263.0	10.6%
21	262.4	10.5%
22	257.0	10.3%
<b>Total</b>	<b>9,349.1</b>	<b>375.5%</b>

**Table 2: Credit Concentration – Single/Group of Connected Counterparties**

As at 30 June 2025, 12 groups of connected counterparties and 10 single customers had exposures exceeding 10% of the bank's Tier 1 Capital. The aggregate of the exposures stood at 375.5%, which is well within the regulatory limit of 800% of bank's Tier 1 Capital.

## RISK REPORT

### 4.3.6 Related Party Transactions

The bank adheres to the Bank of Mauritius Guideline on Related Party Transactions. As at 30 June 2025, the bank's exposure to related parties in Category 1 and Category 2 represented 34.7% of Tier 1 Capital, which is well within the regulatory limits of 150% of Tier 1 Capital.

The bank's Category 1 related party exposures aggregated to MUR 812.3 million (32.6% of Tier 1 Capital) as at June 2025, which was within the regulatory limit of 60% set by the Bank of Mauritius. The top 6 exposures to Category 1 related parties aggregated to MUR 628.7 million (25.3% of Tier 1 Capital) as at 30 June 2025 which is within the regulatory limit of 60%.

Top 6 Exposure to Related Parties – Category 1	Exposure incl commitments at 30.06.25 (MUR M)	% of Tier 1 Capital
1	323.3	13.0%
2	113.7	4.6%
3	93.2	3.7%
4	40.4	1.6%
5	30.0	1.2%
6	28.0	1.1%
<b>Total</b>	<b>628.7</b>	<b>25.3%</b>

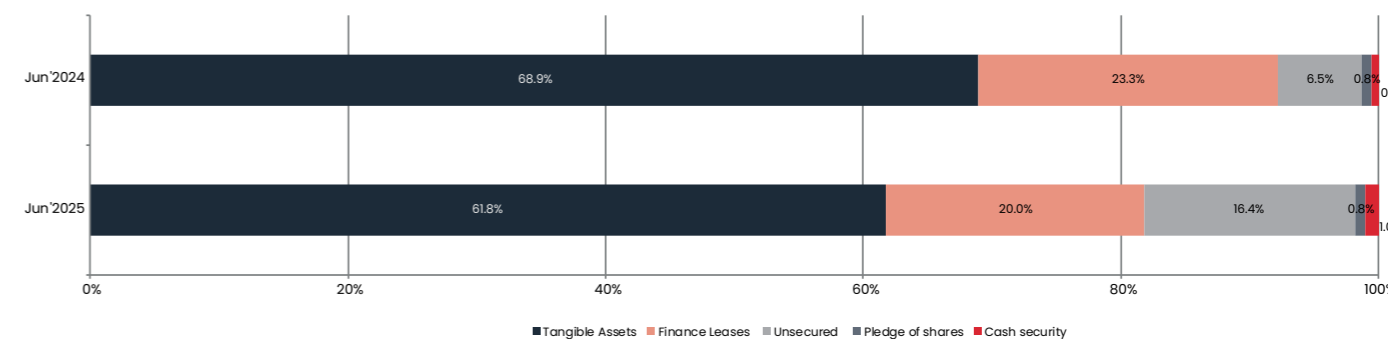
**Table 3: Top 6 Exposures to Category 1 related parties**

None of the facilities granted to related parties were impaired. The facilities granted to related parties are approved by the Board Credit Committee.

### 4.3.7 Credit Risk Mitigation

Potential credit losses are mitigated by the use of collateral and other guarantees where feasible. The extent of risk mitigation provided by collateral depends on the amount of charges, type and quality of collateral taken. Policies and guidelines are in place regarding the types of collateral acceptable to the bank, their strengths as credit risk mitigation and the valuation frequencies. Physical collaterals are insured against all risks. Obtaining collateral does not replace a rigorous assessment of the borrower's ability to meet its obligations. For Corporate deals, legal opinions are sought and documentation is reviewed by legal advisors where required.

The breakdown of loans and advances by security types is given below.



61.8% of exposure was secured against fixed/floating charges as at June 2025. Finance lease as a percentage of total exposure dropped to 20.0% from 23.3% (June 2024). We also note an increase in facilities secured by cash collateral, from 0.6% to 1.0%. Unsecured facilities rose to 16.4% as at 30 June 2025 due to new funding extended to large international banks during the financial year.

# RISK REPORT

## 4.4 Account Monitoring and Recovery

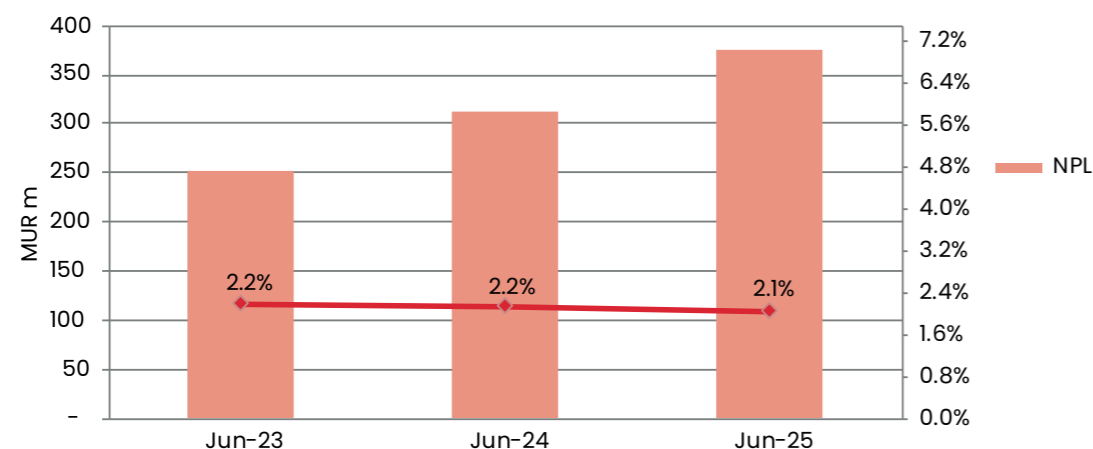
Credit granted and borrowers are monitored on an ongoing basis. Restructuring of facilities is undertaken on a case-to-case basis, taking into account the repayment capacity of the borrower.

### Key Indicators of Credit Quality

Ratio	As at 30 Jun 2023	As at 30 Jun 2024	As at 30 Jun 2025
Non-Performing Loans (NPLs)/Gross loans and advances	2.2%	2.2%	2.1%

Table 4: Key Indicators of asset quality

The bank's non-performing loan has increased from MUR 311.6 million as at June 2024 to MUR 375.1 million as at June 2025. The NPL ratio has decreased to 2.1% as at June 2025 when compared with June 2024 while the loan and advances book has grown from MUR 14.4 billion as at June 2024 to MUR 18.2 billion as at June 2025.



Specific provision as a percentage of total non-performing loans stood at 24.5% as at June 2025 (June 2024: 28.7%).

The performance of the Recovery team is reviewed on a monthly basis by Portfolio Committee. The focus is to ensure prompt recovery of assets.

## 5 Market Risk Management

Market Risk refers to the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other market changes.

The Assets and Liabilities Committee (ALCO) and the Risk Management Committee are involved in evaluating, managing and monitoring the market risks of the bank. Performance is monitored against policy limits and gap analysis undertaken to ensure that market risk is captured, reported and effectively managed.

The primary tools used by the bank to assess market risks are:

### GAP ANALYSIS

Liquidity gap analysis is the difference between a bank's assets and liabilities, caused by said assets and liabilities not sharing the same properties. This gap can be positive or negative, depending on whether the bank has more assets than liabilities or vice versa. For banks, the liquidity gap can change over the course of the day as deposits and withdrawals are made. This means that the liquidity gap is more of a quick snapshot of a firm's risk, rather than a figure that can be worked over for a long period of time. To compare periods of time, the bank calculates the marginal gap, which is the difference between gaps of different periods.

# RISK REPORT

## VALUE AT RISK (VaR)

VaR is a statistical risk measure used to estimate the potential loss from adverse market moves in a normal market environment. The bank has a single VaR framework used as a basis for calculating Risk Management VaR.

The framework is employed across the bank using historical simulation based on data for the previous 12 months and using a one-day holding period and a confidence interval of 99%. The framework's approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future. The use of Risk Management VaR provides a stable measure of VaR that is closely aligned to risk management decisions made by the lines of business, and provides the appropriate information needed to respond to risk events. VaR was MUR 386.0k as at 30 June 2025 as compared to MUR 306.6k as at 30 June 2024.

## EARNINGS-AT-RISK (EAR)

The bank evaluates its structural interest rate risk exposure through earnings-at-risk, which measures the extent to which changes in interest rates will affect the bank's net interest income and certain interest rate-sensitive fees.

## 5.1 Liquidity risk

Liquidity risk is the potential loss to a bank arising from either its inability to meet its obligations when they fall due or to fund increases in assets without incurring unacceptable cost or losses. Large unexpected outflows resulting from customer withdrawals and unplanned loan drawdowns may impact on the balance sheet and entail inability to fulfil lending obligations and a failure to meet liquidity regulatory requirements.

### 5.1.1 Liquidity Risk Management

The bank manages liquidity risk in accordance with the Guideline on Liquidity Risk Management and within the risk appetite and tolerance of the bank for liquidity risk. The market risk policy of the bank sets out the framework within which the liquidity of the bank is managed and monitored. Funding, liquidity, and foreign exchange exposures in the banking book are managed centrally by the treasury department.

Liquidity Risk Management	Contingency Liquidity Risk Management
<ul style="list-style-type: none"> <li>Manage intra-day liquidity positions</li> <li>Monitor Interbank Outstanding Balances</li> <li>Monitor daily cash flow requirements</li> <li>Manage short term/long term cash flows</li> <li>Manage daily foreign currency liquidity</li> <li>Identify and manage structural liquidity mismatches</li> <li>Preserve a diversified funding base</li> <li>Monitoring of the ratios against limits set</li> </ul>	<ul style="list-style-type: none"> <li>Monitor and manage early warning liquidity indicators</li> <li>Maintain contingency funding plans</li> </ul>

Limits are reviewed at least annually or more frequently if required to ensure that they remain relevant in the context of prevailing market conditions and business strategy. Some of the liquidity risk management tools include monitoring the list of top depositors, funding source mixture and maturity profile of funding sources. Excesses above limits are ratified at the Risk Management Committee.

## RISK REPORT

### 5.1.2 Funding Risk

Funding risk refers to the risk that a bank does not have sufficiently stable and diverse sources of funding, or the funding structure is inefficient.

The primary funding sources are from deposits from retail and corporate clients, comprising savings, call deposits and term deposits. Deposits (including accrued interest) stood at MUR 28.8 billion as at June 2025. Foreign currency deposits (excluding accrued interest) increased from 43.7% as at June 2024 to 53.6% as at June 2025, whilst MUR deposits (excluding accrued interest) decreased from 56.3% to 46.4 over the same period.

Net Loan-to-deposit ratio decreased from 64.7% as at June 2024 to 62.8% as at June 2025.

45.0% of deposits (including accrued interest) were individual customer deposits as at June 2025. Although savings accounts and call deposits are repayable on demand, these are considered to be fairly stable sources of funding at the bank.

### 5.1.3 Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) represents a standard that is designed to ensure that a bank has an adequate inventory of unencumbered High-Quality Liquid Assets (HQLA) that consist of cash or assets convertible into cash at little or no loss of value in market, to meet its liquidity requirements for a 30 days' liquidity stress period, by which time, management and the Bank of Mauritius will be able to take appropriate corrective action to resolve the stress situation in an orderly manner. The LCR stood comfortably at 290% on a consolidated basis as at 30 June 2025 (June 2024: 397%) which is well within the regulatory limit of 100%.

### 5.1.4 Net Stable Funding Ratio (NSFR)

The NSFR is an important component of the Basel III reforms which aims to decrease funding risk and promote resilience in the banking sector. It requires banks to maintain a stable funding profile in relation to both on and off-balance sheet activities, in order to minimise the likelihood of any funding stress situation. It effectively promotes long-term funding stability by aligning funding with asset profiles. As per the Guideline on Net Stable Funding Ratio issued by the Bank of Mauritius in June 2024, banks are required to maintain NSFR of 100% for all currencies at all times.

	Regulatory Limit	NSFR as at June 2024	NSFR as at June 2025
<b>Consolidated</b>	100%	158%	<b>168%</b>
<b>MUR</b>	100%	153%	<b>146%</b>
<b>USD</b>	100%	227%	<b>286%</b>
<b>EUR</b>	100%	106%	<b>110%</b>

### 5.1.5 Contingent Liquidity Risk

Committed credit facilities, whilst drawn in period of liquidity crisis, give rise to contingent liquidity risk. The liquidity gap is worked out taking into account committed exposures to assess the risk as part of the stress testing exercise.

## 5.2 Interest Rate Risk

Interest Rate Risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. Interest rate risk is the potential negative impact on the Net Interest Income and refers to the vulnerabilities of the bank's financial condition to movement in interest rates. In line with the Guideline on Measurement and Management of Market Risk, the bank conducts repricing gap analysis for individual currencies accounting for 5% or more of the bank's banking book total assets or liabilities.

The tables below provide an analysis of the interest rate risk exposure for the bank. As at 30 June 2025, currencies accounting for 5% or more of total assets or liabilities included MUR, EUR and USD. The up to 3 months column includes assets and liabilities bearing floating rates of interest that do not reprice at set dates, but reprice whenever the underlying interest rate changes.

## RISK REPORT

### REPRICING GAP – BANK

As at June 2025

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	23,463.1	466.8	596.0	1,280.2	1,729.3	1,268.1	4,944.8	33,748.4
Liabilities	10,506.8	1,286.9	2,450.2	1,461.1	2,783.3	695.8	11,545.5	30,729.7
On Balance sheet interest rate repricing gap	12,956.2	(820.1)	(1,854.1)	(180.9)	(1,054.0)	572.3	(6,600.7)	3,018.7
Cumulative repricing gap	12,956.2	12,136.1	10,282.0	10,101.1	9,047.1	9,619.4	3,018.7	
<b>As a % of total assets</b>	<b>38.6%</b>	<b>36.2%</b>	<b>30.7%</b>	<b>30.1%</b>	<b>27.0%</b>	<b>28.7%</b>	<b>9.0%</b>	

As at June 2024

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	17,487.0	514.6	762.8	1,047.8	2,017.7	1,295.9	3,480.3	26,606.2
Liabilities	7,645.7	1,059.0	2,284.7	1,197.4	3,127.8	694.7	7,907.3	23,916.5
On Balance sheet interest rate repricing gap	9,841.3	(544.33)	(1,521.85)	(149.57)	(1,110.16)	601.17	(4,426.94)	2,689.6
Cumulative repricing gap	9,841.3	9,297.0	7,775.1	7,625.5	6,515.4	7,116.6	2,689.6	
<b>As a % of total assets</b>	<b>37.3%</b>	<b>35.2%</b>	<b>29.5%</b>	<b>28.9%</b>	<b>24.7%</b>	<b>27.0%</b>	<b>10.2%</b>	

### REPRICING GAP – MUR

As at June 2025

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	10,818.6	284.5	319.0	1,264.8	1,323.0	1,187.4	2,514.0	17,711.4
Liabilities	8,289.8	285.2	486.1	1,091.5	2,717.1	695.8	1,362.8	14,928.3
On Balance sheet interest rate repricing gap	2,528.8	(0.7)	(167.1)	173.3	(1,394.0)	491.6	1,151.3	2,783.1
Cumulative repricing gap	2,528.8	2,528.1	2,361.0	2,534.3	1,140.3	1,631.8	2,783.1	
<b>As a % of total MUR assets</b>	<b>14.3%</b>	<b>14.3%</b>	<b>13.3%</b>	<b>14.3%</b>	<b>6.4%</b>	<b>9.2%</b>	<b>15.7%</b>	

### REPRICING GAP – EUR

As at June 2025

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	4,328.3	42.5	-	-	-	-	647.1	5,017.9
Liabilities	469.3	134.7	959.5	342.3	13.6	-	1,960.1	3,879.5
On Balance sheet interest rate repricing gap	3,859.0	(92.2)	(959.5)	(342.3)	(13.6)	0.0	(1,313.1)	1,138.3
Cumulative repricing gap	3,859.0	3,766.8	2,807.3	2,465.0	2,451.4	2,451.4	1,138.3	
<b>As a % of total EUR assets</b>	<b>76.9%</b>	<b>75.1%</b>	<b>55.9%</b>	<b>49.1%</b>	<b>48.9%</b>	<b>48.9%</b>	<b>22.7%</b>	

## RISK REPORT

### REPRICING GAP – USD

As at June 2025

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non interest sensitive	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR	MUR
Assets	7,990.7	139.8	277.1	15.4	406.3	80.7	475.1	9,385.1
Liabilities	1,663.5	831.3	974.9	25.8	50.2	-	6,980.7	10,526.3
On Balance sheet interest rate repricing gap	6,327.2	(691.5)	(697.8)	(10.4)	356.1	80.7	(6,505.6)	(1,141.2)
Cumulative repricing gap	6,327.2	5,635.7	4,937.9	4,927.6	5,283.7	5,364.4	(1,141.2)	
<b>As a % of total USD assets</b>	<b>67.4%</b>	<b>60.0%</b>	<b>52.6%</b>	<b>52.5%</b>	<b>56.3%</b>	<b>57.2%</b>	<b>-12.2%</b>	

Tables 5: Repricing gap

The treasury department tracks and reviews the gap to recommend strategies to reduce the repricing mismatches and manage the interest rate risk. ALCO meetings are held on a monthly basis.

### Interest Rate Sensitivity Analysis

Interest rate risk is measured from an earnings perspective. The bank uses Earnings at Risk (EaR) to evaluate the sensitivity of its net interest income over the next 12 months. The bank assesses the impact of various interest rate shocks on net interest income over a 12-month period, based on the assumption of a static balance sheet position.

An analysis of a 50 basis points parallel shift in the yield curve and its impact on interest earning assets and interest-bearing liabilities has been carried out for respective currencies as outlined below.

Additionally, the table also indicates that a 100 basis points change in interest rate for MUR will have an impact of MUR 21.5 million as of 30 June 2025 (MUR 15.8 million as of 30 June 2024) on our profit or loss. The increase in the earnings at risk is attributed to balance sheet growth and higher interest rate sensitivity in both our MUR and FCY books over the period.

Change in Basis Points	Sensitivity of							
	Profit or Loss		Equity		Profit or Loss		Equity	
	Actual (June 2023)		Actual (June 2024)		Actual (June 2025)			
MUR	50	4.0	3.5	4.0	3.7	<b>7.3</b>	<b>3.4</b>	
	100	8.0	7.0	8.1	7.2	<b>14.8</b>	<b>6.7</b>	
EUR	50	8.5	1.1	9.6	0.7	<b>12.3</b>	-	
USD	50	14.3	2.2	15.6	1.2	<b>21.7</b>	<b>2.9</b>	

### 5.3 Foreign Exchange Risk

Foreign exchange risk refers to the risk that the bank may suffer a loss as a result of adverse exchange rate movement during which period it has an open position, either spot or forward, or both in the same foreign currency. There is also settlement risk arising out of default of the counterparty and time lag in settlement of currencies due to different time zones.

The risk element in foreign exchange risk is managed and monitored against appropriate limits – open position, stop loss, day light as well as overnight limits for each currency. To manage the foreign exchange risk, dealers operate within the prudential limits approved by the Board and the regulatory limit as prescribed by the Bank of Mauritius. The regulatory daily overall foreign exchange limit is 15% of the bank's Tier 1 capital.

## RISK REPORT

### 5.4 Price Risk

Price risk refers to the risk arising from fluctuations in the market value of trading and non-trading positions, resulting in losses in the value of the portfolios. The bank is exposed to risks associated with locally and internationally quoted securities. Investment in securities decreased from MUR 6.7 billion as at June 2024 to MUR 5.4 billion as at June 2025.

## 6 Operational Risk Management

Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes strategic and reputational risk. It is not possible to eliminate all operational risks. However, the likelihood of material operational risks should be reduced by introducing mitigating controls.

### 6.1 Key types of Operational Risk

- Processing Risk
- People Risk
- Legal Risk
- Compliance Risk including AML
- CyberSecurity Risk
- Business Continuity Risk
- Fraud Risk
- Outsourcing Risk

### 6.2 Management of Operational Risk

The bank identifies and manages operational risks in the following ways:

- Fostering a sound risk culture whereby all employees of the bank embed risk management in their day-to-day processes.
- The bank has in place a robust three lines of defence model which ensures that all activities of the bank are within the regulatory framework.
- Reporting by Business Units of the specific operational risks inherent in their business activities on both regular and event-driven basis.
- Key Risk Indicators have been developed, where appropriate to act as early warning signals for risk of potential losses. The Key Risk Indicators are reported to the Risk Management Committee on a quarterly basis.
- Promptly raising an incident report where there is any material operational issue, disruption or near misses.
- Having in place a well-defined mechanism that allows employees to escalate any illegal and/or unethical behaviour.
- Processes and procedures of the different departments are reviewed by the Risk Management Team.

The main responsibility for the management of Operational Risk and compliance with control requirements rests with the business and functional units where the risk arises.

To mitigate the impact of some operational risks, measures used by the bank include the following:

- Complaints tracking and prompt resolution of issues
- Capital management

## RISK REPORT

- Risk transfer via Insurance
- Disaster recovery and business continuity plans
- Procedures implemented and maintained to comply with the increasingly complex laws and regulations.
- Risk Control Self-Assessment performed on a regular basis.
- Frequent training provided to staff to ensure they stay abreast of changes in the risk landscape.

No material operational loss was reported for the financial year ended June 2025, which is testimony of the robustness of the internal controls in place at the bank.

### 7 Information Technology Risk

The bank has maintained a strong focus on Information Technology (IT) risk management throughout the financial year, recognizing its critical role in safeguarding operational integrity and customer trust. In response to the evolving cyber threat landscape and increasing regulatory expectations, the bank has enhanced its IT governance framework with updated Information security policy, among others, implemented advanced threat detection systems and conducted regular assessments of its technology infrastructure. These efforts are aligned with industry best practices and regulatory requirements to ensure compliance as well as resilience.

### 8 Strategic Risk

Strategic Risk refers to the risk to earnings and/or capital arising from adverse effects of business decisions, failure to meet the business development targets, improper implementation of business decisions/projects, failure to react to unexpected external events which can impact on the business.

The strategic planning process includes the development of a strategic plan, which is reviewed annually during the budgetary process to ensure that the strategic initiatives are on track or need to be amended. This year, in line with our Vision 2030, there has been a strategic plan over a 5-year period. To mitigate the risk, performance against strategic plans, budgets or projects are monitored.

### 9 Reputational Risk

The bank adopts the Basel II definition of reputational risk. The Basel Committee defines reputational risk as the *“risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debtholders, market analysts, other relevant parties or regulators that can adversely affect a bank’s ability to maintain existing, or establish new, business relationships and continued access to sources of funding”*.

Currently, the bank maintains a minimal reputational risk profile, as its activities are largely conventional in nature.

Nevertheless, a Reputational Risk Committee (RRC) has been established to convene on an ad-hoc basis to address any issues that may adversely affect the bank’s reputation. The Head of Compliance serves as the Committee’s Secretary.

The RRC plays a key role in formulating timely and appropriate responses to significant reputational risk events and in recommending best practices and preventive measures to safeguard the bank’s reputation. Reputational risks are also mitigated by the use of standardized industry documentation and by seeking appropriate legal advice where required. Complaints are tracked and tackled promptly. The bank is of the view that the Operational risk capital charge encompasses potential reputational issues.

### 10 Pension Obligation Risk

Pension Obligation Risk is the risk that a firm’s obligations towards an employee pension scheme may increase because of a deterioration in the scheme position.

## RISK REPORT

The bank launched its pension scheme since July 2014. The pension plan is a Defined Contribution (DC) Pension Plan. The pension scheme administrator is MUA Pension Ltd. The investment manager is Orange Eight Ltd.

Under a DC Pension Plan, the bank will pay fixed contributions or contribute based on the contribution of the employee. Pension plan benefits at retirement are determined by the contribution paid into the plan and the investment returns generated by these assets over time.

### 11 Compliance, Anti-Money Laundering and Sanctions

The Compliance function ensures that the bank’s ongoing adherence to applicable laws and regulations as well as guidelines and instructions issued by the Bank of Mauritius which govern its operations. The bank recognizes its responsibility to conduct business in accordance with the relevant laws and regulations. The bank is subject to supervisory governance and seeks to abide to the highest standards in terms of compliance practices.

Regular training is provided to ensure employees are kept well informed of regulatory changes and the bank’s regulatory obligations. The Money Laundering Reporting Officer (MLRO) is empowered to investigate and report any suspicious transactions to the Financial Intelligence Unit (FIU).

To ensure consistent management of compliance risk at the bank, the Compliance function provides advice on regulatory matters and works closely with business and operational units. The department also monitors compliance risks by ensuring that the bank adheres to all the reporting requirements and all the relevant banking and anti-money laundering rules and guidelines issued by regulatory bodies. Under the aegis of the Board of Directors, the Compliance department has been entrusted with the responsibility of ensuring a sound compliance risk management framework within the bank.

As from December 2016, the bank has put in place Oracle Financial Services Analytical Applications (OFSAA), an AML software which scrutinizes all banking transactions undertaken by the bank. OFSAA is a globally recognized AML solution which provides a robust transaction monitoring system allowing the bank to deal with potential violations of AML/CFT/PF guidelines in a timely manner. The alerts generated by the OFSAA software are attended to by the Compliance team as part of its daily monitoring exercise. The alerts that are generated are investigated by the Compliance department. Where deemed necessary, the nature and purpose of the transaction and origin/source of funds are further verified by the Compliance team.

On the other hand, with a view to avoid any sanctions issue relating to inward and outward remittances undertaken by the bank, the SWIFT Sanction Screening system carries necessary checks on a real time basis which is dealt with by the Compliance team. Concerning customer name screening, the bank uses Lexis Nexis Bridger Solution and the World Check software for AML as well as sanctions risks by cross-checking against international sanction lists and other publicly available adverse media and PEP lists among others. The bank also maintains an internal caution list. Moreover, Lexis Nexis carries out an ongoing monitoring of all customers of the bank on a daily basis irrespective of the level of risks.

The bank has also put in place systems and procedures to comply with the new requirements of Common Reporting Standards (CRS). Similar to FATCA, CRS facilitates the automatic exchange of information between jurisdictions. This involves the systematic and periodic transmission of taxpayer data from the source country to the country of tax residence. The information exchange includes various categories of income, such as account balances, dividends, interest, royalties, salaries and pensions.

Systems, frameworks and procedures are also reviewed to meet the expectations that are brought by the new requirements of latest Finance Acts and the new National Risk Assessment Report compiled in 2025.

Other changes to existing rules and regulations, as those stated below are also taken into consideration by the bank when drafting its Anti-Money Laundering and Sanctions policies.

- The Financial Intelligence and Anti-Money Laundering Act 2002
- The Financial Crimes Commission Act 2003
- The Financial Intelligence and Anti-Money Laundering Regulations 2018
- The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019

Our bank also aligns its policies to reflect instructions issued by the Bank of Mauritius, including through the Guideline on Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation financing from time to time.

## RISK REPORT

### 12 Internal Audit

The Head of Internal Audit, in line with the Code of Corporate Governance, reports to the Audit Committee for direction and accountability and administratively to the Managing Director. The scope of work of Internal Audit is provided in an annual Risk-Based Internal Audit Plan which is approved by the Audit Committee at the beginning of each financial year. The Plan consists of operational audits, AML/CFT audits as well as IT audits.

To accomplish its duties, the Internal Audit function has unrestricted access to the bank's records and employees. For each audit, an independent risk assessment exercise is done to identify the key risks within the processes/ sub-processes under review and the key controls in place to mitigate these risks. Following this, internal audit tests the design and operating effectiveness of these key controls through sample-based testing. At the end of each assignment, internal audit findings are risk rated and are discussed with the Head/ Manager of the Business Unit during a closing meeting. The draft internal audit report is then circulated to the Head/Manager of the BU concerned for final management comments. The final internal audit report is thereafter issued to the Managing Director, Chief Operating Officer and to all Audit Committee members.

Key responsibilities of the Internal Audit function include:

- Evaluating the overall governance, risk management and internal control framework;
- Conducting audits as defined in our Risk-Based Internal Audit Plan;
- Carrying out ad-hoc assignments requested by Senior Management and approved by the Audit Committee;
- Assessing the means for safeguarding assets and verifying the existence of the bank's assets including cash counts, stock counts and external site visits; and
- Evaluating the reliability and integrity of financial information;
- Providing continuous feedback to Business Units upon the setting up of new bank policies and procedures and review of bank policies and procedures; and
- Following up on internal audit recommendations as well as external auditors' recommendations and providing a regular status to the Audit Committee

As of date, Internal Audit has successfully completed its Audit Plan set for FYE 30 June 2025. Additionally, the Risk-Based Internal Audit Plan for FYE 30 June 2026 was presented to and approved by the Audit Committee in April 2025.

### 13 Capital Adequacy and Management

The aim of the bank is to maintain an adequate capital base to support the development of business and to meet regulatory capital requirements.

Regulatory capital adequacy is measured through the Capital Adequacy Ratio (CAR). This ratio measures the capital supply relative to capital demand as measured by Risk Weighted Assets.

#### Risk Weighted Assets

Risk Weighted Assets are worked out by applying risk weights from prescribed risk parameters. The bank has adopted the Standardised Approach to Credit and Market risks and the Basic Indicator Approach to Operational Risks. The bank complies with the Guideline on Standardised Approach to Credit Risk for the computation of its Credit Risk Weighted Assets.

For regulatory purposes, the bank has adopted the Standardised Measurement Approach for market risk capital charge. The bank complies with the Guideline on Measurement and Management of Market Risk issued by the Bank of Mauritius.

For Operational risk, the Basic Indicator Approach is used by the bank. Under the Basic Indicator Approach, the capital charge of the bank is calculated by multiplying the 3-year average gross income by a beta factor of 15%.

## RISK REPORT

### Capital Ratios

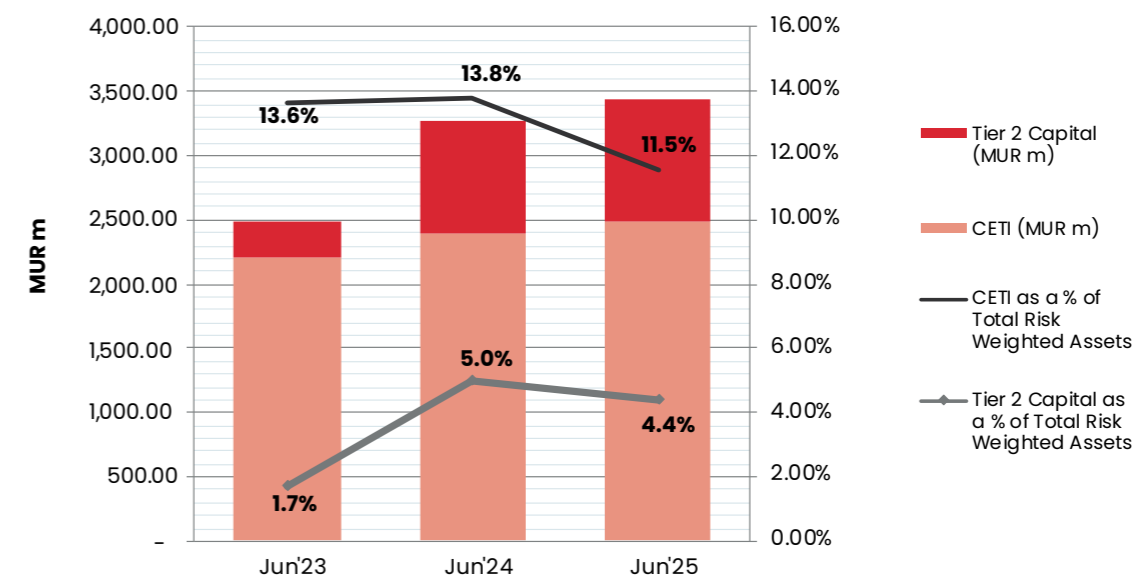
The **Tier 1 and the Eligible Capital Adequacy Ratios** are provided below:

Capital Ratios (%)	As at June 2023	As at June 2024	As at June 2025
<b>Capital Base</b>	<b>MUR m</b>	<b>MUR m</b>	<b>MUR m</b>
Tier 1 Capital	2,210.7	2,400.9	<b>2,489.5</b>
Tier 2 Capital	278.1	871.3	<b>953.3</b>
<b>Total Capital Base</b>	<b>2,488.8</b>	<b>3,272.2</b>	<b>3,442.8</b>
<b>Total Risk Weighted Assets</b>	<b>16,238.7</b>	<b>17,387.4</b>	<b>21,625.3</b>
CET1 CAR	13.6%	13.8%	<b>11.5%</b>
Tier 1 CAR	13.6%	13.8%	<b>11.5%</b>
CAR	15.3%	18.8%	<b>15.9%</b>
<b>Buffers</b>			<b>MUR m</b>
Tier 1 Buffer			<b>759.5</b>
<b>Total Capital Buffer</b>			<b>1,280.3</b>
<b>Total Capital Buffer with Minimum Capital Conservation Buffer</b>			<b>739.6</b>

Table 6: Capital Ratios

Tier 1 CAR and CAR were within the regulatory limits as at end of June 2025.

At least 8% of risk weighted assets needs to be covered by Tier 1 as from January 2016.



## RISK REPORT

### Monitoring

Capital is managed and stress analyses are conducted as part of the Internal Capital Adequacy Assessment Process (ICAAP).

### STRESS TESTING

Stress testing is an essential risk management tool employed by the bank and forms a core component of the Internal Capital Adequacy Assessment Process (ICAAP). The objective of the bank's stress testing framework is to detect, measure, assess, and interpret the potential effects of specific risk factor changes on the bank's financial stability and business performance. Forecasts are made over a 1-year horizon, providing an assessment of the credit, operational, concentration, liquidity, market, climate related and environmental financial risks, Liquidity Coverage Ratio and Net Stable Funding Ratio.

The ICAAP report serves the following main purposes:

- It documents and informs the Board of Directors as to how the bank conducts its risk assessment and the measures put in place to mitigate those risks;
- It sets out a forward-looking capital planning and forecasting of capital requirements; and
- It sets out a stress testing framework to determine the capital buffer above the minimum regulatory levels.

Three-year forecasts of the bank's capital position are produced annually to inform the Board on the capital strategy of the bank.

## RISK REPORT

The table below shows the capital adequacy ratios and the break down of the capital base.

	Jun-25	Jun-24	Jun-23
	MUR M	MUR M	MUR M
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Ordinary shares capital	762.7	762.7	762.7
Share premium	177.8	177.8	177.8
Retained earnings	920.6	1,263.7	823.2
Accumulated other comprehensive income and other disclosed reserves	327.2	272.0	235.7
Current year's interim profits (subject to certification by the bank's external auditors)	380.6	-	298.2
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>2,568.9</b>	<b>2,476.2</b>	<b>2,297.6</b>
Common Equity Tier 1 capital: regulatory adjustments			
Other intangible assets	(64.0)	(69.0)	(82.6)
Deferred tax assets	(15.4)	(6.3)	(4.2)
<b>Total regulatory adjustments to Common Equity Tier 1 capital</b>	<b>(79.4)</b>	<b>(75.3)</b>	<b>(86.9)</b>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>2,489.5</b>	<b>2,400.9</b>	<b>2,210.7</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,489.5</b>	2,400.9	2,210.7
Instruments issued by the bank that meet the criteria for inclusion in Tier 2 capital	700.0	800.0	200.0
Provisions or loan-loss reserves	253.3	71.3	78.1
<b>Tier 2 capital before regulatory adjustments</b>	<b>953.3</b>	<b>871.3</b>	<b>278.1</b>
Tier 2 capital (T2)	953.3	871.3	278.1
<b>Total Capital (capital base)</b>	<b>3,442.8</b>	<b>3,272.1</b>	<b>2,488.8</b>
<b>Risk Weighted Assets</b>			
Total on-balance sheet risk-weighted credit exposures	19,720.6	15,654.2	14,494.0
Total non-market-related off-balance sheet risk-weighted credit exposures	530.5	569.9	643.6
Total market-related off-balance sheet risk-weighted credit exposures	14.2	15.9	38.7
Risk weighted assets for operational risk	1,340.5	1,122.3	1,054.1
Aggregate net open foreign exchange position	19.5	25.2	8.3
<b>Total risk weighted assets</b>	<b>21,625.3</b>	<b>17,387.4</b>	<b>16,238.7</b>
Capital ratios (as a percentage of risk weighted assets)			
CET1 capital ratio	11.5%	13.8%	13.6%
Tier 1 capital ratio	11.5%	13.8%	13.6%
Total capital ratio	15.9%	18.8%	15.3%

## RISK REPORT

Risk Weighted Assets	Jun-25		Jun-24	Jun-23
	Amount	Weight	Weighted amount	Weighted amount
	MUR M	%	MUR M	MUR M
Cash items	23.2	0-20	-	-
Claims on sovereigns	3,172.9	0-100	140.3	193.4
Claims on central banks	6,112.3	0-100	-	-
Claims on banks	5,235.8	20-100	3,060.2	700.0
Claims on corporates	5,520.2	100	4,857.3	5,298.4
Claims on regulatory retail	3,324.2	75	2,493.1	1,994.4
Claims secured by residential property and commercial estate	7,557.6	35-125	6,920.4	5,216.1
Past due claims	139.5	50-150	204.5	276.6
Others	2,044.8	100	2,044.8	1,975.3
<b>Total On-Balance Sheet</b>	<b>33,130.4</b>		<b>19,720.6</b>	<b>15,654.2</b>

Risk weighted of Off-Balance Sheet assets	Jun-25		Jun-24	Jun-23
	Amount	Credit conversion factor	Weighted amount	Weighted amount
	MUR M	%	MUR M	MUR M
Trade related contingencies	122.0	20%	57.2	9.0
Outstanding commitments	2,366.2	20%	473.2	560.9
<b>Total Off-Balance Sheet</b>	<b>2,488.2</b>		<b>530.5</b>	<b>643.6</b>

	Mgt Acs	Mgt Acs	Mgt Acs
	Jun-25	Jun-24	Jun-23
Risk weighted Assets for Operational risk	MUR M	MUR M	MUR M
Average gross income for last 3 years	893.7	748.2	702.8
Capital Charge	134.0	112.2	105.4
<b>Risk weighted assets for operational risk</b>	<b>1,340.5</b>	<b>1,122.3</b>	<b>1,054.1</b>

## RISK REPORT

### LCR Disclosure

LCR COMMON DISCLOSURE TEMPLATE - QUARTER ENDED JUNE 2025		
(Consolidated either in MUR )	TOTAL UNWEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR. M)	TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR. M)
<b>HIGH-QUALITY LIQUID ASSETS</b>		
1 Total high-quality liquid assets (HQLA)	6,897	6,897
<b>CASH OUTFLOWS</b>		
2 Retail deposits and deposits from small business customers, of which:		
3 Stable deposits		
4 Less stable deposits	12,924	672
5 Unsecured wholesale funding, of which:		
6 Operational deposits (all counterparties)	8,336	2,084
7 Non-operational deposits (all counterparties)	950	150
8 Unsecured debt		
9 Secured wholesale funding		
10 Additional requirements, of which:		
11 Outflows related to derivative exposures and other collateral requirements	763	763
12 Outflows related to loss of funding on debt products	-	-
13 Credit and liquidity facilities	2,172	411
14 Other contractual funding obligations	224	224
15 Other contingent funding obligations	231	12
<b>16 TOTAL CASH OUTFLOWS</b>	<b>25,600</b>	<b>4,316</b>
<b>CASH INFLOWS</b>		
17 Secured funding (e.g. reverse repos)	-	-
18 Inflows from fully performing exposures	1,286	1,058
19 Other cash inflows	759	758,960,226
<b>20 TOTAL CASH INFLOWS</b>	<b>2,045</b>	<b>1,817</b>
<b>21 TOTAL HQLA</b>		<b>6,897</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>		<b>2,498</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>		<b>276%</b>
<b>24 QUARTERLY AVERAGE OF DAILY HQLA</b>		<b>7,088</b>

### Notes:

- The reported values for 'quarterly average of bi-monthly observations' are based on the 15 Apr, 30 Apr, 15 May, 31 May, 15 Jun and 30 Jun 2025 figures. The number of data points used for the calculations is 6. As of 30 June 2025, the Bank reported an LCR of 290%, with a quarterly average of 276%, reflecting a disciplined approach to liquidity management. High-Quality Liquid Assets—primarily sovereign and central bank securities—totaled MUR 7.84 billion at period-end, with a quarterly average of MUR 7.09 billion. Strategic oversight, stress testing, and funding diversification continue to reinforce compliance and financial resilience.
- The reported values for 'quarterly average of daily HQLA' are based on end of daily figures over the 1 April 2025 to 30 June 2025's period. The number of data points used for the calculations is 91.

## RISK REPORT

### NSFR Disclosure

NSFR DISCLOSURE REQUIREMENTS						
Reporting bank name: ABC Banking Corporation Ltd Reporting Period: 30 June 2025		Unweighted value by residual maturity				
(Reporting currency: MUR'm)		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1yr	Weighted value
SN	ASF Item					
<b>1</b>	<b>Capital: (SN 2+SN 3)</b>	-	-	-	<b>3,522</b>	<b>3,522</b>
2	Regulatory capital	-	-	-	3,522	3,522
3	Other capital instruments	-	-	-	-	-
<b>4</b>	<b>Retail deposits and deposits from small business customers: (SN 5+ SN 6)</b>	-	<b>5,370</b>	<b>2,717</b>	<b>17,591</b>	<b>24,870</b>
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	5,370	2,717	17,591	24,870
<b>7</b>	<b>Wholesale funding (SN 8+ SN 9)</b>	-	<b>553</b>	<b>853</b>	<b>1,206</b>	<b>1,910</b>
8	Operational deposits	-	147	58	683	786
9	Other wholesale funding	-	406	795	523	1,124
<b>10</b>	<b>Other liabilities: (SN 11+ SN 12)</b>	-	<b>907</b>	<b>246</b>	<b>557</b>	<b>680</b>
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	-	907	246	557	680
<b>13</b>	<b>Total ASF (SN 1+SN 4+ SN 7+SN 10)</b>	-	-	-	-	<b>30,982</b>
RSF Item						
<b>14</b>	<b>Total NSFR High Quality Liquid Assets (HQLA)</b>	-	-	-	-	<b>562</b>
<b>15</b>	<b>Deposits held at financial institutions for operational purposes</b>	-	<b>3,250</b>	-	-	<b>1,625</b>
<b>16</b>	<b>Performing loans and securities: (SN 17+ SN 18+ SN 19+ SN 21+ SN 23)</b>	-	<b>4,134</b>	<b>2,548</b>	<b>12,756</b>	<b>13,590</b>
17	Performing loans to financial institutions secured by HQLA 1	-	-	-	-	-
18	Performing loans to financial institutions secured by non HQLA 1 and unsecured performing loans to financial institutions	-	905	703	413	903
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	2,899	1,720	7,984	9,105
20	With a risk weight of less than or equal to 35% under the Guideline on Standardised Approach to Credit Risk	-	11	3	40	30
21	Performing residential mortgages, of which:	-	77	75	3,001	2,276
22	With a risk weight of 35% under the the Guideline on Standardised Approach to Credit Risk	-	33	32	1,593	1,036
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	253	50	1,358	1,306
<b>24</b>	<b>Other assets: (SN 25+SN 26+ SN 27+ SN 28+ SN 29)</b>	-	<b>1,029</b>	<b>183</b>	<b>1,376</b>	<b>2,588</b>
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of a Central Counterparty (CCP)	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	-	1,029	183	1,376	2,588
<b>30</b>	<b>Off-balance sheet items</b>	-	<b>2,488</b>	-	-	<b>109</b>
31	Total RSF (SN 14+ SN 15+ SN 16+ SN 24+SN 30)	-	-	-	-	18,474
<b>32</b>	<b>Net Stable Funding Ratio (%) (SN 13/ SN 31)</b>	-	-	-	-	<b>168%</b>

#### Notes:

- In June 2024, the Bank of Mauritius issued a guideline on the Net Stable Funding Ratio (NSFR) where banks are mandated to maintain a ratio of at least 70% for all significant currencies and on a consolidated basis. The minimum regulatory ratio as from Decembre 2024 is 100%
- The ratio refers to the amount of available stable funding relative to the amount of required stable funding and aims to ensure a resilient and stable balance sheet funding structure.
- As of 30 June 2025, the bank's NSFR closed at 168% (June 2024: 158%), above the regulatory requirement.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements for the bank's operations in Mauritius presented in this annual report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Accounting Standards / International Financial Reporting Standards as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the bank's policies, 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, Risk Management Committee and Conduct Review Committee, which comprise of 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 coordination with the bank's external auditors. In addition, the bank's compliance function maintains policies, procedures and programmes 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 auditor, KPMG Mauritius, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.



**Lakshmana Lutchmenaraidoo**  
Chairperson



**David Brian Ah-Chuen**  
Managing Director



**Laura Yeung Sik Yuen**  
Chairperson Audit Committee

25 September 2025



## Beyond Service, An Experience

Every interaction is an opportunity to create something extraordinary, personalised, refined and truly client-first

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ABC BANKING CORPORATION LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of ABC Banking Corporation Ltd (the Bank), which comprise the statement of financial position as at 30 June 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies, as set out on pages 82 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ABC Banking Corporation Ltd as at 30 June 2025, 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 (IFRS Accounting Standards) and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004 and the Guidelines and Guidance notes issued by the Bank of Mauritius.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ABC BANKING CORPORATION LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matter (Cont'd)

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

Refer to the following notes in the financial statements:

- Note 5.4 – Summary of material accounting policies – Financial assets and liabilities
- Note 5.7 – Summary of material accounting policies – Impairment of financial assets
- Note 6.1 – Significant accounting judgements, estimates and assumptions – Impairment losses on financial assets
- Note 11 – Loans and advances to customers
- Note 28 – Allowance for / (Reversal of) credit impairment on financial assets
- Note 41(b) – Risk management – Credit risk

Key audit matter	How the matter was addressed in our audit
<p>The Bank has gross loans and advances to customers amounting to MUR 18,210,997,643 as at 30 June 2025 and the related ECL amounted to MUR 169,450,911 for the year then ended. Gross loans and advances are carried at amortised cost using the Effective Interest Rate methodology, less allowance for impairment.</p> <p>Non-performing loans and advances amounted to a total net balance of MUR 283,160,160 after taking into account a total expected credit loss allowance of MUR 91,971,261.</p> <p>Management exercised significant judgement, using assumptions and complex models, when determining the amounts of the expected credit losses ("ECL") for loans and advances to customers (credit impairment) in line with IFRS 9, Financial Instruments ("IFRS9").</p> <p>The Bank calculates ECL using three main components; the Probability of Default ('PD'), Loss Given Default ('LGD') and the Exposure At Default ('EAD') and follows a three-stage approach and apply staging methodologies to recognise the ECL as explained below:</p> <ul style="list-style-type: none"> <li>Stage 1: 12- months ECL</li> <li>Stage 2: Lifetime ECL – not credit impaired or considered to have experienced a significant increase in credit risk</li> <li>Stage 3: Lifetime ECL – objective evidence of impairment or credit impaired / in default</li> </ul> <p><b>Stage 1 and 2 exposures:</b></p> <p>Complex models are used for the purposes of determining the ECL for stage 1 and stage 2 exposures. These include a number of significant judgments, such as:</p> <ul style="list-style-type: none"> <li>Determining the criteria for a significant increase in credit risk, which includes defining the forbearance and delinquency status for customers and determination of the number of days past due.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of management's credit risk management processes by testing the design and implementation, and operating effectiveness of controls over credit origination, credit monitoring and credit remediation, including controls over management's ECL model which supports the assumptions used in determining the PD, LGD and EAD, as well as the governance process over forward-looking information and macro-economic scenarios.</li> <li>Assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9.</li> <li>Assessed the adequacy and accuracy of ECL disclosures in accordance with IFRS 9, and IFRS 13, Fair Value Measurement ("IFRS 13").</li> <li>Involved our IT Specialist to test the related IT application control with respect to the automatic calculation of days past due to ensure correct staging.</li> </ul> <p><b>Stage 1 and 2 exposures:</b></p> <p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>Evaluated the completeness and accuracy of the data used in the ECL model. For completeness, we performed a reconciliation of all loans and advances to customers, subject to ECL against the ECL model of the Bank. For a sample of loans and advances to customers, we traced the data inputs to source documents in order to determine the accuracy of data used in the model.</li> </ul> <p>Where credit losses were calculated on a modelled basis (stage 1 and stage 2) we performed the following audit procedures, in conjunction with our credit risk specialists:</p> <ul style="list-style-type: none"> <li>Critically assessed the ECL model applied by management to determine the appropriateness of the PDs, LGDs and EADs used to compute the stage 1 and 2 ECL allowances against the requirements of IFRS 9 and the Bank's internal policies.</li> <li>Re-performed management ECL model calculations to evaluate the risk parameter inputs used by management.</li> <li>Challenged the parameters and significant assumptions applied in the ECL models by benchmarking these against external data.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ABC BANKING CORPORATION LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matter (Cont'd)

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

Refer to the following notes in the financial statements:

- Note 5.4 – Summary of material accounting policies – Financial assets and liabilities
- Note 5.7 – Summary of material accounting policies – Impairment of financial assets
- Note 6.1 – Significant accounting judgements, estimates and assumptions – Impairment losses on financial assets
- Note 11 – Loans and advances to customers
- Note 28 – Allowance for / (Reversal of) credit impairment on financial assets
- Note 41(b) – Risk management – Credit risk

Key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>Choosing models and assumptions for the measurement of ECL which includes determining the Probability of Default (PD), Loss Given default (LGD), and Exposure at Default (EAD) parameters.</li> <li>Establishing the forward-looking macro economic scenario(s) by considering macro-economic factors.</li> </ul> <p><b>Stage 3 exposures:</b></p> <p>For loans and advances which are credit impaired (stage 3 exposures), ECL are based on lifetime expected credit losses. Assets are considered to be credit impaired when 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</p> <p>Significant judgements, estimates and assumptions are applied to:</p> <ul style="list-style-type: none"> <li>Determine if the loan or advance is credit impaired; and</li> <li>Evaluate the adequacy and recoverability of collateral; this is performed by determining the expected cash flows to be collected from the collaterals based on the values assessed by managements independent appraisers.</li> </ul> <p>Due to the significance of loans and advances to customers and the significant estimates and judgement applied, the determination of expected credit losses for loans and advances to customers was considered to be highly complex and therefore, reported as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Performed an independent ECL estimate based on independently derived PDs, LGDs and EADs and compared the ECL output to the Bank's ECL.</li> <li>Incorporated independently estimated forward-looking information in our independent ECL calculation, to assess the reasonability of management's forward-looking information.</li> <li>Performed independent credit reviews over a sample of loans and advances to customers to evaluate whether there has been any significant increase in credit risk for these exposures and whether they are adequately covered by collateral and to critically assess whether they are classified under the correct stage.</li> </ul> <p><b>Stage 3 exposures:</b></p> <p>For stage 3 exposures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>Challenged the valuation of credit losses on a sample of stage 3 loans and advances to customers by independently developing an ECL value based on our assessment of the expected future cash flows and recoverability of collateral held and compared it to management's calculation.</li> <li>Where stage 3 credit losses have been raised, we considered the impairment indicators, uncertainties and assumptions applied by management. In addition, we considered management's assessment of the recoverability of the exposure and supporting collateral with reference to current economic performance, assumptions most commonly used in the industry and comparison with external evidence and historical trends.</li> <li>For collateral that was applied in the determination of the ECL, we inspected, on a sample basis, the valuation reports of the collateral held and assessed whether the valuation amounts are reasonable in comparison to most recent external Market data.</li> <li>Evaluated the independence, competence and capabilities of management experts with reference to their qualifications and industry experience.</li> <li>Assessed the collateral valuation techniques applied by the independent appraisers against the Bank's policy, industry standards and IFRS 13.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ABC BANKING CORPORATION LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Other Information

The directors are responsible for the other information. The other information comprises the Corporate information, Corporate profile, Vision and mission, Financial Highlights, Chairperson's Report, Managing Director's Report, Corporate Governance Report, Statement of Compliance, Other Statutory Disclosures, Secretary's Certificate, Statement of Directors' Responsibilities, Management Discussion and Analysis, Risk Report and Statement of Management's Responsibility for Financial Reporting, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ABC BANKING CORPORATION LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

### Use of our Report

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Mauritius Companies Act

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

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

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

### Banking Act

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act and the regulations and guidelines of the Bank of Mauritius.

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

### Financial Reporting Act

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

**KPMG**  
Ebène, Mauritius

Date: 25 September 2025

**Valerie Wong Choi Wah**  
Licensed by FRC

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	2025	2024	2023
		MUR	MUR	MUR
<b>ASSETS</b>				
Cash and cash equivalents	8	8,709,698,556	4,596,690,444	5,570,184,787
Due from banks	9	159,523,736	-	-
Derivative financial assets	10	8,490,206	9,989,650	26,136,555
Loans and advances to customers	11	18,041,546,732	14,270,513,029	11,246,615,276
Investment securities	12	5,355,140,930	6,653,592,914	5,952,304,559
Property, equipment and right-of-use assets	14	170,463,900	534,051,564	555,659,704
Intangible assets	15	64,026,904	68,968,713	82,645,706
Deferred tax assets	16	15,420,198	6,328,716	4,245,128
Other assets	13	999,189,914	252,583,289	200,911,609
<b>Total assets</b>		<b>33,523,501,076</b>	<b>26,392,718,319</b>	<b>23,638,703,324</b>
<b>LIABILITIES</b>				
Deposits from customers	17	28,843,057,342	22,352,726,759	20,354,310,098
Derivative financial liabilities	10	24,816,450	4,981,376	25,518,459
Due to banks	18	625,715,576	-	-
Subordinated debts	19	706,076,724	1,210,599,154	505,379,452
Current tax liabilities		48,729,319	29,563,378	39,972,753
Other liabilities	21	481,323,841	318,678,382	415,935,254
<b>Total liabilities</b>		<b>30,729,719,252</b>	<b>23,916,549,049</b>	<b>21,341,116,016</b>
<b>Shareholders' Equity</b>				
Issued capital	22	940,495,472	940,495,472	940,495,472
Retained earnings		1,301,261,907	1,263,720,032	1,121,404,334
Other reserves	23	552,024,445	271,953,766	235,687,502
<b>Capital and reserves</b>		<b>2,793,781,824</b>	<b>2,476,169,270</b>	<b>2,297,587,308</b>
<b>Total liabilities and equity</b>		<b>33,523,501,076</b>	<b>26,392,718,319</b>	<b>23,638,703,324</b>

These financial statements have been approved and authorised for issue by the Board of Directors on 25 September 2025.

Lakshmana Lutchmenaraidoo  
Chairperson

David Brian Ah-Chuen  
Managing Director

Laura Yeung Sik Yuen  
Chairperson Audit Committee

The notes set out on pages 98 to 234 form part of these financial statements.  
Auditor's report on pages 87 to 91.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025	2024	2023
		MUR	MUR	MUR
Interest income		1,439,197,389	1,281,335,946	939,993,114
Interest expense		(729,524,627)	(604,113,506)	(329,727,500)
<b>Net interest income</b>	24	<b>709,672,762</b>	<b>677,222,440</b>	<b>610,265,614</b>
Fee and commission income		136,673,950	119,485,955	118,919,486
Fee and commission expense		(62,460,414)	(53,739,902)	(41,495,813)
<b>Net fee and commission income</b>	25	<b>74,213,536</b>	<b>65,746,053</b>	<b>77,423,673</b>
Net trading income	26	115,080,299	104,349,278	87,115,107
Other operating income	27	155,850,125	2,271,615	1,768,244
<b>Total other income</b>		<b>270,930,424</b>	<b>106,620,893</b>	<b>88,883,351</b>
<b>Operating income</b>		<b>1,054,816,722</b>	<b>849,589,386</b>	<b>776,572,638</b>
Personnel expenses	29	(334,607,646)	(299,613,040)	(263,301,267)
Depreciation and amortisation	14,15	(54,082,561)	(49,934,985)	(54,570,916)
Other operating expenses	30	(205,932,384)	(161,280,546)	(166,557,945)
<b>Non-interest expenses</b>		<b>(594,622,591)</b>	<b>(510,828,571)</b>	<b>(484,430,128)</b>
<b>Operating profit before impairment</b>		<b>460,194,131</b>	<b>338,760,815</b>	<b>292,142,510</b>
(Allowance for)/Reversal of credit impairment on financial assets	28	(20,102,578)	(40,619,484)	51,275,100
<b>Operating profit before tax</b>		<b>440,091,553</b>	<b>298,141,331</b>	<b>343,417,610</b>
Income tax expense	20	(59,458,765)	(40,468,556)	(45,258,555)
<b>Profit for the year</b>		<b>380,632,788</b>	<b>257,672,775</b>	<b>298,159,055</b>

The notes set out on pages 98 to 234 form part of these financial statements.  
Auditor's report on pages 87 to 91.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025	2024	2023
		MUR	MUR	MUR
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss, net of tax:</b>				
Net loss on investments in equity instruments designated at fair value through other comprehensive income	23	<b>(6,671,622)</b>	(19,593,708)	(19,605,087)
Remeasurement of retirement benefit obligation	36	<b>7,486,817</b>	(8,061,476)	(5,794,845)
<b>Total of items that will not be reclassified subsequently to profit or loss, net of tax</b>		<b>815,195</b>	(27,655,184)	(25,399,932)
<b>Items that may be reclassified subsequently to profit or loss, net of tax:</b>				
Reversal of/(allowance for) expected credit loss relating to debt instruments measured at fair value through other comprehensive income	28	<b>389,743</b>	(479,692)	(1,900,610)
Net gain/(loss) on investments in debt instruments measured at fair value through other comprehensive income	23	<b>4,419,518</b>	17,688,748	(7,570,853)
<b>Total of items that may be reclassified subsequently to profit or loss, net of tax</b>		<b>4,809,261</b>	17,209,056	(9,471,463)
<b>Other comprehensive income/(loss) for the year</b>		<b>5,624,456</b>	(10,446,128)	(34,871,395)
<b>Total comprehensive income for the year</b>		<b>386,257,244</b>	247,226,647	263,287,660
<b>Earnings per share</b>				
Basic and diluted	31	<b>4.99</b>	3.38	3.91

The notes set out on pages 98 to 234 form part of these financial statements.  
Auditor's report on pages 87 to 91.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Issued capital	Retained earnings	Statutory reserve	Other reserve	Total
		MUR	MUR	MUR	MUR	MUR
<b>At 1 July 2022</b>						
		940,495,472	920,289,820	212,734,803	7,305,391	2,080,825,486
Profit for the year		-	298,159,055	-	-	298,159,055
Other comprehensive loss		-	(5,794,845)	-	(29,076,550)	(34,871,395)
<b>Total comprehensive income for the year</b>		-	292,364,210	-	(29,076,550)	263,287,660
Transfer to statutory reserve		-	(44,723,858)	44,723,858	-	-
Equity dividends	32	-	(46,525,838)	-	-	(46,525,838)
<b>At 30 June 2023</b>		<b>940,495,472</b>	<b>1,121,404,334</b>	<b>257,458,661</b>	<b>(21,771,159)</b>	<b>2,297,587,308</b>
<b>At 1 July 2023</b>						
		940,495,472	1,121,404,334	257,458,661	(21,771,159)	2,297,587,308
Profit for the year		-	257,672,775	-	-	257,672,775
Other comprehensive loss		-	(8,061,476)	-	(2,384,652)	(10,446,128)
<b>Total comprehensive income for the year</b>		-	249,611,299	-	(2,384,652)	247,226,647
Transfer to statutory reserve		-	(38,650,916)	38,650,916	-	-
Equity dividends	32	-	(68,644,685)	-	-	(68,644,685)
<b>At 30 June 2024</b>		<b>940,495,472</b>	<b>1,263,720,032</b>	<b>296,109,577</b>	<b>(24,155,811)</b>	<b>2,476,169,270</b>
<b>At 1 July 2024</b>						
		<b>940,495,472</b>	<b>1,263,720,032</b>	<b>296,109,577</b>	<b>(24,155,811)</b>	<b>2,476,169,270</b>
Profit for the year		-	<b>380,632,788</b>	-	-	<b>380,632,788</b>
Other comprehensive income		-	<b>7,486,817</b>	-	<b>(1,862,361)</b>	<b>5,624,456</b>
<b>Total comprehensive income for the year</b>		-	<b>388,119,605</b>	-	<b>(1,862,361)</b>	<b>386,257,244</b>
Transfer to statutory reserve		-	<b>(57,094,918)</b>	<b>57,094,918</b>	-	-
Transfer to other reserve		-	<b>(224,838,122)</b>	-	<b>224,838,122</b>	-
Equity dividends	32	-	<b>(68,644,690)</b>	-	-	<b>(68,644,690)</b>
<b>At 30 June 2025</b>		<b>940,495,472</b>	<b>1,301,261,907</b>	<b>353,204,495</b>	<b>198,819,950</b>	<b>2,793,781,824</b>

The notes set out on pages 98 to 234 form part of these financial statements.  
Auditor's report on pages 87 to 91.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025	2024	2023
		MUR	MUR	MUR
<b>Cash flows from operating activities</b>				
Profit before taxation		440,091,553	298,141,331	343,417,610
<b>Adjustments for:</b>				
Depreciation and amortisation	14, 15	54,082,561	49,934,985	54,570,916
Allowance for/(reversal of) credit impairment on financial assets	28	20,102,578	40,619,484	(51,275,100)
Employee benefit costs	36	516,026	(5,246,097)	14,904,821
Exchange difference		(7,424,549)	(209,200,144)	(78,872,226)
Dividend income from equity instruments at FVOCI	27	(1,561,824)	(1,542,627)	(1,504,714)
Net interest income	24	(709,672,762)	(677,222,440)	(610,265,614)
Profit on disposal of property and equipment	27	(146,524,458)	(441,304)	-
<b>Cash flows before the net changes in operating assets and liabilities</b>				
		(350,390,875)	(504,956,812)	(329,024,307)
<b>Net changes in operating assets and liabilities</b>				
Increase in loans and advances to customers		(3,312,712,051)	(3,019,813,586)	(1,189,449,464)
Increase in other assets		(746,606,625)	(51,671,681)	(71,319,135)
Decrease/(increase) in derivative financial instruments		21,334,518	(4,390,178)	39,981,805
(Increase)/decrease in due from banks		(159,669,375)	6,152	969,679,916
Increase in deposits from customers		6,582,612,728	2,051,870,045	1,391,011,668
Increase/(decrease) in other liabilities		11,681,959	(102,600,546)	(135,721,089)
		2,046,250,279	(1,631,556,606)	675,159,394
Income tax paid		(49,701,417)	(52,401,094)	(11,804,489)
Interest received		1,422,749,742	1,291,233,245	942,581,978
Interest paid		(625,640,735)	(657,566,890)	(383,180,884)
<b>Net cash generated from/(used in) operating activities</b>		<b>2,793,657,870</b>	<b>(1,050,291,345)</b>	<b>1,222,755,999</b>

The notes set out on pages 98 to 234 form part of these financial statements. Auditor's report on pages 87 to 91.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025	2024	2023
		MUR	MUR	MUR
<b>Cash flows from investing activities</b>				
Purchase of investment securities		(1,332,273,412)	(2,399,854,004)	(1,012,430,630)
Proceeds from sale and redemption of investment securities		2,629,158,383	1,644,137,604	1,440,537,774
Purchase of property and equipment	14	(23,702,306)	(13,290,894)	(7,244,012)
Dividend received	27	1,561,824	1,542,627	1,504,714
Purchase of intangible assets	15	(12,838,498)	(2,308,959)	(91,080)
Proceeds from sale of property and equipment		1,865,217	1,391,304	-
<b>Net cash generated from / (used in) investing activities</b>		<b>1,263,771,208</b>	<b>(768,382,322)</b>	<b>422,276,766</b>
<b>Cash flows from financing activities</b>				
Proceeds from due to banks	18	617,131,200	-	-
Redemption of subordinated debts		(500,000,000)	-	-
Issue of subordinated debts	19	-	694,734,846	-
Increase in interest on subordinated debts		-	10,484,856	558,219
Repayment of principal portion of lease liabilities		(332,025)	(595,837)	(2,352,026)
Dividend paid	32	(68,644,690)	(68,644,685)	(46,525,838)
<b>Net cash generated from/ (used in) financing activities</b>	38	<b>48,154,485</b>	<b>635,979,180</b>	<b>(48,319,645)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>				
		<b>4,105,583,563</b>	<b>(1,182,694,487)</b>	<b>1,596,713,120</b>
Net foreign exchange difference		7,424,549	209,200,144	78,872,226
Net cash and cash equivalents at beginning of year		4,596,690,444	5,570,184,787	3,894,599,441
<b>Net cash and cash equivalents at end of year</b>	8	<b>8,709,698,556</b>	<b>4,596,690,444</b>	<b>5,570,184,787</b>

The changes in liabilities arising from financing activities are disclosed in note 39.

The notes set out on pages 98 to 234 form part of these financial statements. Auditor's report on pages 87 to 91.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 1. CORPORATE INFORMATION

ABC Banking Corporation Ltd (the "Bank") stands as a well-established bank, highly respected for its excellent reputation, strict integrity and top-quality products and services.

The Bank is organised around four main pillars: Retail & Corporate Banking, Private Banking, International Banking and Treasury.

Following a corporate reorganisation to separate its banking and non-banking activities, the Bank became a subsidiary of the newly created holding company, ABCB Holdings Limited, which now oversees both sectors. The reorganisation was effective on 2 April 2025 and was carried out through a Scheme of Arrangement under the Companies Act 2001.

This led to the delisting of the Bank's shares from the Development & Enterprise Market and the listing of ABCB Holdings Limited shares on the Main Board of the Stock Exchange of Mauritius on 4 April 2025.

The financial statements for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Directors on 25 September 2025

## 2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for equity and debt instruments measured at fair value through other comprehensive income (FVOCI), derivative financial instruments, all of which have been measured at fair value. The financial statements are presented in Mauritian Rupee (MUR) which is the Bank's functional and presentation currency and all values are rounded to the nearest rupee, except otherwise stated.

## 3. STATEMENT OF COMPLIANCE

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IFRS Accounting Standards"), and in the manner required by the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004, and Guidelines and Guidance notes as issued by the Bank of Mauritius.

## 4. PRESENTATION OF FINANCIAL STATEMENTS

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 41(e).

Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or Bankruptcy of the Bank and/or its counterparties.

## 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

### 5.1. Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### 5.2. Finance leases

#### 5.2.1. Initial recognition

Assets held under a finance lease are recognised in the statement of financial position and are presented as an asset at an amount equal to the net investment in the lease.

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Bank, and thus the lease payment receivable is treated by the Bank as repayment of principal and finance income.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable.

#### 5.2.2. Subsequent measurement

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

The Bank aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Bank's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

### 5.3. Financial instruments - initial recognition

#### 5.3.1. Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and deposits from customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: 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. Loans and advances to customers are recognised when funds are transferred to the customers' account. The Bank recognises deposits from customer balances when funds reach the Bank.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.3. Financial instruments - initial recognition (Cont'd)

##### 5.3.2. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in notes 5.4.1.1 and 5.4.1.2. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the day 1 profit or loss, as described below.

##### 5.3.3. Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique with the variables including only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a day 1 profit or loss) in net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

##### 5.3.4 Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in note 5.4.1;
- Fair value through other comprehensive income (FVOCI), as explained in notes 5.4.2 and 5.4.3; and
- Fair value through profit and loss (FVPL)

The Bank classifies and measures its derivatives at FVPL as explained in note 5.4.4. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 5.4.6.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in note 5.4.6.

#### 5.4. Financial assets and liabilities

##### 5.4.1. Due from Banks and loans and advances to customers

After initial measurement, amounts due from Banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate (EIR) methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked as a positive or negative adjustment to the carrying amount in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.4. Financial assets and liabilities (Cont'd)

##### 5.4.1. Due from Banks and loans and advances to customers (cont'd)

The Bank only measures due from Banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The ECL calculation for due from Banks and loans and advances to customers is explained in note 5.7.

##### 5.4.1.1. Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors 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 those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### 5.4.1.2. Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.4. Financial assets and liabilities (Cont'd)

##### 5.4.2. Debt instruments at FVOCI

The Bank applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in statement of other comprehensive income. Interest income and foreign exchange gains and losses are recognised in statement of profit or loss in the same manner as for financial assets measured at amortised cost as explained in note 5.14. The Expected Credit Loss ("ECL") calculation for debt instruments at FVOCI is explained in note 5.7.3. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in statement of other comprehensive income are reclassified from statement of other comprehensive income to statement of profit or loss.

##### 5.4.3. Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in statement of profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in statement of other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment.

##### 5.4.4. Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (also known as the 'underlying').
- b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- c) It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include forward foreign exchange contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

##### 5.4.5. Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.4. Financial assets and liabilities (Cont'd)

##### 5.4.5. Financial assets and financial liabilities designated at fair value through profit or loss (Cont'd)

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

or

- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

or

- The financial instrument contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in statement of profit and loss with the exception of movements in fair value of liabilities measured at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the own credit reserve through statement of other comprehensive income and do not get recycled to the statement of profit or loss.

##### 5.4.6. Debt issued and other borrowed funds

Financial instruments issued by the Bank that are not held for trading or designated at FVPL, are classified as liabilities under debt issued and other borrowed funds, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

##### 5.4.7. Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within 'other liability') at fair value, being the premium received. Subsequent to initial recognition, 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 best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, or an ECL provision as set out in note 32.

The premium received is recognised in the statement of profit or loss in net fee and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in note 28.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.4. Financial assets and liabilities (Cont'd)

##### 5.4.8. Subordinated debts

Loans and borrowings are recognised initially at fair value, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gain and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

##### 5.4.9. Due to banks

Due to banks are recognised initially at fair value, net of directly attributable transaction costs.

#### 5.5. Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities during the reporting period.

#### 5.6. Derecognition of financial assets and financial liabilities

##### 5.6.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Bank has transferred the asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the asset
- or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions when the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates.
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.6. Derecognition of financial assets and financial liabilities (Cont'd)

##### 5.6.1. Financial assets (cont'd)

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

In relation to the above, the Bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in it. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

The Bank has not entered into any such transaction or arrangement during the current reporting period.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the Bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

The Bank also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the statement of profit or loss.

##### 5.6.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in statement of profit or loss.

#### 5.7. Impairment of financial assets

##### 5.7.1. Overview of ECL principles

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") as outlined in note 5.7.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in note 41(b).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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's policy for grouping financial assets measured on a collective basis is explained in note 41(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

### 5.7. Impairment of financial assets (Cont'd)

#### 5.7.1. Overview of ECL principles (cont'd)

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. This is further explained in note 41(b).

Based on the above process, the Bank groups its loans into stage 1, stage 2, stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in note 41(b)). The Bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

There were no POCI assets during the financial year.

The Bank determines the movement in staging based on:

1. Days Past Due (DPD) monitoring per account on a monthly basis as part of IFRS 9 workings to ensure DPD have improved in the following buckets:

Stage 1 - up to 30 days

Stage 2 - from 31 to 89 days

Stage 3 - 90 days and above.

2. Interim review of credit files at regular intervals to determine if there have been deterioration or improvement in credit profile of customers.

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.

#### 5.7.2. The calculation of ECLs

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the original 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 entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- 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. The concept of PDs is further explained in note 39(b).
- EAD The Exposure at Default 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. The EAD is further explained in note 41(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

### 5.7. Impairment of financial assets (Cont'd)

#### 5.7.2. The calculation of ECLs (cont'd)

- 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. The LGD is further explained in note 41(b).

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). Each of these scenarios is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in note 32. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities is explained in note 5.7.5.

The mechanics of the ECL method are summarised below:

- Stage 1 The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The 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. This calculation is made for each of the three scenarios, as explained above.
- 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 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 (as defined in note 41(b)), 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%. The assessment takes into consideration the net realisable value of the underlying collateral.
- POCI POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit adjusted EIR.
- 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 cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.  
  
For revolving facilities that include both a disbursed portion 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 provisions.
- 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 calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.7. Impairment of financial assets (Cont'd)

##### 5.7.3. Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in statement of other comprehensive income as an accumulated impairment amount, with a corresponding charge to statement of profit or loss. The accumulated loss recognised in statement of other comprehensive income is recycled to the statement of profit and loss upon derecognition of the assets.

##### 5.7.4. Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

##### 5.7.5. Overdraft and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and other revolving facilities. Of occurrence of certain events, the Bank has the right to cancel and/or reduce the facilities with a 30 day's notice.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products.

The interest rate used to discount the ECLs for overdraft and other revolving facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

##### 5.7.6. Forward-looking information

In its ECL models, the Bank considers a broad range of forward-looking information as economic inputs, such as GDP index/growth rate, inflation rates, unemployment rates, among others.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in note 41(b).

PDs have been revised following the update of the model parameters due to the change in the local and global macro-economic environment.

#### 5.8. Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. 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. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule. 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 housing price indices and other independent sources.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.9. 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 or 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 engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the collateral under legal repossession processes are not recorded on the statement of financial position.

For the ECL calculation, the expectation of cash flows takes into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. This affects the LGD which in turn affects the ECL.

#### 5.10. Write-offs

Financial assets are written off either partially or in their entirety only when there is no reasonable expectation of recovery from the financial assets and the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Bank may write off financial assets partially that are still subject to enforcement actions and efforts to recover the debts and have not yet been concluded where bank's recovery action is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation for full recovery.

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 as bad debts recovered in 'allowance for reversal of impairment on financial asset' in the statements of profit or loss.

An amount of MUR 896,131 has been written off during the financial year (June 2024: MUR 891,223; June 2023: MUR 665,716).

#### 5.11. Forborne loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided due to the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, significant arrears for 90 days or more in a three-month period, or concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to ensure that future payments continue to be likely to occur. Derecognition decisions and classification between stages 1, 2 and stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, as set out in note 39(b). The Bank also considers whether the assets should be classified as stage 3. Once an asset has been classified as forborne and in stage 3, the asset can only be moved to stage 1 post the completion of a satisfactory cure period of 6 months and after the customer has repaid the entire outstanding overdue amount including principal, interest and any penalty interest.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.12. Determination of fair value

The Bank measures financial instruments at fair value at each reporting date.

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.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 5.13. The effective interest rate method

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change in is recorded as 'interest and similar income' for financial assets and 'interest and similar expense' for financial liabilities. The accounting policies for the EIR method vary by instruments and are further explained in the respective accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.14. Interest income and expense

For all financial instruments measured at amortised cost and interest-bearing financial instruments classified at amortised cost, 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. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises their estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense. Interest income also includes processing fees on financial instruments (loans and advances to customers since they are an integral part of the EIR).

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for measuring the impairment loss. The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as stage 3', the Bank calculates interest income by applying the effective interest rate to the outstanding amount of the financial asset. The EIR is applied to the net amount of the outstanding balance adjusted for credit impairment. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

##### *Fee income forming an integral part of the corresponding financial instrument*

Processing fees that the Bank considers to be an integral part of the corresponding financial instruments include: loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees. The recognition of these processing fees (together with any incremental costs) form an essential part of the effective interest rates of the corresponding financial instruments under IFRS 9, with the exception that when it is unlikely that a loan will be drawn down, the loan commitment fees are recognised as revenue on expiry.

#### 5.15. Fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. These principally include international banking and interbank transaction fees, card and related fees.

Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The performance obligations and the timing of their satisfaction are identified and determined at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations. When the Bank provides a service to its customers, consideration is charged and generally due immediately upon satisfaction of a service provided at a point in time."

##### *Fee income from banking services provided to customers*

The Bank recognises fee income on international banking and interbank transactions, card and related fee income, and fee income from other banking services (for example, account maintenance service fee, confirmation statements, cheque issuing fees, etc.) at the point in time the service is provided, under IFRS 15. Payment of fees is generally received at the same time the service is provided.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.16. Dividend income

Dividend income is recognised when the Bank's right to receive the payment is established, which is generally when the investees approve the dividend.

#### 5.17. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, current accounts with Banks and amounts due from Banks on demand or with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risks of changes in value.

#### 5.18. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All other repairs and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. No depreciation is charged on freehold land. The estimated useful lives are as follows:

• Buildings	50 years
• Improvement to buildings	20 years
• Fixtures and fittings	10 years
• Computer equipment	4 years
• Motor vehicles	5 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "other operating income" or "other operating expense" in the statement of profit or loss in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### *The Bank as a lessee*

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value recognition exemption to leases that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term and are subject to impairment in line with the Bank's policy as described below. It ranges from a period of 2 to 5 years. Types of right-of-use assets are offices and motor vehicles.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.18. Property and equipment (Cont'd)

• Offices (right-of-use assets)	2 years
• Motor vehicles (right-of-use assets)	3 to 5 years

##### *Lease liabilities*

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease liabilities are presented under other liabilities in the Statement of financial position.

#### 5.19. Intangible assets

Intangible assets relate to the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. The Bank does not have any intangible asset with indefinite useful life.

Amortisation is calculated using the straight-line method to write down the cost of computer software to its residual value over a period of three to ten years.

#### 5.20. 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 of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Banks of assets. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.20. Impairment of non-financial assets (Cont'd)

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to statement of other comprehensive income. For such properties, the impairment is recognised in statement of other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or 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 exceed 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 the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### 5.21. Post-employment benefits

##### *Retirement gratuities*

Post-employment benefits relate to retirement gratuities payable under the Workers' Rights Act 2019. The obligations arising under this item are determined by actuarial valuation carried out every year.

##### *Defined contribution plan*

The Bank operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under personnel expenses.

#### 5.22. Provisions

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.

#### 5.23. Taxes

##### 5.23.1. Current tax

Current tax liabilities for the current and prior years are measured at the amount expected to be 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.

##### **Special levy**

Under section 53J of the Value Added Tax, the Bank is liable to pay a special levy on its leviable income at the rate of 5.5 per cent. Leviable income is defined as the aggregate of the net interest income and other income before any expenses on transactions with residents other than companies with a Global Business Licence.

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

In January 2021, the Bank of Mauritius advised all Banks that the special levy should be treated as a tax expense. The Bank accounts for the special levy under IAS 12 Income Taxes (IAS 12). The special levy is charged to income tax expense in the statement of profit and loss and accounted under current tax liabilities in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.23. Taxes (Cont'd)

##### 5.23.1. Current tax

Management are of the view that this accounting policy provides a better appreciation of how the operating expenses attributable to the Bank's operations are evolving in relation to the Bank's income and also the adoption of IAS 12 will achieve comparability of the cost-to-income ratio in the banking industry.

##### **Corporate Climate Responsibility Levy ("CCR levy")**

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

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

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

##### 5.23.2. Deferred tax

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 assets are recognised for all deductible temporary differences and carry forward of unused tax credits, 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 can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 statement of financial position 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 and deferred taxes are recognised as income tax benefits or expenses in the statement of profit or loss except for tax related to the fair value remeasurement of available-for-sale assets, financial instruments at FVOCI, foreign exchange differences and which are charged or credited to statement of other comprehensive income.

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.

##### 5.23.3. Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added taxes except:

- Where the value added taxes incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of value added tax included.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.23. Taxes (Cont'd)

##### 5.23.3. Value Added Tax (Cont'd)

The net amount of value added taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

##### VAT Reverse Charge

The Mauritius Revenue Authority ("MRA") is of the view that the reverse charge mechanism applies to the Banking industry; however, there are still uncertainties on the applicability of this measure as at the reporting date. It has therefore been disclosed under **IFRIC 23 – Uncertainty over Income Tax Treatments**.

#### 5.24. Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

#### 5.25. Supplementary information as required by Bank of Mauritius

In line with guideline on Public Disclosure of Information as issued by the Bank of Mauritius, the bank is required to disclose its assets and liabilities, income and expenditure classified as Resident 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. Such services may be fund based and/or non-fund based. Residency activity relates to all Banking business other than Non-Resident activity.

#### 5.26. Operating lease

Rentals payable under operating leases are charged to the statement of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### 5.27. Equity

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

The Bank's other equity instruments are not redeemable by holders and bear an entitlement to coupons at the sole discretion of the Board of directors. Accordingly, they are presented within equity.

Distributions, thereon are recognised in equity based on the Bank's assessment of the terms of the instruments, the coupon payments meet the definition of dividends.

Incremental costs that are directly attributable to the issue of an equity instruments are deducted from the initial measurement of the equity instrument.

#### 5.28. Operating Expenses

Expenses are accounted in statement of profit or loss on an accrual basis and in accordance with the substance of relevant agreements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5.29. New and amended standards and interpretations

The Bank applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated) and that are relevant to the Bank. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases

Amendments to IFRS 16 Leases confirm that:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Bank has adopted this new standard and has considered and reflected the impact while preparing the financial statements.

#### Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements

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

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

The amendments also clarify how an entity classifies a liability that can be settled in its own shares. When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The amendments now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments (entities to include this only if relevant).

This standard is not expected to have a significant impact on the Bank's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 5.30 New and revised standards in issue but not yet effective

At the date of issuance of the Bank's financial statements, the following new and revised standards were in issue but not yet effective. Where relevant and applicable to the Bank and its operations, these standards are described and the Bank intends to adopt these standards when they become effective.

New pronouncements	Effective for annual periods beginning on or after:
- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	01-Jan-25
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 Financial Instruments: Disclosures	01-Jan-26
- Annual Improvements to IFRS Accounting Standards – Amendments to: - IFRS 1 First-time Adoption of International Financial Reporting Standards; - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS7; - IFRS 9 Financial Instruments; - IFRS 10 Consolidated Financial Statements; and - IAS 7 Statement of Cash flows	01-Jan-26
- IFRS 18 Presentation and Disclosure in Financial Statements	01-Jan-27

### 6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 amount 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 collated below with respect to judgements/estimates involved.

#### 6.1 Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

#### 6.1 Impairment losses on financial assets (Cont'd)

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 LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is 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 GDP, inflation rate and collateral values, and the effect on PDs, EADs and LGDs
- 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.

Impairment losses on financial assets are further explained on note 41(b). For impairment losses on non-financial asset, refer to note 5.20.

#### 6.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in 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 valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see note 5.12.

#### 6.3 Effective interest rate (EIR) method

The Bank's EIR methodology, as explained in note 5.13, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the country's base rate and other fee income/expense that are integral parts of the instrument. This is relevant for note 24.

#### 6.4 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Tax losses can be utilised on a rolling period of five years, and judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

#### 6.5 Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

#### 6.6. Retirement benefit obligation

##### i) Defined contribution plan

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

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

##### ii) Retirement and other benefit obligations

The present value of retirement gratuities under The Workers' Rights Act 2019 is recognised in the statement of financial position as a liability. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statements of financial position with a charge or credit recognised in statement of other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to statement of profit or loss. Past service cost is recognised in 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 follows:

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

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

Further details about the retirement benefit obligation are provided in note 36.

#### 6.7. Climate risk

The Bank and its clients maybe exposed to physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks:

1. Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL.

2. Fair value measurement: The Bank may assume that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

#### 6.7. Climate risk (Cont'd)

ABC Banking Corporation Ltd has successfully implemented its Climate-related and Environmental Risk Framework and is compliant with the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk (C&E Risk). The Bank incorporates C&E risk in the entire credit life cycle and its internal rating models have been adjusted to account for C&E risk.

In order to bolster its operational resilience in the face of the increased incidence of extreme climate events, the Bank has carried out a Business Impact Assessment to identify critical processes and develop corresponding mitigants. The institution has put in place a robust Business Continuity Management Policy that seeks to minimise disruption arising from extreme weather events.

### 7. CAPITAL MANAGEMENT

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Mauritius in supervising the Bank.

During the past year, the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The capital structure of the Bank consists of issued capital, reserves and retained earnings. Details on stated capital are disclosed in note 22. The Bank has to comply with the Banking Act 2004 in respect of both its stated capital and reserves which is detailed in the notes. For the year ended 30 June 2025 and at that date, the Bank has complied with the regulatory requirement for both share capital and reserves. The Bank manages its capital with the aim of maximising the return to the shareholders and other stakeholders.

The Bank capital adequacy ratio is analysed as follows:

	2025	2024	2023
	%	%	%
CET1 capital ratio	11.5	13.8	13.6
Tier 1 capital ratio	11.5	13.8	13.6
Total capital ratio	15.9	18.8	15.3

Minimum capital adequacy ratios under the Guideline on Scope of Application of Basel III and Eligible Capital:

	2025	2024	2023
	%	%	%
CET1 capital ratio	6.5	6.5	6.5
CET1 capital ratio plus Capital Conservation Buffer	9.0	9.0	9.0
Tier 1 capital ratio	8.0	8.0	8.0
Total capital ratio	10.0	10.0	10.0
Total capital ratio plus Capital Conservation Buffer	12.5	12.5	12.5

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 8. CASH AND CASH EQUIVALENTS

	2025	2024	2023
	MUR	MUR	MUR
Cash in hand	23,193,094	13,752,482	9,587,864
Balances with Central Bank	1,778,513,866	1,567,648,080	1,231,302,402
Balances with Banks	1,319,307,902	512,440,074	1,524,877,950
Loans to and placements with Banks	5,588,683,694	2,502,849,808	2,804,416,571
	<b>8,709,698,556</b>	<b>4,596,690,444</b>	<b>5,570,184,787</b>

Cash and cash equivalents comprise of cash at Banks and on hand and loans to and placements with Banks with an original maturity of less than 3 months.

Balances with Central Bank includes minimum cash reserve requirement which represents 9% of the average deposit liability base held over the preceding 28 days period.

### 9. DUE FROM BANKS

	2025	2024	2023
	MUR	MUR	MUR
Placement with Banks	159,657,412	-	-
Less: Expected credit losses	(133,676)	-	-
	<b>159,523,736</b>	<b>-</b>	<b>-</b>

Due from banks relate to placement with Banks having an original maturity of more than 3 months.

#### 9.1 Impairment allowance for due from 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 impairment allowances. Details of the Bank's internal grading system are explained and policies about whether ECL allowances are calculated on an individual or collective basis are set out in note 41(b):

	2025	2024	2023
	MUR	MUR	MUR
<b>Internal rating grade</b>			
Performing			
Investment grade	159,657,412	-	-
Standard Monitoring	-	-	-
Watchlist	-	-	-
Unrated	-	-	-
Non - performing			
Default	-	-	-
Gross carrying amount	159,657,412	-	-
Expected Credit Losses	(133,676)	-	-
	<b>159,523,736</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 9. DUE FROM BANKS (CONT'D)

#### 9.1 Impairment allowance for due from Banks (Cont'd)

An analysis of changes in the gross carrying amount is as follows:

	2025	2024	2023
	MUR	MUR	MUR
Gross carrying amount as at 1 July	-	-	968,352,343
New assets originated or purchased	159,657,412	-	-
Assets derecognised or repaid (excluding write offs)	-	-	(968,352,343)
At 30 June	<b>159,657,412</b>	<b>-</b>	<b>-</b>

<b>ECL allowance</b>	2025	2024	2023
	MUR	MUR	MUR
<b>Internal rating grade</b>			
Performing			
Investment grade	133,676	-	-
Standard Monitoring	-	-	-
Watchlist	-	-	-
Unrated	-	-	-
Non-performing			
Default	-	-	-
Total	<b>133,676</b>	<b>-</b>	<b>-</b>

An analysis of changes in the ECL amount is as follows:

	2025	2024	2023
	MUR	MUR	MUR
ECL allowance as at 1 July	-	-	1,676,853
Increase in expected credit losses	133,676	-	-
Assets derecognised or repaid (excluding write offs)	-	-	(1,676,853)
At 30 June	<b>133,676</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 10. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank enters into derivatives for the optimal deployment of its liability base in foreign currencies and for liquidity risk management. The Bank may also take positions with the expectation of benefiting from favourable movements in rates.

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.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amount is the gross value of the underlying instruments at year-end. This amount does not consider market or credit risk.

	MUR	MUR	MUR
	Notional amount	Assets	Liabilities
<b>30 June 2025</b>			
Foreign exchange contracts	1,745,610,059	8,490,206	24,816,450
	Notional amount	Assets	Liabilities
<b>30 June 2024</b>			
Foreign exchange contracts	590,761,487	9,989,650	4,981,376
	Notional amount	Assets	Liabilities
<b>30 June 2023</b>			
Foreign exchange contracts	1,254,810,303	26,136,555	25,518,459

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the underlying asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

As at 30 June, the Bank has exposures in the following types of derivatives.

#### Foreign exchange forward contract

A forward exchange forward contract is a derivative instrument used to manage foreign exchange risks. It is an agreement between two counterparties to convert one currency into another at a later date, but at a rate agreed earlier on the deal date.

#### Foreign exchange swap

A foreign exchange swap is the simultaneous buying and selling of an identical amount of one currency for another but with two different value dates. One value date is a spot and the other one is a forward date.

The following table shows an analysis of derivative financial instruments by level of the fair value hierarchy:

Valuation is performed on a daily basis, therefore providing an up-to-date mark-to-market of our exposures. Fair values of derivatives are obtained from quoted market prices, dealer price quotations, discounted cash flow and pricing models, and are performed on a daily basis, therefore providing an up-to-date mark-to-market of our exposures.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 10. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	2025	2024	2023
	MUR	MUR	MUR
<b>Assets</b>			
Level 2	8,490,206	9,989,650	26,136,555
	8,490,206	9,989,650	26,136,555
<b>Liabilities</b>			
Level 2	24,816,450	4,981,376	25,518,459
	24,816,450	4,981,376	25,518,459

### 11. LOANS AND ADVANCES TO CUSTOMERS

	2025	2024	2023
	MUR	MUR	MUR
<b>Loans and overdrafts</b>			
Retail	4,177,109,445	3,472,852,425	2,466,164,337
Corporate	10,360,839,819	7,832,175,770	6,650,068,162
	14,537,949,264	11,305,028,195	9,116,232,499
Less: Allowance for impairment losses (Note 11 (c))	(121,333,763)	(122,744,758)	(151,391,914)
	14,416,615,501	11,182,283,437	8,964,840,585
<b>Investment in finance leases</b>			
Retail	1,864,521,478	1,532,415,800	1,098,281,819
Corporate	1,808,526,901	1,589,630,638	1,201,185,328
	3,673,048,379	3,122,046,438	2,299,467,147
Less: Allowance for impairment losses (Note 11 (c))	(48,117,148)	(33,816,846)	(17,692,456)
	3,624,931,231	3,088,229,592	2,281,774,691
<b>Net loans and advances to customers</b>	18,041,546,732	14,270,513,029	11,246,615,276
<b>Total Corporate</b>	12,169,366,720	9,421,806,408	7,851,253,490
Less: Allowance for impairment losses (Note 11 (c))	(137,766,007)	(131,852,987)	(149,426,569)
	12,031,600,713	9,289,953,421	7,701,826,921
<b>Total Retail</b>	6,041,630,923	5,005,268,225	3,564,446,156
Less: Allowance for impairment losses (Note 11 (c))	(31,684,904)	(24,708,617)	(19,657,801)
	6,009,946,019	4,980,559,608	3,544,788,355
<b>Net retail lending</b>	6,009,946,019	4,980,559,608	3,544,788,355
	18,041,546,732	14,270,513,029	11,246,615,276

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (a) Investment in finance leases

	2025	2024	2023
	MUR	MUR	MUR
<b>Future minimum lease payments can be analysed as follows:</b>			
Gross investment in finance leases:			
Up to 1 year	1,100,753,511	933,527,199	730,673,150
Over 1 year and up to 2 years	967,129,324	791,176,350	600,163,846
Over 2 years and up to 3 years	837,781,546	687,901,371	489,763,344
Over 3 years and up to 4 years	644,920,886	568,334,255	377,488,409
Over 4 years and up to 5 years	434,765,439	363,965,574	271,631,145
Over 5 years	341,805,031	327,452,597	218,619,453
	<b>4,327,155,737</b>	3,672,357,346	2,688,339,347
Allocation of unearned finance income	(654,107,358)	(550,310,908)	(388,872,200)
<b>Present value of minimum lease payments</b>	<b>3,673,048,379</b>	3,122,046,438	2,299,467,147

There are no significant changes in the carrying amount of the 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.

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 lien on vehicle.

#### (b) Credit concentration of risk by industry sectors

	2025	2024	2023
	MUR	MUR	MUR
<i>Sectorial concentration of loans and advances (gross of impairment)</i>			
Manufacturing	1,063,325,487	1,104,297,055	846,097,528
Construction	737,784,831	955,270,007	715,505,771
Professional	433,658,307	399,917,218	43,314,819
Traders	1,413,508,351	1,245,910,698	1,343,988,684
Tourism	1,109,439,862	1,307,692,256	1,468,490,344
Transport	547,295,122	433,495,940	363,362,859
Financial and business services	3,870,616,199	1,910,415,943	1,435,998,042
Personal	6,039,646,298	4,977,826,065	3,534,876,413
Agriculture	154,973,335	177,738,583	142,503,517
Global Business Licence holders	223,337,909	382,513,443	180,789,930
Information and communication technology	89,969,829	67,110,831	61,200,271
Others	2,527,442,113	1,464,886,594	1,279,571,468
	<b>18,210,997,643</b>	14,427,074,633	11,415,699,646

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (b) Credit concentration of risk by industry sectors (Cont'd)

Others consist of the following industry sectors: Education, Infrastructure, Health Development Certificate Holders and Media, Entertainment and Recreational Activities.

	2025	2024	2023
	MUR	MUR	MUR
<b>Analysed as follows:</b>			
Loans and overdrafts	14,537,949,264	11,305,028,195	9,116,232,499
Investment in finance leases	3,673,048,379	3,122,046,438	2,299,467,147
	<b>18,210,997,643</b>	14,427,074,633	11,415,699,646

Total credit facilities 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 15% of its capital base classified by industry sectors:

	2025	2024	2023
	MUR	MUR	MUR
Manufacturing	38,446,549	457,383,621	47,248,384
Construction	156,025,475	9,558	14,868
Traders	730,718,359	644,935,899	448,918,340
Tourism	599,174,332	1,193,718,816	1,385,078,041
Transport	91,228,456	124,621,829	112,983,242
Financial and business services	2,719,704,288	389,061,665	663,668,350
Agriculture	-	-	133,129,276
Global Business Licence holders	440,055,171	-	-
Information and communication technology	-	-	20,991,346
Others	2,319,640,049	1,221,637,147	1,683,119,858
	<b>7,094,992,679</b>	4,031,368,535	4,495,151,705

#### (c) Impairment allowance for loans and advances

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 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 41(b).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Corporate Lending

	2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Performing				
Investment grade	5,288,894,151	116,055,765	-	5,404,949,916
Standard Monitoring	5,925,684,222	110,513,974	-	6,036,198,196
Watchlist	-	432,370,135	-	432,370,135
Unrated	76,475,638	2,721,605	-	79,197,243
Non - performing				
Default	-	-	216,651,230	216,651,230
<b>Total</b>	<b>11,291,054,011</b>	<b>661,661,479</b>	<b>216,651,230</b>	<b>12,169,366,720</b>

An analysis of changes in the gross carrying amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	8,361,650,510	783,058,104	277,097,795	9,421,806,409
New assets originated or purchased	8,932,425,436	122,408,660	3,068,751	9,057,902,847
Assets derecognised or repaid (excluding write offs)	(5,959,643,393)	(259,726,997)	(26,349,108)	(6,245,719,498)
Transfers to Stage 1	(2,926,076,061)	2,926,076,061	-	-
Transfers to Stage 2	2,870,874,644	(2,960,515,640)	89,640,996	-
Transfers to Stage 3	83,564,373	34,954,487	(118,518,860)	-
Amounts written off	-	-	(12,220,393)	(12,220,393)
Foreign exchange adjustments	(71,741,498)	15,406,804	3,932,049	(52,402,645)
<b>At 30 June 2025</b>	<b>11,291,054,011</b>	<b>661,661,479</b>	<b>216,651,230</b>	<b>12,169,366,720</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Internal rating grade				
Performing				
Investment grade	7,046,582	2,726,309	-	9,772,891
Standard Monitoring	11,212,275	18,441,362	-	29,653,637
Watchlist	-	6,770,336	-	6,770,336
Unrated	82,226	207,693	-	289,919
Non - performing				
Default	-	-	91,279,224	91,279,224
<b>Total</b>	<b>18,341,083</b>	<b>28,145,700</b>	<b>91,279,224</b>	<b>137,766,007</b>

An analysis of changes in the ECL amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	32,642,336	10,371,176	88,839,475	131,852,987
Additional provisions during the year	56,379,541	22,496,163	15,753,019	94,628,723
Assets derecognised or repaid (excluding write offs)	(70,105,043)	(3,177,740)	(2,877,077)	(76,159,860)
Transfers to Stage 1	33,754,541	(33,754,541)	-	-
Transfers to Stage 2	(9,351,539)	9,352,680	(1,141)	-
Transfers to Stage 3	-	(889,260)	889,260	-
Changes to model parameters	(24,579,855)	23,741,383	-	(838,472)
Amounts written off	-	-	(11,324,312)	(11,324,312)
Foreign exchange adjustments	(398,898)	5,839	-	(393,059)
<b>At 30 June 2025</b>	<b>18,341,083</b>	<b>28,145,700</b>	<b>91,279,224</b>	<b>137,766,007</b>

Both the gross carrying amount and ECL allowance of the corporate portfolio increased during the year.

This is mainly due to the recalibration of the Bank's IFRS 9 models.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### II. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Corporate Lending (Cont'd)

Gross carrying amount	2024			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	2,861,681,419	-	-	2,861,681,419
Standard Monitoring	5,465,771,930	57,640,594	-	5,523,412,524
Watchlist	-	723,077,546	-	723,077,546
Unrated	34,197,161	2,339,964	-	36,537,125
Non - performing				
Default	-	-	277,097,795	277,097,795
<b>Total</b>	<b>8,361,650,510</b>	<b>783,058,104</b>	<b>277,097,795</b>	<b>9,421,806,408</b>

An analysis of changes in the gross carrying amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	6,167,803,779	1,449,019,044	234,430,667	7,851,253,490
New assets originated or purchased	4,145,041,121	61,473,657	6,486	4,206,521,264
Assets derecognised or repaid (excluding write offs)	(2,483,334,247)	(205,538,446)	(28,277,782)	(2,717,150,475)
Transfers to Stage 1	1,654,944,827	(1,642,388,479)	(12,556,348)	-
Transfers to Stage 2	(1,187,599,379)	1,226,040,199	(38,440,820)	-
Transfers to Stage 3	-	(119,779,133)	119,779,133	-
Amounts written off	-	-	(1,684)	(1,684)
Foreign exchange adjustments	64,794,409	14,231,261	2,158,143	81,183,813
<b>At 30 June 2024</b>	<b>8,361,650,510</b>	<b>783,058,103</b>	<b>277,097,795</b>	<b>9,421,806,408</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### II. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Corporate Lending (Cont'd)

ECL allowance	2024			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	6,290,839	-	-	6,290,839
Standard Monitoring	26,102,429	1,759,768	-	27,862,197
Watchlist	-	8,566,646	-	8,566,646
Unrated	249,068	44,762	-	293,830
Non - performing				
Default	-	-	88,839,475	88,839,475
<b>Total</b>	<b>32,642,336</b>	<b>10,371,176</b>	<b>88,839,475</b>	<b>131,852,987</b>

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	29,666,143	31,281,904	88,478,522	149,426,569
Additional provisions during the year	33,112,418	46,791,209	1,520,876	81,424,503
Assets derecognised or repaid (excluding write offs)	(39,208,541)	(47,643,661)	(3,131,077)	(89,983,279)
Transfers to Stage 1	26,110,766	(26,110,766)	-	-
Transfers to Stage 2	(8,023,761)	8,023,761	-	-
Transfers to Stage 3	-	(1,972,838)	1,972,838	-
Changes to model parameters	(9,323,082)	(215,904)	-	(9,538,986)
Amounts written off	-	-	(1,684)	(1,684)
Foreign exchange adjustments	308,393	217,471	-	525,864
<b>At 30 June 2024</b>	<b>32,642,336</b>	<b>10,371,176</b>	<b>88,839,475</b>	<b>131,852,987</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### II. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Corporate Lending (Cont'd)

Gross carrying amount	2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	2,574,256,708	-	-	2,574,256,708
Standard Monitoring	3,542,339,297	49,010,600	-	3,591,349,897
Watchlist	-	1,397,350,708	-	1,397,350,708
Unrated	51,207,774	2,657,736	-	53,865,510
Non - performing				
Default	-	-	234,430,667	234,430,667
<b>Total</b>	<b>6,167,803,779</b>	<b>1,449,019,044</b>	<b>234,430,667</b>	<b>7,851,253,490</b>

An analysis of changes in the gross carrying amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	4,973,508,508	1,832,593,930	680,145,293	7,486,247,731
New assets originated or purchased	5,056,244,467	302,678,346	52,264,501	5,411,187,314
Assets derecognised or repaid (excluding write offs)	(4,462,046,058)	(493,600,890)	(119,192,969)	(5,074,839,917)
Transfers to Stage 1	1,846,167,800	(1,840,949,006)	(5,218,794)	-
Transfers to Stage 2	(1,271,522,175)	1,674,686,599	(403,164,424)	-
Transfers to Stage 3	-	(39,473,312)	39,473,312	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	(2,800,959)	(14,608,511)	(17,409,470)
Amounts written off	25,451,237	15,884,336	4,732,259	46,067,832
<b>At 30 June 2023</b>	<b>6,167,803,779</b>	<b>1,449,019,044</b>	<b>234,430,667</b>	<b>7,851,253,490</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### II. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Corporate Lending (Cont'd)

ECL allowance	2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	13,054,659	-	-	13,054,659
Standard Monitoring	16,333,802	982,586	-	17,316,388
Watchlist	-	30,276,213	-	30,276,213
Unrated	277,682	23,105	-	300,787
Non - performing				
Default	-	-	88,478,522	88,478,522
<b>Total</b>	<b>29,666,143</b>	<b>31,281,904</b>	<b>88,478,522</b>	<b>149,426,569</b>

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	46,558,555	43,219,827	114,401,775	204,180,157
Additional provisions during the year	48,329,536	42,644,591	32,871,620	123,845,747
Assets derecognised or repaid (excluding write offs)	(64,559,813)	(23,386,060)	(48,111,193)	(136,057,066)
Transfers to Stage 1	32,346,654	(32,342,597)	(4,057)	-
Transfers to Stage 2	(11,368,339)	11,394,118	(25,779)	-
Transfers to Stage 3	-	(1,210,194)	1,210,194	-
Changes to model parameters	(21,692,660)	(9,056,968)	-	(30,749,628)
Amounts written off	-	(120,231)	(11,864,038)	(11,984,269)
Foreign exchange adjustments	52,210	139,418	-	191,628
<b>At 30 June 2023</b>	<b>29,666,143</b>	<b>31,281,904</b>	<b>88,478,522</b>	<b>149,426,569</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Retail Lending

	2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	3,005,507,523	20,716,715	-	3,026,224,238
Standard Monitoring	2,312,604,143	42,272,797	-	2,354,876,940
Watchlist	-	16,286,923	-	16,286,923
Unrated	480,198,983	4,695,361	-	484,894,344
Non - performing				
Default	-	-	159,348,478	159,348,478
<b>Total</b>	<b>5,798,310,649</b>	<b>83,971,796</b>	<b>159,348,478</b>	<b>6,041,630,923</b>

An analysis of changes in the gross carrying amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	4,852,066,011	117,702,381	35,499,833	5,005,268,225
New assets originated or purchased	2,194,285,161	21,993,284	3,400,137	2,219,678,582
Assets derecognised or repaid (excluding write offs)	(1,171,184,739)	(18,253,384)	(25,696,417)	(1,215,134,540)
Transfers to Stage 1	(1,060,366,917)	1,058,694,607	1,672,310	-
Transfers to Stage 2	932,980,009	(1,097,316,482)	164,336,473	-
Transfers to Stage 3	21,964,067	268,292	(22,232,359)	-
Foreign exchange adjustments	28,567,057	883,098	2,368,501	31,818,656
<b>At 30 June 2025</b>	<b>5,798,310,649</b>	<b>83,971,796</b>	<b>159,348,478</b>	<b>6,041,630,923</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Retail Lending (Cont'd)

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	4,211,045	5,672,397	-	9,883,442
Standard Monitoring	3,548,419	9,426,639	-	12,975,058
Watchlist	-	3,418,916	-	3,418,916
Unrated	812,638	3,902,813	-	4,715,451
Non - performing				
Default	-	-	692,037	692,037
<b>Total</b>	<b>8,572,102</b>	<b>22,420,765</b>	<b>692,037</b>	<b>31,684,904</b>

An analysis of changes in the ECL amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	20,775,050	3,022,543	911,024	24,708,617
Additional provisions during the year	11,775,759	18,739,355	5,543,233	36,058,347
Assets derecognised or repaid (excluding write offs)	(23,171,405)	(459,558)	(8,531,640)	(32,162,603)
Transfers to Stage 1	21,199,259	(21,177,564)	(21,695)	-
Transfers to Stage 2	(4,164,100)	4,164,100	-	-
Transfers to Stage 3	(21,695)	(2,769,420)	2,791,115	-
Changes to model parameters	(17,957,159)	20,886,795	-	2,929,636
Foreign exchange adjustments	136,393	14,514	-	150,907
<b>At 30 June 2025</b>	<b>8,572,102</b>	<b>22,420,765</b>	<b>692,037</b>	<b>31,684,904</b>

The ECL allowance for the retail portfolio increased during the year due to the ECL models' recalibration.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Retail Lending (Cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	2,487,525,284	-	-	2,487,525,284
Standard Monitoring	2,022,682,502	67,230,761	-	2,089,913,263
Watchlist	-	25,873,685	-	25,873,685
Unrated	341,858,225	24,597,935	-	366,456,160
Non - performing				
Default	-	-	35,499,833	35,499,833
<b>Total</b>	<b>4,852,066,011</b>	<b>117,702,381</b>	<b>35,499,833</b>	<b>5,005,268,225</b>

An analysis of changes in the gross carrying amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	3,373,788,768	172,452,597	18,204,792	3,564,446,157
New assets originated or purchased	2,287,228,126	4,655,252	1,261,524	2,293,144,902
Assets derecognised or repaid (excluding write offs)	(786,120,146)	(79,766,602)	(3,625,061)	(869,511,809)
Transfers to Stage 1	623,995,493	(598,741,384)	(25,254,109)	-
Transfers to Stage 2	(663,974,000)	680,493,980	(16,519,980)	-
Transfers to Stage 3	(195,105)	(61,530,138)	61,725,243	-
Amounts written off	-	-	(292,576)	(292,576)
Foreign exchange adjustments	17,342,875	138,676	-	17,481,551
<b>At 30 June 2024</b>	<b>4,852,066,011</b>	<b>117,702,381</b>	<b>35,499,833</b>	<b>5,005,268,225</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Retail Lending (Cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	9,738,162	-	-	9,738,162
Standard Monitoring	8,287,812	956,332	-	9,244,144
Watchlist	-	498,926	-	498,926
Unrated	2,749,076	1,567,285	-	4,316,361
Non - performing				
Default	-	-	911,024	911,024
<b>Total</b>	<b>20,775,050</b>	<b>3,022,543</b>	<b>911,024</b>	<b>24,708,617</b>

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	10,923,731	2,277,537	6,456,533	19,657,801
Additional provisions during the year	10,038,795	4,940,266	351,767	15,330,828
Assets derecognised or repaid (excluding write offs)	(10,881,775)	(452,729)	(1,041,246)	(12,375,750)
Transfers to Stage 1	6,435,657	(6,271,291)	(164,366)	-
Transfers to Stage 2	(1,813,575)	1,813,575	-	-
Transfers to Stage 3	(999)	(765,150)	766,149	-
Changes to model parameters	6,021,520	1,480,270	(5,426,468)	2,075,322
Amounts written off	-	-	(31,345)	(31,345)
Foreign exchange adjustments	51,696	65	-	51,761
<b>At 30 June 2024</b>	<b>20,775,050</b>	<b>3,022,543</b>	<b>911,024</b>	<b>24,708,617</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Retail Lending (Cont'd)

	2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	1,583,781,348	12,036,243	-	1,595,817,591
Standard Monitoring	1,451,513,849	47,433,081	-	1,498,946,930
Watchlist	-	102,936,993	-	102,936,993
Unrated	338,493,571	10,046,280	-	348,539,851
Non - performing				
Default	-	-	18,204,792	18,204,792
<b>Total</b>	<b>3,373,788,768</b>	<b>172,452,597</b>	<b>18,204,792</b>	<b>3,564,446,157</b>

An analysis of changes in the gross carrying amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	2,665,506,839	64,122,925	17,225,791	2,746,855,555
New assets originated or purchased	1,563,411,443	16,802,059	187,150	1,580,400,652
Assets derecognised or repaid (excluding write offs)	(742,749,883)	(35,963,589)	(1,072,252)	(779,785,724)
Transfers to Stage 1	366,599,526	(363,120,590)	(3,478,936)	-
Transfers to Stage 2	(493,470,216)	499,265,234	(5,795,018)	-
Transfers to Stage 3	-	(11,138,057)	11,138,057	-
Foreign exchange adjustments	14,491,059	2,484,615	-	16,975,674
<b>At 30 June 2023</b>	<b>3,373,788,768</b>	<b>172,452,597</b>	<b>18,204,792</b>	<b>3,564,446,157</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (c) Impairment allowance for loans and advances (Cont'd)

##### Retail Lending (Cont'd)

	2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	5,283,436	326,816	-	5,610,252
Standard Monitoring	4,392,457	582,160	-	4,974,617
Watchlist	-	1,284,670	-	1,284,670
Unrated	1,247,838	83,891	-	1,331,729
Non - performing				
Default	-	-	6,456,533	6,456,533
<b>Total</b>	<b>10,923,731</b>	<b>2,277,537</b>	<b>6,456,533</b>	<b>19,657,801</b>

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	11,439,547	1,632,714	11,666,942	24,739,203
New assets originated or purchased	17,675,434	6,948,992	3,400,635	28,025,061
Assets derecognised or repaid (excluding write offs)	(18,736,142)	(1,804,739)	(8,780,981)	(29,321,862)
Transfers to Stage 1	6,170,931	(6,170,931)	-	-
Transfers to Stage 2	(2,642,511)	2,642,511	-	-
Transfers to Stage 3	-	(169,937)	169,937	-
Changes to model parameters	(3,030,491)	(820,983)	-	(3,851,474)
Foreign exchange adjustments	46,963	19,910	-	66,873
<b>At 30 June 2023</b>	<b>10,923,731</b>	<b>2,277,537</b>	<b>6,456,533</b>	<b>19,657,801</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)**

**(d) Allowance for credit impairment by industry sectors**

	2025					
	Gross amount of loans	Non performing loans	Stage 1	Stage 2	Stage 3	Total Expected Credit Losses
	MUR	MUR	MUR	MUR	MUR	MUR
Manufacturing	1,063,325,487	16,323,819	1,183,656	4,734,246	-	5,917,902
Construction	737,784,831	80,385,099	1,013,846	3,640,274	75,682,387	80,336,507
Professional	433,658,307	-	302,501	-	-	302,501
Traders	1,413,508,351	1,146,635	1,865,904	3,093,115	260,378	5,219,397
Tourism	1,109,439,862	-	813,579	1,989,310	-	2,802,889
Transport	547,295,122	1,628,013	1,502,230	10,311,982	611,005	12,425,217
Financial and business services	3,870,616,199	27,630,987	7,458,397	3,127,867	14,725,454	25,311,718
Personal	6,039,646,298	158,480,450	8,567,727	22,420,765	692,037	31,680,529
Agriculture	154,973,335	-	156,710	-	-	156,710
Global Business Licence holders	223,337,909	85,737,173	96,282	62,508	-	158,790
Information and communication technology	89,969,829	-	158,422	-	-	158,422
Others**	2,527,442,113	3,799,245	3,793,931	1,186,398	-	4,980,329
<b>Total</b>	<b>18,210,997,643</b>	<b>375,131,421</b>	<b>26,913,185</b>	<b>50,566,465</b>	<b>91,971,261</b>	<b>169,450,911</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)**

**(d) Allowance for credit impairment by industry sectors (Cont'd)**

	2024					
	Gross amount of loans	Non performing loans	Stage 1	Stage 2	Stage 3	Total Expected Credit Losses
	MUR	MUR	MUR	MUR	MUR	MUR
Manufacturing	1,104,297,055	4,496,096	3,713,577	3	-	3,713,580
Construction	955,270,007	80,678,551	2,276,427	630,601	75,675,968	78,582,996
Professional	399,917,218	-	555,454	-	-	555,454
Traders	1,245,910,698	14,094,544	4,787,675	108,892	11,695,299	16,591,866
Tourism	1,307,692,256	-	1,102,650	5,592,033	-	6,694,683
Transport	433,495,940	4,719,258	8,058,446	3,406,461	1,468,208	12,933,115
Financial and business services	1,910,415,940	22,389,393	3,505,931	19,924	-	3,525,855
Personal	4,977,826,065	35,040,798	20,674,261	2,318,465	911,024	23,903,750
Agriculture	177,738,583	-	463,171	38,799	-	501,970
Global Business Licence holders	382,513,443	148,363,523	1,078,261	-	-	1,078,261
Information and communication technology	67,110,831	-	349,115	42,115	-	391,230
Others**	1,464,886,597	1,815,860	6,852,418	1,236,426	-	8,088,844
<b>Total</b>	<b>14,427,074,633</b>	<b>311,598,023</b>	<b>53,417,386</b>	<b>13,393,719</b>	<b>89,750,499</b>	<b>156,561,604</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 11. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

#### (d) Allowance for credit impairment by industry sectors (Cont'd)

	2023					
	Gross amount of loans	Non performing loans	Stage 1	Stage 2	Stage 3	Total Expected Credit Losses
	MUR	MUR	MUR	MUR	MUR	MUR
Manufacturing	846,097,528	3,951	2,599,821	336,196	-	2,936,017
Construction	715,505,771	76,684,152	4,233,774	166,830	76,684,152	81,084,756
Professional	43,314,819	-	128,641	-	-	128,641
Traders	1,343,988,684	22,177,717	2,849,535	186,760	11,792,970	14,829,265
Tourism	1,468,490,344	35,378,485	6,128,496	25,216,560	-	31,345,056
Transport	363,362,859	5,268,452	2,912,629	2,647,241	1,400	5,561,270
Financial and business services	1,435,998,042	14,741,891	4,844,830	340,000	-	5,184,830
Personal	3,534,876,413	18,204,794	10,864,988	2,277,537	6,456,533	19,599,058
Agriculture	142,503,517	1,411,751	388,554	47,921	-	436,475
Global Business Licence holders	180,789,930	78,288,452	78,115	2,058,485	-	2,136,600
Information and communication technology	61,200,271	-	307,619	16,162	-	323,781
Others**	1,279,571,468	473,905	5,252,872	265,749	-	5,518,621
<b>Total</b>	<b>11,415,699,646</b>	<b>252,633,550</b>	<b>40,589,874</b>	<b>33,559,441</b>	<b>94,935,055</b>	<b>169,084,370</b>

\*\*Industry sectors under 'Others' include: Education, Infrastructure, Health Development Certificate Holders and Media, Entertainment and Recreational Activities.

### 12. INVESTMENT SECURITIES

		2025	2024	2023
		MUR	MUR	MUR
Debt instruments at FVOCI	12(a)	<b>1,217,755,941</b>	1,066,447,798	1,313,378,943
Equity instruments at FVOCI	12(b)	<b>35,769,877</b>	42,901,226	51,782,458
Debt instruments at amortised cost	12(c)	<b>4,101,615,112</b>	5,544,243,890	4,587,143,158
		<b>5,355,140,930</b>	6,653,592,914	5,952,304,559

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI

	Up to 3 months	3-12 months	1 to 3 years	Over 3 years	No Specific Maturity	2025
	MUR	MUR	MUR	MUR	MUR	MUR
Bank of Mauritius treasury bills	197,920,000	-	-	-	-	197,920,000
Bank of Mauritius bonds and notes	-	100,942,397	-	-	-	100,942,397
Government of Mauritius bonds and notes	-	19,718,400	124,834,142	-	-	144,552,542
Foreign sovereign bonds	446,967,751	44,627,708	-	-	-	491,595,459
Corporate bonds	-	-	13,787,467	218,867,976	50,090,101	282,745,544
	<b>644,887,751</b>	<b>165,288,505</b>	<b>138,621,609</b>	<b>218,867,976</b>	<b>50,090,101</b>	<b>1,217,755,942</b>

	Up to 3 months	3-12 months	1 to 3 years	Over 3 years	No Specific Maturity	2024
	MUR	MUR	MUR	MUR	MUR	MUR
Bank of Mauritius treasury bills	142,895,894	-	-	-	-	142,895,894
Bank of Mauritius bonds and notes	-	-	101,115,333	-	-	101,115,333
Government of Mauritius bonds and notes	-	-	25,419,806	-	-	25,419,806
Foreign sovereign bonds	-	93,391,991	45,567,052	-	-	138,959,043
Corporate bonds	125,554,785	302,057,850	13,913,534	216,362,868	168,685	658,057,722
	<b>268,450,679</b>	<b>395,449,841</b>	<b>186,015,725</b>	<b>216,362,868</b>	<b>168,685</b>	<b>1,066,447,798</b>

	Up to 3 months	3-12 months	1 to 3 years	Over 3 years	No Specific Maturity	2023
	MUR	MUR	MUR	MUR	MUR	MUR
Bank of Mauritius bonds and notes	-	-	-	-	-	-
Government of Mauritius treasury bills	150,884,119	-	-	-	-	150,884,119
Government of Mauritius bonds and notes	-	-	-	-	-	-
Foreign sovereign bonds	135,761,592	91,620,340	132,290,812	-	-	359,672,744
Corporate bonds	49,263,980	235,698,379	372,729,539	145,130,182	-	802,822,080
	<b>335,909,691</b>	<b>327,318,719</b>	<b>505,020,351</b>	<b>145,130,182</b>	<b>-</b>	<b>1,313,378,943</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI (Cont'd)

	2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Investment grade	985,486,981	-	-	985,486,981
Standard Monitoring	80,384,189	-	-	80,384,189
Watchlist	-	-	-	-
Unrated	151,884,771	-	-	151,884,771
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>1,217,755,941</b>	<b>-</b>	<b>-</b>	<b>1,217,755,941</b>

Total gross carrying amount of MUR 1,217.8m includes the fair value gain of MUR 4.4m (note 23). The fair value gain of MUR 4.4m is included in the line gross carrying amount in the following reconciliation.

An analysis of changes in the gross carrying amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	966,161,543	100,286,255	-	1,066,447,798
New assets originated or purchased	866,771,608	-	-	866,771,608
Assets derecognised or repaid (excluding write offs)	(589,522,935)	(100,286,255)	-	(689,809,190)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(25,654,275)	-	-	(25,654,275)
<b>At 30 June 2025</b>	<b>1,217,755,941</b>	<b>-</b>	<b>-</b>	<b>1,217,755,941</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI (Cont'd)

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Performing				
Investment grade	735,337	-	-	735,337
Standard Monitoring	962,936	-	-	962,936
Watchlist	-	-	-	-
Unrated	334,644	-	-	334,644
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>2,032,917</b>	<b>-</b>	<b>-</b>	<b>2,032,917</b>

An analysis of changes in the ECL amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	1,519,414	123,760	-	1,643,174
Increase in expected credit losses	1,582,206	-	-	1,582,206
Assets derecognised or repaid (excluding write offs)	(1,007,805)	(123,760)	-	(1,131,565)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(60,898)	-	-	(60,898)
<b>At 30 June 2025</b>	<b>2,032,917</b>	<b>-</b>	<b>-</b>	<b>2,032,917</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI (Cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Performing				
Investment grade	662,547,104	-	-	662,547,104
Standard Monitoring	-	-	-	-
Watchlist	-	-	-	-
Unrated	303,614,439	100,286,255	-	403,900,694
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>966,161,543</b>	<b>100,286,255</b>	<b>-</b>	<b>1,066,447,798</b>

Total gross carrying amount of MUR 1,066m includes the fair value gain of MUR 17.7m (note 23). The fair value gain of MUR 17.7m is included in the line gross carrying amount in the following reconciliation.

An analysis of changes in the gross carrying amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	1,063,948,755	249,430,188	-	1,313,378,943
New assets originated or purchased	359,201,935	-	-	359,201,935
Assets derecognised or repaid (excluding write offs)	(615,148,430)	(133,172)	-	(615,281,602)
Transfers to Stage 1	149,010,761	(149,010,761)	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	9,148,522	-	-	9,148,522
<b>At 30 June 2024</b>	<b>966,161,543</b>	<b>100,286,255</b>	<b>-</b>	<b>1,066,447,798</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI (Cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	632,979	-	-	632,979
Standard Monitoring	-	-	-	-
Watchlist	-	-	-	-
Unrated	886,435	123,760	-	1,010,195
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>1,519,414</b>	<b>123,760</b>	<b>-</b>	<b>1,643,174</b>

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	1,052,889	1,069,976	-	2,122,865
Increase in expected credit losses	495,817	-	-	495,817
Assets derecognised or repaid (excluding write offs)	(691,010)	(301,912)	-	(992,922)
Transfers to Stage 1	644,304	(644,304)	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	17,414	-	-	17,414
<b>At 30 June 2024</b>	<b>1,519,414</b>	<b>123,760</b>	<b>-</b>	<b>1,643,174</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI (Cont'd)

	2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Performing				
Investment grade	841,068,145	-	-	841,068,145
Standard Monitoring	222,880,610	-	-	222,880,610
Watchlist	-	249,266,771	-	249,266,771
Unrated	-	163,417	-	163,417
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>1,063,948,755</b>	<b>249,430,188</b>	<b>-</b>	<b>1,313,378,943</b>

Total gross carrying amount of MUR 1,313m includes the fair value loss of MUR 7.6m (note 23). The fair value loss of MUR 7.6m is included in the line gross carrying amount in the following reconciliation.

An analysis of changes in the gross carrying amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	1,301,528,197	389,709,519	110,153,038	1,801,390,754
New assets originated or purchased	162,843,701	16,316,541	-	179,160,242
Assets derecognised or repaid (excluding write offs)	(422,751,403)	(147,144,303)	(110,153,038)	(680,048,744)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(152,320)	152,320	-	-
Transfers to stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	22,480,580	(9,603,889)	-	12,876,691
<b>At 30 June 2023</b>	<b>1,063,948,755</b>	<b>249,430,188</b>	<b>-</b>	<b>1,313,378,943</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (a) Debt instruments at FVOCI (Cont'd)

	2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
Performing				
Investment grade	688,347	-	-	688,347
Standard Monitoring	364,542	-	-	364,542
Watchlist	-	1,069,681	-	1,069,681
Unrated	-	295	-	295
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>1,052,889</b>	<b>1,069,976</b>	<b>-</b>	<b>2,122,865</b>

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	1,150,597	2,615,664	257,214	4,023,475
Increase in expected credit losses	455,505	-	-	455,505
Assets derecognised or repaid (excluding write offs)	(555,755)	(1,504,385)	(257,214)	(2,317,354)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(677)	677	-	-
Transfer to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	3,219	(41,980)	-	(38,761)
<b>At 30 June 2023</b>	<b>1,052,889</b>	<b>1,069,976</b>	<b>-</b>	<b>2,122,865</b>

#### (b) Equity instruments at FVOCI

Investments that are expected to be held long-term for strategic purposes are designated at fair value through other comprehensive income. These principally include shares in Mauritian corporate entities. Refer to note 27 for dividend income on equity instruments at FVOCI.

As at 30 June 2025, the Bank had corporate shares of **MUR 35,769,877** (2024: MUR 42,901,226; 2023: MUR 51,782,458) classified as equity instruments at FVOCI.

The Bank has disposed its investments in ABCB Properties Ltd amounting to MUR 660,000,000 to ABCB Investments Ltd during the year ended 30 June 2025. There was no disposal in equity instruments at FVOCI during the financial year 2024 and 2023.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (c) Debt instruments at amortised cost

	Up to 3 months	3-12 months	1 to 3 years	over 3 years	2025
	MUR	MUR	MUR	MUR	MUR
Bank of Mauritius treasury bills	65,934,505	-	-	-	65,934,505
Bank of Mauritius bonds and notes	100,985,670	50,771,755	-	-	151,757,425
Government of Mauritius bonds and notes	49,789,349	198,234,578	963,625,228	822,685,403	2,034,334,558
Foreign sovereign bonds	-	360,601,130	48,246,900	-	408,848,030
Corporate bonds	192,122,979	50,806,162	680,464,703	572,657,267	1,496,051,111
Gross carrying amount	408,832,503	660,413,625	1,692,336,831	1,395,342,670	4,156,925,629
Expected credit losses	(210,738)	(287,657)	(51,577,846)	(3,234,277)	(55,310,518)
	408,621,765	660,125,968	1,640,758,985	1,392,108,393	4,101,615,111

	Up to 3 months	3-12 months	1 to 3 years	Over 3 years	2024
	MUR	MUR	MUR	MUR	MUR
Bank of Mauritius treasury bills	319,803,273	309,309,301	-	-	629,112,574
Bank of Mauritius bonds and notes	-	-	151,743,676	-	151,743,676
Government of Mauritius bonds and notes	405,786,077	71,449,250	653,379,204	827,290,617	1,957,905,148
Foreign sovereign bonds	373,420,161	507,392,401	376,205,416	51,414,438	1,308,432,416
Corporate bonds	-	39,688,775	384,407,753	1,129,834,499	1,553,931,027
Gross carrying amount	1,099,009,511	927,839,727	1,565,736,049	2,008,539,554	5,601,124,841
Expected credit losses	(651,762)	(549,573)	(1,040,614)	(54,639,002)	(56,880,951)
	1,098,357,749	927,290,154	1,564,695,435	1,953,900,552	5,544,243,890

	Up to 3 months	3-12 months	1 to 3 years	Over 3 years	2023
	MUR	MUR	MUR	MUR	MUR
Bank of Mauritius treasury bills	299,778,844	-	-	-	299,778,844
Government of Mauritius bonds and notes	254,437,233	-	476,916,896	1,280,254,217	2,011,608,346
Foreign sovereign bonds	113,721,645	318,511,343	408,083,463	94,375,743	934,692,194
Corporate bonds	-	163,785,444	281,909,688	899,300,904	1,344,996,036
Gross carrying amount	667,937,722	482,296,787	1,166,910,047	2,273,930,864	4,591,075,420
Expected credit losses	(448,285)	(416,573)	(797,176)	(2,270,228)	(3,932,262)
	667,489,437	481,880,214	1,166,112,871	2,271,660,636	4,587,143,158

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (c) Debt instruments at amortised cost (cont'd)

	2025			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	3,530,781,876	-	-	3,530,781,876
Standard Monitoring	182,465,117	-	-	182,465,117
Watchlist	-	-	-	-
Unrated	326,757,357	-	-	326,757,357
Non - performing				
Default	-	-	116,921,268	116,921,268
Total	4,040,004,350	-	116,921,268	4,156,925,618

An analysis of changes in the gross carrying amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	5,478,960,935	-	122,163,906	5,601,124,841
New assets originated or purchased	696,773,031	-	-	696,773,031
Assets derecognised or repaid (excluding write offs)	(2,107,245,097)	-	-	(2,107,245,097)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(28,484,519)	-	(5,242,638)	(33,727,157)
At 30 June 2025	4,040,004,350	-	116,921,268	4,156,925,618

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (c) Debt instruments at amortised cost (cont'd)

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	2,271,710	-	-	2,271,710
Standard Monitoring	2,185,782	-	-	2,185,782
Watchlist	-	-	-	-
Unrated	1,048,770	-	-	1,048,770
Non - performing				
Default	-	-	49,804,256	49,804,256
<b>Total</b>	<b>5,506,262</b>	<b>-</b>	<b>49,804,256</b>	<b>55,310,518</b>

An analysis of changes in the ECL amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	4,454,954	-	52,425,997	56,880,951
Increase in expected credit losses	2,873,465	-	-	2,873,465
Assets derecognised or repaid (excluding write offs)	(1,719,033)	-	(388,564)	(2,107,597)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes in model	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(103,124)	-	(2,233,177)	(2,336,301)
<b>At 30 June 2025</b>	<b>5,506,262</b>	<b>-</b>	<b>49,804,256</b>	<b>55,310,518</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (c) Debt instruments at amortised cost (cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	5,233,401,386	-	-	5,233,401,386
Standard Monitoring	29,893,415	-	-	29,893,415
Watchlist	-	-	-	-
Unrated	215,666,134	-	-	215,666,134
Non - performing				
Default	-	-	122,163,906	122,163,906
<b>Total</b>	<b>5,478,960,935</b>	<b>-</b>	<b>122,163,906</b>	<b>5,601,124,841</b>

An analysis of changes in the gross carrying amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	4,427,289,976	163,785,444	-	4,591,075,420
New assets originated or purchased	1,991,673,982	-	4,917,852	1,996,591,834
Assets derecognised or repaid (excluding write offs)	(988,830,801)	(50,354,576)	-	(1,039,185,377)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(113,430,868)	113,430,868	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	48,827,778	-	3,815,186	52,642,964
<b>At 30 June 2024</b>	<b>5,478,960,935</b>	<b>-</b>	<b>122,163,906</b>	<b>5,601,124,841</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (c) Debt instruments at amortised cost (cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	3,626,783	-	-	3,626,783
Standard Monitoring	100,753	-	-	100,753
Watchlist	-	-	-	-
Unrated	727,418	-	-	727,418
Non - performing				
Default	-	-	52,425,997	52,425,997
<b>Total</b>	<b>4,454,954</b>	<b>-</b>	<b>52,425,997</b>	<b>56,880,951</b>

An analysis of changes in the ECL amount is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	3,586,349	345,914	-	3,932,263
Increase in expected credit losses	1,378,054	-	50,498,948	51,877,002
Assets derecognised or repaid (excluding write offs)	(541,836)	(56,134)	-	(597,970)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(289,780)	289,780	-
Changes in model	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	32,387	-	1,637,269	1,669,656
<b>At 30 June 2024</b>	<b>4,454,954</b>	<b>-</b>	<b>52,425,997</b>	<b>56,880,951</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 12. INVESTMENT SECURITIES (CONT'D)

#### (c) Debt instruments at amortised cost (cont'd)

	2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	1,790,486,534	-	-	1,790,486,534
Standard Monitoring	2,496,926,409	-	-	2,496,926,409
Watchlist	-	-	-	-
Unrated	139,877,033	163,785,444	-	303,662,477
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>4,427,289,976</b>	<b>163,785,444</b>	<b>-</b>	<b>4,591,075,420</b>

An analysis of changes in the gross carrying amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	4,328,199,691	163,230,527	47,599,849	4,539,030,067
New assets originated or purchased	919,197,435	181,790	-	919,379,225
Assets derecognised or repaid (excluding write offs)	(825,419,875)	-	(47,599,849)	(873,019,724)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	5,312,725	373,127	-	5,685,852
<b>At 30 June 2023</b>	<b>4,427,289,976</b>	<b>163,785,444</b>	<b>-</b>	<b>4,591,075,420</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2025

#### 12. INVESTMENT SECURITIES (CONT'D)

##### (c) Debt instruments at amortised cost (cont'd)

	2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	703,759	-	-	703,759
Standard Monitoring	2,412,930	-	-	2,412,930
Watchlist	-	-	-	-
Unrated	469,660	345,913	-	815,573
Non - performing				
Default	-	-	-	-
<b>Total</b>	<b>3,586,349</b>	<b>345,913</b>	<b>-</b>	<b>3,932,262</b>

An analysis of changes in the ECL amount is as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	2,783,141	1,043,374	186,227	4,012,742
Increase in expected credit losses	1,536,744	-	-	1,536,744
Assets derecognised or repaid (excluding write offs)	(741,684)	-	(186,227)	(927,911)
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Changes in model	-	(698,414)	-	(698,414)
Amounts written off				
Foreign exchange adjustments	8,148	953	-	9,101
<b>At 30 June 2023</b>	<b>3,586,349</b>	<b>345,913</b>	<b>-</b>	<b>3,932,262</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2025

#### 13. OTHER ASSETS

	2025	2024	2023
	MUR	MUR	MUR
Deposits	171,390,748	119,226,449	114,562,578
Less: Expected credit losses	(23,627)	(11,664)	(17,817)
Non-banking assets acquired in satisfaction of debts	4,925,000	7,314,682	3,101,307
Other receivables	822,897,793	126,053,822	83,265,541
	<b>999,189,914</b>	<b>252,583,289</b>	<b>200,911,609</b>

Deposits relate to security deposits made by the Bank with certain counterparties in the normal operations of the Banks.

Expected credit losses are calculated on deposits. There has been no change in staging classification during the financial year. All ECL allowances were classified as stage 1 in 2025, 2024 and 2023.

Non-Banking assets acquired in satisfaction of debts relate to repossessed assets and the Bank intends to dispose of such assets as soon as the market permits. These relate primarily to motor vehicles being repossessed in relation to finance leases granted by the Bank. The Bank's policy is to sell these repossessed assets through various car auctions.

Other receivables comprise mainly prepaid expenses, prepaid employee benefit and intercompany receivables from ABCB Investments Ltd following transfer of the Bank's investment in ABCB Properties Ltd to ABCB Investments Limited.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 14. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-use assets									
	Freehold land*	Buildings*	Improvement to buildings*	Computer equipment	Motor vehicles	Fixtures & fittings	Motor vehicles	Land & Buildings*	Offices	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>COST</b>										
At 1 July 2022	123,435,858	338,885,438	106,964,611	101,301,047	16,005,001	82,291,598	3,561,510	-	5,596,887	778,041,950
Additions	-	-	-	5,906,492	-	1,337,520	-	-	-	7,244,012
Disposals	-	-	-	-	-	-	-	-	-	-
Termination	-	-	-	-	-	-	-	-	(4,276,004)	(4,276,004)
At 30 June 2023	123,435,858	338,885,438	106,964,611	107,207,539	16,005,001	83,629,118	3,561,510	-	1,320,883	781,009,958
At 1 July 2023	123,435,858	338,885,438	106,964,611	107,207,539	16,005,001	83,629,118	3,561,510	-	1,320,883	781,009,958
Additions	-	-	-	3,785,762	6,800,000	2,705,132	-	-	-	13,290,894
Disposals	-	-	-	-	(3,800,000)	-	-	-	-	(3,800,000)
Termination	-	-	-	-	-	-	(3,561,510)	-	-	(3,561,510)
At 30 June 2024	123,435,858	338,885,438	106,964,611	110,993,301	19,005,001	86,334,250	-	-	1,320,883	786,939,342
At 1 July 2024	<b>123,435,858</b>	<b>338,885,438</b>	<b>106,964,611</b>	<b>110,993,301</b>	<b>19,005,001</b>	<b>86,334,250</b>	-	-	<b>1,320,883</b>	<b>786,939,342</b>
Additions	-	-	-	<b>12,881,561</b>	<b>9,615,000</b>	<b>1,205,745</b>	-	<b>115,486,146</b>	<b>679,749</b>	<b>139,868,201</b>
Disposals	<b>(123,435,858)</b>	<b>(338,885,438)</b>	<b>(106,964,611)</b>	<b>(88,665)</b>	<b>(3,255,000)</b>	-	-	-	-	<b>(572,629,572)</b>
Termination	-	-	-	-	-	-	-	-	<b>(1,320,883)</b>	<b>(1,320,883)</b>
At 30 June 2025	-	-	-	<b>123,786,197</b>	<b>25,365,001</b>	<b>87,539,995</b>	-	<b>115,486,146</b>	<b>679,749</b>	<b>352,857,088</b>
<b>DEPRECIATION</b>										
At 1 July 2022	-	29,155,860	41,094,688	56,589,662	11,977,921	45,689,737	2,410,862	-	4,037,576	190,956,306
Charge for the year	-	6,777,709	5,348,231	16,672,739	2,205,000	5,573,806	806,379	-	1,286,088	38,669,952
Disposals	-	-	-	-	-	-	-	-	-	-
Termination	-	-	-	-	-	-	-	-	(4,276,004)	(4,276,004)
At 30 June 2023	-	35,933,569	46,442,919	73,262,401	14,182,921	51,263,543	3,217,241	-	1,047,660	225,350,254
At 1 July 2023	-	35,933,569	46,442,919	73,262,401	14,182,921	51,263,543	3,217,241	-	1,047,660	225,350,254
Charge for the year	-	6,777,709	5,348,231	14,461,247	751,667	6,014,339	344,268	-	251,572	33,949,033
Disposals	-	-	-	-	(2,850,000)	-	-	-	-	(2,850,000)
Termination	-	-	-	-	-	-	(3,561,509)	-	-	(3,561,509)
At 30 June 2024	-	42,711,278	51,791,150	87,723,648	12,084,588	57,277,882	-	-	1,299,232	252,887,778
At 1 July 2024	-	<b>42,711,278</b>	<b>51,791,150</b>	<b>87,723,648</b>	<b>12,084,588</b>	<b>57,277,882</b>	-	-	<b>1,299,232</b>	<b>252,887,778</b>
Charge for the year	-	<b>5,083,282</b>	<b>4,011,173</b>	<b>13,438,464</b>	<b>2,002,417</b>	<b>5,659,406</b>	-	<b>5,774,307</b>	<b>333,205</b>	<b>36,302,254</b>
Disposals	-	<b>(47,794,560)</b>	<b>(55,802,323)</b>	<b>(88,665)</b>	<b>(1,790,411)</b>	-	-	-	-	<b>(105,475,959)</b>
Termination	-	-	-	-	-	-	-	-	<b>(1,320,885)</b>	<b>(1,320,885)</b>
At 30 June 2025	-	-	-	<b>101,073,447</b>	<b>12,296,594</b>	<b>62,937,288</b>	-	<b>5,774,307</b>	<b>311,552</b>	<b>182,393,188</b>
<b>NET BOOK VALUE</b>										
At 30 June 2025	-	-	-	<b>22,712,750</b>	<b>13,068,407</b>	<b>24,602,707</b>	-	<b>109,711,839</b>	<b>368,197</b>	<b>170,463,900</b>
At 30 June 2024	123,435,858	296,174,160	55,173,461	23,269,653	6,920,413	29,056,368	-	-	21,651	534,051,564
At 30 June 2023	123,435,858	302,951,869	60,521,692	33,945,138	1,822,080	32,365,575	344,269	-	273,223	555,659,704

Management has reviewed the carrying value of its property and equipment and is of the opinion that as at 30 June 2025, the carrying value has not suffered any impairment except those disclosed elsewhere.

\*During the year ended 30 June 2025, the Bank has disposed its land and buildings to ABCB Properties Ltd for consideration in shares and has subsequently entered into an agreement with ABCB Properties Ltd to lease back the land and buildings for the continued uninterrupted operations of the Bank from the same premises for a 5 years period at an annual incremental borrowing rate of 5.80%. The Bank has been granted a rental exemption for the first 3 months of its lease term. Refer to note 33 for more details.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 14. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONT'D)

There is no restriction on title or asset pledged as security for liabilities at the reporting date (2024 & 2023: nil).

The carrying amounts of lease liabilities (included under 'Other liabilities') and the movements during the year are analysed below.

	2025	2024	2023
	MUR	MUR	MUR
As at 1 July	104,250	700,087	3,052,113
Additions	116,165,895	-	-
Accretion of interest	17,288	11,331	74,818
Payments	(349,313)	(607,168)	(2,426,844)
At 30 June (Note 21)	115,938,120	104,250	700,087

The following are the amounts recognised in profit or loss:

	2025	2024	2023
	MUR	MUR	MUR
Depreciation on right-of-use-assets	333,205	595,840	2,092,467
Interest expense on lease liability (Note 24)	17,288	11,331	74,818
Low value leases being expensed	122,360	143,520	251,040
Short term leases being expensed	5,876,964	2,468,266	2,011,537
Total amounts recognised in profit or loss	6,349,817	3,218,957	4,429,862

Lease liability	Up to 1 year	1 to 3 years	After 3 years	Total
	MUR	MUR	MUR	MUR
<b>As at 30 June 2025</b>				
Undiscounted cash flows ( Note 21)	29,268,702	68,241,641	66,545,162	164,055,505
<b>As at 30 June 2024</b>				
Undiscounted cash flows ( Note 21)	25,959	-	-	25,959
<b>As at 30 June 2023</b>				
Undiscounted cash flows ( Note 21)	685,460	14,627	-	700,087

Lease activities consist of rental land and buildings, motor vehicles, Hong Kong representative office and a Disaster Recovery site.

The Bank applies the short term lease recognition exemption on rental of Dubai representative office which has a lease term of 12 months.

The Bank had total cash outflows of **MUR 6,314,151** (2024: MUR 3,223,444 and 2023: MUR 4,674,075) in respect of rental payments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 15. INTANGIBLE ASSETS

#### Computer software

	2025	2024	2023
	MUR	MUR	MUR
<b>COST</b>			
At 1 July	138,313,050	136,004,091	135,913,011
Additions	12,838,498	2,308,959	91,080
<b>At 30 June</b>	<b>151,151,548</b>	138,313,050	136,004,091
<b>AMORTISATION</b>			
At 1 July	69,344,337	53,358,385	37,457,421
Charge for the year	17,780,307	15,985,952	15,900,964
<b>At 30 June</b>	<b>87,124,644</b>	69,344,337	53,358,385
<b>NET BOOK VALUE</b>			
<b>At 30 June</b>	<b>64,026,904</b>	68,968,713	82,645,706

None of the intangible assets is internally generated.

All intangibles are tested for impairment on an annual basis and the intangible assets have not been impaired during the years under review.

### 16. DEFERRED TAX ASSETS

The deferred tax included in the statements of financial position and changes recorded in the income tax expense are as follows:

	2025	2024	2023
	MUR	MUR	MUR
As at 1 July	6,328,716	4,245,128	7,574,450
Accelerated tax depreciation	3,486,088	73,935	(333,488)
Impairment allowance	5,332,093	1,953,789	(4,319,825)
Retirement benefit obligations	273,301	55,864	1,323,991
As at 30 June	15,420,198	6,328,716	4,245,128

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 16. DEFERRED TAX ASSETS (CONT'D)

Analysed as:

	Statement of financial position			Statement of profit or loss and other comprehensive income		
	2025	2024	2023	2025	2024	2023
	MUR	MUR	MUR	MUR	MUR	MUR
Accelerated tax depreciation	(7,651,940)	(11,138,028)	(11,211,963)	3,486,088	73,935	(333,488)
Impairment allowance	19,823,232	14,491,139	12,537,350	5,332,093	1,953,789	(4,319,825)
Retirement benefit obligations	3,248,906	2,975,605	2,919,741	273,301	55,864	1,323,991
	15,420,198	6,328,716	4,245,128	9,091,482	2,083,588	(3,329,322)

Movement of deferred tax to statement of profit or loss and other comprehensive income analysed as follows:

	2025	2024	2023
	MUR	MUR	MUR
Profit or loss (Note 20)	9,408,594	1,523,165	(3,732,172)
Other comprehensive income	(317,112)	560,423	402,850
	9,091,482	2,083,588	(3,329,322)

### 17. DEPOSITS FROM CUSTOMERS

	2025	2024	2023
	MUR	MUR	MUR
<b>Retail customers</b>			
Savings accounts	5,099,442,320	4,320,276,557	3,888,132,183
Current accounts	1,515,875,563	945,660,098	866,839,628
Term deposits with remaining term to maturity:			
Up to 3 months	1,098,207,120	817,684,310	551,255,762
Over 3 months and up to 6 months	874,393,703	493,950,737	526,397,621
Over 6 months and up to 12 months	1,282,939,025	1,278,205,312	955,480,501
Over 1 year and up to 5 years	4,717,902,000	4,602,214,964	3,290,790,744
<b>Corporate customers</b>			
Savings accounts	204,434,691	175,934,356	189,290,993
Current accounts	9,449,429,170	6,600,971,414	6,967,586,829
Term deposits with remaining term to maturity:			
Up to 3 months	2,008,648,560	861,636,644	792,309,098
Over 3 months and up to 6 months	517,143,885	630,218,168	730,741,744
Over 6 months and up to 12 months	1,475,858,718	843,330,770	1,075,372,897
Over 1 year and up to 5 years	598,782,587	782,643,429	520,112,098
	28,843,057,342	22,352,726,759	20,354,310,098

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 17. DEPOSITS FROM CUSTOMERS (CONT'D)

The Bank receives cash collaterals as security on various loan arrangements. As at 30 June 2025, an amount of MUR 319.8m (2024: MUR 169.3m ;2023: MUR 170.9m ) held as cash collaterals were included in deposit from customers.

### 18. DUE TO BANKS

	2025	2024	2023
	MUR	MUR	MUR
Interbank borrowing (include Repo)	617,131,200	-	-
Accrued interest	8,584,376	-	-
At 30 June	625,715,576	-	-

Due to banks relate to borrowings from Bank One Limited and Standard Bank (Mauritius) Limited at a rate of 3.8% and 4.5% respectively and having a maturity of less than 12 months.

### 19. SUBORDINATED DEBTS

	2025	2024	2023
	MUR	MUR	MUR
<b>Subordinated Notes</b>			
Issue of notes	500,000,000	500,000,000	500,000,000
Interest accrued	14,250,342	5,436,986	5,379,452
Redemption of subordinated notes	(500,000,000)	-	-
Interest on subordinate Notes (Paid)	(14,250,342)	-	-
	-	505,436,986	505,379,452
<b>Bond</b>			
Issue of bonds	-	700,000,000	-
At 1 July	700,000,000	-	-
Interest accrued	10,233,425	10,427,322	-
Less issue cost	(4,156,701)	(5,265,154)	-
	706,076,724	705,162,168	-
<b>At 30 June</b>	<b>706,076,724</b>	<b>1,210,599,154</b>	<b>505,379,452</b>

The subordinated notes amounting to MUR 375,000,000 at fixed rate (5.60%) and MUR 125,000,000 at floating rate (Repo+1.8%) have been fully redeemed and paid on 24 April 2025.

On 29 March 2024, there was a bond issuance by the Bank amounting to MUR 700,000,000 at fixed rate (5.80%) and maturing on 29 March 2034.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 20. INCOME TAX EXPENSE

Income tax is calculated at the rate of 5% (2024 and 2023: 5%) on the profit for the year.

The components of income tax expense for the years ended 30 June are:

	2025	2024	2023
	MUR	MUR	MUR
Current income tax	68,764,376	41,849,269	40,436,676
Under provision in previous years	102,983	142,452	1,089,707
Deferred tax (credit)/charge	(9,408,594)	(1,523,165)	3,732,172
<b>Income tax expense</b>	<b>59,458,765</b>	<b>40,468,556</b>	<b>45,258,555</b>

#### Reconciliation of the total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the domestic statutory tax rate for the years ended 30 June is as follows:

	2025	2024	2023
	MUR	MUR	MUR
Accounting profit before tax	440,091,553	298,141,331	343,417,610
At statutory income tax rate of 5% (2024 and 2023: 5%)	22,004,578	14,907,067	17,170,881
Non-deductible expenses*	5,154,875	5,050,527	4,826,071
Exempt income**	(2,981,495)	(2,783,793)	(6,208,840)
Corporate social responsibility	7,969,838	4,596,636	4,569,732
Special levy	20,078,832	20,078,832	20,078,832
Income tax under provision for the previous year	102,983	142,452	1,089,707
Corporate climate responsibility***	16,537,748	-	-
Deferred tax (credit)/charge	(9,408,594)	(1,523,165)	3,732,172
<b>Tax expense</b>	<b>59,458,765</b>	<b>40,468,556</b>	<b>45,258,555</b>

\*Non-deductible expenses consist mainly of provision for impairment and depreciation.

\*\*Exempt income consist mainly of dividend and profit on disposal.

\*\*\* Corporate climate responsibility levy (CCR) includes charges for the current and previous year.

#### Corporate Social Responsibility (CSR) Tax

Corporate Social Responsibility (CSR) was legislated by the Government of Mauritius in July 2009. The Bank is required to allocate 2% of its Segment A chargeable income of the preceding financial year to Government-approved CSR Non-Governmental Organisations.

#### Special Levy

The Bank is liable to pay a special levy as per Value Added Tax Act of Mauritius. It is calculated as a percentage of the Bank's leviable income from residents excluding Global Business Licence holders.

#### Corporate Climate Responsibility Levy(CCR)

Corporate Climate Responsibility Levy(CCR) was enacted in July 2024. It is calculated as 2% of taxable profit.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 21. OTHER LIABILITIES

	2025	2024	2023
	MUR	MUR	MUR
Unallocated receipts	57,245,306	54,376,477	140,969,013
Employee benefit liability (note 36)	38,222,415	45,778,530	44,919,080
Bankers' drafts	19,623,217	50,053,453	62,143,541
Deferred income	72,457,615	58,776,335	43,513,193
Other payables	124,567,736	99,036,911	115,623,316
ECL on contingent liabilities (note 28 and 34)	5,152,047	10,630,717	8,067,024
Lease liability (note 14)	164,055,505	25,959	700,087
	<b>481,323,841</b>	<b>318,678,382</b>	<b>415,935,254</b>

Employee benefit liability is composed of retirement gratuities payable under the Employment Rights Act 2008.

Unallocated receipts relates to funds received before the Bank's cut off time on the reporting date but not yet allocated to customer accounts.

Deferred income relates to fee income generated on credit facilities disbursed by the Bank and amortised over the term of the facilities.

Other payables include accruals for expenses, accrued staff related costs and VAT payable.

### 22. ISSUED CAPITAL

	2025	2024	2023
	MUR	MUR	MUR
<b>Ordinary shares of MUR 10 each</b>			
Issued, authorised and fully paid capital	762,718,720	762,718,720	762,718,720
Share premium	177,776,752	177,776,752	177,776,752
At 30 June	<b>940,495,472</b>	<b>940,495,472</b>	<b>940,495,472</b>

	2025	2024	2023
	MUR	MUR	MUR
<b>Issued, authorised and fully paid</b>			
At 1 July	940,495,472	940,495,472	940,495,472
At 30 June	<b>940,495,472</b>	<b>940,495,472</b>	<b>940,495,472</b>
<b>Number of shares</b>			
At 1 July	76,271,872	76,271,872	76,271,872
At 30 June	<b>76,271,872</b>	<b>76,271,872</b>	<b>76,271,872</b>

Rights conferred to an ordinary share are the following: right to one vote on a poll at a meeting of the Bank on any resolution, right to an equal share in dividends authorised by the Board and right to an equal share in the distribution of the surplus assets of the Bank.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 23. OTHER RESERVES

	2025	2024	2023
	MUR	MUR	MUR
Net unrealised investment fair value reserve	(26,018,172)	(24,155,811)	(21,771,159)
Regulatory reserve	224,838,122	-	-
Statutory reserve	353,204,495	296,109,577	257,458,661
	<b>552,024,445</b>	<b>271,953,766</b>	<b>235,687,502</b>

The regulatory reserve records the impairment provision of financial instruments recorded by the Bank which has been determined in line with the requirements of the Bank of Mauritius guideline on "Classification, Provisioning and Write-Off of Credit Exposures", which are in excess of IFRS9 impairment requirement.

#### Net unrealised investment fair value reserve

	2025	2024	2023
	MUR	MUR	MUR
At 1 July	(24,155,811)	(21,771,159)	7,305,391
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	389,743	(479,692)	(1,900,610)
Net gain/(loss) on investments in equity instruments designated at fair value through other comprehensive income	(6,671,622)	(19,593,708)	(19,605,087)
Net gain/(loss) on investments in debt instruments designated at fair value through other comprehensive income	4,419,518	17,688,748	(7,570,853)
<b>At 30 June</b>	<b>(26,018,172)</b>	<b>(24,155,811)</b>	<b>(21,771,159)</b>

This reserve records fair value changes on financial instruments at fair value through other comprehensive income.

#### Statutory reserve

The statutory reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the net profit is transferred each year until the balance is equal to the amount paid as stated capital.

	MUR
At 1 July 2022	212,734,803
Transfer to statutory reserve	44,723,858
At 30 June 2023	257,458,661
At 1 July 2023	257,458,661
Transfer to statutory reserve	38,650,916
At 30 June 2024	296,109,577
At 1 July 2024	296,109,577
Transfer to statutory reserve	57,094,918
<b>At 30 June 2025</b>	<b>353,204,495</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 24. NET INTEREST INCOME

	2025	2024	2023
	MUR	MUR	MUR
<b>Interest income using the effective interest method</b>			
Loans and advances to customers (excluding finance leases)**	802,829,570	690,936,311	498,398,123
Finance leases**	248,172,710	202,325,398	139,623,366
Loans to and placements with Banks	152,118,028	143,948,395	81,891,861
Investment securities:			
At FVOCI	39,683,187	50,160,126	47,879,402
At amortised cost	195,396,383	191,399,040	172,200,363
Others	997,511	2,566,676	-
	<b>1,439,197,389</b>	<b>1,281,335,946</b>	<b>939,993,115</b>

\*\*Interest income on finance leases and loans and advances to customers include processing fees which are fees generated on credit facilities disbursed by the Bank and are recognised over the life of the facilities.

	2025	2024	2023
	MUR	MUR	MUR
<b>Interest expense</b>			
Deposits from customers	654,862,938	564,144,535	301,508,342
Subordinated debts	64,855,958	39,658,545	27,930,651
Borrowed funds*	9,788,443	299,095	213,689
Lease liabilities (note 14)	17,288	11,331	74,818
	<b>729,524,627</b>	<b>604,113,506</b>	<b>329,727,500</b>
* Interest expense was incurred on borrowed funds (interBank borrowings).	<b>709,672,762</b>	<b>677,222,440</b>	<b>610,265,614</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 25. NET FEE AND COMMISSION INCOME

	2025	2024	2023
	MUR	MUR	MUR
<b>Fee and commission income</b>			
Card and related fee income	42,963,102	40,572,668	35,960,152
International Banking	51,307,276	51,574,111	53,257,905
InterBank transaction fees	10,985,766	9,464,635	6,827,091
Others	31,417,806	17,874,541	22,874,338
	<b>136,673,950</b>	<b>119,485,955</b>	<b>118,919,486</b>
<b>Fee and commission expense</b>			
Card and related fee expense	44,101,461	32,944,975	23,801,413
InterBank transaction fees	18,358,953	20,794,927	17,694,400
	<b>62,460,414</b>	<b>53,739,902</b>	<b>41,495,813</b>
<b>Net fee and commission income</b>	<b>74,213,536</b>	<b>65,746,053</b>	<b>77,423,673</b>

Card and related fee income relates to fee income generated at a point in time as the Bank provides card transactions payment services.

International Banking and interBank transactions fees include principally remittance fees recognised at a point in time when the Bank executes remittances on behalf of Banking customers.

Others include account maintenance fees, confirmation statement fees, cheque book fees and other service charges recognised at a point in time when the Bank provides the services to Banking customers.

### 26. NET TRADING INCOME

	2025	2024	2023
	MUR	MUR	MUR
Net foreign exchange gain	115,080,299	104,349,278	87,115,107

Net foreign exchange gain includes foreign exchange gains and losses arising on revaluation of the Bank's assets and liabilities denominated in foreign currency, on foreign currency trading and on foreign currency spot and forward contracts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 27. OPERATING INCOME

	2025	2024	2023
	MUR	MUR	MUR
<b>Other operating income</b>			
Dividend income from equity instruments at FVOCI	1,561,824	1,542,627	1,504,714
Profit on disposal of property and equipment	146,524,458	441,304	-
Others	7,763,843	287,684	263,530
	<b>155,850,125</b>	<b>2,271,615</b>	<b>1,768,244</b>

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

	2025	2024	2023
	MUR	MUR	MUR
Due from Banks and balances with Central Bank	145,639	(6,152)	(3,004,426)
Loans and advances to customers*	26,616,299	(14,407,058)	(45,807,717)
Investment in securities	(1,180,690)	52,469,001	(1,981,090)
Provision on guarantee (Note 34)	(5,478,670)	2,563,693	(481,867)
	<b>20,102,578</b>	<b>40,619,484</b>	<b>(51,275,100)</b>

\*An ECL charge of MUR 1.3m on repossessed assets has been included in the allowance for credit impairment on loans and advances to customers (2024: ECL charge of MUR 1.9m, 2023: ECL release of MUR 1.6m)

	2025	2024	2023
	MUR	MUR	MUR
<u>Loans and advances to customers</u>			
Provision for credit impairment	134,343,012	88,179,865	119,396,980
Provision released	(108,322,463)	(102,359,029)	(165,378,928)
Bad debts recovered	(300,381)	(1,119,117)	(491,485)
Bad debts written off for which no provision was made	896,131	891,223	665,716
	<b>26,616,299</b>	<b>(14,407,058)</b>	<b>(45,807,717)</b>

	2025	2024	2023
	MUR	MUR	MUR
Expected Credit Losses - Debt instruments at FVOCI	389,743	(479,692)	(1,900,610)
Expected Credit Losses - Debt instruments at amortised cost	(1,570,433)	52,948,693	(80,480)
	<b>(1,180,690)</b>	<b>52,469,001</b>	<b>(1,981,090)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 28. ALLOWANCE FOR CREDIT IMPAIRMENT ON FINANCIAL ASSETS (CONT'D)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	MUR	MUR	MUR	MUR
<b>Financial assets</b>				
<b>Due from banks and restricted balances with Central bank</b>	145,639	-	-	145,639
<b>Loans and advances to customers</b>	(26,504,201)	37,172,746	15,947,754	26,616,299
<b>Investment securities</b>				
<b>Debt instruments at amortised cost</b>	1,051,308	-	(2,621,741)	(1,570,433)
<b>Debt instruments at fair value through OCI</b>	513,503	(123,760)	-	389,743
	1,564,811	(123,760)	(2,621,741)	(1,180,690)
	(24,793,751)	37,048,986	13,326,013	25,581,248
<b>Contingent liabilities</b>	(5,717,780)	239,110	-	(5,478,670)
	(30,511,531)	37,288,096	13,326,013	20,102,578

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	MUR	MUR	MUR	MUR
<b>Financial assets</b>				
<b>Due from banks and restricted balances with Central bank</b>	(6,152)	-	-	(6,152)
<b>Loans and advances to customers</b>	12,827,512	(20,165,722)	(7,068,848)	(14,407,058)
<b>Investment securities</b>				
<b>Debt instruments at amortised cost</b>	868,605	(345,914)	52,426,001	52,948,692
<b>Debt instruments at fair value through OCI</b>	466,525	(946,216)	-	(479,691)
	1,335,130	(1,292,130)	52,426,001	52,469,001
	14,156,490	(21,457,852)	45,357,153	38,055,791
<b>Contingent liabilities</b>	2,563,693	-	-	2,563,693
	16,720,183	(21,457,852)	45,357,153	40,619,484

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 28. ALLOWANCE FOR CREDIT IMPAIRMENT ON FINANCIAL ASSETS (CONT'D)

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	MUR	MUR	MUR	MUR
<b>Financial assets</b>				
<b>Due from banks and restricted balances with Central bank</b>	(3,004,426)	-	-	(3,004,426)
<b>Loans and advances to customers</b>	(17,408,228)	(11,172,869)	(17,226,620)	(45,807,717)
<b>Investment securities</b>				
<b>Debt instruments at amortised cost</b>	803,208	(697,461)	(186,227)	(80,480)
<b>Debt instruments at fair value through OCI</b>	(97,708)	(1,545,688)	(257,214)	(1,900,610)
	705,500	(2,243,149)	(443,441)	(1,981,090)
	(19,707,154)	(13,416,018)	(17,670,061)	(50,793,233)
<b>Contingent liabilities</b>	(481,867)	-	-	(481,867)
	(20,189,021)	(13,416,018)	(17,670,061)	(51,275,100)

### 29. PERSONNEL EXPENSES

	2025	2024	2023
	MUR	MUR	MUR
Wages and salaries	261,168,236	243,004,150	197,673,683
Retirement benefit costs (Note 36)	516,026	(5,246,097)	14,904,821
Others	72,923,384	61,854,987	50,722,763
	334,607,646	299,613,040	263,301,267

Others include mainly travelling allowances, directorship fees, medical benefits, training costs and other allowances.

### 30. OTHER OPERATING EXPENSES

	2025	2024	2023
	MUR	MUR	MUR
Motor vehicle expenses and insurance	19,566,977	7,539,380	7,068,097
Rates	576,502	391,545	768,805
Advertising and marketing	16,824,679	13,181,133	5,590,995
Information technology costs	59,863,375	51,836,881	68,584,964
Licences	4,789,509	3,453,414	3,933,728
Communication costs	13,162,119	12,467,443	11,075,403
Legal and professional fees	23,008,010	22,273,135	21,693,644
Maintenance costs	11,562,371	73,387	6,435,923
Others	56,578,842	50,064,228	41,406,386
	205,932,384	161,280,546	166,557,945

Others consist of postage and stationary, utilities, security, overseas travelling, subscription, lease of low-value assets being expensed and other operating costs.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 31. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to the ordinary equity holders of the Bank by the weighted average number of ordinary shares during the year.

	2025	2024	2023
	MUR	MUR	MUR
Profit after tax	380,632,788	257,672,775	298,159,055
Weighted average number of ordinary shares ( Note 22)	76,271,872	76,271,872	76,271,872
<b>Earnings per share</b>			
Basic and diluted earnings per share	4.99	3.38	3.91

### 32. DIVIDENDS

	2025	2024	2023
	MUR	MUR	MUR
<i>Dividends on ordinary shares:</i>			
Declared and paid dividend: MUR 0.90 per share (2024: MUR 0.90 per share; 2023: MUR 0.61 per share)	68,644,690	68,644,685	46,525,838

Dividends for distribution to shareholders were approved by the Board of Directors in January 2025, and were paid in March 2025

Dividend paid in financial year 2024 was in December 2023, and were paid in February 2024.

### 33. RELATED PARTY DISCLOSURES

#### (a) Immediate holding company

During the year ended 30 June 2025, the shares of the Bank were acquired by ABCB Holdings Limited which is the new immediate holding company.

The Bank does not have an ultimate controlling party since the shares of the holding company are listed on the Stock Exchange of Mauritius.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 33. RELATED PARTY DISCLOSURES (CONT'D)

#### (b) Transactions with related parties

The following table provides the total amount of transactions and balances, which have been entered into with related parties for the relevant financial years.

		LOANS AND ADVANCES			DEPOSITS FROM CUSTOMERS		OTHERS	Total amount	Total amount
		Loans and advances granted	Outstanding amount at year end	Interest receivable for the year	Deposits at year end	Interest payable for the year	*Others	Owed by related party	Owed to related party
		MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Directors and key management	2025	76,426,958	123,578,175	4,048,048	230,006,392	8,562,664	402,410	123,578,175	230,006,392
personnel	2024	38,120,248	57,965,663	1,746,013	171,376,349	5,873,675	1,109,088	57,965,663	171,376,349
	2023	20,992,250	23,720,508	248,201	191,582,308	4,789,320	304,828	23,720,508	191,582,308
Corporate shareholders	2025	-	-	-	-	-	167,444	-	-
with significant influence	2024	121,966,602	341,261,025	21,296,905	6,011,304	-	1,796,537	341,261,025	6,011,304
	2023	88,535,833	298,437,626	14,486,749	21,710,716	-	1,704,030	298,437,626	21,710,716
Enterprises that have a	2025	108,325,298	382,077,385	36,582,287	95,990,357	831,997	19,544,279	382,077,385	95,990,357
number of directors in	2024	55,419,684	124,716,839	9,694,260	51,327,286	507,684	15,593,831	124,716,839	51,327,286
common	2023	59,156,900	145,114,123	8,572,753	33,909,240	17,160	8,296,986	145,114,123	33,909,240
Enterprises under common control**	2025	-	-	-	-	-	672,845,784	-	-
	2024	-	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2025</b>	<b>184,752,256</b>	<b>505,655,560</b>	<b>40,630,335</b>	<b>325,996,749</b>	<b>9,394,661</b>	<b>692,959,917</b>	<b>505,655,560</b>	<b>325,996,749</b>
	2024	215,506,534	523,943,527	32,737,178	228,714,939	6,381,359	18,499,456	523,943,527	228,714,939
	2023	168,684,983	467,272,257	23,307,703	247,202,264	4,806,480	10,305,844	467,272,257	247,202,264

#### Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. Credit facilities are secured except for short term money market lines. An amount of MUR 1,500,000 has been provided as guarantee to the related party namely Speedfreight ltd for the year ended 30 June 2025 (2024: MUR 16,500,000; 2023: MUR 16,500,000).

\*Others includes principally insurance, training, marketing and communication costs and interco balances.

\*\*This includes consideration received from ABCB Properties Ltd following the transfer of the Bank's land and buildings to the company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 33. RELATED PARTY DISCLOSURES (CONT'D)

#### (b) Transactions with related parties (cont'd)

The investments held by the Bank in ABCB Properties Ltd have been subsequently transferred to ABCB Investments Ltd for deferred consideration which has been reported under other assets.

ABCB Properties Ltd and ABCB Investments Ltd are fellow subsidiaries of ABCB Holdings Ltd, the immediate holding company of the Bank.

#### (b) Compensation of key management personnel

	2025	2024	2023
	MUR	MUR	MUR
Short term employee benefits	65,423,150	49,332,000	40,906,260
Long term employee benefits	3,084,907	2,319,000	1,799,964

(c) The Bank's top six exposures to related parties amount to **MUR 318,298,487** (2024: MUR 398,395,137 and 2023: MUR 346,662,378). These represent 12.7% of Tier 1 Capital. None of these facilities were non-performing (2024 & 2023: Nil). Allowance for impairment losses amount to **MUR 2,183,686** (2024: MUR 1,985,132 and 2023: MUR 1,659,007) and the impairment expense on related party receivables are not material for the year ended 30 June 2025.

### 34. CONTINGENT LIABILITIES

	2025	2024	2023
	MUR	MUR	MUR

#### (a) Instruments

(i) Financial guarantees	149,003,700	39,744,640	27,087,930
Less: Allowance for impairment losses	(316,146)	(216,010)	(65,435)
Net financial guarantees	148,687,554	39,528,630	27,022,495

#### (ii) Letters of credit and other obligations on account of customers

Less: Allowance for impairment losses	(7,647)	(1,619,730)	-
Net letters of credit and other obligations on account of customers	3,596,353	671,650,270	-

#### (b) Commitments

(i) Undrawn credit facilities	2,335,559,008	2,113,916,804	3,162,936,570
Less: Allowance for impairment losses	(4,828,255)	(8,794,976)	(8,001,590)
Net undrawn credit facilities	2,330,730,753	2,105,121,828	3,154,934,980
Net contingent liabilities	2,483,014,660	2,816,300,728	3,181,957,475

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 34. CONTINGENT LIABILITIES

#### (a) Instruments (cont'd)

##### (i) Financial guarantees

	2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	121,388,700	-	-	121,388,700
Standard Monitoring	27,615,000	-	-	27,615,000
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>149,003,700</b>	<b>-</b>	<b>-</b>	<b>149,003,700</b>

An analysis of changes in the gross carrying amount is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	39,744,640	-	-	39,744,640
New exposures originated or purchased	144,553,700	-	-	144,553,700
Exposures derecognised or repaid (excluding write offs)	(35,294,640)	-	-	(35,294,640)
At 30 June 2025	149,003,700	-	-	149,003,700

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	257,554	-	-	257,554
Standard Monitoring	58,592	-	-	58,592
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>316,146</b>	<b>-</b>	<b>-</b>	<b>316,146</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 34. CONTINGENT LIABILITIES (CONT'D)

#### (a) Instruments (cont'd)

##### (a) (i) Financial Guarantees (cont'd)

An analysis of changes in the ECL amount is as follows:

2025				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	216,010	-	-	216,010
New exposures originated or purchased	306,704	-	-	306,704
Exposures derecognised or repaid (excluding write offs)	(206,568)	-	-	(206,568)
At 30 June 2025	316,146	-	-	316,146

2024				
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	7,847,000	-	-	7,847,000
Standard Monitoring	31,897,640	-	-	31,897,640
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	39,744,640	-	-	39,744,640

An analysis of changes in the gross carrying amount is as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	27,087,930	-	-	27,087,930
New exposures originated or purchased	39,744,640	-	-	39,744,640
Exposures derecognised or repaid (excluding write offs)	(27,087,930)	-	-	(27,087,930)
At 30 June 2024	39,744,640	-	-	39,744,640

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 34. CONTINGENT LIABILITIES (CONT'D)

#### (a) Instruments (cont'd)

##### (a) (i) Financial Guarantees (cont'd)

2024				
ECL allowance	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	40,011	-	-	40,011
Standard Monitoring	175,999	-	-	175,999
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	216,010	-	-	216,010

An analysis of changes in the ECL amount is as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	65,435	-	-	65,435
New exposures originated or purchased	216,010	-	-	216,010
Exposures derecognised or repaid (excluding write offs)	(65,435)	-	-	(65,435)
At 30 June 2024	216,010	-	-	216,010

2023				
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	19,710,000	-	-	19,710,000
Standard Monitoring	7,377,930	-	-	7,377,930
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	27,087,930	-	-	27,087,930

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(a) Instruments (cont'd)**

(a) (i) Financial Guarantees (cont'd)

2023				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	38,251,314	1,521,746	13,136,395	52,909,455
New exposures originated or purchased	27,087,930	-	-	27,087,930
Exposures derecognised or repaid (excluding write offs)	(38,251,314)	(1,521,746)	(13,136,395)	(52,909,455)
At 30 June 2023	27,087,930	-	-	27,087,930

2023				
ECL allowance	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	32,297	-	-	32,297
Standard Monitoring	33,138	-	-	33,138
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	65,435	-	-	65,435

An analysis of changes in the ECL amount is as follows:

2023				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	130,937	66,138	-	197,075
New exposures originated or purchased	65,435	-	-	65,435
Exposures derecognised or repaid (excluding write offs)	(130,937)	(66,138)	-	(197,075)
At 30 June 2023	65,435	-	-	65,435

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(a) Instruments (cont'd)**

(a) (ii) Letter of credit and other obligations on account of customers

2025				
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	-	-	-	-
Standard Monitoring	3,604,000	-	-	3,604,000
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	3,604,000	-	-	3,604,000

2025				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	673,270,000	-	-	673,270,000
New exposures originated or purchased	3,604,000	-	-	3,604,000
Exposures derecognised or repaid (excluding write offs)	(673,270,000)	-	-	(673,270,000)
At 30 June 2025	3,604,000	-	-	3,604,000

2025				
ECL allowance	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	-	-	-	-
Standard Monitoring	7,647	-	-	7,647
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	7,647	-	-	7,647

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(a) Instruments (cont'd)**

(a) (ii) Letter of credit and other obligations on account of customers (cont'd)

	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	1,619,730	-	-	1,619,730
New exposures originated or purchased	7,647	-	-	7,647
Exposures derecognised or repaid (excluding write offs)	(1,619,730)	-	-	(1,619,730)
At 30 June 2025	7,647	-	-	7,647

	2024			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	461,455,000	-	-	461,455,000
Standard Monitoring	211,815,000	-	-	211,815,000
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	673,270,000	-	-	673,270,000

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	-	-	-	-
New exposures originated or purchased	673,270,000	-	-	673,270,000
Exposures derecognised or repaid (excluding write offs)	-	-	-	-
At 30 June 2024	673,270,000	-	-	673,270,000

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(a) Instruments (cont'd)**

(a) (ii) Letter of credit and other obligations on account of customers (cont'd)

	2024			
ECL allowance	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	1,122,553	-	-	1,122,553
Standard Monitoring	497,177	-	-	497,177
Watchlist	-	-	-	-
Unrated	-	-	-	-
Non-performing				
Default	-	-	-	-
Total	1,619,730	-	-	1,619,730

	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	-	-	-	-
New exposures originated or purchased	1,619,730	-	-	1,619,730
Exposures derecognised or repaid (excluding write offs)	-	-	-	-
At 30 June 2024	1,619,730	-	-	1,619,730

There was no Letter of credit and other obligations on account of customer for the year ended 30 June 2023.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(b) Commitments**

(b) (i) Undrawn credit facilities

2025				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	1,685,288,780	6,013,684	-	1,691,302,464
Standard Monitoring	603,432,492	-	-	603,432,492
Watchlist	-	35,565	-	35,565
Unrated	40,745,086	43,401	-	40,788,487
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>2,329,466,358</b>	<b>6,092,650</b>	<b>-</b>	<b>2,335,559,008</b>

An analysis of changes in the gross carrying amount is as follows:

2025				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	2,090,381,804	23,535,000	-	2,113,916,804
New exposures originated or purchased	2,329,466,358	6,092,650	-	2,335,559,008
Exposures derecognised or repaid (excluding write offs)	(2,090,381,804)	(23,535,000)	-	(2,113,916,804)
<b>At 30 June 2025</b>	<b>2,329,466,358</b>	<b>6,092,650</b>	<b>-</b>	<b>2,335,559,008</b>

2025				
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	3,243,353	355,943	-	3,599,296
Standard Monitoring	1,186,275	-	-	1,186,275
Watchlist	-	1,884	-	1,884
Unrated	39,361	1,439	-	40,800
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>4,468,989</b>	<b>359,266</b>	<b>-</b>	<b>4,828,255</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(b) Commitments**

(b) (i) Undrawn credit facilities

An analysis of changes in the ECL amount is as follows:

2025				
	Stage 1	Stage 2	Stage 3	Total
ECL allowance	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	8,674,820	120,156	-	8,794,976
New exposures originated or purchased	4,468,989	359,266	-	4,828,255
Exposures derecognised or repaid (excluding write offs)	(8,674,820)	(120,156)	-	(8,794,976)
<b>At 30 June 2025</b>	<b>4,468,989</b>	<b>359,266</b>	<b>-</b>	<b>4,828,255</b>

2024				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
<b>Internal rating grade</b>				
Performing				
Investment grade	1,202,836,026	-	-	1,202,836,026
Standard Monitoring	873,375,936	-	-	873,375,936
Watchlist	-	23,535,000	-	23,535,000
Unrated	14,169,842	-	-	14,169,842
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>2,090,381,804</b>	<b>23,535,000</b>	<b>-</b>	<b>2,113,916,804</b>

An analysis of changes in the gross carrying amount is as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	3,114,940,674	47,995,896	-	3,162,936,570
New exposures originated or purchased	2,090,381,804	23,535,000	-	2,113,916,804
Exposures derecognised or repaid (excluding write offs)	(3,114,940,674)	(47,995,896)	-	(3,162,936,570)
<b>At 30 June 2024</b>	<b>2,090,381,804</b>	<b>23,535,000</b>	<b>-</b>	<b>2,113,916,804</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(b) Commitments**

(b) (i) Undrawn credit facilities

2024				
ECL allowance	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	4,863,013	-	-	4,863,013
Standard Monitoring	3,754,436	-	-	3,754,436
Watchlist	-	120,156	-	120,156
Unrated	57,371	-	-	57,371
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>8,674,820</b>	<b>120,156</b>	<b>-</b>	<b>8,794,976</b>

An analysis of changes in the ECL amount is as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	7,651,634	349,956	-	8,001,590
New exposures originated or purchased	8,674,820	120,156	-	8,794,976
Exposures derecognised or repaid (excluding write offs)	(7,651,634)	(349,956)	-	(8,001,590)
<b>At 30 June 2024</b>	<b>8,674,820</b>	<b>120,156</b>	<b>-</b>	<b>8,794,976</b>

2023				
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	2,011,889,380	-	-	2,011,889,380
Standard Monitoring	1,088,747,281	4,105,000	-	1,092,852,281
Watchlist	-	43,890,896	-	43,890,896
Unrated	14,304,013	-	-	14,304,013
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>3,114,940,674</b>	<b>47,995,896</b>	<b>-</b>	<b>3,162,936,570</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**34. CONTINGENT LIABILITIES (CONT'D)**

**(b) Commitments**

(b) (i) Undrawn credit facilities

An analysis of changes in the gross carrying amount is as follows:

2023				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
Gross carrying amount as at 1 July	1,821,603,161	94,722,039	-	1,916,325,200
New exposures originated or purchased	3,114,940,674	47,995,896	-	3,162,936,570
Exposures derecognised or repaid (excluding write offs)	(1,821,603,161)	(94,722,039)	-	(1,916,325,200)
<b>At 30 June 2023</b>	<b>3,114,940,674</b>	<b>47,995,896</b>	<b>-</b>	<b>3,162,936,570</b>

2023				
ECL allowance	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	MUR	MUR	MUR	MUR
Performing				
Investment grade	4,106,563	-	-	4,106,563
Standard Monitoring	3,506,265	32,480	-	3,538,745
Watchlist	-	317,476	-	317,476
Unrated	38,806	-	-	38,806
Non-performing				
Default	-	-	-	-
<b>Total</b>	<b>7,651,634</b>	<b>349,956</b>	<b>-</b>	<b>8,001,590</b>

An analysis of changes in the ECL amount is as follows:

2023				
	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
ECL allowance as at 1 July	7,410,260	535,368	-	7,945,628
New exposures originated or purchased	7,651,634	349,956	-	8,001,590
Exposures derecognised or repaid (excluding write offs)	(7,410,260)	(535,368)	-	(7,945,628)
<b>At 30 June 2023</b>	<b>7,651,634</b>	<b>349,956</b>	<b>-</b>	<b>8,001,590</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 35. PLEDGED ASSETS

The assets that have been pledged to secure the credit facilities with other commercial banks are as follows:

	2025	2024	2023
	MUR	MUR	MUR
Government of Mauritius (GOM) bonds, notes and bills	397,100,000	-	125,000,000

The significant terms for pledging GOM bonds, notes and bills pledged as collateral are as follows:

- (1) securities cannot be traded
- (2) if securities are maturing, they are to be replaced
- (3) there will usually be a haircut on the credit line as compared to the pledged asset

### 36. RETIREMENT BENEFIT OBLIGATION

#### (a) Defined contribution plan

The Bank operates a defined contribution plan for all its employees. The assets of the plan are held separately from the Bank under the control of ABC Group Pension Fund. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Bank are reduced by the amount of forfeited contributions.

The total expenses recognised in statement of profit or loss of **MUR 16,674,779** (2024: MUR 13,888,864 2023: MUR 12,027,332) represents contributions payable to the plan by the Bank.

#### (b) Gratuity on retirement

The Bank is required to pay gratuities on retirement of the Bank's employees in accordance with Section 99 of the Workers' Rights Act 2019. The Bank has engaged MUA Life Ltd to calculate the obligations arising out of the gratuities payable. For members of the Bank's defined contribution plan, the obligation relates to the residual retirement gratuity and as a result 5 times the annual pension, relating to the Bank's share of contributions, is offset from the retirement gratuity and this residual liability is recognised in the Bank's financial statements.

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the unfunded status and amounts recognised in the statement of financial position.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its retirement gratuities is as follows:

	2025	2024	2023
	MUR	MUR	MUR
Present value of retirement benefit obligation	38,670,783	46,147,406	45,110,914
Fair value of plan assets	(448,368)	(368,876)	(191,834)
	38,222,415	45,778,530	44,919,080

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 36. RETIREMENT BENEFIT OBLIGATION (CONT'D)

#### (b) Gratuity on retirement (Cont'd)

Amounts recognised in the statement of profit or loss in respect of the retirement gratuities obligation are as follows:

	2025	2024	2023
	MUR	MUR	MUR
Current service cost	3,483,834	4,426,581	4,635,414
Net interest cost	2,515,911	2,198,486	1,091,553
Past service costs*	-	(11,871,164)	9,731,979
Curtailment/Settlement gain/loss	(5,477,129)	-	(554,125)
<b>Net cost for the year recognised in profit and loss</b>	<b>522,616</b>	<b>(5,246,097)</b>	<b>14,904,821</b>
Remeasurement recognised in other comprehensive income	(7,803,928)	8,621,902	6,197,695
<b>Net cost for the year</b>	<b>(7,281,312)</b>	<b>3,375,805</b>	<b>21,102,516</b>

\*Following a change in legislation in August 2022 as per the Workers' Rights Act 2019 and the Finance (Miscellaneous Provisions) Act 2022, the Bank must pay a lump sum equivalent to 15/26 times the average monthly remuneration in the last 12 months for each year of service with the Bank at retirement to those employees working 6-day weeks, or 15/22 times the average monthly remuneration in the last 12 months for each year of service with the Bank at retirement to those employees working 5-day weeks.

Certain employees at the Bank work 5-day weeks and the change in the retirement gratuity formula was applied in respect of all service retrospectively for those employees retiring, passing away or leaving on or after 1 July 2022. The past service costs of MUR 11.9m for June 2024 and MUR 9.7m for June 2023 represent the increase in liability due to the change in the retirement gratuity formula.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**36. RETIREMENT BENEFIT OBLIGATION (CONT'D)**

**(b) Gratuity on retirement (Cont'd)**

	2025	2024	2023
	MUR	MUR	MUR
<b>Changes in the present value of the obligation</b>			
Present value of obligation at start of period	46,147,406	45,110,914	24,588,442
Interest cost	2,515,911	2,198,486	1,091,553
Current service cost	3,483,834	4,426,581	4,635,414
Past service costs	-	(11,871,164)	9,731,979
Benefits paid	(195,311)	(2,339,313)	(580,044)
Settlement gain	(5,477,129)	-	(554,125)
Expected obligation at end of period	46,474,711	37,525,504	38,913,219
Present value of obligation at end of period	38,670,783	46,147,406	45,110,914
Remeasurement recognised in other comprehensive income at end of period - gain/(losses)	7,803,928	(8,621,902)	(6,197,695)
Deferred tax	(317,111)	560,426	402,850
Retirement pension net of deferred tax	7,486,817	(8,061,476)	(5,794,845)
<b>Changes in the fair value of the plan assets</b>			
Fair value of plan assets at start of period	368,876	191,834	38,456
Restatement	6,590	-	-
Contributions to plan assets *	136,847	200,442	733,422
Benefits paid out of plan assets	(63,945)	(23,400)	(580,044)
Fund expenses and life insurance	-	-	-
Expected fair value at end of period	448,368	368,876	191,834
Fair value of plan assets at end of period	448,368	368,876	191,834
Remeasurement recognised in other comprehensive income at end of period -Gain/(losses)	-	-	-

\*The plan asset relates to contributions made to the Portable Retirement Gratuity Fund ("PRGF") introduced in January 2022 under the Workers' Rights Act 2019.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2025

**36. RETIREMENT BENEFIT OBLIGATION (CONT'D)**

**(b) Gratuity on retirement (Cont'd)**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024	2023
Normal retirement age	65	65	65
Discount rate	5.77%	5.39%	5.47%
Future salary increases	5.00%	5.00%	3.00%
Annual proportion of employees leaving service	5% up to age 40, decreasing to 0% at 45 & nil thereafter	5% up to age 40, decreasing to 0% at 45 & nil thereafter	5% up to age 40, decreasing to 0% at 45 & nil thereafter
Actuarial table for employee mortality	PMA92_PFA92	PMA92_PFA92	PMA92_PFA92

Movements in the present value of the retirement gratuities in the current year is as follows:

	2025	2024	2023
	MUR	MUR	MUR
Opening retirement gratuities obligation	46,147,406	45,110,914	24,588,442
Current service cost	3,483,834	4,426,581	4,635,414
Past service cost	-	(11,871,164)	9,731,979
Interest cost	2,515,911	2,198,486	1,091,553
Benefits paid	(195,311)	(2,339,313)	(580,044)
Curtailment/Settlement (gain)/loss	(5,477,129)	-	(554,125)
Net actuarial gain/(loss) recognised in other comprehensive income	(7,803,928)	8,621,902	6,197,695
Present value of obligation at end of year	38,670,783	46,147,406	45,110,914

Significant actuarial assumptions for the determination of the defined contribution plan are discount rate, expected salary increase and longevity rates. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 36. RETIREMENT BENEFIT OBLIGATION (CONT'D)

#### (b) Gratuity on retirement (Cont'd)

	2025	2024	2023
	MUR	MUR	MUR
Sensitivity			
Effect on present value of obligations:			
1% increase in discount rate	<b>(30,949,810)</b>	(37,246,182)	(36,811,058)
1% decrease in discount rate	<b>48,504,435</b>	57,489,310	55,679,398
1% increase in salary increase assumption	<b>46,704,589</b>	55,779,994	54,257,292
1% decrease in salary increase assumption	<b>(32,384,394)</b>	(38,577,247)	(37,956,154)
Effect of changing longevity - one year up	<b>38,081,470</b>	45,605,747	44,616,852
Effect of changing longevity - one year down	<b>(39,224,815)</b>	(46,656,586)	(45,575,200)

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

### 37. CAPITAL COMMITMENT

	2025	2024	2023
	MUR	MUR	MUR
Amount contracted for but not yet incurred	<b>21,392,086</b>	6,926,584	9,807,750

The above expenditure relates to IT projects.

### 38. EVENT AFTER REPORTING DATE

Fair Share Contribution ("FSC") levy, introduced in the Finance Act 2025, will be applicable to the Bank as its chargeable income exceeds MUR 24 million. It is effective as from the year of assessment commencing 01 July 2025, i.e. post the financial year ended 30 June 2025. The FSC Levy was subsequently gazetted in the Finance (Miscellaneous Provisions) Act 2025 on 9 August 2025 and as such was not accounted for as at 30 June 2025 while preparing the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Subordinated debts	Due to banks	Lease liabilities	Ordinary Dividend	Total
	MUR	MUR	MUR	MUR	MUR
At 1 July 2022	495,429,874	-	3,052,112	-	498,481,986
Dividend declared	-	-	-	46,525,838	46,525,838
Cash flows	558,219	-	(2,352,026)	(46,525,838)	(48,319,645)
At 30 June 2023	495,988,093	-	700,086	-	496,688,179
At 1 July 2023	495,988,093	-	700,086	-	496,688,179
Dividend declared	-	-	-	68,644,685	68,644,685
Cash flows	705,219,702	-	(595,837)	(68,644,685)	635,979,180
At 30 June 2024	1,201,207,795	-	104,249	-	1,201,312,044
At 1 July 2024	<b>1,201,207,795</b>	-	<b>104,249</b>	-	<b>1,201,312,044</b>
Dividend declared	-	-	-	<b>68,644,690</b>	<b>68,644,690</b>
Cash flows	<b>(500,000,000)</b>	<b>617,131,200</b>	<b>(332,025)</b>	<b>(68,644,690)</b>	<b>48,154,485</b>
At 30 June 2025	<b>701,207,795</b>	<b>617,131,200</b>	<b>(227,776)</b>	-	<b>1,318,111,219</b>

### 40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS

In line with guideline on Public Disclosure of Information as issued by the Bank of Mauritius, the bank is required to disclose its assets and liabilities, income and expenditure classified as Resident 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.

Residency 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

### (a) Statement of financial position

Notes	2025			2024			2023		
	Total MUR	Resident MUR	Non Resident MUR	Total MUR	Resident MUR	Non Resident MUR	Total MUR	Resident MUR	Non Resident MUR
<b>ASSETS</b>									
Cash and cash equivalents	8,709,698,556	7,366,806,635	1,342,891,921	4,596,690,444	4,038,562,873	558,127,571	5,570,184,787	3,575,047,018	1,995,137,769
Due from banks	159,523,736	159,523,736	-	-	-	-	-	-	-
Derivative financial assets	8,490,206	2,906,865	5,583,341	9,989,650	1,444,396	8,545,254	26,136,555	656,150	25,480,405
Loans and advances to customers	18,041,546,732	14,700,573,465	3,340,973,267	14,270,513,029	12,768,165,582	1,502,347,447	11,246,615,276	9,859,944,573	1,386,670,703
Investment securities	5,355,140,930	4,409,196,288	945,944,642	6,653,592,914	5,150,176,915	1,503,416,001	5,952,304,559	4,658,002,130	1,294,302,429
Property and equipment	170,463,900	170,384,244	79,656	534,051,564	401,541,813	133,847,271	555,659,704	416,744,778	138,914,926
Intangible assets	64,026,904	7,180,207	56,846,697	68,968,713	68,968,713	-	82,645,706	82,645,706	-
Other assets	999,189,914	799,336,992	199,852,922	252,583,289	93,538,594	159,044,693	200,911,609	75,990,106	124,921,503
Deferred tax assets	15,420,198	15,420,198	-	6,328,716	6,328,716	-	4,245,128	4,245,128	-
<b>Total assets</b>	<b>33,523,501,076</b>	<b>27,631,328,630</b>	<b>5,892,172,446</b>	<b>26,392,718,319</b>	<b>22,528,727,602</b>	<b>3,865,328,237</b>	<b>23,638,703,324</b>	<b>18,673,275,589</b>	<b>4,965,427,735</b>
<b>LIABILITIES</b>									
Due to banks	625,715,576	625,715,576	-	-	-	-	-	-	-
Deposits from customers	28,843,057,342	18,894,266,203	9,948,791,139	22,352,726,759	15,565,521,781	6,787,204,978	20,354,310,098	13,745,794,001	6,608,516,097
Derivative financial liabilities	24,816,450	2,314,720	22,501,730	4,981,376	350,497	4,630,879	25,518,459	-	25,518,459
Subordinated debts	706,076,724	704,563,702	1,513,022	1,210,599,154	1,210,599,154	-	505,379,452	505,379,452	-
Current tax liabilities	48,729,319	48,729,319	-	29,563,378	29,563,378	-	39,972,753	39,972,753	-
Other liabilities	481,323,841	389,976,562	91,347,279	318,678,382	262,062,501	56,615,881	415,935,254	274,346,381	141,588,873
<b>Total liabilities</b>	<b>30,729,719,252</b>	<b>20,665,566,082</b>	<b>10,064,153,170</b>	<b>23,916,549,049</b>	<b>17,068,097,311</b>	<b>6,848,451,738</b>	<b>21,341,116,016</b>	<b>14,565,492,587</b>	<b>6,775,623,429</b>
<b>Shareholders' Equity</b>									
Issued capital	940,495,472			940,495,472			940,495,472		
Retained earnings	1,301,261,907			1,263,720,032			1,121,404,334		
Other reserves	552,024,445			271,953,766			235,687,502		
<b>Capital and reserves</b>	<b>2,793,781,824</b>			<b>2,476,169,270</b>			<b>2,297,587,308</b>		
<b>Total liabilities and equity</b>	<b>33,523,501,076</b>			<b>26,392,718,319</b>			<b>23,638,703,324</b>		

#### 40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

##### (b) Operating Income

	2025			2024			2023		
	Total	Resident	Non Resident	Total	Resident	Non Resident	Total	Resident	Non Resident
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Interest income	1,439,197,389	1,246,815,662	192,381,727	1,281,335,946	1,066,495,536	214,840,410	939,993,114	809,630,861	130,362,253
Interest expense	(729,524,627)	(658,350,289)	(71,174,338)	(604,113,506)	(559,512,804)	(44,600,702)	(329,727,500)	(314,714,034)	(15,013,466)
<b>Net interest income</b>	<b>709,672,762</b>	<b>588,465,373</b>	<b>121,207,389</b>	<b>677,222,440</b>	<b>506,982,732</b>	<b>170,239,708</b>	<b>610,265,614</b>	<b>494,916,827</b>	<b>115,348,787</b>
Fee and commission income	136,673,950	43,235,232	93,438,718	119,485,955	36,316,754	83,169,201	118,919,846	41,659,710	77,260,136
Fee and commission expense	(62,460,414)	(2,378,248)	(60,082,166)	(53,739,902)	(2,441,011)	(51,298,891)	(41,495,813)	(1,825,797)	(39,670,016)
<b>Net fee and commission income</b>	<b>74,213,536</b>	<b>40,856,984</b>	<b>33,356,552</b>	<b>65,746,053</b>	<b>33,875,743</b>	<b>31,870,310</b>	<b>77,424,033</b>	<b>39,833,913</b>	<b>37,590,120</b>
Net trading income	115,080,299	94,894,117	20,186,182	104,349,278	76,717,429	27,631,849	87,115,107	66,696,934	20,418,173
Other operating income	155,850,125	155,850,125	-	2,271,615	2,271,615	-	1,768,244	1,768,244	-
Total other income	270,930,424	250,744,242	20,186,182	106,620,893	78,989,044	27,631,849	88,883,351	68,465,178	20,418,173
<b>Operating income</b>	<b>1,054,816,722</b>	<b>880,066,599</b>	<b>174,750,123</b>	<b>849,589,386</b>	<b>619,847,519</b>	<b>229,741,867</b>	<b>776,572,998</b>	<b>603,215,918</b>	<b>173,357,080</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### (c) Sectorwise Distribution of Loans and Advances

	Total	Resident	Non Resident	Total	Resident	Non Resident	Total	Resident	Non Resident
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Other Non-Financial Corporations</b>									
A - Agriculture, forestry and fishing	231,048,200	231,048,200	-	430,790,229	430,790,229	-	165,057,563	165,057,563	-
B - Mining and quarrying	-	-	-	-	-	-	-	-	-
C - Manufacturing	981,891,226	981,891,226	-	1,002,844,653	1,002,844,653	-	580,057,390	580,057,390	-
D - Electricity, gas, steam and air conditioning supply	178,326,575	178,326,575	-	201,109,854	201,109,854	-	207,723,079	207,723,079	-
E - Water supply; sewerage, waste management and remediation activities	33,335,235	33,335,235	-	27,388,958	27,388,958	-	-	-	-
F - Construction	253,556,545	253,556,545	-	238,837,288	238,837,288	-	202,768,641	202,768,641	-
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	1,298,748,270	1,298,748,270	-	1,119,315,169	1,119,315,169	-	1,218,698,553	1,218,698,553	-
H - Transportation and storage	354,447,607	354,447,607	-	334,272,569	334,272,569	-	330,289,858	330,289,858	-
I - Accommodation and food service activities	1,055,943,605	893,710,635	162,232,970	1,264,026,276	1,052,160,557	211,865,719	1,450,317,343	1,204,019,537	246,297,806
J - Information and communication	94,182,214	94,182,214	-	83,688,776	83,688,776	-	74,829,698	74,829,698	-
L - Real estate activities	1,233,748,822	1,233,748,822	-	985,109,639	985,109,639	-	562,833,577	562,833,577	-
M - Professional, scientific and technical activities	398,081,898	398,081,898	-	372,069,512	372,069,512	-	171,629,763	171,629,763	-
N - Administrative and support service activities	444,572,740	444,572,740	-	387,976,997	387,976,997	-	323,331,790	323,331,790	-
P - Education	9,631,679	9,631,679	-	9,857,460	9,857,460	-	7,113,495	7,113,495	-
Q - Human health and social work activities	634,602,374	634,602,374	-	272,250,279	272,250,279	-	93,047,835	93,047,835	-
R - Arts, entertainment and recreation	37,280,014	37,280,014	-	18,662,363	18,662,363	-	12,040,705	12,040,705	-
S - Other service activities	70,298,477	70,298,477	-	70,440,257	70,440,257	-	57,785,926	57,785,926	-
<b>Households</b>	<b>6,041,630,923</b>	<b>4,827,568,107</b>	<b>1,214,062,816</b>	<b>5,005,268,226</b>	<b>4,139,125,686</b>	<b>866,142,540</b>	<b>3,564,446,158</b>	<b>3,006,011,565</b>	<b>558,434,593</b>
<b>Central Bank</b>	-	-	-	-	-	-	-	-	-
<b>Banks</b>	<b>1,880,359,090</b>	-	<b>1,880,359,090</b>	<b>240,867,769</b>	-	<b>240,867,769</b>	<b>599,653,533</b>	-	<b>599,653,533</b>
<b>Non-Bank Deposit Taking Institutions</b>	<b>45,036,055</b>	<b>45,036,055</b>	-	<b>50,125,410</b>	<b>50,125,410</b>	-	-	-	-
<b>Central Government</b>	<b>93,559,931</b>	-	<b>93,559,931</b>	<b>193,364,300</b>	-	<b>193,364,300</b>	-	-	-
<b>State and Local Government</b>	-	-	-	-	-	-	-	-	-
<b>Public Non-Financial Corporations</b>	-	-	-	-	-	-	-	-	-
<b>Global Business Corporations (GBCs)</b>	<b>223,337,909</b>	<b>223,337,909</b>	-	<b>382,513,443</b>	<b>382,513,443</b>	-	<b>180,789,930</b>	<b>180,789,930</b>	-
<b>Non-Profit Institutions</b>	<b>17,013,613</b>	<b>17,013,613</b>	-	<b>11,098,516</b>	<b>11,098,516</b>	-	-	-	-
<b>Financial Auxilliaries and Other Financial Intermediaries</b>	<b>724,458,770</b>	<b>724,458,770</b>	-	<b>219,427,554</b>	<b>219,427,554</b>	-	<b>304,971,285</b>	<b>304,971,285</b>	-
<b>Holding companies</b>	<b>1,829,408,964</b>	<b>1,829,408,964</b>	-	<b>1,477,314,515</b>	<b>1,477,314,515</b>	-	<b>1,274,697,729</b>	<b>1,274,697,729</b>	-
<b>Insurance Corporations</b>	<b>727,456</b>	<b>727,456</b>	-	<b>138,611</b>	<b>138,611</b>	-	<b>198,384</b>	<b>198,384</b>	-
<b>Investment Funds</b>	<b>45,769,451</b>	<b>45,769,451</b>	-	<b>28,316,012</b>	<b>28,316,012</b>	-	<b>33,417,409</b>	<b>33,417,409</b>	-
	<b>18,210,997,643</b>	<b>14,860,782,836</b>	<b>3,350,214,807</b>	<b>14,427,074,635</b>	<b>12,914,834,307</b>	<b>1,512,240,328</b>	<b>11,415,699,644</b>	<b>10,011,313,712</b>	<b>1,404,385,932</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 40. SUPPLEMENTARY INFORMATION AS REQUIRED BY BANK OF MAURITIUS (CONT'D)

	2025			2024			2023		
	Total	Resident	Non Resident	Total	Resident	Non Resident	Total	Resident	Non Resident
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>(d) Deposits from customers</b>									
<b>Retail customers</b>									
Savings accounts	5,099,442,320	4,740,515,217	358,927,103	4,320,276,557	4,047,465,470	272,811,087	3,888,132,183	3,689,669,812	198,462,371
Current accounts	1,515,875,563	477,100,528	1,038,775,035	945,660,098	385,401,346	560,258,752	866,839,628	260,733,583	606,106,045
Term deposits	7,973,441,848	7,308,518,355	664,923,493	7,192,055,323	6,870,561,570	321,493,753	5,323,924,628	5,126,965,703	196,958,925
<b>Corporate customers</b>									
Savings accounts	204,381,267	204,381,267	-	175,880,932	175,880,932	-	189,237,569	189,237,569	-
Current accounts	9,437,181,175	3,190,759,268	6,246,421,907	6,599,551,126	2,089,408,393	4,510,142,733	6,957,748,884	1,890,375,723	5,067,373,161
Term deposits	4,226,776,841	2,587,033,240	1,639,743,601	2,777,259,340	1,654,760,687	1,122,498,653	2,349,784,193	1,810,168,598	539,615,595
<b>Government</b>									
Savings accounts	53,424	53,424	-	53,424	53,424	-	53,424	53,424	-
Current accounts	12,247,995	12,247,995	-	1,420,288	1,420,288	-	9,837,945	9,837,945	-
Term deposits	373,656,909	373,656,909	-	340,569,671	340,569,671	-	768,751,644	768,751,644	-
	<b>28,843,057,342</b>	<b>18,894,266,203</b>	<b>9,948,791,139</b>	<b>22,352,726,759</b>	<b>15,565,521,781</b>	<b>6,787,204,978</b>	<b>20,354,310,098</b>	<b>13,745,794,001</b>	<b>6,608,516,097</b>

## 41. RISK MANAGEMENT

### Introduction

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and the Bank as an entity is accountable for its risk exposures. The Bank is exposed to credit risk, interest rate risk, liquidity risk and market risk. It is also subject to operating risk.

The Bank manages its risk exposure through its Risk department which develops methodologies to identify, measure, mitigate and monitor the major risks. The Risk department reports to the Risk Management Committee and ultimately to the Board in a structured manner on credit, market and operational risk matters.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Bank's strategic planning process.

### Risk management structure

The Board of Directors recognises that the Bank encounters risk in every aspect of its business and ensures that the necessary structures, processes and methods for identifying, measuring and monitoring such risks are in place as advocated by Basel norms and relevant laws and regulations. The Risk Management Committee plays an active role in ensuring that risk-taking activities remain within the boundaries of the appetite approved by the Board. The committee receives regular reports and recommendations following work done by the Risk function, the Executive Committee and the Asset and Liability Committee. Through its Chairperson, the committee reports to the Board in a timely manner on all risk issues that could have an impact on the operations and/or reputation of the Bank.

### Board of Directors

The Board of Directors as well as the Bank's senior management are responsible for understanding both the nature and level of risks taken by the institution and how the risk relates to adequate capital levels. The Board is also responsible for the overall risk management approach and for approving the risk strategies and principles.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	2025		2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR	MUR	MUR	MUR	MUR	MUR
<b>Financial assets</b>						
Cash and cash equivalents at amortised cost	8,709,698,556	8,709,698,556	4,596,690,444	4,596,690,444	5,570,184,787	5,570,184,787
Due from Banks at amortised cost	159,523,736	159,523,736	-	-	-	-
Derivative financial assets at FVPL	8,490,206	8,490,206	9,989,650	9,989,650	26,136,555	26,136,555
Loans and advances to customers at amortised cost	18,041,546,732	17,684,912,489	14,270,513,029	13,716,876,369	11,246,615,276	10,693,648,659
Investment in securities:	5,355,140,930	5,205,981,950	6,653,592,914	6,684,089,127	5,952,304,559	5,463,641,020
Debt instruments at FVOCI	1,217,755,941	1,217,755,941	1,066,447,798	1,066,447,798	1,313,378,943	1,313,378,943
Debt instruments at amortised cost	4,101,615,112	3,952,456,132	5,544,243,890	5,574,740,103	4,587,143,158	4,098,479,619
Equity instruments at FVOCI	35,769,877	35,769,877	42,901,226	42,901,226	51,782,458	51,782,458
Other assets at amortised cost**	964,732,096	964,732,096	218,903,918	218,903,918	174,275,996	174,275,996
	<b>33,239,132,256</b>	<b>32,733,339,033</b>	<b>25,749,689,955</b>	<b>25,226,549,508</b>	<b>22,969,517,173</b>	<b>21,927,887,017</b>
<b>Financial liabilities</b>						
Due to banks	625,715,576	625,715,576	-	-	-	-
Derivative financial liabilities at FVPL	24,816,450	24,816,450	4,981,376	4,981,376	25,518,459	25,518,459
Deposits from customers at amortised cost	28,843,057,342	28,675,170,907	22,352,726,759	19,839,430,353	20,354,310,098	20,104,089,596
Subordinated debts at amortised cost	706,076,724	700,000,000	1,210,599,154	1,200,000,000	505,379,452	505,379,452
Other liabilities at amortised cost**	370,453,083	370,453,083	213,929,227	213,929,227	230,035,643	327,292,515
	<b>30,570,119,175</b>	<b>30,396,156,016</b>	<b>23,782,236,516</b>	<b>21,258,340,956</b>	<b>21,115,243,652</b>	<b>20,962,280,022</b>

\*\*The carrying amount of other assets excludes prepaid expenses as they do not meet the definition of a financial instrument.

The carrying amount of other liabilities excludes retirement benefit obligation, VAT, TDS deferred and special levy as they do not meet the definition of a financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values (cont'd)

For 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.

For investment securities, all the government bonds and BOM bonds have been fair valued based on the latest weighted yield rate.

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.

Due to banks relates to placement with banks which are short term in nature and contracted at market interest rates, thereby resulting in a fair value which is not materially different from its carrying value.

Subordinated debts relates to bonds issued by the Bank at market rates. Hence, the fair value of these bonds are not materially different from their carrying value.

The carrying amounts of cash and cash equivalents, other assets (which includes sundry debtors - deposits, non-Banking assets acquired in satisfaction of debts and other receivables) & other liabilities are not materially different from their fair value.

Except for the levels in which the financial assets and financial liabilities are shown in the table of fair value measurement hierarchy, the fair values of the other financial assets and financial liabilities are categorised in Level 3.

#### Fair value measurement hierarchy

##### (i) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability. There were no changes in the above valuation techniques during the year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values (Cont'd)

##### Fair value measurement hierarchy (Cont'd)

##### (i) Valuation principles (Cont'd)

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.

	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
<b>2025</b>				
<b>Financial assets</b>				
<b>Investment securities (debt and equity instruments)</b>				
- Debt securities	188,889,464	966,388,243	62,478,234	1,217,755,941
- Equity securities	32,531,399	-	3,238,478	35,769,877
<b>Derivatives - Foreign exchange contracts</b>	-	8,490,206	-	8,490,206
	<b>221,420,863</b>	<b>974,878,449</b>	<b>65,716,712</b>	<b>1,262,016,024</b>
<b>Financial liabilities</b>				
<b>Derivatives - Foreign exchange contracts</b>	-	24,816,450	-	24,816,450

	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
<b>2024</b>				
<b>Financial assets</b>				
<b>Investment securities (debt and equity instruments)</b>				
- Debt securities	538,890,966	344,492,676	183,064,156	1,066,447,798
- Equity securities	30,456,027	-	12,445,199	42,901,226
<b>Derivatives - Foreign exchange contracts</b>	-	9,989,650	-	9,989,650
	<b>569,346,993</b>	<b>354,482,326</b>	<b>195,509,355</b>	<b>1,119,338,674</b>
<b>Financial liabilities</b>				
<b>Derivatives - Foreign exchange contracts</b>	-	25,518,459	-	25,518,459

	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
<b>2023</b>				
<b>Financial assets</b>				
<b>Investment securities (debt and equity instruments)</b>				
- Debt securities	829,832,204	150,884,119	332,662,620	1,313,378,943
- Equity securities	50,049,735	-	1,732,723	51,782,458
<b>Derivatives - Foreign exchange contracts</b>	-	26,136,555	-	26,136,555
	<b>879,881,939</b>	<b>177,020,674</b>	<b>334,395,343</b>	<b>1,391,297,956</b>
<b>Financial liabilities</b>				
<b>Derivatives - Foreign exchange contracts</b>	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values (Cont'd)

##### Fair value measurement hierarchy (Cont'd)

##### (i) Valuation principles (Cont'd)

There have been no financial assets or financial liabilities measured at fair value that were transferred between Level 1 and Level 2, or between Level 2 and 3 during the year.

In prior years, debt securities previously included those debt instruments accounted at amortised cost.

##### Reconciliation of fair value measurement of level 3 investments

	Total
	MUR
<b>As at July 2024</b>	<b>195,509,351</b>
<b>Remeasurement recognised in OCI</b>	<b>(6,577,832)</b>
<b>Additions</b>	<b>-</b>
<b>Accrued interest</b>	<b>(2,769,726)</b>
<b>Disposal</b>	<b>(120,445,081)</b>
<b>As at June 2025</b>	<b>65,716,712</b>

	Total
	MUR
<b>As at July 2023</b>	<b>334,395,343</b>
<b>Remeasurement recognised in OCI</b>	<b>(445,604)</b>
<b>Additions</b>	<b>10,712,860</b>
<b>Accrued interest</b>	<b>(1,631,028)</b>
<b>Disposal</b>	<b>(147,522,217)</b>
<b>As at June 2024</b>	<b>195,509,354</b>

	Total
	MUR
<b>As at July 2022</b>	<b>494,932,553</b>
<b>Remeasurement recognised in OCI</b>	<b>(10,104,296)</b>
<b>Additions</b>	<b>289,636</b>
<b>Accrued interest</b>	<b>(14,244)</b>
<b>Disposal</b>	<b>(150,708,306)</b>
<b>As at June 2023</b>	<b>334,395,343</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values (Cont'd)

##### Fair value measurement hierarchy (Cont'd)

##### (i) Valuation principles (Cont'd)

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets & liabilities measured at fair value:

	At July 2024	Additions	Accrued interest	Disposal	Other comprehensive income	At June 2025
	MUR	MUR	MUR	MUR	MUR	MUR
<b>Financial Assets</b>						
<b>Investment securities (debt and equity instruments)</b>						
- Debt securities at FVOCI	183,064,156	-	(2,769,726)	(119,985,358)	2,169,162	62,478,234
- Equity securities	12,445,195	-	-	(459,723)	(8,746,994)	3,238,478
	195,509,351	-	(2,769,726)	(120,445,081)	(6,577,832)	65,716,712

	At July 2023	Additions	Accrued interest	Disposal	Other comprehensive income	At June 2024
	MUR	MUR	MUR	MUR	MUR	MUR
<b>Financial Assets</b>						
<b>Investment securities (debt and equity instruments)</b>						
- Debt securities at FVOCI	332,662,620	385	(1,631,028)	(147,522,217)	(445,604)	183,064,156
- Equity securities	1,732,723	10,712,475	-	-	-	12,445,198
	334,395,343	10,712,860	(1,631,028)	(147,522,217)	(445,604)	195,509,354

	At July 2022	Additions	Accrued interest	Disposal	Other comprehensive income	At June 2023
	MUR	MUR	MUR	MUR	MUR	MUR
<b>Financial Assets</b>						
<b>Investment securities (debt and equity instruments)</b>						
- Debt securities at FVOCI	493,488,290	1,176	(14,244)	(150,708,306)	(10,104,296)	332,662,620
- Equity securities	1,444,263	288,460	-	-	-	1,732,723
	494,932,553	289,636	(14,244)	(150,708,306)	(10,104,296)	334,395,343

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values (Cont'd)

##### Fair value measurement hierarchy (Cont'd)

##### (ii) Valuation techniques

##### (a) Debt securities

Debt instruments that are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1.

Government of Mauritius bonds, Bank of Mauritius bonds and unquoted securities are valued based on the market yield of similar instruments as made publicly available by the local regulator and are classified as Level 2.

If one or more significant inputs are not based on observable data, the instrument is included in Level 3. Significant unobservable inputs include yield curves and credit spreads.

##### (b) Equity securities

Corporate shares that are traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1.

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured to the extent information is available, and valued on a case-by-case basis, and are classified as Level 3.

##### (iii) Valuation techniques Level 2 & Level 3

Valuation of Level 2 instruments is based on a mix of observable inputs, such as benchmark interest rates, and data from comparable assets. The discounted cash flow model is used to estimate the present value based on those parameters.

Valuation of Level 3 instruments, where needed, is based on internal models and assumptions. Estimates of risk-adjusted parameters are used in the discounted cash flow models for securities with predefined cash flows.

##### Derivatives

Derivatives include foreign exchange contracts and foreign exchange swaps. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points. The Bank classifies foreign exchange forward contracts and swaps as Level 2.

##### (iv) Valuation methodologies

##### Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

##### Debt securities carried at fair value through other comprehensive income

The Bank uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value including CDS data of the issuer to estimate the relevant credit spreads. Bonds issued by financial institutions that are traded on secondary markets are generally Level 2 and corporate bonds are generally Level 3 instruments where usually there is not sufficient third party trading data to justify Level 1 classification. Level 3 instruments are those where significant inputs cannot be referenced to observable data and, therefore, inputs are adjusted for relative tenor and issuer quality.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (a) Fair values (Cont'd)

Fair value measurement hierarchy (Cont'd)

#### (iv) Valuation methodologies (Cont'd)

##### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

##### Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, foreign exchange risk, probability of default and loss given default estimates. As a result, loans and advances fall under Level 3 of the fair value hierarchy.

##### Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost is estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments. As a result, these fixed rate financial instruments fall under Level 2 of the fair value hierarchy.

#### (v) Sensitivity of fair value measurements to changes in unobservable market data

The significant inputs used in the fair value measurement of debt securities within Level 3 of the fair value hierarchy include discount rates ranging from 5.64% to 7.65% (2024: 3.73% to 7.04%) and credit spreads ranging from 0.37% to 2.38% (2024: 0.37% to 2.38%) depending on the relevant sector.

Changes in the significant unobservable inputs to reasonable possible alternatives would lead to different resulting fair values. Sensitivity data is calculated by adjusting model inputs to reasonable changes within the fair value methodology.

An increase of 0.5% in discount rates across the Level 3 investment securities would result in a lower fair value by MUR 0.009m (2024: MUR 0.01m), while a decrease of 0.5% in discount rates would result in a higher fair value by MUR 0.009m. (2023: MUR 0.01m).

An increase of 10% in credit spreads across the Level 3 investment securities would result in a lower fair value by MUR 0.203m (2024: MUR 0.266m), while a decrease of 10% in credit spreads would result in a higher fair value by MUR 0.209m (2024: MUR 0.274m).

The financial instruments within level 3 of the fair value hierarchy are measured at FVOCI. Thus, any changes in the significant unobservable inputs would not have any impact on the statement of profit or loss.

#### (b) Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

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:

	Maximum exposure to credit risk		
	2025	2024	2023
	MUR	MUR	MUR
<b>Fund based exposures:</b>			
Cash and cash equivalents	8,686,505,462	4,582,937,962	5,560,596,923
Due from Banks	159,523,736	-	-
Derivative financial assets	8,490,206	9,989,650	26,136,555
Loans and advances to customers	18,041,546,732	14,270,513,029	11,246,615,276
Investment securities	5,319,371,053	6,610,691,688	5,900,522,101
Other assets	964,732,096	218,903,918	174,275,996
<b>Total credit risk exposure</b>	<b>33,180,169,285</b>	25,693,036,247	22,908,146,851
<b>Non-fund based exposures:</b>			
Financial guarantees	149,003,700	39,744,640	27,087,930
Letter of credit and other obligations on account of customers	3,604,000	673,270,000	-
Undrawn credit facilities	2,335,559,008	2,113,916,804	3,162,936,570
<b>Total credit risk exposure</b>	<b>2,488,166,708</b>	2,826,931,444	3,190,024,500

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 have been disclosed in notes 9, 11, 12 and 34.

Fund based exposures do not include cash in hand and investment in equity.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (cont'd)

The table below shows the sectorial split by industry sector of the Bank's financial assets:

	2025	2024	2023
	MUR	MUR	MUR
Manufacturing	1,058,365,579	1,102,163,459	843,603,069
Construction	723,769,904	939,994,982	676,267,797
Professional	438,064,355	400,887,902	43,227,322
Traders	1,616,492,691	1,435,718,755	1,392,872,505
Tourism	1,120,777,462	1,506,567,181	1,775,408,185
Transport	536,823,065	422,546,620	360,157,771
Financial and Business services	11,716,404,065	6,022,112,764	6,983,541,067
Personal	6,085,527,328	5,005,979,347	3,545,759,441
Agriculture	155,061,941	177,378,016	142,158,727
Global Business Licence Holders	290,617,929	458,838,694	291,852,336
Government	5,372,606,474	6,020,826,958	4,942,367,151
Information and communication technology	179,685,172	200,823,612	165,342,865
Others	3,885,973,320	1,999,197,957	1,745,588,615
	<b>33,180,169,285</b>	<b>25,693,036,247</b>	<b>22,908,146,851</b>

The table below shows the sectorial split by industry sector of financial guarantees and other commitments:

	2025	2024	2023
	MUR	MUR	MUR
Manufacturing	212,893,042	239,309,974	406,460,325
Construction	20,115,416	42,305,542	12,052,485
Professional	9,153,205	14,070,208	14,761,860
Traders	417,066,444	273,434,744	304,339,770
Tourism	145,623,502	94,537,961	39,326,909
Transport	86,331,788	56,865,811	30,072,187
Financial and Business services	391,570,932	157,128,314	351,724,194
Personal	405,401,659	631,537,914	1,345,955,996
Agriculture	67,036,043	19,493,665	1,325,746
Global Business Licence Holders	317,703,140	28,218,465	-
Others	415,271,537	1,270,028,846	684,005,028
	<b>2,488,166,708</b>	<b>2,826,931,444</b>	<b>3,190,024,500</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (cont'd)

An analysis of credit exposures, including non-fund based facilities, for advances to non-Bank customers using the Bank's credit grading system is given below:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Grades:	MUR	MUR	MUR	MUR
Performing				
1 to 3 - Investment Grade	10,101,079,154	142,786,164	-	10,243,865,318
4 to 7 - Standard Monitoring	8,872,939,858	152,786,772	-	9,025,726,630
8 - Watchlist	-	448,692,622	-	448,692,622
Unrated	597,419,706	7,460,367	-	604,880,073
Non-performing				
9 - Default	-	-	375,999,708	375,999,708
	<b>19,571,438,718</b>	<b>751,725,925</b>	<b>375,999,708</b>	<b>20,699,164,351</b>

	2024			
	Stage 1	Stage 2	Stage 3	Total
Grades:	MUR	MUR	MUR	MUR
Performing				
1 to 3 - Investment Grade	6,754,156,648	-	-	6,754,156,648
4 to 7 - Standard Monitoring	8,876,094,592	124,871,355	-	9,000,965,947
8 - Watchlist	-	772,486,231	-	772,486,231
Unrated	386,861,723	26,937,899	-	413,799,622
Non-performing				
9 - Default	-	-	312,597,628	312,597,628
	<b>16,017,112,963</b>	<b>924,295,485</b>	<b>312,597,628</b>	<b>17,254,006,076</b>

	2023			
	Stage 1	Stage 2	Stage 3	Total
Grades:	MUR	MUR	MUR	MUR
Performing				
1 to 3 - Investment Grade	6,189,637,435	12,036,243	-	6,201,673,678
4 to 7 - Standard Monitoring	6,084,478,357	106,048,681	-	6,190,527,038
8 - Watchlist	-	1,544,178,596	-	1,544,178,596
Unrated	404,005,358	12,704,017	-	416,709,375
Non-performing				
9 - Default	-	-	252,635,459	252,635,459
	<b>12,678,121,150</b>	<b>1,674,967,537</b>	<b>252,635,459</b>	<b>14,605,724,146</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (cont'd)

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 9 are customers which have been defaulted on a prudent basis. The Bank does not extend credit to clients categorised as grade 8 or 9.

There were MUR 2,542,613 loans and advances whose terms have been renegotiated during the financial year 2025. (There were no loans and advances whose terms have been renegotiated in 2024 and there were MUR 394,538,139 loans & advances renegotiated in 2023).

All cash and cash equivalents, loans and placements with Banks and loans and receivables – investment securities are held with financial institutions having grades 1 to 6.

The above table includes loans and advances and off balance sheet items only. For an analysis of credit exposures on investment securities using the Bank's credit grading system, refer to note 12(a).

#### Internal credit risk ratings

In order to minimise credit risk, the Bank has tasked its Risk Management Committee to develop and maintain the Bank's credit risk grading to categorise exposures according to their degree of risk of default. 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.

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 Bank assesses each credit facility request on its own merits by analysing the credit history of the potential client, the latter's cash flow history, future projections of the business or income capacity of the individual, the availability and type of collateral that will secure the facility, the repayment capacity of the business or individual and the character of the individual. The Bank will also consider individual factors that would represent strengths in favour of or weaknesses against the approval of credit facilities.

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.

External Credit Assessment Institutions (ECA) Institutions Ratings	Internal credit risk grades	Internal Risk Descriptions
Aaa/AAA	1	Investment Grade
Aa1/AA+ to Aa3/AA-	2	Investment Grade
A1/A+ to A3/A-	3	Investment Grade
Baa1/BBB+ to Baa3/BBB-	4	Investment Grade
Ba1/BB+ to Ba3/BB-	5	Standard Monitoring
B1/B+ to B3/B-	6	Standard Monitoring
Caa1/CCC+ to Caa3/CCC-	7	Standard Monitoring
Ca/ CC/ C	8	Watchlist
D	9	Default
NR	Unrated	Unrated

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (cont'd)

#### Internal credit risk ratings (cont'd)

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 more than 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.

#### Impairment assessment

It is the Bank's policy to regularly monitor its loan portfolio.

The main considerations for the impairment assessment of the Bank's loans and advances portfolio include whether any payments of principal or interest are overdue by at least 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Furthermore the Bank assesses at each reporting date, whether there is any objective evidence that a financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter Bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Bank's impairment methodology for assets carried at amortised cost comprises individual impairment losses and collective impairment.

#### Individually assessed allowances (Stage 3)

The Bank determines the allowances appropriate for each individually significant loan and advances on an individual basis. Items considered when determining allowance amounts include an assessment of the counterparty's repayment plan, the availability of other financial support and the realisable value of collateral, and the timing of the expected cash flows. For credit impaired financial assets which are fully collateralised no impairment allowance is recognised. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

#### Collectively assessed allowance (Stage 1 and Stage 2)

##### 1. Inputs, assumptions and techniques used in estimating impairment

Refer to note 5.7 Impairment of financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

##### Impairment assessment (Cont'd)

##### Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

##### 2. Significant increase in credit risk

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 expected credit loss. 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 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, 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 to certain industries, as well as internally generated information of customer payment behaviour. 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.

The qualitative factors that indicate a significant increase in credit risk are reflected in probability of default 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 unemployment, bankruptcy or death.

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 expected credit loss.

##### 3. 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 contractual cash flows of a financial asset are renegotiated or otherwise modified as a result of commercial restructuring activity rather than due to credit risk and impairment considerations, the Bank performs an assessment to determine whether the modifications result in the derecognition of that financial asset. For financial assets, this assessment is based on qualitative factors. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers factors including change in currency of the loan, introduction of an equity feature, change in counterparty, and whether the modification is such that the instrument would no longer meet the SPPI criterion, among other factors. If the modification does not result in cash flows that are substantially different, as set out below, then it does not result in derecognition.

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 probability default at the reporting date based on the modified terms; with
- the remaining lifetime probability default estimated based on data at initial recognition and the original contractual terms.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

##### Impairment assessment (Cont'd)

##### Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

##### 3. Modified financial asset (Cont'd)

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.

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 Credit Impaired Measurement (see below) before the exposure is no longer considered to be credit-impaired/ in default.

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.

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.

##### 4. 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 expected credit loss.

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 local GDP growth rate has been identified as the key macro-economic driver of the Bank's default rate.

The Bank considers three macro-economic scenarios in its probability default model namely baseline, upside and downside which is detailed as per below table :

Key drivers	Expected Credit Loss Scenario	Assigned Weightage	Actual					Forecast	
			2024	2025	2026	2027	2028	2029	
GDP Growth Rate	Upside	5%	9.9%	<b>8.2%</b>	8.2%	8.2%	8.2%	8.2%	
	Base case	75%	4.7%	<b>3.0%</b>	3.0%	3.0%	3.0%	3.0%	
	Downside	20%	-0.5%	<b>-2.2%</b>	-2.2%	-2.2%	-2.2%	-2.2%	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

##### Impairment assessment (Cont'd)

##### Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

##### 4. Incorporation of forward-looking information (Cont'd)

##### Analysis of inputs to the expected credit loss model under multiple economic scenarios

The following tables outline the impact of multiple scenarios on the allowance.

This table shows both the contribution to total expected credit loss of each probability weighted scenario in addition to the total incremental effect on expected credit loss of applying multiple economic scenarios compared to the expected credit loss that would have resulted from applying a 100% weighting to the base case scenario:

30 June 2025	Corporate lending	Retail lending	Financial guarantees	Undrawn credit facilities	Investment securities at FVOCI	Investment securities at amortised cost	Other assets	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Upside (5%)</b>	6,888,300	1,584,245	16,190	241,413	101,646	2,765,526	7,865	11,605,185
<b>Base case (75%)</b>	103,324,503	23,763,677	242,845	3,621,191	1,524,689	41,482,888	117,978	174,077,771
<b>Downside (20%)</b>	27,553,204	6,336,982	64,759	965,651	406,584	11,062,104	31,461	46,420,745
<b>Total</b>	137,766,007	31,684,904	323,794	4,828,255	2,032,919	55,310,518	157,304	232,103,701
<b>Effect of multiple economic scenarios</b>	1,445,159	494,259	9,959	136,200	-	-	-	2,085,577

The following table outline the impact on expected credit loss from applying a 100% weighting to each scenario:

30 June 2025	Corporate lending	Retail lending	Financial guarantees	Undrawn credit facilities	Investment securities at FVOCI	Investment securities at amortised cost	Other assets	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Gross exposure</b>	<b>12,169,366,720</b>	<b>6,041,630,923</b>	<b>149,003,700</b>	<b>2,335,559,008</b>	<b>1,262,272,812</b>	<b>4,156,925,618</b>	<b>8,951,172,381</b>	<b>35,065,931,162</b>
<b>Expected credit loss</b>								
<b>Upside</b>	128,778,863	28,511,692	263,555	3,996,101	2,032,918	55,310,518	157,304	219,050,951
<b>Base case</b>	136,320,848	31,190,645	313,835	4,692,055	2,032,918	55,310,518	157,304	230,018,123
<b>Downside</b>	145,432,123	34,331,673	376,193	5,547,041	2,032,918	55,310,518	157,304	243,187,770

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

##### Impairment assessment (Cont'd)

##### Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

##### 4. Incorporation of forward-looking information (Cont'd)

Measurement of expected credit loss : The key inputs into the measurement of expected credit loss are the following:

- (i) probability of default (PD);
- (ii) loss given default (LGD);
- (iii) exposure at default (EAD).

These parameters are derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

##### 5. Measurement of expected credit loss

Probability default estimates are estimated 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. Where it is available, market data may also be used to derive the probability default for large corporate counterparties.

Loss given default is the magnitude of the likely loss if there is a default. The Bank estimates loss given default parameters based on BASEL prescribed loss given default estimates as per following table.

	Minimum LGD
Eligible financial collateral (such as cash collateral)	0%
Receivables	35%
Commercial Real Estate/Residential Real Estate	35%
Other collateral	40%
Unsecured	45%

Exposure at default represents the expected exposure in the event of a default. The Bank derives the exposure at default from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The exposure at default of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the Bank includes the amount drawn based on BASEL prescribed Credit Conversion Factor.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

##### Impairment assessment (Cont'd)

##### Collectively assessed allowance (Stage 1 and Stage 2) (Cont'd)

##### 5. Measurement of expected credit loss (Cont'd)

BASEL prescribed Credit Conversion Factor	Credit Conversion Factor
Direct credit substitutes	100%
Sales and repurchase agreements and assets sales with recourse	100%
Lending of Banks' securities or the posting of securities as collateral	100%
Forward asset purchases	100%
Placements of forward deposits	100%
Partly-paid shares and securities	100%
Transaction-related contingent items	50%
note-issuance facilities (NIFs) and revolving underwriting facilities (RUFs)	50%
Trade-related contingent items	
(a) Maturity ≤ 3 months	20%
(b) 3 months < Maturity ≤ 9 months	50%
(c) 9 months < Maturity ≤ 12 months	75%
(d) Maturity > 12 months	100%
Other commitments	
(i) Commitments with an original maturity up to one year	20%
(ii) Commitments with an original maturity over one year	50%
(iii) Commitments that can be unconditionally cancelled at any time by the Bank without prior notice, or that effectively provide for automatic cancellation due to the deterioration	0%

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

##### Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main kinds of collateral and credit enhancements for each class of asset subject to credit risk are set below:

For loans, management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Bank's policy is to dispose of any repossessed asset at its market value within a reasonable timeframe. In its normal course of business, the Bank does not physically repossess properties or other assets, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

	2025	2024	2023	Principal type of collateral held
	MUR	MUR	MUR	
<b>Fund based exposures:</b>				
Cash and cash equivalents	8,686,505,462	4,582,937,962	5,560,596,923	Unsecured
Due from Banks	159,523,736	-	-	Unsecured
Derivative financial assets	8,490,206	9,989,650	26,136,555	Unsecured
Loans and advances to customers	18,041,546,732	14,270,513,029	11,246,615,276	Real estate
Investment securities	5,319,371,053	6,610,691,688	5,900,522,101	Unsecured
Other assets	964,732,096	218,903,918	174,275,996	Unsecured
<b>Non-fund based exposures:</b>				
Financial guarantees	149,003,700	39,744,640	27,087,930	Unsecured
Letter of credit and other obligations on account of customers	3,604,000	673,270,000	-	Unsecured
Undrawn credit facilities	2,335,559,008	2,113,916,804	3,162,936,570	Unsecured

In addition to the types of collaterals 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.

Fund based exposures do not include cash in hand and investment in equity.

The exposures do not include impact on collateral.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

Credit quality by class of financial assets

	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>2025</b>				
Cash and cash equivalents	8,686,505,462	-	-	8,686,505,462
Due from banks	159,523,736	-	-	159,523,736
Derivative financial assets	8,490,206	-	-	8,490,206
Loans and advances to customers	17,062,451,475	695,066,810	284,028,447	18,041,546,732
Investment securities	5,252,254,041	-	67,117,013	5,319,371,054
Other assets	893,165,858	-	-	893,165,858
	<b>32,062,390,778</b>	<b>695,066,810</b>	<b>351,145,460</b>	<b>33,108,603,048</b>

	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>2024</b>				
Cash and cash equivalents	4,582,937,962	-	-	4,582,937,962
Derivative financial assets	9,989,650	-	-	9,989,650
Loans and advances to customers	13,160,299,135	887,366,765	222,847,129	14,270,513,029
Investment securities	6,440,667,518	100,286,250	69,737,920	6,610,691,688
Other assets	218,903,918	-	-	218,903,918
	<b>24,412,798,183</b>	<b>987,653,015</b>	<b>292,585,049</b>	<b>25,693,036,247</b>

	Stage 1	Stage 2	Stage 3	Total
	MUR	MUR	MUR	MUR
<b>2023</b>				
Cash and cash equivalents	5,560,596,923	-	-	5,560,596,923
Due from banks	-	-	-	-
Derivative financial assets	26,136,555	-	-	26,136,555
Loans and advances to customers	9,501,002,672	1,587,912,200	157,700,404	11,246,615,276
Investment securities	5,487,652,382	412,869,719	-	5,900,522,101
Other assets	174,275,996	-	-	174,275,996
	<b>20,749,664,528</b>	<b>2,000,781,919</b>	<b>157,700,404</b>	<b>22,908,146,851</b>

Expected credit loss on cash and cash equivalents has been assessed to be immaterial due to cash deposited in entities with high credit risk ratings.

Ageing analysis of past due but not impaired loans by class of financial assets

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

Credit quality by class of financial assets (Cont'd)

	Amount in arrears			
	Less than 30 days	31 to 89 days	More than or equal to 90 days	Total
	MUR	MUR	MUR	MUR
<b>2025</b>				
Loans and advances to customers				
Loans and overdrafts				
Retail	1,503,354	660,298	50,689,393	52,853,045
Corporate	85,373,836	119,902,025	105,649,266	310,925,127
	<b>86,877,190</b>	<b>120,562,323</b>	<b>156,338,659</b>	<b>363,778,172</b>

	Amount in arrears			
	Less than 30 days	31 to 89 days	More than or equal to 90 days	Total
	MUR	MUR	MUR	MUR
<b>2024</b>				
Investment in finance leases				
Retail	1,850,308	1,624,285	1,011,062	4,485,655
Corporate	3,686,391	2,708,615	2,634,781	9,029,787
	<b>5,536,699</b>	<b>4,332,900</b>	<b>3,645,843</b>	<b>13,515,442</b>
	<b>92,413,889</b>	<b>124,895,223</b>	<b>159,984,502</b>	<b>377,293,614</b>

	Amount in arrears			
	Less than 30 days	31 to 89 days	More than or equal to 90 days	Total
	MUR	MUR	MUR	MUR
<b>2024</b>				
Loans and advances to customers				
Loans and overdrafts				
Retail	28,351,511	1,904,732	10,046,296	40,302,539
Corporate	42,865,444	141,527	198,851,120	241,858,091
	<b>71,216,955</b>	<b>2,046,259</b>	<b>208,897,416</b>	<b>282,160,630</b>
Investment in finance leases				
Retail	3,159,953	1,829,335	576,602	5,565,890
Corporate	5,614,240	2,730,896	4,357,562	12,702,698
	<b>8,774,193</b>	<b>4,560,231</b>	<b>4,934,164</b>	<b>18,268,588</b>
	<b>79,991,148</b>	<b>6,606,490</b>	<b>213,831,580</b>	<b>300,429,218</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

Credit quality by class of financial assets (Cont'd)

	Amount in arrears			
	Less than 30 days	31 to 89 days	More than or equal to 90 days	Total
	MUR	MUR	MUR	MUR
2023				
Loans and advances to customers				
Loans and overdrafts				
Retail	609,064	275,599	-	884,663
Corporate	17,752,219	676,785	-	18,429,004
	18,361,283	952,384	-	19,313,667
Investment in finance leases				
Retail	1,058,315	849,793	-	1,908,108
Corporate	2,921,417	1,601,091	-	4,522,508
	3,979,732	2,450,884	-	6,430,616
	22,341,015	3,403,268	-	25,744,283

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 more than 30 days past due. The table below provides an analysis of the gross carrying amount of receivables by past due status:

	2025	
	Gross Carrying MUR	Loss Allowance MUR
0 - 30 days (Stage 1)	17,155,576,677	26,913,184
0 - 30 days (Stage 2)	446,735,076	14,146,058
31 - 89 days (Stage 2)	298,898,199	36,420,404
	17,901,209,952	77,479,646

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (b) Credit risk (Cont'd)

Credit quality by class of financial assets (Cont'd)

	2024	
	Gross Carrying MUR	Loss Allowance MUR
	0 - 30 days (Stage 1)	13,257,350,865
0 - 30 days (Stage 2)	752,041,310	9,223,042
31 - 89 days (Stage 2)	148,719,174	4,176,505
	14,158,111,349	72,343,336

	2023	
	Gross Carrying MUR	Loss Allowance MUR
	0 - 30 days (Stage 1)	9,566,861,937
0 - 30 days (Stage 2)	1,460,439,685	31,333,861
31 - 89 days (Stage 2)	161,028,877	2,225,572
	11,188,330,499	74,149,307

#### 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, indicate that the account may be impaired.

The carrying amount of impaired financial assets and stage 3 expected credit losses or specific allowance held are shown below:

	2025	2024	2023
	MUR	MUR	MUR
Loans and advances (Note 11(c))	375,999,708	312,597,628	252,635,459
Expected Credit Losses on loans and advances under Stage 3 (Note 11(c))	91,971,261	89,750,499	94,935,055
	91,971,261	89,750,499	94,935,055

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (c) Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The types of liquidity risk that the Bank faces can be categorized into two main types:

- Funding liquidity risk appears when the Bank cannot fulfil its payment obligations because of an inability to obtain new funding.
- Market liquidity risk appears when the Bank is unable to sell or transform its liquidity buffer into cash without significant losses.

Liquidity risk management encompasses the processes and strategies the Bank uses to:

- Assess its ability to meet its cash flow needs (under both normal and stressed conditions) both on a short term and long term horizon.
- Mitigate that risk by developing strategies and taking appropriate actions designed to ensure that necessary funds are available when needed.

As a measure to limit the liquidity risk that the Bank faces, the Bank maintains a liquidity contingency plan which is tested regularly to ensure its viability. The liquidity contingency plan consists of mainly of a stock of high quality liquid assets that can be easily liquidated in the event of liquidity stress conditions. The Bank also runs liquidity stress tests to determine the level of liquidity that should be kept to meet financial obligations under stress conditions.

The liquidity coverage ratio providing an overview of how the Bank would behave under stress conditions has been implemented as from the year 2018 and since then, the Bank remains highly liquid reflecting a quarterly average of 276% for financial year 2025 (2024:421% ;2023: 553%)

#### Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities at end of period based on undiscounted contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expect that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (c) Liquidity risk (Cont'd)

Maturity analysis of financial liabilities

	Current			Non Current		Total
	No specific maturity	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years	
	MUR	MUR	MUR	MUR	MUR	MUR
<b>2025</b>						
Due to banks	-	300,123,507	-	345,259,217	-	645,382,724
Derivative financial liabilities	-	15,464,146	9,352,304	-	-	24,816,450
Deposits from customers	-	4,308,104,181	5,682,504,973	5,373,145,360	14,256,840,144	29,620,594,658
Subordinated debts	-	20,355,617	20,355,617	122,133,699	903,556,165	1,066,401,098
Other liabilities*	51,895,177	74,665,572	96,915,330	68,412,571	72,372,349	364,260,999
<b>Total financial liabilities</b>	<b>51,895,177</b>	<b>4,718,713,023</b>	<b>5,809,128,224</b>	<b>5,908,950,847</b>	<b>15,232,768,658</b>	<b>31,721,455,929</b>
<b>Contingent liabilities and commitments</b>	<b>-</b>	<b>1,668,254,372</b>	<b>268,727,869</b>	<b>17,699,038</b>	<b>533,485,429</b>	<b>2,488,166,708</b>
<b>2024</b>						
Derivative financial liabilities	-	4,981,376	-	-	-	4,981,376
Deposits from customers	-	2,687,439,398	4,374,620,449	3,756,391,291	12,798,835,073	23,617,286,211
Subordinated debts	-	20,632,787	549,593,852	82,531,148	988,859,016	1,641,616,803
Other liabilities*	63,946,240	71,924,775	66,573,883	-	-	202,444,898
<b>Total financial liabilities</b>	<b>63,946,240</b>	<b>2,784,978,336</b>	<b>4,990,788,184</b>	<b>3,838,922,439</b>	<b>13,787,694,089</b>	<b>25,466,329,288</b>
<b>Contingent liabilities and commitments</b>	<b>-</b>	<b>2,524,124,352</b>	<b>22,636,417</b>	<b>25,237,700</b>	<b>254,932,975</b>	<b>2,826,931,444</b>
<b>2023</b>						
Derivative financial liabilities	-	24,383,063	1,135,396	-	-	25,518,459
Deposits from customers	-	2,223,170,822	4,411,328,246	3,021,522,544	11,340,728,315	20,996,749,927
Subordinated debts	-	-	28,982,877	528,982,877	-	557,965,754
Other liabilities*	75,862,960	170,121,382	72,846,176	700,087	-	319,530,605
<b>Total financial liabilities</b>	<b>75,862,960</b>	<b>2,417,675,267</b>	<b>4,514,292,695</b>	<b>3,551,205,508</b>	<b>11,340,728,315</b>	<b>21,899,764,745</b>
<b>Contingent liabilities and commitments</b>	<b>-</b>	<b>2,178,385,086</b>	<b>622,739,932</b>	<b>2,745,872</b>	<b>386,153,610</b>	<b>3,190,024,500</b>

\*Other liabilities amounting to **MUR 132,452,396** for the current financial year (June 2024: MUR 116,233,482; June 2023: **MUR 96,404,649**) exclude VAT, TDS, deferred income and ECL on contingent liabilities since these are not regarded as financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (d) Market risk

##### (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's statement of profit or loss and equity. The sensitivity of the statement of profit or loss and equity is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and liabilities held as at 30 June.

2025			
Currency	Increase/ (decrease) in basis points	Effect on profit before tax MUR m	Effect on Equity MUR m
EUR	50	12.3	0.0
USD	50	23.9	2.9
MUR	50	4.8	3.4

2024			
Currency	Increase/ (decrease) in basis points	Effect on profit before tax MUR m	Effect on Equity MUR m
EUR	50	9.6	10.3
USD	50	15.6	16.8
MUR	50	4.0	7.7

2023			
Currency	Increase/ (decrease) in basis points	Effect on profit before tax MUR m	Effect on Equity MUR m
EUR	50	8.5	9.6
USD	50	14.3	16.5
MUR	50	4.0	7.5

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (d) Market risk (cont'd)

##### (ii) Price risk

Price risk is the risk that the fair values of securities change as the result of changes in the levels of indices and the value of individual securities. The non-trading security price risk exposure arises from the Bank's investment portfolio.

The effect on changes in net assets as a result of a change in the fair value of investment instruments held as fair value through other comprehensive income, due to a reasonably possible change in indices, with all other variables held constant, is as follows:

	Change in price %	2025 MUR	2024 MUR	2023 MUR
Statement of other comprehensive income	+10	9,504,925	34,449,493	44,625,446
Statement of other comprehensive income	-10	(9,504,925)	(34,449,493)	(44,625,446)

##### (iii) Foreign exchange risk

Foreign exchange risk is the risk that the Bank's foreign currency positions will be negatively affected by movements in exchange rates between one currency and another. The Bank uses foreign exchange forward contracts to manage foreign exchange risk and exercises control over its foreign currency exposures through the allocation of trading limits. The Treasury department monitors open positions to measure foreign exchange risk and liquidity gaps. Exposures are reported on an ongoing basis to the Assets and Liabilities Committee.

Value at Risk ('VaR') is a statistical risk measure used to estimate the potential loss from adverse market moves in a normal market environment. The Bank has a single VaR framework used as a basis for calculating Risk Management VaR.

The framework is employed across the Bank using historical simulation based on data for the previous 12 months. The framework's approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future. The Bank believes the use of Risk Management VaR provides a stable measure of VaR that is closely aligned to risk management decisions made by the lines of business, and provides the appropriate information needed to respond to risk events.

The VaR that the Bank measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of a 99% confidence level means that, within a one-day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days.

VaR as at 30 June 2025 amounted to MUR 385,953 (2024:306,571 2023 : MUR 259,794)

The Bank kept a very low open FX position amid market volatility to minimize FX risks. Despite the economy recovering further from 2022, sale of FX remained subdued leading to a depreciating pressure on the MUR. The Bank of Mauritius FX interventions helped smoothen excess volatility, but the Bank nevertheless opted for cautiousness.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (d) Market risk (Cont'd)

##### (iii) Foreign exchange risk (Cont'd)

The following table demonstrate the sensitivity to a reasonable possible change in exchange rate of the major currencies of the Bank, with all other variables held constant, and the impact on the Bank's profit and equity.

Change in currency by:		Impact on profit after tax and equity		
		EUR	GBP	USD
30 June 2025	5%	71,976,971	(2,741,276)	(22,303,132)
	-5%	(71,976,971)	2,741,276	22,303,132

Change in currency by:		Impact on profit after tax and equity		
		EUR	GBP	USD
30 June 2024	5%	16,714,802	(2,130,840)	(11,464,184)
	-5%	(16,714,802)	2,130,840	11,464,184

Change in currency by:		Impact on profit after tax and equity		
		EUR	GBP	USD
30 June 2023	5%	51,510,794	(8,929,064)	(19,994,803)
	-5%	(51,510,794)	8,929,064	19,994,803

The Bank's monetary assets and liabilities as at 30 June is as follows:

2025	EUR	GBP	USD	Others	Total
	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	1,892,259,917	381,829,546	4,071,367,929	1,017,799,553	7,363,256,945
Due from Banks	-	-	159,657,413	-	159,657,413
Derivative financial assets	213,897	-	3,428,728	4,847,581	8,490,206
Loans and advances to customers	3,047,821,927	-	3,742,575,315	-	6,790,397,242
Investment securities	-	-	1,273,725,178	-	1,273,725,178
Other assets	71,991,682	3,333,154	135,910,652	5,452,879	216,688,367
	5,012,287,423	385,162,700	9,386,665,215	1,028,100,013	15,812,215,351
Derivative financial liabilities	22,750,178	-	74,000	1,992,272	24,816,450
Deposits from customers	3,546,728,625	386,895,655	10,437,449,413	990,299,785	15,361,373,478
Other liabilities	7,079,127	761,582	68,153,815	13,615,029	89,609,553
	3,576,557,930	387,657,237	10,505,677,228	1,005,907,086	15,475,799,481
<b>Net position</b>	<b>1,435,729,493</b>	<b>(2,494,537)</b>	<b>(1,119,012,013)</b>	<b>22,192,927</b>	<b>336,415,870</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (d) Market risk (Cont'd)

##### (iii) Foreign exchange risk (Cont'd)

2024	EUR	GBP	USD	Others	Total
	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	770,065,140	468,002,463	1,550,223,510	379,992,338	3,168,283,451
Derivative financial assets	8,997,384	-	17,062	892,459	9,906,905
Loans and advances to customers	2,441,186,898	-	2,008,605,495	-	4,449,792,393
Investment securities	191,352,271	-	1,846,710,340	-	2,038,062,611
Other assets	60,290,204	3,334,464	106,224,023	5,815,076	175,663,767
	3,471,891,897	471,336,927	5,511,780,430	386,699,873	9,841,709,127
Derivative financial liabilities	4,536,336	-	209,890	-	4,746,226
Deposits from customers	2,752,217,134	542,756,980	6,031,094,605	374,706,805	9,700,775,524
Other liabilities	31,758,228	460,805	9,306,911	14,820,428	56,346,372
	2,788,511,698	543,217,785	6,040,611,406	389,527,233	9,761,868,122
<b>Net position</b>	<b>683,380,199</b>	<b>(71,880,858)</b>	<b>(528,830,976)</b>	<b>(2,827,360)</b>	<b>79,841,005</b>

2023	EUR	GBP	USD	Others	Total
	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	1,721,622,799	427,700,085	2,193,404,675	247,245,270	4,589,972,829
Derivative financial assets	25,160,560	4,697	377,085	594,213	26,136,555
Loans and advances to customers	1,381,619,505	-	1,605,996,868	-	2,987,616,373
Investment securities	273,364,622	-	1,664,465,460	-	1,937,830,082
Other assets	77,547,189	1,787,714	48,221,144	4,306,153	131,862,200
	3,479,314,675	429,492,496	5,512,465,232	252,145,636	9,673,418,039
Derivative financial liabilities	25,180,331	1,356	336,772	-	25,518,459
Deposits from customers	2,186,876,836	627,974,547	6,448,579,790	248,027,785	9,511,458,958
Other liabilities	30,762,839	765,433	106,789,898	6,354,005	144,672,175
	2,242,820,006	628,741,336	6,555,706,460	254,381,790	9,681,649,592
<b>Net position</b>	<b>1,236,494,669</b>	<b>(199,248,840)</b>	<b>(1,043,241,228)</b>	<b>(2,236,154)</b>	<b>(8,231,553)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

### 41. RISK MANAGEMENT (CONT'D)

#### (e) Maturities of assets and liabilities

The table below summarises the maturity profile of the Bank's financial assets and financial liabilities at the reporting date. Financial assets are presented at discounted amounts including impairment charges which are consistent with the carrying amount as presented in the statement of financial position at the reporting date, which takes into consideration the impact of impairment and discounting, representing the Bank's liquidity expectations. Financial liabilities are based on discounted contractual repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

	Notes	2025								Total MUR
		No specific maturity	Less than 3 months	3 to 12 months	Sub total less than 12 months	1 to 3 years	Over 3 years	Sub total more than 12 months		
		MUR	MUR	MUR	MUR	MUR	MUR	MUR		
<b>Assets</b>										
Cash and cash equivalents	8	-	8,709,698,556	-	8,709,698,556	-	-	-	-	8,709,698,556
Due from bank	9	-	159,523,736	-	159,523,736	-	-	-	-	159,523,736
Derivative financial assets	10	-	4,031,524	4,458,682	8,490,206	-	-	-	-	8,490,206
Loans and advances to customers	11	413,367,051	2,907,495,183	3,572,658,822	6,480,154,005	3,709,588,795	7,607,887,790	11,317,476,585	-	18,210,997,641
Investment securities	12	85,859,978	1,053,720,254	825,702,130	1,879,422,384	1,830,958,440	1,614,210,646	3,445,169,086	-	5,410,451,448
Other assets	13	964,732,096	-	-	-	-	-	-	-	964,732,096
<b>Total</b>		<b>1,463,959,125</b>	<b>12,834,469,253</b>	<b>4,402,819,634</b>	<b>17,237,288,887</b>	<b>5,540,547,235</b>	<b>9,222,098,436</b>	<b>14,762,645,671</b>	<b>-</b>	<b>33,463,893,683</b>
Less allowance for credit impairment										(224,761,431)
										<b>33,239,132,252</b>
<b>Liabilities</b>										
Due to banks	18	-	300,123,507	-	300,123,507	325,592,069	-	325,592,069	-	625,715,576
Derivative financial liabilities	10	-	15,464,146	9,352,304	24,816,450	-	-	-	-	24,816,450
Deposits from customers	17	-	19,376,037,424	4,150,335,330	23,526,372,754	3,373,815,478	1,942,869,110	5,316,684,588	-	28,843,057,342
Subordinated debts	19	-	10,233,425	-	10,233,425	-	695,843,299	695,843,299	-	706,076,724
Other liabilities**	21	51,895,177	74,665,572	96,915,330	171,580,902	68,412,571	72,372,349	140,784,920	-	364,260,999
<b>Total</b>		<b>51,895,177</b>	<b>19,776,524,074</b>	<b>4,256,602,964</b>	<b>24,033,127,038</b>	<b>3,767,820,118</b>	<b>2,711,084,758</b>	<b>6,478,904,876</b>	<b>-</b>	<b>30,563,927,091</b>
<b>Net liquidity gap</b>		<b>1,412,063,948</b>	<b>(6,942,054,821)</b>	<b>146,216,670</b>	<b>(6,795,838,151)</b>	<b>1,772,727,117</b>	<b>6,511,013,678</b>	<b>8,283,740,795</b>	<b>-</b>	<b>2,899,966,592</b>
Less allowance for credit impairment										(224,761,431)
										<b>2,675,205,161</b>
<b>Contingent liabilities and commitments</b>										
<b>Contingent liabilities</b>										
Financial guarantees		-	4,505,000	96,154,953	100,659,953	17,699,038	-	17,699,038	-	118,358,991
Letter of credit and other obligations on account of customers		-	3,604,000	-	3,604,000	-	-	-	-	3,604,000
<b>Commitments</b>										
Undrawn credit facilities		-	1,660,145,372	172,572,916	1,832,718,288	-	533,485,429	533,485,429	-	2,366,203,717
		-	1,668,254,372	268,727,869	1,936,982,241	17,699,038	533,485,429	551,184,467	-	2,488,166,708

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 41. RISK MANAGEMENT (CONT'D)

### (e) Maturities of assets and liabilities

	Notes	2024							
		No specific maturity	Less than 3 months	3 to 12 months	Sub total less than 12 months	1 to 3 years	Over 3 years	Sub total more than 12 months	Total
		MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Assets</b>									
Cash and cash equivalents	8	-	4,596,690,444	-	4,596,690,444	-	-	-	4,596,690,444
Derivative financial assets	10	-	9,906,906	82,744	9,989,650	-	-	-	9,989,650
Loans and advances to customers	11	348,984,718	1,971,493,737	2,562,140,774	4,533,634,511	2,985,806,460	6,558,648,947	9,544,455,407	14,427,074,636
Investment securities	12	43,069,911	1,367,460,190	1,323,289,568	2,690,749,758	1,751,751,774	2,224,902,422	3,976,654,196	6,710,473,865
Other assets	13	218,903,918	-	-	-	-	-	-	218,903,918
<b>Total</b>		610,958,547	7,945,551,277	3,885,513,086	11,831,064,363	4,737,558,234	8,783,551,369	13,521,109,603	25,963,132,513
Less allowance for credit impairment									(213,442,557)
									25,749,689,956
<b>Liabilities</b>									
Derivative financial liabilities	10	-	4,981,376	-	4,981,376	-	-	-	4,981,376
Deposits from customers	17	-	13,722,163,378	3,245,704,986	16,967,868,364	2,205,942,324	3,178,916,071	5,384,858,395	22,352,726,759
Subordinated debts	19	-	15,864,309	500,000,000	515,864,309	-	694,734,845	694,734,845	1,210,599,154
Other liabilities**	21	63,946,240	71,924,775	66,573,883	138,498,658	-	-	-	202,444,898
<b>Total</b>		63,946,240	13,814,933,838	3,812,278,869	17,627,212,707	2,205,942,324	3,873,650,916	6,079,593,240	23,770,752,187
<b>Net liquidity gap</b>		547,012,307	(5,869,382,561)	73,234,217	(5,796,148,344)	2,531,615,910	4,909,900,453	7,441,516,363	2,192,380,326
Less allowance for credit impairment									(213,442,557)
									1,978,937,769
<b>Contingent liabilities and commitments</b>	34								
<b>Contingent liabilities</b>									
Financial guarantees		-	14,121,000	385,940	14,506,940	8,041,453	-	8,041,453	22,548,393
Letter of credit and other obligations on account of customers		-	673,270,000	-	673,270,000	-	-	-	673,270,000
<b>Commitments</b>									
Undrawn credit facilities		-	1,836,733,352	22,250,477	1,858,983,829	17,196,247	254,932,975	272,129,222	2,131,113,051
		-	2,524,124,352	22,636,417	2,546,760,769	25,237,700	254,932,975	280,170,675	2,826,931,444

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 41. RISK MANAGEMENT (CONT'D)

### (e) Maturities of assets and liabilities

	Notes	2023							
		No specific maturity	Less than 3 months	3 to 12 months	Sub total less than 12 months	1 to 3 years	Over 3 years	Sub total more than 12 months	Total
		MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Assets</b>									
Cash and cash equivalents	8	-	5,570,184,787	-	5,570,184,787	-	-	-	5,570,184,787
Due from banks	9	-	-	-	-	-	-	-	-
Derivative financial assets	10	-	23,424,218	2,712,337	26,136,555	-	-	-	26,136,555
Loans and advances to customers	11	281,722,051	2,032,261,116	1,721,843,796	3,754,104,912	2,569,682,512	4,810,190,178	7,379,872,690	11,415,699,653
Investment securities	12	51,782,458	1,003,847,413	809,615,506	1,813,462,919	1,671,930,398	2,419,061,046	4,090,991,444	5,956,236,821
Other assets	13	174,275,996	-	-	-	-	-	-	174,275,996
<b>Total</b>		507,780,505	8,629,717,534	2,534,171,639	11,163,889,173	4,241,612,910	7,229,251,224	11,470,864,134	23,142,533,812
Less allowance for credit impairment									(173,016,634)
									22,969,517,178
<b>Liabilities</b>									
Derivative financial liabilities	10	-	24,383,063	1,135,396	25,518,459	-	-	-	25,518,459
Deposits from customers	17	-	13,255,414,493	3,287,992,763	16,543,407,256	1,584,459,564	2,226,443,278	3,810,902,842	20,354,310,098
Subordinated debts	19	-	5,379,452	-	5,379,452	500,000,000	-	500,000,000	505,379,452
Other liabilities**	21	75,862,960	170,121,382	72,846,176	242,967,558	700,087	-	700,087	319,530,605
<b>Total</b>		75,862,960	13,455,298,390	3,361,974,335	16,817,272,725	2,085,159,651	2,226,443,278	4,311,602,929	21,204,738,614
<b>Net liquidity gap</b>		431,917,545	(4,825,580,856)	(827,802,696)	(5,653,383,552)	2,156,453,259	5,002,807,946	7,159,261,205	1,937,795,198
Less allowance for credit impairment									(173,016,634)
									1,764,778,564
<b>Contingent liabilities and commitments</b>	34								
<b>Contingent liabilities</b>									
Financial guarantees		-	16,110,229	6,586,268	22,696,497	2,745,872	-	2,745,872	25,442,369
<b>Commitments</b>									
Undrawn credit facilities		-	2,162,274,857	616,153,664	2,778,428,521	-	386,153,610	386,153,610	3,164,582,131
		-	2,178,385,086	622,739,932	2,801,125,018	2,745,872	386,153,610	388,899,482	3,190,024,500

\*\*Other liabilities amounting to MUR 132,452,396 for the current financial year (June 2024: MUR 116,233,482; June 2023: MUR 96,404,649) exclude VAT, TDS, deferred income and ECL on contingent liabilities since these are not regarded as financial liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 41. RISK MANAGEMENT (CONT'D)

### (f) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the bank is able to manage those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

### (g) Climate risk

The Bank and its clients maybe exposed to physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks:

1. Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL.

2. Fair value measurement: The Bank may assume that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement.

ABC Banking Corporation Ltd has successfully implemented its Climate-related and Environmental Risk Framework and is compliant with the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk (C&E Risk). The Bank incorporates C&E risk in the entire credit life cycle and its internal rating models have been adjusted to account for C&E risk.

In order to bolster its operational resilience in the face of the increased incidence of extreme climate events, the Bank has carried out a Business Impact Assessment to identify critical processes and develop corresponding mitigants. The institution has put in place a robust Business Continuity Management Policy that seeks to minimise disruption arising from extreme weather events.

## 42. Going Concern

Management of the Bank is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. The directors are of the opinion that the Bank has adequate resources to continue operations for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Bank's financial statements. The directors have satisfied themselves that the Bank is in a sound financial position and that it has access to sufficient funding facilities to meet its foreseeable cash requirements.



**ABC BANKING  
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