ANNUAL REPORT 2024

The illustrative concept

At MCB, we believe that good deeds need a helping hand. In line with our raison d'être, Success Beyond Numbers, we are committed to making a difference by partnering with those who have made it their mission to make a difference in their respective areas and on issues we hold dear. This year's annual report showcases our impactful partnerships with various stakeholders.

This Annual Report is printed on chlorine free recycled paper produced from 100% recovered fibre.

The Directors of The Mauritius Commercial Bank Limited are pleased to present its Annual Report for the year ended 30 June 2024.

The Annual Report was approved by the Board of Directors on 24 September 2024.

Jean-François
DESVAUX DE MARIGNY
Chairperson

Thierry
HEBRAUD
Chief Executive Officer

MCB at a glance

Our identity

The Mauritius Commercial Bank Limited (referred to as 'MCB Ltd', 'MCB', 'Bank' or the 'Company') is the leading bank in Mauritius with a rich heritage and has established itself as an important regional player.

MCB is the main subsidiary of MCB Group Limited (hereinafter referred to as 'MCB Group Ltd' or 'MCB Group'). MCB Group encompasses local and overseas banking and non-banking subsidiaries and associates.

Our purpose-driven approach

MCB's continuous advancement is founded on the trust of its customers, shareholders and the community at large. In line with our purpose, Success Beyond Numbers, we are committed to using our financial expertise and investing in our employees to act as a force for good to deliver a positive economic, societal and environmental contribution across countries where we operate, whilst adhering to the highest standards of governance and ethics.

We strive to offer tailored and inclusive solutions to our clients, in a seamless manner through their channels of choice.

We set out to generate consistent shareholder value by pursuing our diversification strategy and maintaining a robust business model. We continuously assess the operating environment and ensure that we adapt to challenges and tap into opportunities.

For a more comprehensive understanding of MCB's strategy, business, performance as well as approach to corporate governance and risk management, our **websites** provide a full suite of publications, which cater for the diverse needs of our stakeholders.

Our reporting suite

This **Annual Report** is our primary report to our stakeholders. These relate to employees, customers, shareholders and investors, economies, societies and communities.

This Annual Report is complemented by our **Sustainability Report**, which highlights initiatives across our three sustainability pillars, namely: (i) development of vibrant and sustainable local and regional economies; (ii) contribution to our cultural and environmental heritage; and (iii) promotion of individual and collective well-being.

The reports can be accessed on our websites. They are available in a format that is fully adapted to smartphones, tablets and computers. This allows for an enjoyable reading experience, while making it easy to navigate between sections and share key information from the report. The latter can, thus, be conveniently broadcast on social media platforms as well as on instant messaging services.

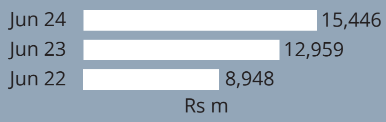
Financial highlights

Financial performance

Net profit

Rs 15,446 m

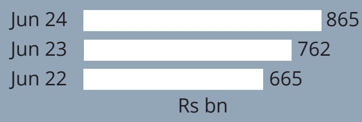
+19.2%



Total assets

Rs 865 bn

+13.6%



Market positioning

Customer loans

Rs 391 bn

+13.2%

Customer deposits

Rs 634 bn

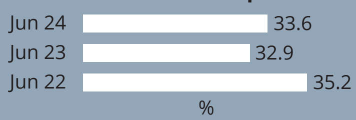
+15.8%

Efficiency and return ratios

Cost to income

33.6%

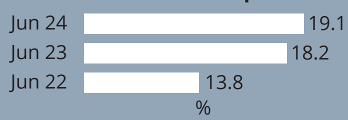
+72 bp



Return on equity

19.1%

+89 bp



Asset quality and capitalisation

Gross NPL ratio

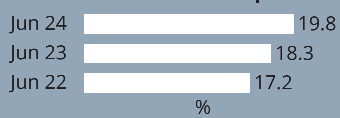
2.8%

-21 bp

Capital adequacy ratio

19.8%

+141 bp



Non-financial highlights

Employees

~ 3,500
Workforce

34%
Women at middle and senior management level

~ 93%
Employee retention rate

Customers

25
Net Promoter Score

~ 1,142,000
Overall customer base

~ 1,091,800
Individual customers

~ 50,200
Non-individual customers

80
Customer satisfaction score

604,185
MCB Juice subscribers

Shareholders and investors

AAA
Issuer rating – CARE Ratings (Africa) Private Limited
Pertains to the servicing of financial obligations in Mauritius

Baa3/P-3
Long-term / short-term deposit ratings - Moody's Ratings

Economies, Societies and Communities

~ Rs 65 million
Entrusted to MCB Forward Foundation

35%
Cash to digital payment ratio

~ 4.5%
of the total value added generated in Mauritius

~ 12%
of total corporate tax paid in Mauritius
Inclusive of levies on income

Note: Figures are as at 30 June 2024, unless otherwise stated

Read more about our key stakeholders in the 'Stakeholder engagement' section on page 32 to 33

Read more in the Sustainability Report on our website

"
As always, our colleagues have met challenges head-on, while delivering outstanding results."

Reflections from the Chairperson

Delivering value in a volatile landscape

With nearly half of the world's population heading to the polls this year, the global landscape continues to be in a delicate balance. Although global growth has found its footing, it remains susceptible to the heightened geopolitical tensions. Despite these challenges, recovery efforts persist across various regions. The economic momentum in Mauritius has been upheld largely by the strong performance of the tourism sector, sustained growth in construction activities and resilience of the financial services industry. As always, our colleagues have met these challenges head-on, while delivering outstanding results. On behalf of the Board, I extend my heartfelt thanks for their unwavering commitment to creating value for our customers and stakeholders.

Despite the volatile operating environment, the Bank recorded a strong financial performance in FY 2023/24 with its net profit after tax increasing by 19.2% to stand at Rs 15,446 million. This was driven by a 17.9% increase in operating income reflecting: (i) a notable growth in net interest income on the back of improved foreign currency margins as well as the growth in assets and (ii) the expansion in non-interest income supported by our trade finance and payment activities and the strong performance in our global markets and foreign exchange activities. Moreover, we maintained a healthy financial soundness position as exemplified by the improvement of our credit quality and our comfortable capital ratios.

Reflecting on our wins and continued progress

The Bank's notable achievements and robust fundamentals have earned widespread recognition. These accolades, including prestigious awards from the African Banker, Euromoney, and International Banker, underscore our reputation as a solid financial institution. During the year, we have made substantial strides towards our strategic goals.

With market shares of 49% of local currency deposits and 39% of domestic credit, MCB has maintained its leadership position in Mauritius in FY 2023/24. We have strengthened customer relationships by investing in personalised financial solutions and seeking to deliver excellent service at every touchpoint. To make banking more seamless and support the shift to a cash-lite economy, we promoted our digital solutions, with enhanced features on MCB Juice, our Mobile Banking platform. For instance, our affluent and high-net-worth clients can now benefit from a 'Trading' feature within the 'Wealth' section, offering them tools to manage their investments with ease and convenience. In our continued support of the business community, we leveraged the punch.mu platform, creating more opportunities for local entrepreneurs to collaborate and thrive. Today, the platform connects over 4,000 entrepreneurs and 175 growth partners. Moreover, we continued to accompany Mauritian corporates in their expansion efforts and supported them in their green transition initiatives. In parallel, we also pursued our international growth, particularly in areas where the Bank has developed expertise and established a strong reputation over the years. We capitalised on enhanced client engagement and reinforced partnerships across our network, while strategically leveraging the Mauritian IFC and our regional hubs. During FY 2023/24, the Bank consolidated its expertise in Energy and Commodities financing and strengthened relationships with key players in the African oil and gas industry, who are addressing Africa's substantial energy demands alongside being committed to the continent's sustainable development. We have also expanded our Power and Infrastructure franchise and are exploring opportunities in the metals and minerals segment to fund critical energy projects. MCB has also been able to strengthen its engagement with other financial institutions and secure landmark funding deals that are key to promoting sustainability on the African continent. The Bank also made inroads in driving the expansion of our International Wealth business to deliver greater value to clients.

Beyond executing on our business development strategies, we also focused on strengthening our internal capabilities for sustained growth. This was achieved by reinforcing our risk management and compliance framework, with a focus on the management of climate, environmental and social risks as well as cyber risks. Recognising the importance of our people as a value driver, the Bank implemented several initiatives to support employee growth and well-being. Central to this effort is fostering the right culture for superior performance, highlighted by enhancement of our Employee Value Proposition. In line with this, we introduced a new Remuneration Framework to ensure fair and competitive pay, along with a monthly Childcare Allowance to support employees with young children. These efforts underscore our pledge to building a positive and supportive work environment.

"We have strengthened customer relationships by investing in personalised financial solutions and seeking to deliver excellent service at every touchpoint."

Imagining our future in a dynamic world

I believe that the future holds good promise for the sound and sustained development of the Bank, notably with the economic climate on the domestic front showing sustained momentum while Africa progressively regains its footing. That said, in an era still marked by economic and geopolitical uncertainty, it is essential that we remain agile and forward-thinking in our approach. Building on our integrated and sound business model and ongoing digitalisation efforts, we are committed to advancing our strategic objectives. Alongside reinforcing our reputation as a leading, innovative bank locally and supporting Mauritius in its transition to a more digital and sustainable economy, we will also pursue our regional market diversification by confirming our role as a specialised and niche bank. Furthermore, the global financial landscape demands that we focus on delivering sustainable growth and value for our stakeholders while leading with integrity and with a commitment to ESG principles.

Reflections from the Chairperson

> *" While the future may hold uncertainties, I am confident that we will continue to create lasting value for all our stakeholders."*

Concluding remarks

As we celebrate another year of strong performance, I would like to extend my deepest gratitude to all our employees for their collective efforts and to our valued customers for placing their trust in us. On behalf of the Board, I would also like to express my appreciation to my fellow Directors of the Board for their guidance and support in steering the Bank forward. A warm welcome to Craig McKenzie, who was appointed as Director to the Board in December 2023.

It is with deep sadness, however, that we reflect on the passing of our former Group Chief Executive, Pierre Guy Noël last year. Over his long tenure, he did not just focus on growth; he built a resilient organisation designed to stand the test of time, benefiting both our customers and employees. His vision, passion, and unwavering belief in the power of people will forever inspire and guide us.

While the future may hold uncertainties, I am confident that, with the initiatives we have set in motion and the steadfast dedication of our people, we will continue to create lasting value for all our stakeholders. With our sound business model, we will continue to deliver meaningful value to all our stakeholders.

Jean-François DESVAUX DE MARIGNY
Chairperson

Board of Directors

Chairperson

Jean-François DESVAUX DE MARIGNY

Independent Non-Executive Directors

Uday GUJADHUR *(until December 2023)*

Johanne HAGUE

Philippe LEDESMA *(until December 2023)*

Craig McKENZIE *(as from December 2023)*

Su Lin ONG

Simon WALKER

Non-Executive Director

Jean Michel NG TSEUNG

Executive Directors

Alain LAW MIN *(until December 2023)*

Thierry HEBRAUD

Secretary to the Board:

MCB Group Corporate Services Ltd
(represented by Marivonne OXENHAM)

Committees of the Board

Supervisory and Monitoring Committee

Jean-François DESVAUX DE MARIGNY
(Chairperson)

Thierry HEBRAUD *(also acts as Secretary)*

Alain LAW MIN
(acted as Secretary) (until December 2023)

Audit Committee

Su Lin ONG *(Chairperson as from January 2024)*

Uday GUJADHUR
(Chairperson)(until December 2023)

Johanne HAGUE

Craig McKENZIE *(as from January 2024)*

Secretary: MCB Group Corporate Services Ltd
(represented by Marivonne OXENHAM)

Risk Monitoring Committee

Simon WALKER *(Chairperson)*

Jean-François DESVAUX DE MARIGNY

Thierry HEBRAUD

Alain LAW MIN *(until December 2023)*

Philippe LEDESMA *(until December 2023)*

Craig McKENZIE *(as from January 2024)*

Jean Michel NG TSEUNG

Secretary: *Frederic PAPOCCHIA*

Nomination and Remuneration Committee

Jean-François DESVAUX DE MARIGNY
(Chairperson) (also acts as Secretary)

Johanne HAGUE *(as from January 2024)*

Thierry HEBRAUD *(as from January 2024)*

Alain LAW MIN *(until December 2023)*

Philippe LEDESMA *(until December 2023)*

Simon WALKER

Leadership Team

Management Committee

Thierry HEBRAUD	**Chief Executive Officer *(as from January 2024)***
Alain LAW MIN	Chief Executive Officer *(until December 2023)*
Vincent CHATARD	Chief Operating Officer
Allan FREED	Head - Human Resources *(as from June 2024)*
Bhavish NAECK	Head – Finance
Frederic PAPOCCHIA	Chief Risk Officer
Mike SOPHIE	Head – Human Resources *(until March 2024)*
Philippe TOUATI	Head – Corporate and Institutional Banking (CIB)
Parikshat TULSIDAS	Head – Financial Markets (FM)
Anju UMROWSING-RAMTOHUL	Head – Banking Operations *(until June 2024)* Head – Domestic Banking *(as from July 2024)*

Stephanie AH TOW	Head – Compliance
Matthieu BENOIT	Head – Customer Experience and Marketing
Hema CEDERHAGE	Head – Securities Services
Robin CUNDASAWMY	Head – Internal Audit
Koomaren CUNNOOSAMY	Head – Debt Restructuring and Recovery Management
Ashvin DEENA	Head – Global and International Corporates
Mathieu DELTEIL	Head – Credit Analysis and Structuring, CIB
François DESVAUX DE MARIGNY	Head – Private Wealth Management
Vanessa DOGER DE SPEVILLE	Head – Sustainability, Reputation and Engagement

Marc HAREL	Head – Business Development, CIB *(until December 2023)*
Hemandra Kumar HAZAREESING	Head – Global Transaction Banking
Jean-François HENRI	Head – Facilities Management and Procurement
Patrice HERVE	Head – Technology
Vicky HURYNAG	Head – Strategy, Research and Development
Bernard JACKSON	Head – Retail *(as from July 2024)*
Anbar JOWAHEER	Head – Financial Institutions and Syndication
Joel LAMBERT	Head – Legal
Vikash NATHOO	Head – Enterprise Risk
Stephanie NG TSEUNG-YUE	Head – Payments
Krishen PATTEN	Head – Financial Risk
Lindley PERRINE	Head – Treasury Management
Rajeshwar PERTAB	Head – Middle Office, CIB
Dominic PROVENCAL[1]	Head – Business Banking *(until June 2024)*
Neekeea RAMEN	Head – Credit Management
Abraham RAWAT	Head – Retail *(until June 2024)* Head – Banking Operations *(as from July 2024)*
Aldo SYDONIE	Head – Mauritian and Regional Corporates *(as from July 2024)*

[1]Dominic PROVENCAL has been appointed as Head of Overseas and Para Banking Subsidiaries - MCB Group as from July 2024

Contents

About this Report

Philosophy of the Annual Report

This Annual Report (the 'Report') provides a holistic and comprehensive assessment of our ability to create and protect value in the short, medium and long-term for our multiple stakeholders. We strive to adhere to the key principles and requirements set out in the reporting framework of the International Integrated Reporting Council.

Integrated reporting: Process, scope and boundary

Compilation of the Report
in line with

- Integrated Reporting Framework & Global Reporting Initiative (GRI) standards
- Local and international regulations, codes & standards

Ensuring integrity of the Report
using a Coordinated Assurance Model

- Oversight by independent external auditors
- Review by Management as well as Chairperson of the Board and relevant committees

Approval of the Report
at Board level

- Financial statements approved by the Board of Directors

Reporting period

The Report is published annually and covers the period spanning 1 July 2023 to 30 June 2024. Material events taking place after this date and until approval of the Report by the Board of Directors of MCB Ltd have also been communicated.

Financial and non-financial reporting

The information presented in this Report pertains to MCB as a standalone entity unless otherwise stated. For transparency and comprehensive reporting, consolidated financial statements, which include the financial position of the Bank and its two subsidiaries are also provided.

The Report also extends beyond financial reporting and provides insights on the Bank's non-financial performance and positioning in relation to its key stakeholders, which have a significant influence on its ability to create value.

Report content and materiality

We apply the concept of materiality in deciding about which information is to be included in this Report. We consider any theme as being material if it has the capacity to significantly impact revenue generation, value creation and the organisation's corporate culture.

Specific areas of reporting

The Report details the organisation's strategic and operational progress during the year under review. It covers our operating environment, business model and strategy, performance, stakeholder support, risk management, and corporate governance adherence.

Capital types

This Report explains our dependence and impact on capital types, defined in the Integrated Reporting Framework, that are important to achieving the performance expectations related to our vision in the medium term.

Operating business

The Report sheds light on activities undertaken across the different segments of the Bank.

Icons used in this report

Stakeholders	Capital types	Sustainable Development Goals (SDGs)	Others
Customers Shareholders and investors Economies, Societies and Communities Employees	Financial capital Social and relationship capital Natural capital Human capital Intellectual capital Manufactured capital	The Bank has identified 16 of the 17 SDGs of the United Nations where it believes it can generate meaningful value through its operations.	*Read more in this Annual Report* *Read more in the Sustainability Report on our website* *Find out more online (i.e. across MCB websites)*

Our purpose

Success Beyond Numbers

Everyday we will help people succeed by providing financing and banking solutions responsibly, championing innovation and using our expertise to make a positive difference to the **Economy, People, Community** and **Environment**

Our core values

Integrity
Honest and trustworthy at all times

Customer care
Delivering unrivalled service

Teamwork
Working together towards a common goal

Innovation
Proactively seeking out new opportunities

Knowledge
Believing in lifelong learning

Excellence
Being the best we possibly can

Mauritian Wildlife Foundation (MWF)

We have been MWF's constant companion in supporting their mission to protect the fragile biodiversity of our islets since 2019. In particular, we have funded the NGO's work to save four endemic species – the Pink Pigeon, the Echo Parakeet, the Günther's Gecko and the Round Island Boa – from extinction. To mark MWF's 40th anniversary in 2024, we sponsored the publication of an educational book, the "Dodo's Legacy".

Who we are

Established in 1838, MCB Ltd is the longest-standing and leading banking institution in Mauritius. Over time, we have diversified our business activities across market segments and geographies. We are actively involved in various markets across sub-Saharan Africa, while remaining alert to relevant growth opportunities within the continent and beyond.

Credit ratings

Moody's Ratings	Care Ratings (Africa) Private Limited
Deposit ratings	*Issuer rating*
Baa3/P-3 (Stable)	**AAA (Stable)**
	Pertains to the servicing of financial obligations in Mauritius

Our channels

Branches/Kiosks	ATMs	MCB Juice subscribers
39	**181**	**604,185**

Presence in
10 countries
outside Mauritius
MCB Group Ltd

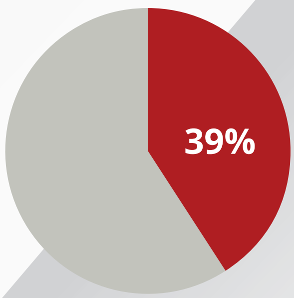
Wide network of correspondent banks o/w
~ 100 in Africa

MCB Ltd
While being headquartered in Mauritius, the Bank leverages synergies among business lines and with MCB Group entities as well as partnerships with external parties.

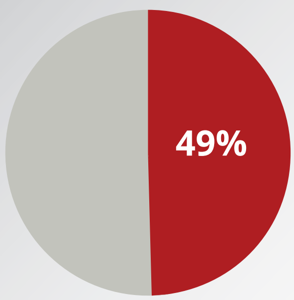
- Banking subsidiaries of the MCB Group
- Representative/Advisory Offices of the Bank
- Group associate
(Banque Française Commerciale Océan Indien)

Our domestic market shares

Domestic credit to the economy



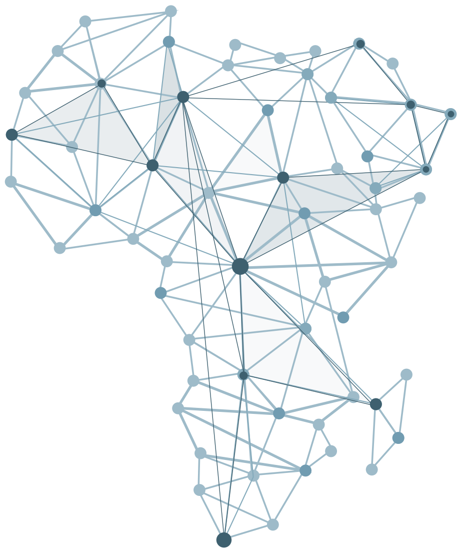
Local currency deposits



Notes:
Figures are as at 30 June 2024

Accolades

Africa



24th in Africa in terms of assets

Jeune Afrique, Top 200 Banks, The Africa Report, October 2023

Best Regional Bank – Southern Africa

African Banker Awards, 2024

Mauritius

Best Bank in Mauritius
Best Corporate Bank in Mauritius
Best Digital Bank in Mauritius

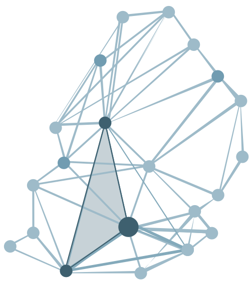
Euromoney Awards for Excellence 2024

Brand with a Purpose
Sustainable Brand
Employer Brand
Innovative Brand

Top Brands of Mauritius by Kantar, Brand Magic Summit 2024

Financial Institutions/Bank Bond Deal of the Year

Global Banking & Markets Africa AWARDS



Best for Digital Solutions in Mauritius
Best for Discretionary Portfolio Management in Mauritius

Euromoney Global Private Banking Awards 2024

Best Trade Finance Bank

Global Trade Review (GTR) Awards - Mauritius and East Africa

Best Bank for Cash Management in Mauritius

Global Finance Magazine 2024

Best Private Bank in Mauritius
Best Innovation in Retail Banking Mauritius

International Banker 2024

Winner in the Financial Services category

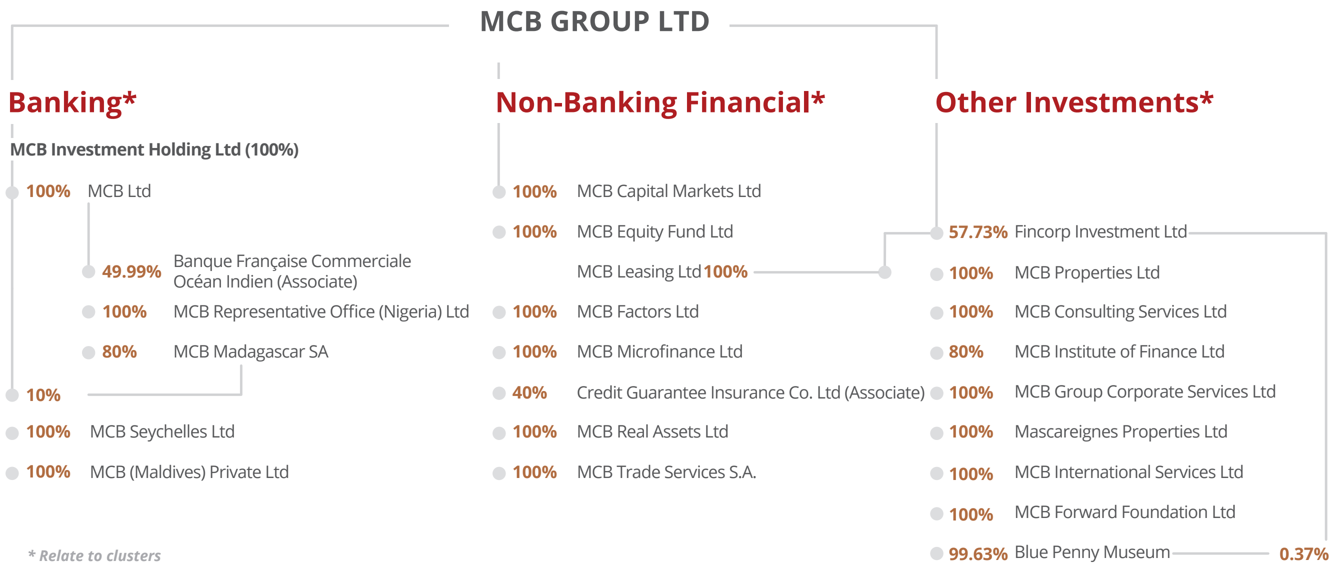
PwC Sustainability Awards 2024

How we operate

MCB Group structure

MCB Ltd is a wholly-owned subsidiary of **MCB Investment Holding Ltd**, itself a wholly-owned subsidiary of **MCB Group Ltd**. The latter is the ultimate holding company of MCB Group's entities.

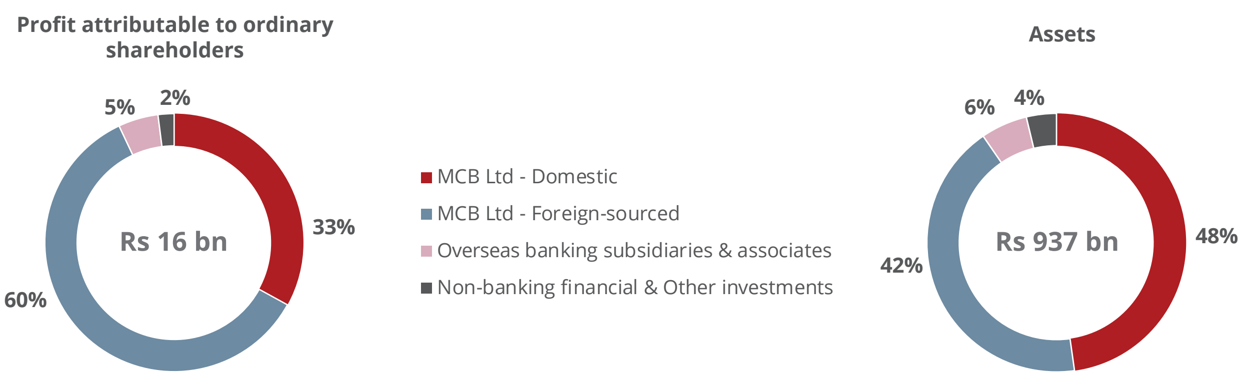
The subsidiaries and associates of MCB Group Ltd operate under three distinct clusters, namely 'Banking', 'Non-banking financial', and 'Other investments', in line with international standards and regulatory requirements.



Notes:

- *MCB Group exercised its tag along right to dispose of its 35% stake in Société Générale Moçambique S.A. alongside Société Générale S.A. to Vista Group Holdings S.A. Following a Share Purchase Agreement signed on 10 May 2024 to this effect, the transaction was concluded in August 2024.*
- *In line with regulatory requirements, MCB Ltd incorporated an entity to operate its Representative Office in Nigeria.*
- *In November 2023, MCB Group set up a new structure in Luxembourg to facilitate its trade finance activities (mainly credit protection services) to our international and local clients.*

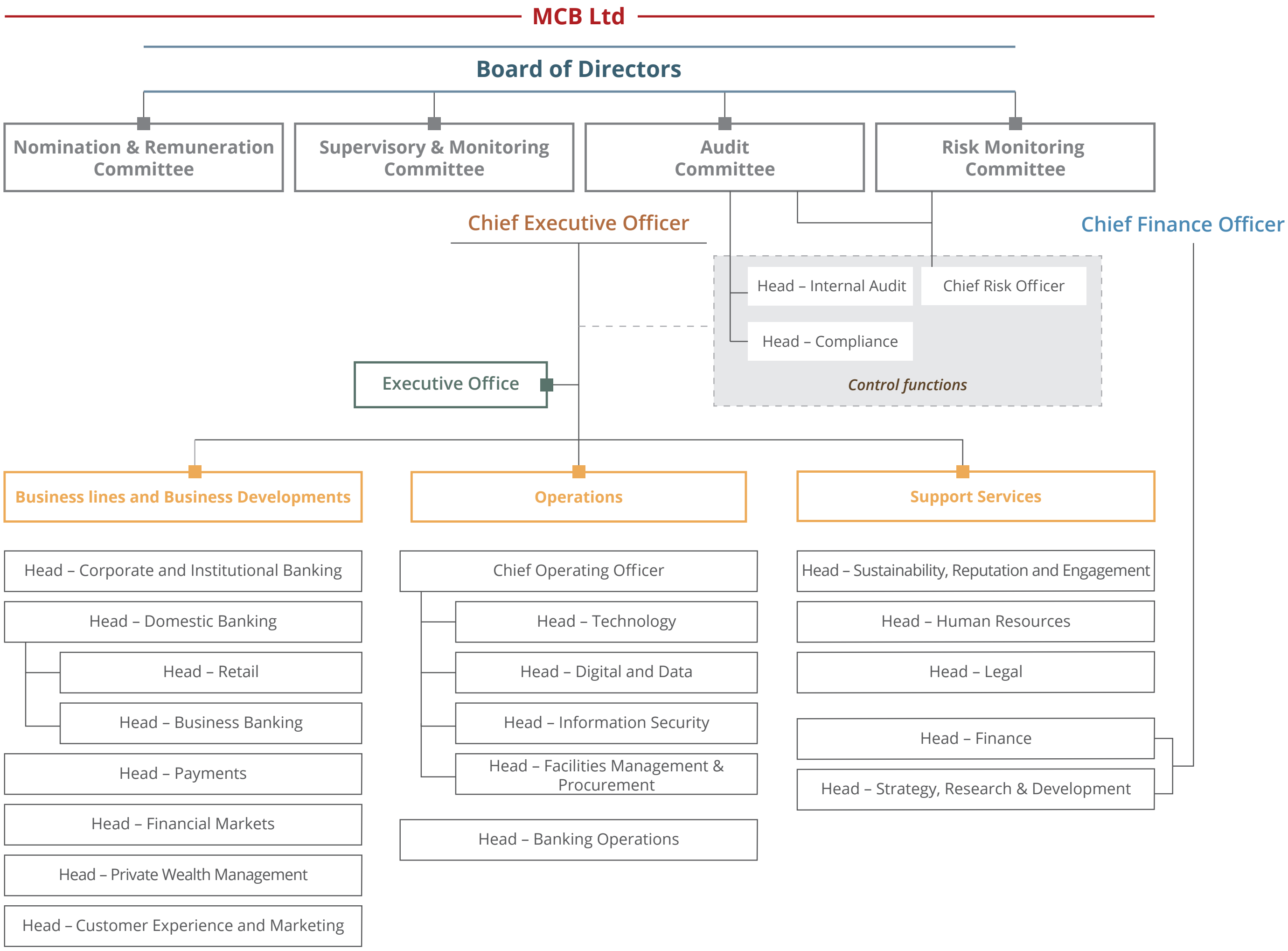
Contribution to MCB Group performance for FY 2023/24



Note: Contribution of overseas banking subsidiaries and associates was impacted by the loss on disposal of MCB Group's stake in Société Générale Moçambique S.A.

Organisation chart of the Bank

Our strategy execution is enabled by key operating pillars, which comprise business lines as well as coverage and support functions. Appropriate frameworks and policies guide our operations and ensure that the Bank works in an integrated way.



Note: The Chief Risk Officer reports to the Audit Committee on risk matters relating to Permanent Supervision, Operational and Information Risk and to the Risk Monitoring Committee on matters relating to the monitoring and management of other risk areas.

In line with its strategic orientations and advocated practices, the Bank conducted business transformation and realignment initiatives in recent periods, with the functioning and operating models of business segments being reviewed.

- MCB Group appointed a Chief Finance Officer (CFO), effective 1st September 2024. Following this appointment, the responsibilities of the Head of Finance has been extended to also cover MCB Group's subsidiaries. Both the Head of Finance and the Head of Strategy, Research & Development report to the new CFO.
- With a view to enhancing our approach to risk management and compliance across all our subsidiaries, the Risk and Compliance functions have been elevated at MCB Group level in August 2023.
- As part of our strategic focus on enhancing our Mauritian business proposition, a Domestic Banking function was created to oversee both the Retail and Business Banking units, with the new Head also joining the Management Committee.
- The Banking operations function henceforth reports directly to the Chief Executive Officer.
- During the year, the Securities Services BU was repositioned within the Financial Markets SBU to enhance the approach to business development by reinforcing synergies with the Global Markets coverage team.

Our market operations

The Bank leverages synergies among business lines and with MCB Group entities as well as partnerships with external parties, while also tapping into a network of correspondent banks worldwide. In addition, the Bank capitalises on its strategically-located regional hubs in Johannesburg, Nairobi, Lagos, Paris and Dubai to develop its international business.

Our lines of business

Retail

- The Bank caters for the day-to-day and lifetime needs of its individual customers. In addition to lending and deposit facilities, adapted account packages are offered to individual customers across income and age groups.
- We offer digital and innovative payments solutions to help our clients manage their money on-the-go with convenience. Our customers can avail of multiple channels and platforms to carry out their banking transactions. Furthermore, in collaboration with other MCB Group entities, clients can benefit from investment solutions, which are tailored to their specificities.

Business Banking

- Recognising the significance of Micro, Small and Medium Enterprises (MSMEs) as well as Mid-Market Enterprises (MMEs) in the economic development of Mauritius, we provide them with tailored solutions to meet their growth endeavours and accompany them throughout their business development cycle alongside facilitating their access to new markets and alternative sources of finance.

Private Wealth Management

- The Bank provides tailored solutions geared towards the safeguard, growth and transmission of the assets of its clients, both domestically and abroad. In particular, it is dedicated to providing day-to-day banking and financial solutions as well as a range of wealth management and advisory services to meet client needs.
- The Bank acts as a direct point of contact for attending to the needs of External Asset Managers, be it locally or internationally. It offers custodian services as well as real time execution services across asset classes through its open architecture and transactional banking services.

Corporate and Institutional Banking

- The Bank assists large domestic corporate and institutional clients by offering customised solutions to meet their growth and capacity building ambitions. It also attends to the needs of diverse customer segments doing business within and into Africa, and ventures beyond through specialised finance solutions which include structured commodity trade financing and project financing, across the downstream, midstream and upstream segments of the energy and commodities value chain, while also gradually developing its power and infrastructure franchise.
- It supports international corporates and funds by providing financing, transactional and investment solutions tailored to the specific needs of each business activity. The Bank is also continuously collaborating with other financial institutions to help improve their value offering as part of its 'Bank of Banks' initiative and build stronger and meaningful partnerships towards better servicing its clients in foreign markets.

Our extensive and customised financial solutions

Through its multiple channels, the Bank provides its clients in Mauritius, regionally and internationally, with customised and innovative financial solutions as well as dedicated advice to meet their ambitions.

Individuals

Everyday Banking

- Deposit accounts (current & savings)
- Multi-currency accounts
- Cross-currency transfer & remittances (Forex transactions)
- Overdrafts
- Debit, credit & pre-paid cards
- Distribution of general insurance cover

Banking Channels

- Branch network
- ATM
- Internet banking
- Mobile banking: MCB Juice
- SMS banking

Payment Services

- Local & international money transfers
- Mobile refill & payments
- Standing order instructions & direct debits
- Bank drafts
- Book transfers
- Bill payments

Financing Solutions

- Home loans
- Personal loans
- Education loans
- Car financing & green leases
- Green loans
- Lombard facilities

Savings & Investment

- Education plan/Retirement plan
- Investment funds
- Custodian services
- Fixed deposits
- Distribution of life insurance plans, treasury bills & government bonds

Wealth Management Solutions

- Wealth planning
- Discretionary portfolio management
- Non-discretionary investment management
- Investment trade execution
- Access to private equity groups and deals
- Lombard financing

We work closely with customers to understand their imperatives, challenges and priorities, while assisting them to design solutions adapted to their needs. Furthermore, our business segments offer solutions conceived and managed by other MCB Group entities.

Entrepreneurs, Corporates and Institutions

Cash Management Solutions

- Electronic & mobile points of sale
- Card acquiring services
- Business debit & deposit card
- Business & Corporate credit cards
- Fleetman card
- E-commerce
- International transfers
- Transfers & remittances
- Internet Banking Pro (IB Pro) and SmartApprove App
- Bulk Payment
- Mobile banking solutions
- SWIFT gpi tracker
- Host to Host Connectivity
- SWIFT Connectivity
- SWIFT Service Bureau
- Deposit accounts
- Foreign Currency Accounts
- Bank drafts
- Cross currency transfer & remittances
- Overdrafts
- Mobile banking: MCB JuicePro
- Centralised Direct Debit

Financing Solutions

- Short & long-term loans
- Sustainable loan
- Syndicated loans
- Bridging loans
- Structured finance
- Asset-based lending
- Lokal is Beautiful Scheme
- Lombard facilities
- Express overdraft, business overdrafts & working capital
- Leasing

Global Trade Solutions

- Documentary Import/Export Credit
- Stand By LC
- LC Re-issuance/Confirmation
- Avalisation
- Shipping guarantees
- Documentary Import/Export collections
- Trade payables financing
- Digital import LC
- Negotiation/Confirmed Documentary Credit Discounts
- Trade receivables financing
- Trade Protection Solution
- International Guarantees
- Global Trade Portal
- Sustainable supply chain financing
- Sustainable trade finance
- Back to back LC
- Usance Paid At Sight (UPAS) Financing
- Triangular Supply Chain Financing
- Structured Trade Financing
- Structured Commodity Finance

Business Services

- Checking facilities
- Payroll services
- Secretarial services
- Online business account opening

Financial Markets Solutions

- Foreign exchange solutions
- Money markets & fixed income
- Hedging solutions (foreign exchange, interest rates, commodities)
- Yield enhancement solutions
- Insights and research

Investment Related Services

- Securities & custodian services
- Dual currency deposits
- Investment trade execution

Outsourcing & Advisory Services

- Payments outsourcing
- Corporate finance advisory
- Investment advisory
- Online marketplace: punch.mu*

** punch.mu is a B2B online marketplace which allows our local entrepreneurs to find solutions to business challenges, make meaningful connections and have access to interesting resources for growth.*

SAMUDRA Art Prize

We are staunch supporters of the Samudra Art Prize, an art competition aimed at raising public awareness of environmental and societal issues. A strong platform for artists of all levels, the competition also aims to foster creativity and showcase talent. The first edition inspired more than 50 artists to create works of art about marine conservation, resulting in a strong awareness of the issue.

CONTENTS

What we deliver

Our value-creating business model

We use our resources and expertise to create sustained benefit for our stakeholders.

Our inputs and resources ...

Financial capital

The access to capital and funding from deposits and investors that underpin our operations and activities.

Social and relationship capital

The trusted relationships built with customers, business partners and communities to deliver on our strategy and purpose.

Human capital

Our people's technical skills, competencies and their collective knowledge and motivation to innovate and develop customised solutions for our clients.

Natural capital

The use of natural resources and impact we have on the environment through our operations and the products and services we offer to our clients.

Intellectual capital

Our intangible assets, including brand, franchise, corporate culture, intrinsic knowledge and innovation spirit that enable us to offer competitive and relevant financial solutions.

Manufactured capital

The physical branch network, complemented by our modern digital assets that support the efficient conduct of operations and underpin our ability to create value.

... generate value-adding activities ...

Our purpose: Success Beyond Numbers

... underpins our objectives of being ...

1. ... more diversified
2. ... more digital
3. ... more sustainable

Our lines of business

Retail	Private Wealth Management	Business Banking	Corporate and Institutional Banking

Our business areas

- Raise funding, provide savings and investment products
- Extend credit facilities through responsible lending practices
- Provide payment, trade-related, cash management and global market solutions including risk-mitigation facilities
- Invest and trade in securities, forex and other financial assets
- Provide private wealth management services as well as custodian services
- Undertake actions in support of the welfare and development of the society

... that cater for the material matters identified for FY 2023/24 ...

- Operating context influences
- Material sustainability topics

... that create long-term value for our stakeholders

Employees

We act as an employer of choice and are committed to supporting the development and well-being of our people

Customers

We support the goals of our clients with a tailored offering delivered through top-quality services and appealing digital platforms

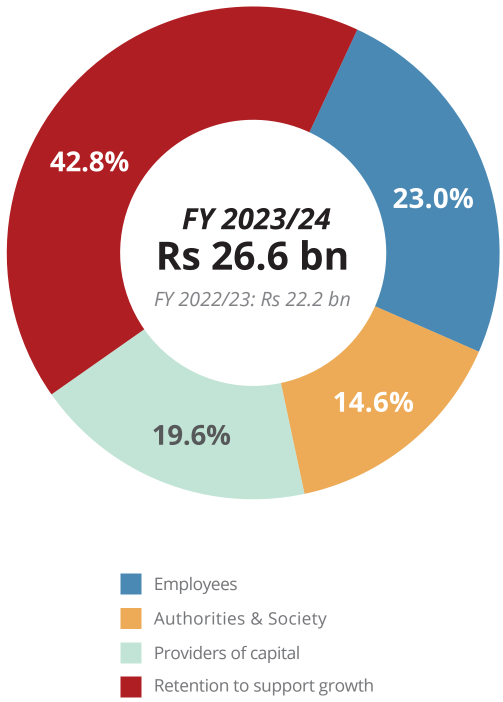
Shareholders and investors

We deliver consistent returns for our shareholders and investors

Economies, societies and communities

We foster financial stability by collaborating with authorities and economic agents, while promoting social progress, inclusion, environmental and cultural preservation in the countries where we operate

Wealth created by MCB Ltd



Stakeholder engagement

Our proactive stakeholder engagement model informs and guides our actions and behaviours. We embrace an integrated vision that aims at making a solid contribution to and meeting the needs and expectations of our valued stakeholders.

	EMPLOYEES	CUSTOMERS
What they expect from us?	• Safe and enriching working conditions with flexible work practices • Empowering environment that embraces diversity, inclusivity and meritocracy principles • Strong leadership and change management • Competitive reward and effective performance management system • Training, development and career opportunities	• Innovative and customised financial solutions • Excellent service quality and competitive pricing • Safe and convenient access to financial solutions • Security and privacy of transactions and data • Effective process for dealing with complaints • Responsible banking solutions
How did we maintain engagement with them?	• Ongoing quest to identify, attract, grow and retain talents • Regular surveys to gauge employee engagement • Enrichment of our training courses, in-class and digital • Adapted career architecture to align with current business realities and global best practices • Fair and robust remuneration philosophy • Provision of various fringe benefits, including staff banking facilities at preferential rates as well as the employee share option scheme • Initiatives to cater for employee health/well-being, including Flexible Working Arrangements • Social leave policy offering paid leave to engage in impactful activities • Gender Equality Charter to promote a balanced and diversified workforce • Gold Standard Management Routines to promote desired corporate culture • Succession planning to ensure the organisation's continuity, stability and long-term success • Maintenance of healthy relationships with employee representatives • Application of Group Code of Ethics and Code of Banking Practice • Adoption of Group Whistleblowing Policy	• Ensure prompt service and communication via our multiple channels, including ATMs, digital platforms, contact centers, and adapted branch networks • Enrichment of our offerings in line with customer needs and market trends • Efforts to reduce waiting times and improve turnaround efficiency as well as address complaints • Ongoing client interactions to better understand and anticipate their needs by leveraging our dedicated customer lab • Compliance with data protection regulations and investments to ensure the safety and confidentiality of client information and reliability of our channels • Fair pricing and management of new and existing product offerings by dedicated committees
Key performance indicators	**57%** Trust Index score *(+7 p.p compared to the previous survey)* **~ 6.5%** Turnover rate **~ Rs 106 million** Investment in training	Customer satisfaction scores **82** Retail **75** Business Banking **77** Corporate and Institutional Banking **84** Private Wealth Management

Note: Figures are as at June 2024, unless otherwise stated

The Bank has a well-established governance and operational framework to ensure that stakeholder engagement is managed in a transparent way, in alignment with international practices and regulatory stipulations. Stakeholders are kept informed about the Bank's business and strategy on a regular basis through various channels. Their views and concerns, gathered through ongoing dialogues, meetings and surveys, help in shaping our strategic priorities and guiding our initiatives.

SHAREHOLDERS AND INVESTORS

- Good financial performance and adequate dividends
- Protection and growth of investment
- Robust business model
- Sound ESG practices
- Rigorous risk management
- Strong, experienced and diverse management
- Transparent reporting and effective communication

- Ensure sustainable returns through the diligent execution of our strategic endeavours
- Interactions with shareholders and investors to better understand their perspectives and update them on our performance, strategy and sustainability commitments
- Corporate announcements and publications, in particular quarterly financial statements and annual reports
- Open, constructive and regular dialogue with rating agencies to report on our performance and prospects as well as provide comfort on our risk management and business growth foundations
- Interactions with players across global markets to consolidate our FCY funding resources to support our international diversification strategy

93%
Contribution to MCB Group profit

19.1%
Return on equity

1.9%
Return on assets

ECONOMIES, SOCIETIES AND COMMUNITIES

- Initiatives to promote socio-economic progress and financial inclusion and literacy
- Efficient use of natural resources and eco-friendly operations
- Responsible banking practices and adherence to laws and regulations
- Participation in and promotion of discussions on topical, regulatory and economic issues

- Regular engagement with communities in which the Bank is involved, facilitated mainly by the MCB Forward Foundation
- No political donations made during FY 2023/24
- Continuous support to local economy and modernisation of sectors across jurisdictions
- Contribution to the positioning of Mauritius as a credible and competitive IFC
- Full compliance with regulatory requirements and guidelines
- Policies and procedures in place to detect and prevent financial crimes and prompt attendance to submission of regulatory reviews and reports
- Thought leadership initiatives, conferences on topical issues, such as the GIC Business Series, and social media blog posts, notably on the MCB Group's 'TH!NK' website and LinkedIn as well as financial literacy promotion events

~ 12%
of total corporate tax paid in Mauritius
(Inclusive of levies on income)

~ Rs 65 million
Entrusted to MCB Forward Foundation

61%
of total procurement expenditure sourced from local suppliers

3,875
Reports sent to the Bank of Mauritius

Note: Figures are as at June 2024, unless otherwise stated

Read more on our employees and customers in the 'Our key value drivers' section on pages 54 to 57
Read more on our economies, societies and communities in the 'Becoming more sustainable' section on pages 51 to 53

Material matters

How we determine our material matters

In a volatile and challenging environment, we remain focused on our material matters as we drive our strategy forward. The determination of our material matters took into consideration the impact of developments in the operating context on our business and the growing prominence of sustainability considerations. In the latter respect, we recently conducted a comprehensive materiality assessment with the help of an external consultant, engaging stakeholders at different levels to identify a set of material sustainability topics.

Our approach strengthens the Bank's resilience and responsiveness to market dynamics while assessing the environmental and social impacts of our activities on a wide range of stakeholders. Guided by the Integrated Reporting Framework and the Global Reporting Initiative, our process for determining material matters enables us to prioritise issues that shape the content of our Integrated Annual Report and Sustainability Report.

Our materiality determination process

1. Identification

We identify a list of factors taking into account:

- Our operating environment
- Stakeholder needs and expectations
- Risks and opportunities

2. Prioritisation

This involves ranking material matters in order of importance through an impact evaluation by ensuring:

- Alignment with MCB Group's strategic objectives and sustainability goals
- Stakeholder interests

3. Strategic integration

The matters that are crucial to value creation are integrated into our strategic planning process. This allows for the formulation of short, medium, and long-term business plans and strategic targets.

4. Monitoring

The Bank regularly evaluates and reassesses the impact and relevance of material matters, including risks to strategy, reputation, performance, and operations.

Material matters identified for the period under review

Material matters derived from the appraisal of the operating context are detailed below, while the material sustainability topics identified as part of the afore-described assessment are outlined in the report on Materiality Analysis for MCB Ltd which can be accessed on our website.

Operating context influences

1 **Geopolitical and macroeconomic conditions**

Intensifying geopolitical tensions; sovereign rating downgrades of some African countries; FX pressures; higher-for-longer interest rate regime

2 **Heightened regulatory demands**

More complex regulatory and supervisory requirements; blacklisting/greylisting of some African countries

3 **Climate, environmental and social considerations**

Prominent emphasis on climate change; growing awareness on gender diversity and transparency

4 **Cybersecurity and technological disruptions**

Data protection and privacy; increased interconnectedness, digital adoption and more sophisticated demand

5 **Workplace transformations and employee engagement**

Workplace culture; skills shortages and talent retention; talent development; flexibility and wellbeing; succession planning

6 **Customer loyalty in a competitive market**

Innovative product offerings and competitive pricing models; new players such as fintech or mobile money companies

Read more in the Sustainability Report and our report on Materiality Analysis for MCB Ltd on our website

Our response to operating context influences

We remain agile and responsive to risks from a changing environment globally and the opportunities unfolding therein.

Stakeholder impacted | Capital impacted

Geopolitical and macroeconomic conditions

- Global growth remains steady, but heightened geopolitical tensions are keeping freight costs and commodity prices volatile, while high interest rates have persisted amidst gradual disinflation although central banks have started lowering rates
- SSA region on track for a gradual recovery, but key challenges remain, with elections and social tensions creating policy uncertainty
- Business operations impacted by FX pressures across markets
- Economic momentum sustained in Mauritius with robust tourism, inflation down to 4.0% in August 2024, but external imbalances continue to warrant attention. The Key Rate was cut by 50 basis points to 4% in September 2024

Heightened regulatory demands

- Introduction, in Mauritius, of a Corporate Climate Responsibility Levy, equivalent to 2% of chargeable income of companies with a turnover over Rs 50 million to create a Climate and Sustainability Fund to pursue climate change initiatives
- Deposit Insurance Scheme Act has been amended, requiring banks and non-bank deposit taking institutions to contribute to the Fund in Mauritius
- BoM guideline on classification, provisioning and write-off of credit exposures revised and new guidelines issued relating to net stable funding ratio and regulatory sandbox authorisation
- Promulgation of Financial Crimes Commission (FCC) Act, establishing FCC as Mauritius' apex financial crimes agency
- Key African countries of interest in the FATF's grey list (Kenya, Nigeria, South Africa, Tanzania)

Climate, environmental and social considerations

- Growing need to address Africa's energy demands by emphasising both traditional and sustainable financing
- Need to incorporate climate-related risks and opportunities into operations and reporting practices, notably in line with BoM Guideline on Climate-related and Environmental Financial Risk Management
- Growing focus on addressing gender pay gap to ensure fair and equitable compensation
- Extension of maternity and paternity leaves

Cybersecurity and technological disruptions

- Growing AI adoption and new technologies such as Cloud computing potentially enhancing efficiency and customer experiences while introducing new risks
- Increased focus on data protection and privacy amidst growing concern of cyber risks

Workplace transformations and employee engagement

- Skills gap in the labour market and high demand for new skills, notably in the technology and specialised fields
- Evolving world of work, with hybrid working arrangements gaining prominence
- Introduction of incentives to boost the country's openness to foreign talents
- Increase in 'Revenu Minimum Garanti' to Rs 20,000; announcement of wage adjustment for Private Sector workers earning up to Rs 50,000

Customer loyalty in a competitive market

- Increasingly sophisticated customer expectations calling for tailored solutions and enhanced engagement
- Heightened competition across individual, corporate as well as payment segments; aggressive mortgage loan campaign by domestic banks
- New entrants like fintechs and peer-to-peer lenders

Our response	Main risks impacted
• Diversified revenue streams while adopting a prudent approach and remaining focused on niche segments where we have developed expertise • Remained focused on large corporates/multinational corporates with a solid track record • Offered adapted products and services to customers to meet their foreign currency needs • Reinforced market vigilance by regularly monitoring country risk across markets as well as leveraging representative offices • Assessed our activities, notably in countries that have been downgraded or have their ratings under review for downgrade thus ensuring ring-fencing of exposures	• Credit • Country • Market • Funding and liquidity • Capital • Model • Strategic and business
Our response	
• Maintained a proactive engagement with regulators • Strengthened the Bank's risk management and compliance capabilities to ensure strict adherence to mandatory rules and advocated norms • Continued to promote transparency and enhanced disclosure	• Market • Funding and liquidity • Capital • Model • Cyber and information security • Regulatory and compliance • Strategic and business • Climate • Environmental and social
Our response	
• Expanded our sustainable finance offering both locally and abroad • Ongoing initiatives aimed at reducing our environmental footprint and enhancing sustainability practices • Reinforced the structure and process in respect of climate, environmental and social risks • Initiatives in favour of promoting diversity, equity, and inclusion and employee well-being	• Regulatory and compliance • Strategic and business • Business continuity • Reputation • Climate • Environmental and social
Our response	
• Client engagement enhanced through digital innovations and initiatives to further improve customer experience • Reinforced our cybersecurity framework and embedded a strong risk culture across the Bank • Conducted Bank-wide training/ quizzes to increase cybersecurity knowledge and awareness • Equipped employees with more sophisticated tools, leveraging machine learning	• Model • Operational • Business continuity • Cyber and information security • Regulatory and compliance • Strategic and business • Reputation
Our response	
• Career architecture in place to support the growth and career development of our employees • Regular interaction with employees to adequately understand and respond to their needs and gauge their level of motivation and engagement, notably by way of surveys • Flexible working environment and continuous investment in learning and development	• Model • Operational • Business continuity • Cyber and information security • Strategic and business • Reputation
Our response	
• Pursued our investment in innovative technologies to refine our product offering • Maintained our proximity with our clients and adapting our offering to their needs • Ongoing brand promotion initiatives showcasing our products and services	• Strategic and business

Read more in the 'Risk and capital management' report

CONTENTS

REEF Conservation

In 2024, MCB signed a two-year partnership with REEF Conservation, dedicated to the conservation and restoration of our coastal and marine environments. Our support centres on two specific projects: Bis Lamer, a caravan equipped with interactive tools that tours schools, communities, and beaches, and the Anse La Raie Voluntary Marine Conservation Area, where extractive and destructive activities can no longer take place. Local stakeholders relying on marine resources have actively participated in protecting the site.

"Ever since I have been at the Bank, I have been impressed and inspired by the dedication of our colleagues in serving our customers across every client segment."

Message from the Chief Executive Officer

Introduction

I am honoured to have been chosen to lead MCB Ltd. This is a significant responsibility that I approach with humility and deep respect, conscious of the history of the Bank and the distinguished lineage of CEOs who have led this esteemed institution for over 185 years. I want to extend my heartfelt gratitude to my predecessor, Alain Law Min, whose exceptional leadership and resolute determination have been crucial in transforming MCB and navigating the challenges of the COVID-19 pandemic. I also wish to thank the Board of Directors of MCB for their trust and support during this transition. Ever since I have been at the Bank, I have been impressed and inspired by the dedication of our colleagues in serving our customers across every client segment. Their professionalism and passion are a testament to the strength of our organisation and our commitment to deliver on our purpose.

Reflecting on the past year, we have navigated an operating landscape marked by mixed economic fortunes. While the global economy has shown resilience, heightened geopolitical tensions continued to cast shadows of uncertainty. In Africa, despite a relative pickup in economic activity, high fiscal and debt burdens have led to sovereign rating downgrades in some large economies. Conversely, Mauritius has maintained its economic momentum, with Moody's Ratings having affirmed its investment-grade rating.

Demonstrating financial strength

In spite of the unsteady landscape, we recorded a solid performance in FY 2023/24. Net profit after tax reached Rs 15,446 million, marking an increase of 19.2% compared to the previous year. This growth was driven by the sustained contribution of our international operations, with foreign-sourced income now representing 65.7% of our total net profit. Operating income grew by 17.9%, boosted by a robust 21.3% increase in net interest income. This was supported by improved foreign currency margins in the context of high global interest rates, alongside an increase in loans and advances as well as investment securities. Non-interest income also grew by 11.3%, with net fee and commission income increasing by 14.3%, aided by our trade finance and payment activities. Other income grew by 6.8%, even after accounting for a loss on disposal resulting from the sale of our stake in Société Générale Moçambique, reflecting the strong performance in our global markets and foreign exchange trading activities. This performance resulted in a cost-to-income ratio of 33.6%, even with a 20.5% rise in operating expenses that reflect our ongoing investments in people and technology. We further reinforced our financial soundness. Our non-performing loan to gross loan ratio declined to 2.8% and both our BIS and Tier 1 capital ratios were maintained well above regulatory requirements, standing at 19.8% and 17.3% respectively. We maintained a strong liquidity position, with a consolidated liquidity coverage ratio of 437% and a net stable funding ratio of 147%, backed by a sound liquidity and funding strategy.

This performance reflects the steadfast execution of our strategic plan anchored on the key objectives of MCB Group which aim at – (i) becoming more diversified; (ii) becoming more digital; and (iii) becoming more sustainable. We have reinforced our leadership positioning as an innovative and universal bank in Mauritius. Our digital investments have driven greater digital adoption, as demonstrated by a 74% rise in volume of transactions on MCB Juice in the year to 30th June 2024. There has also been a 45% growth in contactless payments while our customers' cash-to-digital payment ratio continued to decline to reach 35%. In parallel, we are actively connecting clients, by leveraging our digital platform, punch.mu, as well as our Global Trade Portal. We also endeavoured to support the transition of Mauritius to a green economy, in line with the Government's goal of achieving 60% of the energy mix from renewable sources by 2030. We prudently expanded our reach beyond Mauritius, supporting clients in Africa and Asia. We advanced our positioning as the preferred banking partner for private equity, capital funds, multinational corporations and large businesses, leveraging the Mauritius IFC and other regional hubs. The Bank strengthened its network of oil and gas operators in Africa, while promoting energy transition efforts and backing key infrastructure projects for cleaner energy and electrification. Additionally, our Financial Institutions and Syndication team continued to reinforce its engagement with other financial institutions, alongside helping the Bank close major funding initiatives, with a key focus on driving forward our sustainability agenda. As such, the Bank secured a USD 120 million facility from Proparco and DEG to support our climate mitigation and adaptation projects, particularly in Africa. Additionally, MCB signed a USD 400 million Sustainability Linked Syndicated Term Loan, underscoring our commitment to ESG principles and our Success Beyond Numbers philosophy. Moreover, we further committed to environmental protection and socioeconomic development by advancing our Sustainable Supply Chain finance scheme, introducing a Sustainable Trade Finance facility, and launching our first triangular supply chain finance offering to promote African trade and eco-friendly practices. These initiatives form part of our focus on boosting our transactional banking solutions while we are also enhancing our financial markets offerings towards diversifying revenue base. The Bank also supported the expansion of its international wealth business backed by an enriched value offering that is adapted to evolving client needs.

Pursuing continuity in transformation

As we look to the future, I am determined to ensure continuity in the transformative journey that the Bank has embarked upon. Our transformation is not just about growth; it is about ensuring that we remain relevant, competitive and deeply connected to the communities we serve. This continuity is essential as we continue to innovate and sharpen our offerings, both in Mauritius and across the regions where we operate. While we are making significant strides beyond our borders, especially in Africa, our roots remain firmly anchored in the socio-economic fabric of Mauritius. Our identity as a Mauritian institution is not just a point of pride—it is the very essence of our success. We are committed to maintaining our leadership position in Mauritius by actively supporting the country's growth across both traditional sectors and emerging industries. In particular, we are focused on driving clean-energy investments and enhancing our sustainable loan offerings to help Mauritius transition towards a greener economy.

Our international expansion strategy remains a key pillar of our growth strategy. As one of the few investment-grade players in Africa's financial services sector, we will continue to refine our core competencies to meet the continent's evolving needs. Our focus is on being a specialist bank in niche segments. MCB is now the leading African bank in oil and gas financing, and we believe that our expertise in this area will continue to support socio-economic progress on the continent. As Africa develops its energy mix, we are committed to being a reliable partner in its journey towards sustainable growth. We will strive to remain an active player on the infrastructure project financing front, especially in the African energy landscape while exploring opportunities in the metal and minerals sphere. Private equity is also an area of great potential for MCB in Africa, where the Bank is gaining visibility. We have started to be well recognised in that segment in Africa, taking advantage of the exit of major international banks from the continent. As we continue to support large corporations across Africa, we are committed to embedding the right building blocks and exploring opportunities that emerge from the strategic positioning of the Mauritius IFC. Our focus will be on facilitating cross-border flows across key trade and investment corridors and supporting the expansion of regional value chains, by increasingly leveraging our strategically-located regional hubs and developing our transaction value offering and financial market solutions. In parallel, we will continue to scale up investments in technology to maintain our competitive edge by fostering a culture of innovation to thrive in an increasingly digital and complex world, while also strengthening our risk and compliance frameworks.

"Our transformation is not just about growth; it is about ensuring that we remain relevant, competitive and deeply connected to the communities we serve."

Empowering talent and driving excellence

Building on our strong foundation and the dedication of our talented employees, I believe we are well-positioned to continue delivering excellent customer service and innovation. The Bank's enhanced Employee Value Proposition sets the stage for ongoing talent development with a focus on upskilling and empowering our workforce to meet the challenges of tomorrow. In doing so, we will continue embedding our Shared Ways of Working to foster collaboration and drive collective success. We will also continue our efforts to enhance career structures and recognise both individual and collective achievements. With the creation of a dedicated Diversity, Equity and Inclusion function, we are accelerating our progress towards diversity, aiming for 40% women in senior management by 2026 while we also foster a supportive work environment that promotes staff well-being. As the first African bank to achieve Equal Salary certification, we are committed to building an even more inclusive and equitable workplace.

Shaping a sustainable future

At the heart of our strategy is a steadfast commitment to sustainability, driving us to reduce our environmental footprint while supporting our clients in their low-carbon transitions. We are dedicated to ensuring that Mauritius remains resilient and sustainable for future generations. As part of this commitment, we aim to solidify our role as a sustainable financier by prioritising lower-emission solutions like natural gas and increasing support for renewable energy projects. We are committed to integrating climate risk and environmental considerations into our operations, supporting responsible growth and delivering long-term value for our stakeholders. Building on the success of the second edition of MCB Trade Week, we remain committed to promoting sustainable trade in Africa, recognising its transformative potential to reduce poverty and create shared prosperity.

"Our identity as a Mauritian institution is not just a point of pride - it is the very essence of our success."

Final words

As we close another successful year, I extend my deepest gratitude to our 3,500 employees whose commitment and exceptional performance have been instrumental to our achievements. I would also like to express my thanks to the Leadership Team of MCB Ltd for their invaluable support in steering the Bank forward. With a view to reinforcing our value proposition locally, a Domestic Banking function has been created to oversee both the Retail and Business Banking units, with the new Head, Anju Umrowsing-Ramtohul, also joining the Management Committee. I also warmly congratulate Bernard Jackson, Aldo Sydonie and Mathieu Delteil who have joined the Leadership Team. Additionally, I extend my sincere appreciation to the Board of MCB Ltd and our ultimate shareholder, MCB Group Ltd, for their support, sound advice and foresight. To our valued customers, your trust and loyalty are the cornerstones of our success, and we are profoundly grateful for your continued confidence in us.

Certainly, the world we operate in will continue to present us with both challenges and opportunities. Yet, we have consistently demonstrated our adaptability and resilience, whether in the face of economic difficulties, natural disasters, or the lasting effects of the pandemic. I am confident that our unwavering focus on delivering value to our customers and supporting society will remain steadfast. Together, we will build a brighter, more sustainable future - one where success goes beyond numbers.

Thierry HEBRAUD
Chief Executive Officer

Our strategy

Executing our strategic objectives to fulfil our purpose

We recognise the challenges of operating in a volatile environment and remain steadfast in our commitment to making a meaningful and positive impact. To translate this conviction into tangible results, we have anchored our efforts in fulfilling our purpose, Success Beyond Numbers, which serves as the cornerstone of our strategy. This purpose drives us to go beyond financial metrics, focusing on creating lasting value for our stakeholders, fostering innovation, and building resilient communities.

Throughout the year, we continued to make headway on our 3-year rolling plan, strategically positioning ourselves to seize opportunities in an ever-evolving landscape. Guided by our proven business model and aligned with MCB Group's strategic objectives, our strategy focuses on delivering sustained earnings by becoming more diversified, digital and sustainable. As we continue our efforts to make the Bank a simpler and more efficient organisation, we are focused on delivering excellent customer service and customised offerings, capitalising on our talented workforce while operating within the precinct of our risk appetite.

Our strategy in action

Living our purpose

Success Beyond Numbers

Everyday we will help people succeed by providing financing and banking solutions responsibly, championing innovation and using our expertise to make a positive difference to the Economy, People, Community and Environment

Our strategic objectives

1 Becoming more diversified	2 Becoming more digital	3 Becoming more sustainable
Strengthening our domestic position	Refining our value proposition	Developing vibrant and sustainable local and regional economies
Growing our international footprint	Supporting the transition to cash-lite	Contributing to our cultural and environmental heritage
Diversifying revenue streams through transactional banking and financial markets activities	Modernising internal capabilities	Promoting individual and collective well-being

Key value drivers

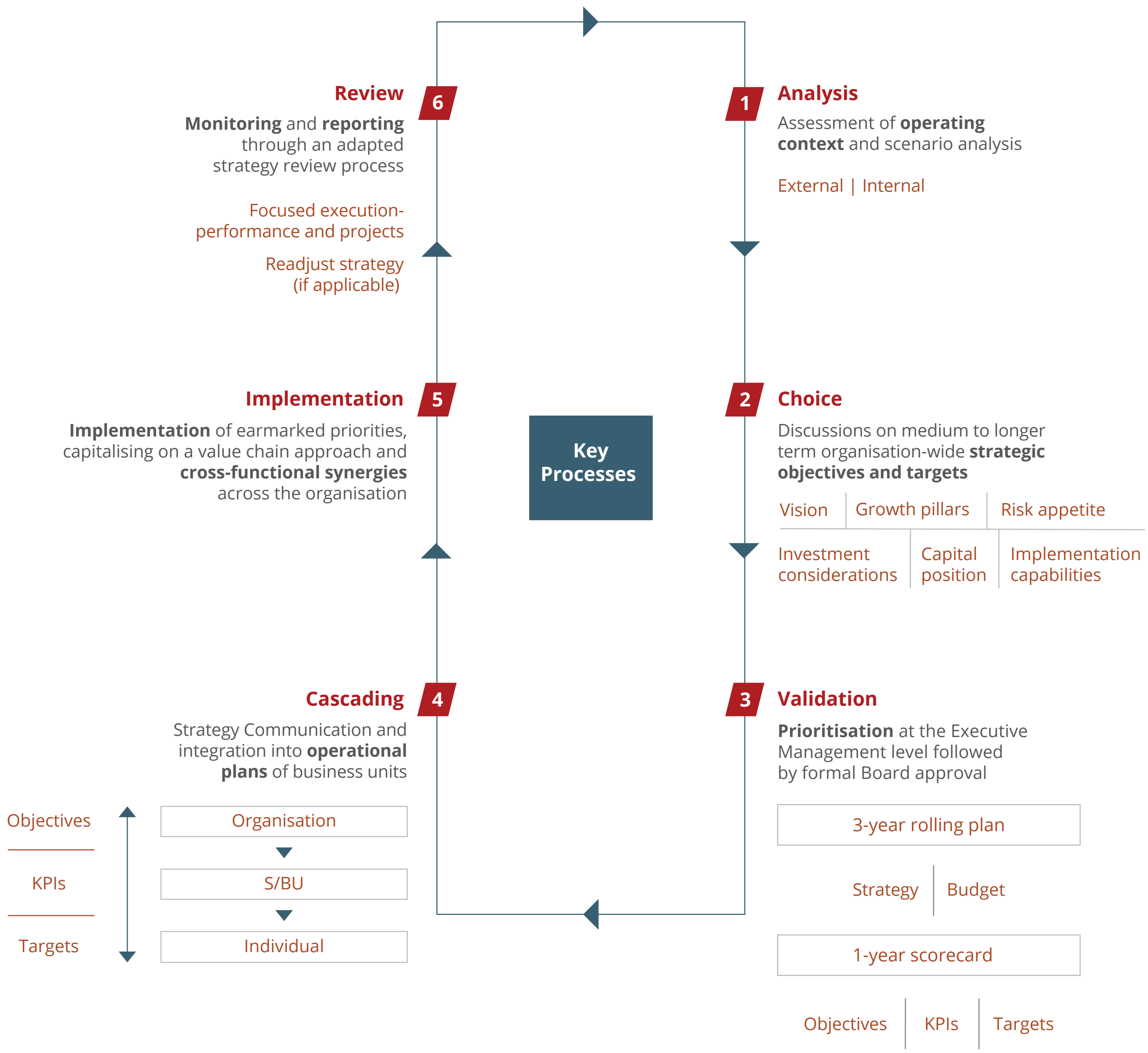
Customer experience

People and culture

Risk and compliance

Our strategy setting and execution process

MCB has a well-defined governance framework to underpin the strategy setting and execution process. The Board of MCB Ltd sets the strategic directions of the Bank, approves strategic policies while ensuring that they are communicated throughout the organisation and regularly assessed. While ensuring congruence with the strategic directions set at MCB Group level, we formulate our own strategic objectives, guided by an adapted and pragmatic approach for strategy setting.



Becoming more diversified

Our universal banking model remains core to our strategy, providing a strong underpinning to support our customers, notably through the continuous adaptation of our offerings to meet their needs, while also contributing to the sustainable development of the Mauritian economy. We are also committed to strengthening our position as a specialist bank, especially for our cross-border activities and regional diversification agenda, with Africa being our main target. In doing so, we seek to diversify our revenue base and increase our share of non-interest income by tapping into specific segments and markets.

Main initiatives and achievements during the year under review

1 Strengthening our domestic position

- Upheld our market leadership across both individual and non-individual segments through our contribution to the development of priority and emerging sectors. Of note, we consolidated our positioning as a strategic partner for the transition and growth of Mauritian and regional corporates.
- Launched innovative end-to-end client solutions with enhanced features, while promoting digital payment solutions to support the transition to cash-lite.
- Improved our cross-selling through refined coverage-product strategies and increased collaboration within MCB Group, between (i) MCB and other banking subsidiaries, and (ii) the Bank's coverage teams, MCB Factors, and MCB Leasing.
- Strengthened our proximity with domestic clients and partners looking to expand in the region.

Market shares

49%
Share of local currency deposits

39%
Share of domestic credit to the economy

45%
Share of trading in domestic foreign exchange transactions

Reinforced our commitment to SMEs via the "Lokal is Beautiful" scheme and punch.mu platform

Supported the transition to renewable energy

20%
Disbursement of our sustainable finance facilities of Rs10 billion
(as at June 2024)

2 Growing our international footprint

- Continued to support African economies in their energy needs through our Energy & Commodities financing. We also leveraged our Power and Infrastructure franchise and are building a Metals & Minerals business to finance activities which are crucial for a successful energy transition.
- Pursued our strategy to position MCB as a core banking partner for large corporates, multinational corporations and funds doing business across African and selected Asian, GCC, European and American corridors, while deepening relationships with fiduciaries and intermediaries both in the Mauritius International Financial Centre (MIFC) and in international financial hubs.
- Bolstered our network of correspondent banks to become more prominent in the African as well as regional financial institution landscape and better service the cross-border and investment needs of our corporate client segments.
- Further grew our International Wealth business, with a focus on External Asset Management and International Private Banking, by enriching our value proposition and boosting business development initiatives.

Closed major capital and funding initiatives

USD 400 million
Sustainability Linked Syndicated term Loan

USD 120 million
Loan from DEG and Proparco

Enhanced market presence through targeted initiatives and our network of hubs in Africa, the Middle East, and Europe, as well as the MIFC

E.g, GIC Business Series and sponsorship of key African and international conferences

3 Diversifying revenue streams through transactional banking and financial markets activities

- Progressed towards becoming a prominent player in G-10 currency trading in the region.
- Strengthened the Global Markets value proposition through the development of tailored and structured offerings, including sustainability-linked products.
- Promoted the Global Trade Portal, a dedicated platform for international trade connecting buyers and suppliers across markets, across our presence countries.
- Further developed our suite of payments and cash management solutions for cross-border activities, leveraging our digital capabilities, notably IB Pro, as well as synergies across business lines.

Read more on how we are becoming more diversified in the 'Performance across our lines of business' section on pages 58 to 67

Becoming more digital

We are advancing on our journey to become more digital, with a keen focus on elevating customer experience and driving the shift towards a cash-lite economy. Building on the strong foundation laid in previous years, we are committed to refining our end-to-end customer journeys, ensuring that our solutions are user-friendly, personalised, and seamlessly integrated across all digital platforms. As a key axis of our digital journey, we are modernising our infrastructure to enhance business operations, harnessing advanced analytics to deliver innovative, customer-centric solutions, and bolstering our cybersecurity defences to protect our customers and our future.

Main initiatives and achievements during the year under review

Refining our value proposition

We remain committed to continuously adapting our value proposition and are ensuring that our solutions remain relevant and impactful, aligning with the dynamic expectations of our clients. During the year, our focus was on capitalising on cutting-edge technology to create personalised and lasting customer experiences. Several initiatives have been deployed to upgrade service levels and deliver a seamless customer experience, including:

- New features on our mobile banking solution, MCB Juice, in Mauritius, notably, the extension of the list of recurrent billers on our 'Bill Payment' feature and a 'Government Portal' that allows customers to make direct payments to government bodies.
- A 'Trading' feature accessible through the 'Wealth' entry point of MCB Juice for our affluent and high net worth clients, offering them a suite of convenient tools to actively manage their investments.

Becoming more digital - Key performance indicators

Payments and channels

MCB Juice Mauritius

Subscribers
604,185
(+16% y.o.y)
86 CSAT

MCB Juice Pro

Subscribers
29,148
(+ 25% y.o.y)
87 CSAT

CIB transactional payments

SmartApprove subscribers
2,117
(+ 7% y.o.y)

***87%** digital request*
***91%** International Funds Transfer Payment STP rate*

IB Pro

Subscribers
15,395

Lending

Mortgage

Average TAT
47 days
72 CSAT
***95%** digital requests*

Unsecured personal loan

Average TAT
7 days
94 CSAT
***99%** digital requests*

SME lending (Express overdraft)

Average TAT
7 days
***100%** digital requests*

CIB lending

Average TAT
25 days
***99%** digital requests*

Investment

Juice Wealth anchored on MCB Juice

Active users
2,856
75 CSAT

Onboarding

SME account opening

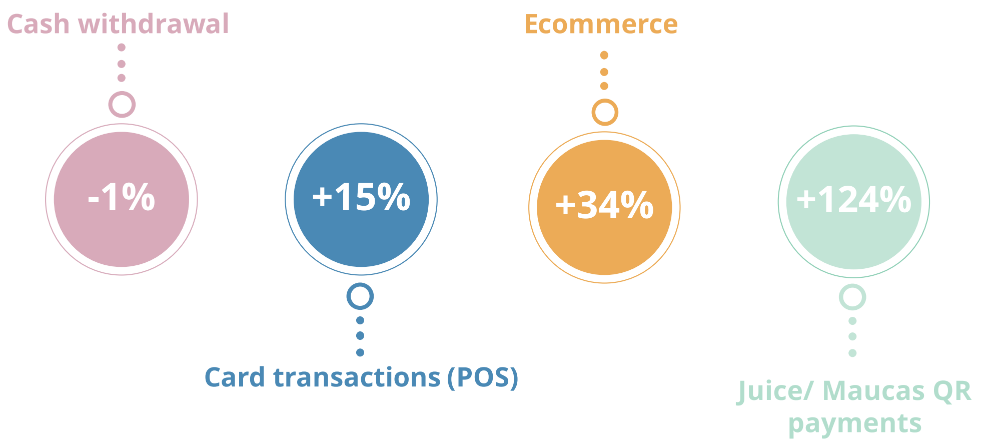
Average TAT
8 days
80 CSAT
***92%** digital requests*

Notes:
(i) All figures relate to FY 2023/24, unless otherwise stated.
(ii) The number of active users of Juice Wealth relates to June 2024.
(iii) CSAT scores, which indicate customer satisfaction, refer to June 2024. CSAT score for Juice Wealth relates to the 3rd quarter of FY 2023/24 while CSAT score for SME account opening relates to FY 2023/24.
(iv) TAT (turnaround time) includes the time taken for customers to respond and excludes outliers. TAT statistics are not strictly comparable to last year's published figures.

Read more on our digital offerings in the 'Performance across our lines of business' section on pages 58 to 67

Supporting the transition to cash-lite

We actively promoted our digital payment solutions through campaigns highlighting our secure digital channels, which enable clients to perform transactions anytime and anywhere. In the same vein, the deployment of a more self-service oriented concept in our branch network continued to further the shift to digital. We pursued our efforts to increase our digital payments acceptance footprint and recruited over 3,000 merchants, with the majority being in the SME segment. Our POS network is now fully contactless-enabled, with an increasing number of merchants offering several digital payment options, namely online, in-store, card or QR enabled payments. Digital payments, encompassing MCB Juice, contactless, and online transactions, exhibited a notable increase in Mauritius, with the volume of MCB Juice transactions experiencing a 74% surge and contactless payments increasing by 45%. We are moving in the right direction in our cash-lite strategy with the proportion of cash to digital payments ratio declining from 40% to 35% when compared to the previous period.



Note: Above metrics underpin the cash to digital ratio, with figures indicating the y.o.y change in the volume of transactions in FY 2023/24

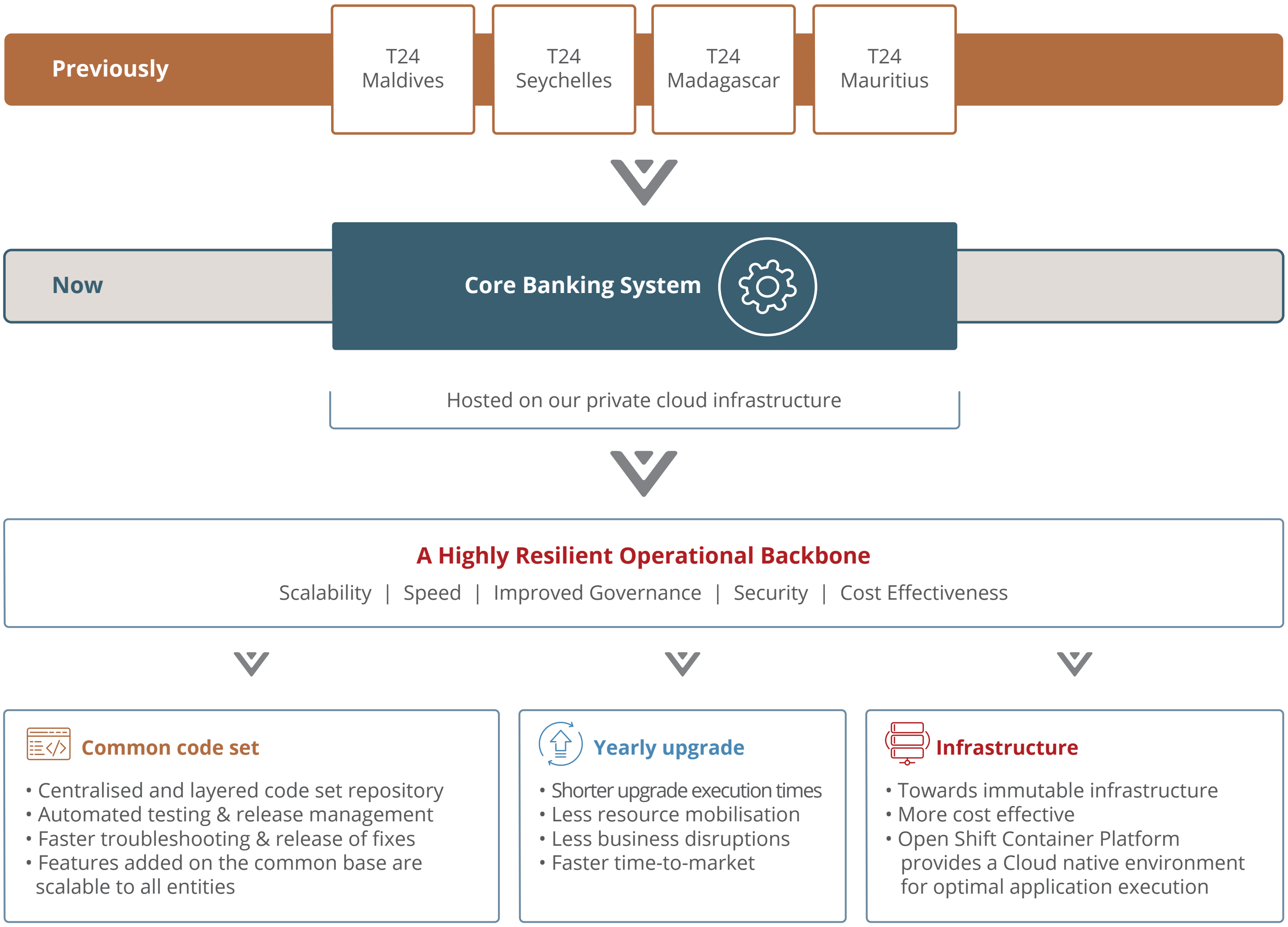
Modernising internal capabilities

Building a modern banking infrastructure

Reflecting our commitment to remaining at the forefront of innovation and upholding operational efficiency, we continually strived to upgrade our IT infrastructure by investing in the latest technology. Notable achievements include the following:

- We completed the implementation of our centralised core banking system at MCB Group level. This modern platform integrates all our banking operations into a single, unified system within our private cloud infrastructure, providing a secure and adaptable environment that meets the evolving needs of our customers and the increasing demands of regulatory compliance. This platform enables us to streamline complex processes, enhance our agility, and foster innovation. As a result, the organisation is now able to schedule one core banking upgrade per year, with execution times cut by 50% and the creation of new development environments completed in a single day, reducing workloads by 70% and impacts to our business. The consolidation has also resulted in significant cost savings, notably by downsizing our hardware estate, contributing to a lower environmental impact.

- We obtained the Tier III Certification of Constructed Facility (TCCF) from the Uptime Institute of Technology. This reflects our pledge to ensuring the highest levels of availability and resilience in our data center, adhering to the stringent standards required for peak performance and reliability. By securing this certification, we are enhancing the efficiency and security of our operations and anticipating the evolving needs of our customers in an increasingly digital landscape.



Bolstering our cybersecurity defences

During FY 2023/24, we pursued several initiatives to improve our overall cybersecurity defenses:

- Established a specialised Information Security Business Unit, ensuring complete independence from the Technology SBU, which has allowed for more focused and effective security operations.
- Created a dedicated Security Incident Monitoring team to better detect and respond to potential threats in real-time.
- Launched a Counter Threat Intelligence team, tasked with proactively identifying and mitigating emerging threats.
- Strengthened our capabilities and refined our processes, positioning us to better safeguard the organisation's assets and information in an increasingly complex threat landscape.

Read more in 'Risk and capital management report' on pages 123 to 172

Leveraging data and advanced analytics

The organisation also pursued several initiatives to capitalise on data and analytics:

- MCB, through its Data Business Unit and its Technology SBU, implemented a data lake to host its data and analytics operations. This initiative goes hand in hand with a review of MCB's data architecture to ensure that the technology stack, data engineering processes, and data governance are well orchestrated to enable scalability and efficiency. The use of a data lake allows for the consolidation of vast amounts of structured and unstructured data, enhancing advanced analytics capabilities and supporting real-time decision-making in banking analytics use cases.
- We enhanced the Credit Scoring model for SME customers, resulting in more customers being eligible for automatic approval of credit requests. We also implemented a new Credit Scoring model for credit card applications made by individual customers, which led to reduced turnaround times on credit card applications.
- The intake of data practitioners being coached for Business Intelligence (BI) through the MCB Digital Academy increased to two cohorts yearly, compared to one cohort in previous years. To date, 58 people have become BI practitioners with the help of the in-house course.

Becoming more sustainable

Our sustainability strategy is rooted in our purpose, Success Beyond Numbers, and articulates our commitment to be a responsible organisation and a catalyst to the economic development of countries in which we operate. Guided by our adherence to strong corporate governance and ethical conduct, we strive to become more sustainable through the following three pillars:

Vibrant and sustainable local and regional economies

Our cultural and environmental heritage

Individual and collective well-being

Commitment to responsible practices

Our actions are underpinned by our adherence to the international principles, standards, and frameworks we have adopted:

EQUATOR PRINCIPLES

Since 2012, MCB Ltd has adopted the Equator Principles, an internationally recognised voluntary framework that guides the Bank's Environmental and Social Risk Policy. This framework ensures effective risk management in lending activities, especially for projects involving loans of USD 5 million or more.

UN environment programme | finance initiative

MCB Ltd is a founding signatory of the UN Environment Programme's Principles for Responsible Banking. These Principles provide a unified framework for integrating sustainability into banking strategies, portfolios, and transactions, enabling banks to contribute to society's goals.

United Nations Global Compact

MCB Ltd is committed to embedding relevant principles in its strategy and operations and adheres to the United Nations Global Compact at the participant level. As the world's largest voluntary corporate responsibility initiative, it guides businesses to align with universally accepted principles in human rights, labour, environment, and anti-corruption.

SUSTAINABLE DEVELOPMENT GOALS

The SDGs reflect an ambitious international agreement to eradicate poverty and inequality, protect health and prevent climate change by Agenda 2030 through 17 specific outcomes that are universally recognised. The organisation has identified 16 of the 17 SDGs of the United Nations where it believes it can generate meaningful value through its operations.

Read more in the Sustainability Report on our website

Main initiatives and achievements during the year under review

- We have further progressed on our sustainability journey, remaining steadfast in our commitment to reducing environmental impact while aiding clients in their transition to a low-carbon economy. Through our Sustainable Loan offering, we have played a key role in supporting local companies and African players in their transition to a greener future. In response to the growing risks posed by climate change, our efforts have concentrated on assessing its impact on our operations and integrating environmental and social risk management into our credit value chain.

- To strengthen the foundation for scaling up sustainability initiatives across the organisation, we established the Sustainability, Reputation, & Engagement SBU, with the Central Sustainability Office at its core. This office is integral to our sustainability ambitions and drives the Bank's agenda under three core pillars: (i) developing vibrant and sustainable local and regional economies; (ii) contributing to our cultural and environmental heritage; and (iii) promoting individual and collective well-being.

Developing vibrant and sustainable local and regional economies

We strive to positively impact our local and regional economies by boosting domestic production and contributing to the socio-economic development of the countries in which we are involved. We are increasing our efforts to foster entrepreneurship and innovation while ensuring our products and services support positive development. Some key initiatives during FY 2023/24 include:

- MCB organised several **'PUNCH Meets' events**, themed (i) Unifying Innovators for a smarter island, (ii) Responsible Tourism, and (iii) Inspiring Women Entrepreneurship, to foster collaboration among entrepreneurs towards boosting local economic growth.
- We held **Coffee circle events** with members from PUNCH, AMFCE (Association Mauricienne des Femmes Chefs d'Entreprises) and 'Made in Moris' to help address key topics to power business growth.
- In collaboration with **'La Turbine'**, we supported Mauritian entrepreneurship, by rewarding viable and impactful business ideas. The 10th edition of Test Drive focused on the circular economy and green innovation, in line with Sustainable Development Goals.
- With **MCB Juice, JuicePro and PUNCH being awarded the 'Made in Moris' label**, we have asserted our commitment to supporting local entrepreneurship and fostering inclusiveness.

Financial inclusion

The Bank offers **accessible accounts with low minimum balances** and zero-cost savings bundles, **encourages youth savings through Junior accounts**, and provides unsecured personal loans, which is often sought for education and housing, to both MCB customers and non-customers.

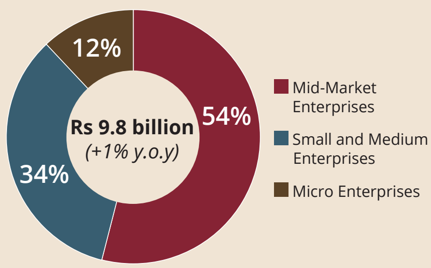
MCB Ltd delivers an **inclusive banking experience** through a range of physical touchpoints (namely 39 branches and kiosks as well as 181 ATMs, with more than 50% located in rural areas), self-service solutions (604,185 subscribers on MCB Juice and 325,465 Internet Banking subscribers) and remote assistance (Contact Centre). Though our efforts towards a cash-lite society is prominent, we continue to support in-cash transaction for more vulnerable/less digitally versed parties through cash deposit solutions in our branches. Our digital channels have **expanded financial access** beyond branch hours, as evidenced by increase in pay to mobile transactions.

We also have a financial well-being programme for women with the goal of fostering an investment culture and involving them as ambassadors to raise awareness on this important issue within the broader community.

We offer innovative, customised solutions to SMEs, micro-enterprises, and self-employed individuals to meet their needs. Of note, our online platform, **punch.mu**, enables the community of entrepreneurs (from micro businesses to mid-market enterprises) to access new markets, opportunities and alternative sources of finance, acts as a knowledge centre for entrepreneurs and supports them in their development.

Additionally, our payment solution, **Pay+**, is a small payment acceptance device, designed primarily for merchants, which is wireless and easy to carry. It is a more convenient alternative to traditional point of sale terminals used in various businesses such as stores and supermarkets.

Outstanding loan to MSMEs



Contribution to socio-economic development

Direct contribution of **MCB Ltd to the Mauritian economy** (FY 2023/24)

Financial intermediation
26% Domestic loans as a share of GDP in Mauritius (including corporate notes)

Paying taxes in support of government revenue mobilisation
~ 12% of total corporate tax paid
~ 50% of special levy paid by banks

Creating jobs on the nationwide scale
~ 20% of employment in financial and insurance activities
~ 40% of employment in the banking sector

Notes:
(i) Total corporate tax paid includes levies charged on income
(ii) The estimates do not cater for the indirect implications of the Bank's operations and banking activities
(iii) Figures displayed above are indicative, based on officially-reported data and MCB Staff estimates

Contributing to our cultural and environmental heritage

We are committed to being a responsible corporate citizen and actively contribute to mitigating the negative impacts of climate change. Some key initiatives during FY 2023/24 include:

- Proparco and DEG announced a **new partnership with MCB** to support the Bank in expanding its climate finance offering in Mauritius and Sub-Saharan Africa. A loan of up to USD 120 million was provided to accompany the Bank in its ambition to unlock further opportunities to finance climate mitigation and adaptation measures.
- The organisation sponsored several NGOs in Mauritius that pursue impactful environmental initiatives, including a new partnership with **Reef Conservation** for restoring marine ecosystems.
- We organised the second edition of the inter-college debate competition **'Deba Klima'** in collaboration with Rajiv Gandhi Science Centre and Dr. François Gemenne.
- We sponsored the reintroduction of an **extinct plant species, Cylindrocline lorencei**, enabled by the National Park and Conservation Service.
- We supported arts, culture, and the protection of Mauritius' heritage through the Blue Penny Museum. This included the **'Les Brèdes: Un trésor caché'** exhibition, showcasing the importance of these local plants in culinary heritage and health.
- The organisation conducted a **staff campaign for digital clean-up**, focusing on the disposal of unused personal equipment to ensure proper handling of electronic waste, resulting in the collection of 280kg of electronic waste.
- MCB launched a **Direct Environmental Impact cross-functional working group** tasked with identifying, implementing, and overseeing initiatives to reduce our environmental footprint and enhance our overall sustainability practices.

Promoting individual and collective well-being

In addition to promoting the development and welfare of our people, we regularly engage with the communities in which the Bank is involved, facilitated mainly by the MCB Forward Foundation (MCBFF), which is responsible for our corporate social responsibility efforts. For FY 2023/24, an aggregate amount of around Rs 65 million was entrusted to MCBFF by MCB.

Some key initiatives from the organisation:

- MCBFF supported **Collectif Arc en Ciel** in providing parent counselling sessions to families in need of mental health support.
- MCBFF continued its support of socioeconomic development through its MCB Football Academy project, which welcomed **600 beneficiaries** during the year.
- In collaboration with the foundation Mc2H, MCBFF provided support to the **education sector in Nigeria** through the Radio School Programme, which was developed as a literacy and numeracy intervention for out-of-school children.
- Since 1988, **35 scholarships** have been awarded to Mauritian students ranked next in line after those eligible for the State of Mauritius scholarships on the Economics side at the Higher School Certificate examinations. Additionally, **45 scholarships** have been awarded since 2000 to students from Rodrigues under the MCB Rodrigues Scholarship, enabling them to pursue tertiary studies at the University of Mauritius.
- Approximately 170 of our employees participated in our **Social Leave Programme**, which gives each employee the opportunity to take a one-day paid leave to carry out social work by helping NGOs in their day-to-day activities.

~ Rs 2.1 billion student loans approved by MCB Ltd as at June 2024 (under normal banking terms and the Government Guarantee Scheme), accounting for a market share of around 65% (over the period April 2013 - June 2024)

Our key value drivers

We continue to build our capabilities, with an emphasis on our key value drivers: (i) customer experience, (ii) people and culture, and (iii) risk and compliance. Our progress in these areas provides us with a strong foundation to execute our strategic objectives.

Customer experience

We are continuously investing to build more meaningful relationships with our customers alongside providing customised financial products and excellent customer service across all touchpoints based on their feedback. Main initiatives and achievements in FY 2023/24 include:

- Following the review of the Marketing and Communication SBU, a Customer Experience and Marketing SBU has been established at MCB to focus on our quest for continuous customer experience enhancements and improved integration within our activities, channels, processes and client engagement.
- Our Customer Lab, which serves as an essential platform for the centralisation and analysis of all customer feedback, has made further headway towards embedding the voice of the customer as a key value driver. New surveys and methodologies were developed to reinforce our capacity to measure our clients' experience on different channels. Customer Lab reinforced their pool of customers, which has grown to over 2,200, willing to participate in the development and enhancement of our products and services, notably through user testing and discovery exercises. To gauge customer satisfaction, a CX (Customer Experience) framework was implemented for CIB.
- We leveraged customer complaints received to identify areas for improvement, enabling us to enhance our products and services. Regarding complaints during FY 2023/24, the share of complaints resolved within 5 days stood at around 70%, slightly down compared to the previous year due to an increase in complex complaints (e.g fraud cases, card issues, and payment recalls), where investigations typically take longer.
- To help us deliver superior value to our customers, we are also laying emphasis on enhancing our process efficiency by streamlining our operations and adopting best practices.
- The entire web architecture of MCB Group was migrated to a new Content Management System, facilitating unified content management across all digital platforms. This upgrade enables prompt and accessible content distribution on any device, making the user experience even more fluid and pleasant.
- The organisation actively participated in promotional and commercial initiatives, including international seminars, conferences, and roadshows. These activities aim to strengthen client relationships, expand networks, and showcase our capabilities and value proposition.

Embedding the voice of the customer at the heart of our strategy

~ 20,000
Customer participation in surveys/research projects

>120
Number of research projects/initiatives undertaken

37
Recurrent surveys (monthly/quarterly)

30
Real Time Dashboards

Customer satisfaction scores

82
Retail
(FY 2022/23: 84)

84
Private Wealth Management
(FY 2022/23: 81)

75
Business Banking
(FY 2022/23: 76)

77
Corporate and Institutional Banking
(FY 2022/23: 75)

Read more on our initiatives to deliver excellent customer experiences in the 'Performance across our lines of business' section on page 58 to 67

People and culture

Our people are a key priority for us, and we recognise that fostering their engagement and development is essential for our success. We have, in FY 2023/24, reinforced our capabilities in key areas, notably to uphold customer service, support our international expansion, and reinforce risk and control management. We also focused on enhancing our Employee Value Proposition which defines the value and experience an employee can expect from working at MCB. This is reflected in four pillars, namely: Joining with Purpose, Work Rewarded, Work and Thrive, and Growing beyond Titles which guide our efforts to create a supportive and fulfilling work environment that adapts to the evolving operating context and supports our employees' growth and success.

Joining with Purpose

We ensure that employees are part of an inspiring culture that delivers a positive experience, values authenticity, embraces diversity, and nurtures long-lasting relationships

- Further embed the five Shared Ways of Working as part of our culture. This included upholding the Gold Management Routines which encompass management activities such as one-on-one sessions, team meetings, communication through SBU town hall and regular walk around.
- Reviewed the recruitment and onboarding journey to enhance the employee experience.
- Tailored the Corporate Induction Programme to the needs of new employees, ensuring they are equipped with the necessary skills and knowledge to perform in their roles.
- Regularly interacted with employees to understand and respond to their needs, and to gauge their level of motivation and engagement, notably through collaboration with Great Place to Work® for our annual employee engagement survey.
- Actively promoted diversity and inclusive practices:
  - Established a Diversity, Equity and Inclusion (DEI) function within the Human Resources SBU to define and implement DEI initiatives, fostering an inclusive and equitable work environment that supports the Bank's sustainability strategy and commitment.
  - Increased the share of women in middle and senior management to 34%, on track to reach our goal of 35% by the end of 2024 and 40% by 2026.
  - Enrolled some 50 women in the 'Women in Leadership' Programme during the FY 2023/24, reflecting the organisation's ongoing commitment to gender diversity and inclusion. A Gender Working Group Roadshow was also conducted across the Bank during SBU Townhall meetings to showcase all initiatives and projects undertaken.
  - Enrolled 110 people managers on the 'Allies for Change' Programme, which focuses on promoting gender inclusivity within the organisation.
  - Updated our recruitment process to attract a broader and more diverse range of internal and external candidates. Job advertisements requiring educational certifications now also include "or equivalent experience" to diversify the talent pool, value experience, and align with industry trends.

Our Shared Ways of Working

Trust Index Survey 2024 (Great place to work)

78%
Participation rate

57%
Trust Index score
(+7 p.p compared to previous survey)

Work Rewarded

We strive to provide a combination of meaningful incentives, recognition, and reward programmes that align with employee and company interests.

- Launched MCB's new Remuneration Framework in October 2023, aligning the Bank's compensation strategy with the new career architecture introduced in July 2023. The objective is to ensure that every role within the career architecture is appropriately benchmarked against industry standards to offer competitive and equitable remuneration to all employees.

  This includes:

  - Competitive remuneration packages to attract and retain our people
  - Performance-based rewards to acknowledge individual and team performance
  - Group Employee Share Option Scheme to value our employees for their long-term commitment
  - Other incentives such as pensions, medical plans, subsidised interest rates, amongst others, that promote the well-being of our employees
- Recognised the potential and contributions of our employees through dedicated events, including: (i) the IMPACT Programmes Graduation Ceremony, and (ii) the Loyalty Recognition Programme, which honours employees for their years of service.
- Recognised as the first African bank/financial services group to receive the Equal Salary certification, confirming our commitment to equal pay and gender equality. This accomplishment aligns with UN Women's Empowerment Principles and the UN Global Compact.

Work and Thrive

We are committed to providing and fostering an enriching and supportive work environment that promotes staff well-being while maintaining high performance standards to ensure our success.

- Fostered an enriching and supportive work environment that promotes staff well-being, including through: (i) the MCB Wellness Tour, which offers a range of services and activities to highlight the importance of health care, (ii) events promoting employee well-being, such as corporate massages and health talks, and (iii) special offers and discounts for staff. Additionally, we organised a fun version of the Olympic Games in Mauritius, Zozolympik, to bring together our employees and foster team spirit.
- Launched the monthly Childcare Allowance, starting from 1st August 2024, with an amount of Rs 6,500 granted to employees with children aged 14 weeks to three years. This initiative aligns with our Success Beyond Numbers purpose and underscores our commitment to supporting employee well-being.

Growing beyond Titles

We are creating an environment where employees are empowered to take ownership of their professional and personal growth.

- Established a robust and integrated talent management framework in place that aligns with our strategic objectives. This framework is designed to attract, develop, and retain high-potential employees by fostering a collaborative environment. Additionally, it helps us maintain a competitive edge, drive innovation, and ensure long-term success.

Growing at MCB through our Talent Management Framework

Learning and development

- Soft and technical competencies
- Leadership Development

Talent management - succession plan

- Identification of critical roles and assessment of high potentials
- Build up internal bench strength

Assessment and measurement

- Assess desired behaviours and competencies for developmental purposes
- Monitor performance on a recurring basis

Strategic talent acquisition

- Build and nurture a pipeline of external talents
- Acquire talents to reinforce our talent workforce capabilities

- Advanced leadership development through the launch of the IMPACT Excellence Program and the IMPACT Accelerate Program. Both programs, accredited by Stellenbosch University, aim to equip participants with the knowledge, tools, and techniques for strategic thinking, team management and negotiation. In total, some 90 participants graduated in May 2024. Similarly, the 'Lead with Impact Academy' Programme empowers people managers to create a conducive environment for employee development and promote desired leadership behaviours. The second cohort of some 430 participants concluded in March 2024.
- Launched the Beyond Graduate Programme in August 2023, which aims to strengthen our talent pipeline at a junior level by recruiting graduates who show potential for growth and flexibility in various roles within the Bank. For the FY 2023/24, 9 graduates have been recruited and enrolled in the programme.
- ESG training with Moody's to reinforce MCB's commitment to understanding and applying ESG principles. Key topics included sustainability and ESG, an introduction to ESG and climate risk, and sustainable finance's role in decarbonisation. The training concluded with an ESG knowledge test to assess collective understanding of these concepts.
- Provided a range of training courses, both in-class and digital, to equip employees to better respond to evolving customer needs. A number of specialised/technical courses were also provided to strengthen our capabilities across the value chain to support the organisation's strategic objectives.

Field of expertise	Specialised courses	No of employees
Relationship Management (RM)	Relationship Managers Development Programme with Moody's	7
Credit Analysis (CA)	Banking and Credit Analyst Programme with Corporate Finance Institute	16
Trade Finance	MCB Trade Finance Program accredited with LIBF	34
Product Ownership (PO)	PO learning journey accredited with LIBF	12
Digital Academy	Software Engineering / Data Scientist / Product Designer/ QA Engineer	12
Wealth Management	CWMA (Certified Wealth Management Advisor)	10

Percipio (our online learning platform) statistics for FY 2023/24

3,168
Employees, representing 90% of our workforce, engaged on 'Percipio'

34,143
Number of learning units completed

15,360
Number of hours

- Sponsored around 50 employees in their academic studies through the 'Study Assistance Scheme' (SAS), a financial support programme available to all staff. With the organisation becoming increasingly present in international and specialised markets, we also sponsored a number of employees for international certifications and accreditations with global institutions in their respective fields of expertise.

Read more in the Sustainability Report on our website

Risk and compliance

We pursue our activities by leveraging our sound business model and adopting a prudent business development strategy. This approach enables us to navigate the complexities of a volatile risk landscape effectively, supported by a solid risk and compliance framework. Importantly, our risk profile has remained within the established limits of our risk appetite during the year, thanks to our stringent policies, processes, and proactive risk management across the Bank, as evidenced by the following actions:

- We continued to actively identify and assess risks from both external and internal sources, allowing us to tackle potential threats and seize opportunities.
- We leveraged our Enterprise Risk Heat Map to cater for the dynamic environment and focus on the risks that could have a significant impact on the Bank's operations, financial performance, solvency, or strategic direction.
- We embedded a strong risk culture across the organisation through the implementation of the Risk Culture Programme, which defines the proper behaviours necessary to guide our operations and ensure that our daily business activities are consistently within our risk appetite.
- We have maintained proactive engagement with regulators and strengthened the Bank's risk management and compliance capabilities to ensure strict adherence to mandatory rules and established norms.

Read more in 'Risk and capital management report' on pages 123 to 172

Performance across our lines of business

Despite the challenges posed by a volatile operating environment, business lines have made headway on the execution of their strategic objectives during FY 2023/24. They have pursued efforts to enrich their value proposition to meet the evolving needs of customers alongside consolidating growth enablers. The Bank also continued to conduct business realignment initiatives to support its strategic endeavours. In particular, to enrich our Mauritian business proposition, the Retail and Business Banking units were regrouped under the newly created Domestic Banking function while the Securities Services BU has been repositioned within the Financial Markets SBU to enhance the approach to business development by reinforcing synergies with the Global Markets coverage team.

Retail

Key clients

- Mass and mass affluent individual customers
- Junior and youth segments

Strategic priorities

- Expand our portfolio underpinned by reinforced commercial capabilities and enhanced offerings
- Diversify our revenue streams and leverage data analytics to boost cross-selling
- Deliver a more seamless customer experience by capitalising on digitally-enabled solutions and our omni-channel strategy
- Reduce cost to serve through process optimisation

Highlights

Contribution to the Bank's operating income

8%

Loans and advances[1] *(y.o.y. growth)*

10%

Deposits[1] *(y.o.y. growth)*

10%

[1] Average balances

Main initiatives and achievements during the year under review

Consolidating our market positioning

- We maintained our positioning as a prominent player in this segment despite a highly competitive environment. Our campaigns and commercial efforts helped us achieve a steady increase with regard to our housing loan portfolio. In the same vein, we witnessed significant growth in our unsecured loan portfolio, backed by our same-day disbursement capabilities.
- To enhance the in-branch journey and improve customer experience, we are progressively deploying Instabank, in replacement of traditional kiosk platforms. The new platform integrates the MCB Juice user interface for a more intuitive navigation, thereby facilitating self-service banking. The Appointment Booking System has also been extended to five more branches, bringing the total to 14 branches.
- We continued to modernise our network of ATMs while also reviewing their geographical location to enhance accessibility to our facilities. During the year under review, we have added new ATMs in affluent places notably malls, thereby increasing the total to 181, representing a market share of around 40%.

Enriching our value proposition

- We brought further enhancements to MCB Juice to offer increased value and convenience to customers, thus strengthening its position as the leading mobile banking application on the market. Recent upgrades resulted in faster login, while latest features and functionalities included the integration of a 'Government Portal' and the extension of the list of recurrent billers to new partners such as the Central Water Authority. The new 'Juice Mwa' feature enables users to request payments and split bills. Furthermore, e-commerce transactions can now be authorised directly via Juice notifications, offering greater flexibility for customers on local e-commerce platforms, which encompass over 100 merchants. The introduction of the Prepaid Card functionality offers added convenience to clients.

- As part of our efforts to become more sustainable, we further promoted our Green Loan offer and are exploring new avenues for mortgage financing such as Container House, which are more affordable than traditional concrete houses.

Our flagship mobile application, MCB Juice has gained significant traction with more than 600,000 subscribers as at June 2024,including some 83,000 over the past year representing a year-on-year increase of 16%.

Biometric login
- faster login
- improved functionality

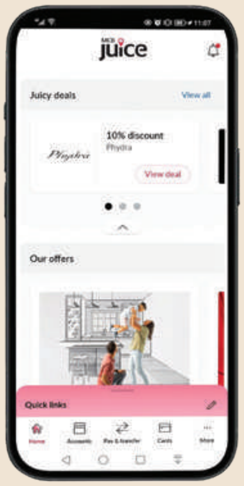
PayPal
- secure international transactions

Investing functionality
- on-the-go portfolio access
- overview of asset allocation and portfolio holdings

Push notifications

Cardless withdrawal

Scan to Pay



Everyday banking
- open additional savings/ current accounts
- access bank accounts held with other local banks

Bills payment

Account re-activation

Loan initiation, status and overview
- swift approval and disbursement

Bills presentment

Government Portal

Standing order

Diversifying our revenue base through synergies and cross-selling

- Leveraging market penetration and diversification opportunities, we promoted our adjacent products such as insurance and investment, capitalising on intra-Bank as well as intra-Group synergies. Our cross-selling efforts were underpinned by reinforced commercial capabilities, enhanced offerings and integration of analytical tools to drive better customer insights, which, *inter alia*, led to targeted solutions including bundling options for new or revamped segments such as MCB Junior.

- Our dedicated Outbound Team successfully contacted 22,000 customers during the year, achieving a conversion rate of 6%. Additionally, we pursued our efforts in promoting our NEO bundle through two tailored packages for the Mass Affluent segment, resulting in a penetration rate of 56% in that segment.

Building capabilities and upskilling

- We have further progressed with the automation of our customer journeys from front to back, particularly in our unsecured and secured lending processes, by capitalising on our technological infrastructure and our credit scoring model.

- We are also in the process of reviewing our operational structures by setting up a Middle Office to streamline operations, thereby enabling a greater focus on customer service. We have also implemented several initiatives to reduce turnaround time.

- Sales training has been extended to the branch network to boost our product detention rate, while customer service training was delivered across the Contact Centre and branches, aimed at enhancing customer service and improving onboarding. Furthermore, our contact centre management system has been migrated on the Cloud platform, thereby opening possibilities for the rollout of other enhancements and functionalities.

Private Wealth Management (PWM)

Key clients

- Affluent individuals
- High Net Worth and Ultra High Net Worth individuals
- Domestic and international External Asset Managers & Financial Intermediaries such as fiduciaries, family offices and financial advisors

Strategic priorities

- Reinforce our domestic foothold and boost our international business development, with key focus on aligning our value proposition to client needs and market dynamics while strengthening our growth foundations
- Accelerate deployment of digital solutions towards enhancing customer experience and improving operational efficiency
- Foster quality relationships and uphold our brand image and visibility

Highlights

Contribution to the Bank's operating income

9%

Loans and advances[1] *(y.o.y. growth)*

8%

Investable assets *(y.o.y. growth)*

29%

[1] Average balances

Main initiatives and achievements during the year under review

Enriching our client offerings and experience

- The Private Wealth Management SBU has further consolidated its domestic positioning by launching innovative investment solutions tailored to the evolving needs of its clientele as well as adapted to the evolving market dynamics and upcoming trends.
    - With a view to enhancing the appeal of Lombard credit facilities amidst a high-interest rate environment, the PWM SBU undertook a comprehensive refinement of these facilities, which involved the inclusion of more complex asset classes and investment products like structured products, specifically targeting international clients. We have also enhanced the competitiveness of our FCY loans as part of the review of our product offerings.
    - In line with global trends and reflecting the unit's commitment to entrenching sustainability principles as a key value driver alongside meeting the increasing demand for sustainability-linked investment options, ESG structured products were launched in collaboration with the Financial Markets unit. An ESG offering in high-end residential financing was also conceptualised to promote sustainable design, biodiversity conservation and job creation. Additionally, a 3-year MCB structured deposit linked to the MSCI Global Climate Change Multi-Asset Select Index was also introduced.
- The PWM SBU also focused on enhancing customer experience and expanding its wealth management services. The lounge at the Port Louis branch underwent a complete revamp to offer clients an elevated experience. Building on the recent access to client portfolios via the MCB Juice application, which allows for an aggregated view and detailed portfolio insights, the Bank launched Juice Trading. This new feature, being rolled out in phases, currently supports foreign market trading, offering a user-friendly interface, straight-through execution, near real-time market data, and features like a watchlist to enable the tracking of favourite securities and market order tracking, empowering clients to make informed investment decisions with ease.

Consolidating our growth enablers

- With the objective of promoting sound business growth, the unit has maintained continuous risk monitoring processes, underpinned by improved compliance mechanisms, ongoing review of internal guidelines and staff training.
- The Customer Relationship Management (CRM) platform was also enhanced to enable a global view of all asset holdings (including adjacent holdings with other MCB entities). This holistic overview of the client would enable us to better gauge preferences and devise adapted solutions to assist them.

Upholding our brand image and fostering relationships

- The PWM SBU reinforced the competitive positioning of MCB as a reference player in the region for premium banking and wealth management expertise, by pursuing expansion endeavours through its network of Representative/ Advisory Offices in Kenya, Dubai and South Africa and leveraging our business introducers and referrals in sub-Saharan Africa, Europe and MENA region. Concomitantly, we broadened interactions with External Asset Managers and Financial Intermediaries in these regions.

- Towards enhancing brand visibility and image, we hosted a series of events including golf tournaments, art exhibitions, and private wine tasting, amongst others. In particular, we hosted our flagship MCB Tour Championship which is a tournament of the European Senior Tour, ranking highly on the Staysure Tour calendar and is the most prestigious golf contest held in Mauritius. We also sponsored the 10th Annual Wealth Briefing MENA Awards for Excellence 2023 event, held in Dubai, which recognises innovative products and services across the global wealth management industry in the MENA region.

- The PWM SBU collaborated with the Corporate and Institutional Banking SBU on a series of 'Ateliers d'échanges', which is a dynamic platform for increasing knowledge sharing of teams' value proposition, perspectives, and fostering long-term partnership and synergies for international business development.

Platinum sponsor at the Juristconsult Investment Summit 2024

- PWM SBU was the Platinum Sponsor at Juristconsult Investment Summit 2024 which featured six panel discussions, a keynote speech and networking opportunities and serves as a knowledge sharing platform with industry leaders.

- The event helped the team to engage with industry peers, experts, and visionaries to explore the latest trends and insights in ESG, Impact Investing, Artificial Intelligence, Fintech, Data protection, Dispute Resolution, the Mauritius International Financial, Administrative and Corporate Centre.

Business Banking

Key clients

- Micro enterprises (Less than Rs 10 million turnover)
- Small enterprises (Between Rs 10 million and Rs 30 million turnover)
- Medium enterprises (Between Rs 30 million and Rs 100 million turnover)
- Mid-market enterprises (Between Rs 100 million and Rs 250 million turnover)

Strategic priorities

- Promote the growth of the local economy by connecting Mauritian entrepreneurs and facilitating their access to finance
- Improve customer experience through enhanced value offering and operational efficiency while promoting cross-selling and digital sales
- Encourage the migration to digital by promoting the adoption of digital payment solutions by merchants

Highlights

Contribution to the Bank's operating income

6%

Loans and advances[1] *(y.o.y. growth)*

1%

Deposits[1] *(y.o.y. growth)*

17%

[1] *Average balances*

Main initiatives and achievements during the year under review

Consolidating our domestic market foothold

- Our 'Lokal is Beautiful' scheme has been revamped to provide accessible financing to enterprises, which are 'Made in Moris' certified or promote a SMART or CIRCULAR economy.
- We made further inroads with respect to merchant acquisition, successfully onboarding over 3,000 new merchants during the year while concomitantly promoting digital payments solutions, with a view to catalysing the shift to cashless alternatives. We are also boosting the use of our Business Banking debit cards through a loyalty and rewards program, with discounts on Amazon Cloud services, amongst others.
- We pursued our efforts to maintain a strong brand presence in the local community leveraging our SME Partners for incubator and accelerator programmes. For example, we sponsored the Turbine's Test Drive 10 with the Green Champion Award. We reinforced our connections with the Micro, Small and Medium Enterprises (MSME) community on the back of our actions to boost the visibility of entrepreneurs and prominence of their businesses through a series of tailored events for our MSME community, namely PUNCH Meets and PUNCH Talks.

'PUNCH Meets' event – Responsible tourism

- Featuring insights from three panelists from the hospitality industry, the event concluded with a networking cocktail, allowing our customers to forge new connections, exchange ideas and explore collaboration avenues.

Enhancing our digital value proposition

- We leveraged our collaborative community digital platform, punch.mu, to generate synergies among local entrepreneurs, to increase financial literacy, enhance ecosystem value and strengthen community presence. It is gaining traction with more than 4,000 entrepreneurs (+30% compared to the previous year) and 175 growth partners registered as at June 2024.
- We continued to promote our dedicated mobile application MCB JuicePro, through commercial campaigns and feature enhancements including direct debit, standing order management and consolidated Account Position view.
- The back-end platform MONETA that hosts our end-to-end credit application, paved the way for the first end-to-end digital non-individual journey in the Indian Ocean. During the year, Express Overdraft registered a twofold increase in disbursement, while the new Express Loan offering gained prominence since its launch in October 2023. Total disbursement under these products amounted to Rs 340 million.

Reinforcing foundations for growth

- To upgrade service levels, several initiatives have been deployed to further improve the efficiency of internal processes. As a result, customer experience is being enhanced through simplified and less time-consuming processes as part of a roadmap to improve the customer journey.
- With a view to bolstering risk and compliance management, we undertook a comprehensive review of our end-to-end credit workflow, alongside efforts to enhance the review of the revolving facility process and develop an improved credit model tailored for Business Banking clients across micro, small and medium enterprises.

Corporate and Institutional Banking (CIB)

Key clients

- Large Mauritian and regional corporate clients
- International corporates with specialised finance needs; entities within the energy and commodities (e.g. majors, traders and refineries) and power and infrastructure fields
- Global business companies, funds, trusts and foundations as well as other entities using the Mauritius International Financial Centre as a gateway for doing business or investing abroad, notably in Africa; private equity firms; investment and asset management companies; Government bodies and other multinational and pan-African corporates
- Financial institutions

Highlights

Contribution to the Bank's operating income

55%

Loans and advances[1] ***(y.o.y. growth)***

7%

Deposits[1] ***(y.o.y. growth)***

15%

[1] Average balances

Strategic priorities

- Uphold our market leadership on the domestic front as the pro-choice financier accompanying local corporates in their sustainability transition and growth ambitions
- Deploy targeted commercial strategies towards accompanying clients doing business in MCB Group's presence countries in collaboration with our overseas banking subsidiaries and associates
- Bolster our expansion strategy by enhancing proximity with clients and their ecosystem and expand our network of intermediaries and partners in the Mauritius IFC and other key international financial hubs
- Position MCB as a prominent provider of financing solutions geared towards helping clients achieve their sustainability and transition ambitions
- Support African economies in their energy requirements and transition through oil and gas financing as well as project financing with deep commitment towards making a difference in the African energy landscape
- Leverage our strong Power and Infrastructure franchise and explore opportunities to build our Metals and Minerals franchise to finance activities which are core to a successful energy transition
- Reinforce our coverage efforts with financial institutions across Africa to consolidate our syndication capabilities and strengthen our network with correspondent banks
- Boost transactional banking through adapted solutions
- Bolster customer service experience by ensuring a client-centric approach in our service delivery and providing high-end solutions, including innovative digital offerings

Main initiatives and achievements during the year under review

The CIB SBU has been actively working on the development of its domestic and international client segments through new products and business strategies, with client centricity and people centricity at the core of its approach. The team has been supporting clients in their economic development, as well as in managing financial risks, including foreign exchange, credit, and interest rate risks, while also assisting them in their ecological transition. The SBU is also reinforcing internal capabilities, notably on the people front with the recruitment of key personnel including in our regional hubs to support business undertakings. Key initiatives taken across CIB SBU's four coverage teams and its product team are outlined below.

Mauritian & Regional Corporates (MRC)

- Deeply engaged with our local corporate community, the MRC team worked closely with its corporate clients to gain a better understanding of their unique business needs and how the prevailing market dynamics impact their operations. This approach has allowed the team to offer bespoke solutions, enabling clients to seize opportunities, meet their strategic objectives and address some of their challenges and market uncertainties. In line with our sustainability objectives, the unit actively introduced and deployed tailored solutions with preferential conditions to its clients committed to making a positive impact in the ESG landscape of Mauritius. These initiatives not only support clients in their transition towards more sustainable practices but also contribute to broader national efforts in promoting environmental stewardship, social responsibility, and strong governance frameworks. By offering attractive conditions, we incentivise businesses to adopt green technologies, improve energy efficiency, and implement socially responsible practices, reinforcing our shared vision of building a more sustainable future.
- The unit leveraged its long-standing and proven track record to foster and deepen relationships with clients conducting or seeking to conduct business in Madagascar, Maldives and Seychelles where MCB Group has a physical presence. Through the strategic support of our Overseas Banking Subsidiaries located in these regions, we not only strengthened our foothold in these markets but also reinforced our ability to facilitate cross-border transactions, support regional growth, and enhance our clients' access to key opportunities in these dynamic economies.

Acted as the Lead arranger for a local syndicated loan to UBP

- The transaction represents the first syndication in the domestic market, with six local banking institutions, including MCB, granting the loan.
- By facilitating this deal, MCB has not only demonstrated its capability in executing large-scale financial transactions but also reinforced its commitment to supporting the growth ambitions of its Mauritian corporate clients.

Financial Institutions and Syndication (FI&S)

- The unit reinforced its engagement and collaboration with Development Finance Institutions (DFIs), as part of its effort to accompany the Bank's sustainability agenda. The FI&S team further collaborated with Proparco on extending financing guarantees and credit lines to banks in developing regions, particularly in Africa, in a bid to boost intra-African trade and reinforce the Bank's commitment and contribution to sustainable development.
- The unit also expanded on MCB's Bank of Banks coverage through increased cross-selling efforts with African banks while at the same time strengthening our business relationship with correspondent banks.
- The FI&S team also actively participated in local and international events to enhance brand visibility, including the 2024 Bonds, Loans & Sukuk Middle East conferences in Dubai and Cape Town, and the "Women in Green Technologies" forum organised by the US Embassy in Mauritius.

USD 120 million unlocked for climate finance

- Proparco and DEG provided MCB with a loan of up to USD 120 million to support the Bank in its ambition to unlock further opportunities to finance climate mitigation, adaptation and climate resilient measures.
- This new investment continues the success of the AFD Group's SUNREF lending programme, which has been active in Mauritius since 2009. This transaction also marks the fourth joint operation between Proparco, DEG and MCB, which is testimony to the long-standing relationship between these institutions.

First USD 400 million sustainability-linked syndicated term loan

- The FI&S team also contributed to the Bank successfully signing its first sustainability-linked syndicated loan (SLSL), in the order of USD 400 million. The Bank's successful closing of this facility underscored its commitment to fostering sustainability, addressing climate change, and promoting gender equality. The facility attracted 24 banks and investors in Europe, Middle East and Asia.

Specialised Finance

- Building on our established track record, our team of experts within the Energy and Commodities segment further consolidated our Oil and Gas franchise while gradually shifting focus towards the growing gas market. We continued to develop and nurture a strong network of world-class oil and gas operators and traders present in Africa while promoting our unique value proposition and brand as a reliable and trusted solutions provider. The Energy and Commodities segment also remains committed to diversifying its portfolio with cleaner fossil fuels while strategically exploring opportunities in the metals and minerals industry, with a particular focus on base metals which are key for the global energy transition.
- With regard to the Power & Infrastructure segment, we continued to provide support to the best-in-class players for their infrastructure investments within key geographical markets and contributing to the transition towards cleaner energy and improving electrification rate on the continent. In addition, MCB participated in the 2024 Africa Energy Forum (AEF), held in Barcelona, which centered on the theme "Energy Systems of the Future – Balancing Africa's Needs with Global Goals" a critical discussion in the evolving energy landscape. The panel explored the significant impacts of high inflation and interest rates on power projects across Africa and the innovative structures stakeholders are adopting to mitigate these challenges.

Participated in Aéroport International Blaise Diagne (AIBD) senior secured syndicated facility

- MCB was one of the main lenders in the EUR 300 million Senior Secured Syndicated Facility raised by AIBD. The facility was structured into 2 tranches – A Euro Tranche (EUR 100 million) and a local currency tranche (EUR 200 million).
- These facilities will be used to continue developing the Blaise Diagne International Airport, which includes enhancing the annual passenger capacity by 40% to over 5 million by 2035, the construction of a cargo terminal, and to the renovation of various domestic airports.

Global and International Corporates (GIC)

- Notable inroads were made towards establishing MCB as the core banking partner for private equity and capital funds, strategically positioned multinational corporations, and large enterprises seeking to expand into African and Asian markets, while capitalising on business opportunities through the Mauritius IFC but also increasingly through other international financial hubs.
- The unit actively deepened and broadened its partnerships with fiduciaries and other intermediaries both in Mauritius and across different key African, European and Asian markets.
- The unit has also enhanced its ability to deliver a bespoke value proposition tailored to the complex needs of its diverse corporate client base, with robust support from the product houses of the organisation, including the Financial Markets SBU, as well as the Cash & Business Solutions and Trade Finance units within the CIB SBU.
- The GIC team actively advanced on its branding and visibility efforts by sponsoring pivotal events for its target clients such as the Africa Venture Capital Association (AVCA) Forum in Lagos, while also pursuing its own thought leadership efforts. Indeed, the MCB Business Series was introduced by the team, which aimed at rallying industry leaders and clients around critical business themes. The inaugural edition was held in Mauritius, in collaboration with the Financial Markets team, and was followed by a second edition in the 4th quarter of the financial year in the Dubai International Financial Centre (DIFC) where representatives from over 100 major corporations, legal firms, and fiduciaries collectively reflected on how to address challenges in doing business across African corridors.

Served as the sole financing provider for Adenia – one of the biggest private equity investors in Africa

- As part of our tailored financing solutions provided to Funds clients, MCB has extended a Subscription Finance Facility to Adenia Partners' fifth fund.
- The transaction was structured by leveraging the longstanding business relationship with the Bank, the Fund's impressive momentum and the quality of its responsible investors, while providing Adenia with the required bilateral support for the fund's forthcoming investments.

adenia

One of the Mandated Lead Arrangers on a listed UK-based telecom company

- MCB acted as one of the Mandated Lead Arrangers on a listed UK based tower telecommunications company, committing a ticket size of USD 110 million, with the purpose of re-financing existing indebtedness of the company and for general corporate facilities.
- The total syndication closed at USD 600 million. This was the first of a kind for MCB in this space on the international market.

Global Transaction Banking

- The unit actively promoted its Global Trade Portal by extending access to users across our presence countries Madagascar, Seychelles and Maldives. The Portal goes beyond information-sharing by providing a one-stop-shop platform for identifying best international trade opportunities and connecting more than 9,300 clients to over 1 million potential business partners worldwide, while better navigating the complexities of international trade regulations.
- Further reinforcing our proven commitment towards contributing to environmental protection and socioeconomic development, we actively promoted our Sustainable Supply Chain finance scheme, which allowed our customers to incorporate new eco-friendly practices in their way of doing trade. We have also more recently developed a Sustainable Trade Finance facility dedicated to the trade of sustainable equipment and successfully launched our first triangular supply chain finance offering. More specifically, leveraging synergy between MCB Ltd and MCB Madagascar and the core offerings of the MIFC to influence intra-Africa trade, MCB Ltd financed this deal which involved three parties, an end-buyer in Madagascar, a well-reputed firm in the Mauritian Global Business sector and a well-known company in the food and agribusiness from Indonesia as the end-supplier.
- The unit also hosted the second edition of our Trade Week series, entitled "Enabling African Trade Growth with a Sustainable Lens," which offered a deep dive into the complexities and potentials of the African trade landscape. The event featured a series of conferences, training sessions, and masterclasses dedicated to the subject of Global Trade, with the collaboration of Dr. Rebecca Harding, an expert in the field, sharing her valuable insights to the audience.
- Reaffirming our pledge to provide our corporate customers with the most innovative and customer-centric solutions to remain at the forefront of digital finance, we completed the successful migration to our new IBPro and increased our flexibility through new cut-off times for transfers in USD, EUR and GBP on Internet Banking. Furthermore, our digital platforms have been ring-fenced to create greater digital resilience but most of all to protect our customers' transactions.

Product houses

- In the conduct of their business development initiatives, business lines have reinforced capabilities and continued to leverage synergies between their coverage teams and product houses, such as the Financial Markets and Payments SBUs, as well as other units across the organisation to maximise their share of wallet across business segments whilst co-creating customer solutions and business value proposition.
- Following on some of the strategic initiatives undertaken in the previous year, the Financial Markets SBU further ramped up its value proposition with the deployment of structured and be-spoke solutions aimed at helping clients hedge their positions across asset classes, namely interest rates, foreign exchange and commodities. Additionally, the SBU also helped clients achieve their ESG ambitions through the development of sustainability-linked financial instruments in line with the Bank's over-arching "Success Beyond Numbers" purpose. On the Trading front, the team has made great strides towards becoming a prominent player in G-10 currency trading in the region, leveraging technical, fundamental expertise and specialisation in currency trading. The team has also extended its trading capabilities to other asset classes prudently, whilst adhering to sound risk management principles. On the Coverage front, the team has optimised its structure and has significantly increased its presence on the ground through active recruitment, enabling more fruitful client engagement both locally and in foreign markets in collaboration with the different business lines across the organisation. The Securities Services segment of the Financial Markets SBU successfully collaborated with the coverage teams to explore new horizons and prospective new clients. The team further cemented its leadership position in Mauritius with over 55% of local custody assets and more than 85% of local custody trades. The SBU also made inroads in increasing its digitalisation means and reducing manual interventions.
- In line with the Bank's goal to transform Mauritius into a cash-lite society, the Payments SBU further encouraged the use of its secure and convenient digital channels, enabling clients to conduct transactions anytime, anywhere. The diverse enhancements brought to MCB Juice have contributed to boost the number of Juice subscribers and transactions. The unit has also actively supported the growth of SMEs by providing them with tailored digital payment solutions, fostering financial inclusion and business expansion. In FY 2023/24, more than 2,000 mPOS devices were deployed, and over 13,000 debit cards were issued to SME customers.

Thierry HEBRAUD
Chief Executive Officer

Le Vélo Vert

Created 14 years ago, Le Vélo Vert advocates responsible agricultural practices and high-quality food consumption. MCB has aided Le Vélo Vert in its participation in the Expansion in Organic Market Gardening by establishing a Regional Expertise in the Indian Ocean (EMBEROI) programme aimed at developing a collective approach to the sustainable production and consumption of fruits and vegetables in the Indian Ocean region.

CONTENTS

Performance against objectives

Whilst the financial statements present the figures of both MCB Ltd and its subsidiaries, for the purpose of this section, comments and analyses pertain only to the figures of MCB Ltd as a standalone entity.

Objectives for FY 2023/24	Performance for FY 2023/24	Objectives for FY 2024/25
Return on average Tier 1 capital		
Return on average Tier 1 capital was expected to be around 18.5%.	The Bank's return on average Tier 1 capital ratio strengthened to 20.7%, reflecting improved profitability.	Return on Tier 1 capital is expected to be close to 20%.
Return on average assets (ROA)		
ROA was budgeted at around 1.7%.	ROA was higher than budgeted at 1.9%, on account of a significant increase in operating income and a lower than expected growth in expenses reflecting recruitment and investment lags while the application of the Deposit Insurance Scheme has been delayed to FY 2024/25.	ROA is budgeted to remain around same level at 1.9%.
Operating income		
A 20% growth in net interest income was expected, sustained by the expansion and diversification of our lending activities as well as the forecast high, albeit, falling interest rates. Non-interest income was projected to grow by 10% excluding fair value gains/losses on equity financial instruments, in line with increased efforts to boost our transactional banking activities.	In line with expectations, net interest income rose by 21.3%, driven by higher loans and advances and liquid assets volumes alongside improved interest margins on our foreign interest-earning assets. Non-interest income, excluding fair value gains on equity financial instruments, grew at a faster rate of 13.0%, boosted by higher revenues from trade finance and payment activities and increased profit from dealing in foreign currencies. Operating income grew by 17.9%.	Sustained expansion in the loan and liquid assets portfolios should contribute to another notable growth in net interest income, albeit at a lower rate than in FY 2023/24, as international interest rates start to drop. Despite pressures in the local payments landscape, non-interest income is projected to increase by some 10%, supported by our transactional banking and financial markets activities, amongst others.
Operating expenses		
A double-digit growth in operating expenses was foreseen reflecting continued capacity-building initiatives to support business expansion as well as the impact of still high inflation.	Operating expenses increased by 20.5%, in line with our ongoing investment in technology and human capital as well as inflation-linked adjustments to salaries.	As we maintain our investment momentum in human capital and technology to support business expansion, operating expenses is expected to sustain a strong growth.
Cost-to-income ratio		
Cost-to-income ratio was expected to rise after factoring the projected growth in operating costs and the relatively lower growth projected in operating income.	Reflecting the growth in expenses, cost-to-income ratio increased to 33.6% in line with expectations.	The cost-to-income ratio is expected to increase further, given higher growth budgeted for operating expenses compared to operating income.
Loans and advances growth		
Customer loan book was expected to maintain a double-digit growth, supported mainly by our international business activities.	The average customer loan book grew by 8%, supported mainly by the growth in our international loan portfolio as well as positive contribution from our domestic lending activities within the individual segment.	The customer loan portfolio is projected to maintain its growth trend, supported by the notable performance from international operations and efforts to strengthen our domestic position.

Deposits growth Customer deposits were forecast to grow, albeit at a lower rate than in FY 2022/23, as the Bank pursues its effort to mobilise foreign currency deposits to support its business growth.	Average customer deposits increased by 13%, boosted by a substantial growth in foreign currency deposits on account of initiatives taken to mobilise foreign currency funding.	Continued growth is expected in customer deposits with the Bank maintaining its efforts to attract foreign currency deposits to further support its business expansion.
Asset quality A marginal increase in both cost of risk and NPL were expected.	Despite the growth in the loan portfolio, allowance for credit impairment fell compared to FY 2022/23 with a lower cost of risk at 0.79%. Non-performing loan (NPL) ratio improved to 2.8%.	Both cost of risk and NPL are expected to remain close to current levels.
Capital management Capital adequacy ratios were projected to remain well above regulatory limits as the Bank continues to consolidate its capital base in view of the expansion of its asset base.	As anticipated, the overall capital adequacy ratio improved to 19.8%, driven by the increase in profits and risk weighted asset optimisation.	Capital adequacy ratios are expected to remain comfortably above regulatory limits.

Performance against objectives by lines of business

Objectives for FY 2023/24	Performance for FY 2023/24	Objectives for FY 2024/25
Retail The average loan portfolio was expected to maintain its growth trajectory, supported by the Bank's revamped retail loan offering and initiatives aimed at improving customer experience.	A growth of 10% in the average loan book has been achieved on the back of enhancements to our loan products, streamlined online credit application, and focused efforts on improving customer experience.	The objective is to sustain the growth momentum in average loan book and revenue whilst increasing our market share responsibly, leveraging our brand value anchored on continued improvement in customer experience and the promotion of our digital solutions by pursuing our mobile-first and omni-channel approach.
Business Banking Net interest income and gross operating margin were both projected to grow, albeit at a slower pace, supported by an expansion of around 5% in the average loan book and higher business activities.	While the average loan book increased slightly, net interest income went up by 11%, associated with the high interest rate environment. Non-interest income rose by 9% on account of higher volume of transactions. As a result, gross operating margin rose by 10%.	Gross operating margin are expected to rise further, supported by growing business activities and an expansion in the loan book and deposits.

Objectives for FY 2023/24	Performance for FY 2023/24	Objectives for FY 2024/25
Private Wealth Management (PWM)		
Investable Assets were expected to increase by 17%, contributing to a double-digit growth in fees and commission income. This should contribute to an appreciable growth in gross operating margin, supported by enhancements in the value proposition to HNW clients and its international diversification strategy.	Gross operating margin grew by 22% driven by an increase in net interest income amidst the high international interest rate context as well as higher profit on exchange and wealth management fees. In fact, the enhanced value proposition to HNW clients proved to be successful both locally and internationally with investable assets increasing by 29%.	PWM will pursue its innovation journey and diversification strategy with the aim of achieving a double-digit growth in its investable assets and fee based income from wealth management services.
Corporate and Institutional Banking		
Despite a forecast decline in interest rates in the latter part of FY 2023/24, net interest income was expected to register a positive growth on account of an expansion of the lending book, in line with the momentum of its cross-border activities and sustainable financing initiatives on the domestic front. When also factoring in an expected improvement in non-interest income on the back of ongoing efforts to boost transactional banking activities, gross operating margin was forecast to grow by 12%.	Gross operating margin was slightly short of expectation despite the still high international interest rate environment, mainly due to delays in the disbursement of loans to some clients. On the other hand, in line with the Bank's strategy to diversify its revenue streams, non-interest income rose much faster than expected by 26%, linked to the robust growth in transactional banking and trade finance activities as well as foreign exchange transactions.	Despite the anticipated drop in interest rates during FY 2024/25, gross operating margin is projected to grow by 9%, driven by growth in the loan book notably reflecting our international diversification strategy as well as efforts to strengthen our domestic market position. The increase in gross operating margin will also be supported by a rise in non-interest income as we continue to grow our transactional banking activities.

Overview of results

The Bank delivered a solid set of financial results for the financial year ended June 2024 with profit after tax increasing by 19.2% to Rs 15,446 million. This was supported by enhanced contribution from both our local and international activities, with our foreign-sourced business in particular posting a strong performance.

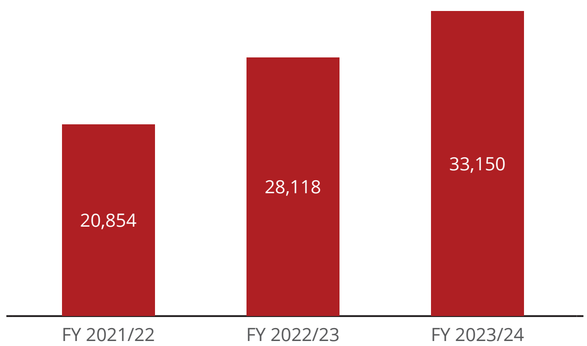
Bank financial highlights

- Operating income increased by 17.9% driven by sustained balance sheet growth, improved margins on assets denominated in foreign currency and higher non-interest income.
- Cost-to-income ratio increased to 33.6% mainly associated with ongoing capacity buillding initiatives to support business expansion.
- A slight decrease in impairment charges was registered with the cost of risk declining to 0.79% while NPL ratio dropped to 2.8%.
- Share of profit of associates decreased by 43.8% due to lower contribution from BFCOI.
- The Bank's liquidity position remained healthy with a loans-to-deposit ratio of 59.6% and loans-to-funding base ratio of 53.0%.
- Capital adequacy and Tier 1 ratios stood at 19.8% and 17.3% respectively.

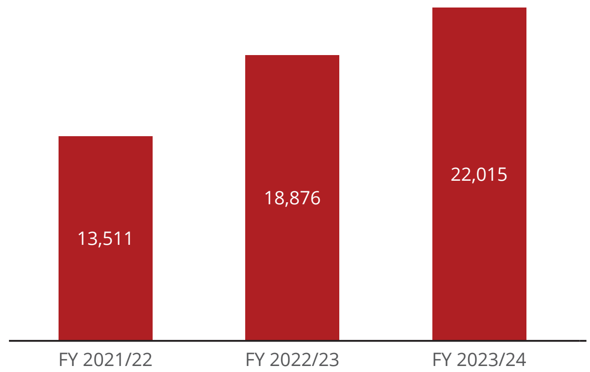
Key figures	
Rs 15,446 million *(Rs 12,959 million)*	**Profit for the year**
Rs 33,150 million *(Rs 28,118 million)*	**Operating income**
Rs 18,992 million *(Rs 15,900 million)*	**Profit before tax**
Rs 3,329 million *(Rs 3,520 million)*	**Impairment charges**
33.6% *(32.9%)*	**Cost-to-income ratio**
19.1% *(18.2%)*	**ROE**
19.8% *(18.3%)*	**BIS ratio**

Note: Figures in brackets relate to FY 2022/23

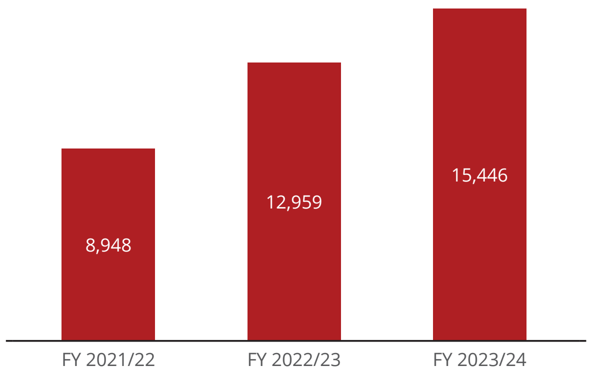
Operating income (Rs m)



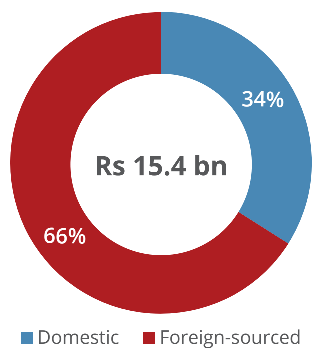
Operating profit before impairment (Rs m)



Profit for the year (Rs m)



Contribution to profit (FY 2023/24)



Income statement analysis

Net interest income	As a % of average earning assets	
	FY 2022/23	FY 2023/24
Rs 22,421 million (+3,941 million)	2.8%	3.0%

A growth of 21.3% was recorded in net interest income following:

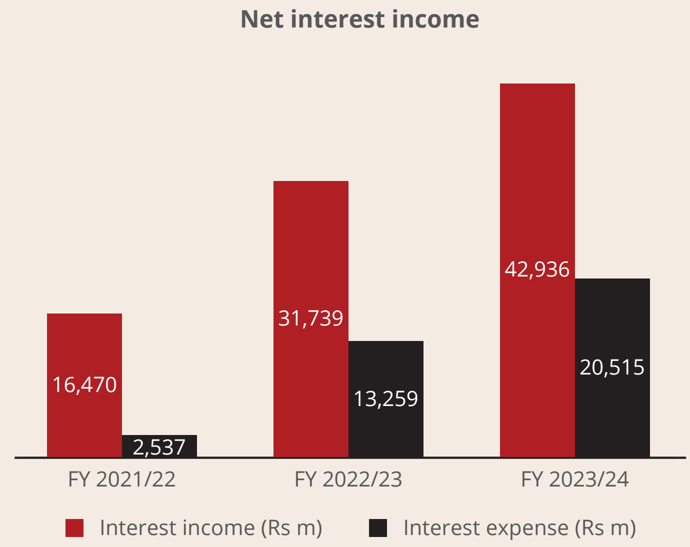
- An increase of 35.3% in interest income to Rs 42,936 million owing to the continued expansion in our interest-earning assets, both in local and foreign currencies, and improved yields linked to high USD interest rates, notably on the international scene, and increased investment in longer-tenor government bonds locally.
- A rise of 54.7% in interest expense driven by the significant rise in deposits compounded by higher cost of funds.

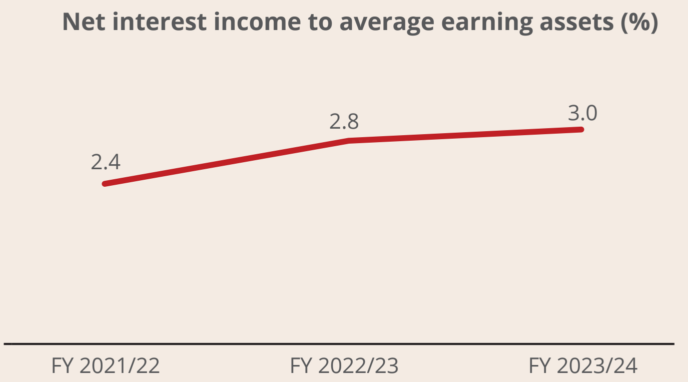
Overall, net interest income to average earning assets increased by 12 basis points to 3.0%, reflecting higher interest margins on foreign currency interest-earnings asset whilst margin on Mauritian rupee denominated assets declined slightly. The net interest income to total assets stood at 2.8% for the year under review, an improvement of 16 basis points compared to FY 2022/23.

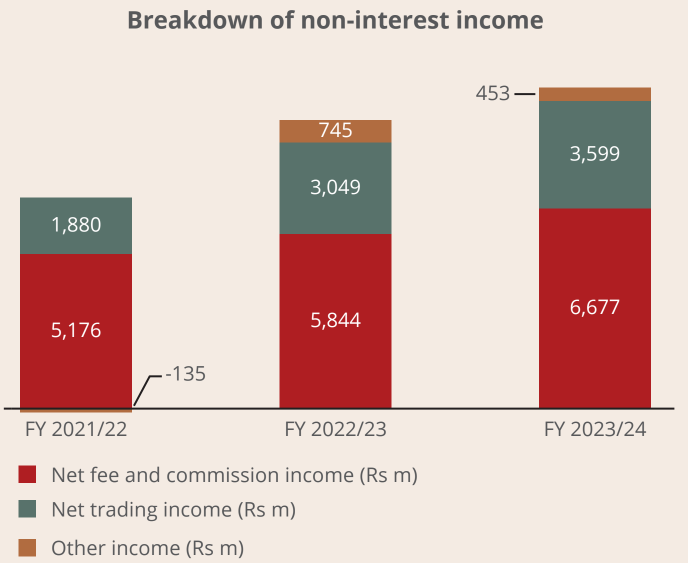
Non-interest income	As a % of operating income	
	FY 2022/23	FY 2023/24
Rs 10,729 million (+1,091 million)	34.3%	32.4%

Non-interest income went up by 11.3% with the growth in net fee and commission income and trading income being partly offset by a dampened performance in other revenue captions as explained below:

- Net fee and commission income rose by 14.3% on account of higher fees generated in trade finance and payments activities;
- Net trading income increased by 18.0%, driven by higher profits from dealing in foreign currencies linked to increased business volume;
- The Bank recorded lower net fair value gains of Rs 476 million on equity financial instruments as well as a one-off loss of Rs 241 million arising from the disposal of the stake in Société Générale Moçambique S.A. after exercising its tag along right to dispose of these shares. The share purchase agreement was signed in May 2024 and the transaction was concluded in August 2024.







Operating expenses	Cost-to-income ratio	
Rs 11,135 million	**FY 2022/23**	**FY 2023/24**
(+1,893 million)	32.9%	33.6%

Operating expenses posted an increase of 20.5% on account of:

- An increase of 26.6% in staff costs as a result of the increase in headcount related to business expansion as well as the adjustments in salaries and benefits during the year;
- An 8.1% growth in amortisation cost associated with the continued investment in technology;
- A 17.5% increase in other expenses driven by higher technology costs, impact of inflation, the effect of rupee depreciation on USD denominated expenses as well as higher operational risk losses. Of note, the introduction of the Deposit Insurance Scheme did not materialise as anticipated, with its application to be now effective in FY 2024/25.

As a result, the cost-to-income ratio increased by 0.7 percentage points.

Impairment charges	As a % of loans and advances	
Rs 3,329 million	**FY 2022/23**	**FY 2023/24**
(-191 million)	0.90%	0.79%

Although a rise in specific provisions was recorded, net impairment charges decreased by 5.4% reflecting bad debt recoveries as well as favourable ECL movements. The cost of risk on loans and advances dropped to 0.79%.

Share of profit of associates	As a % of profit for the year	
Rs 306 million	**FY 2022/23**	**FY 2023/24**
(-238 million)	4.2%	2.0%

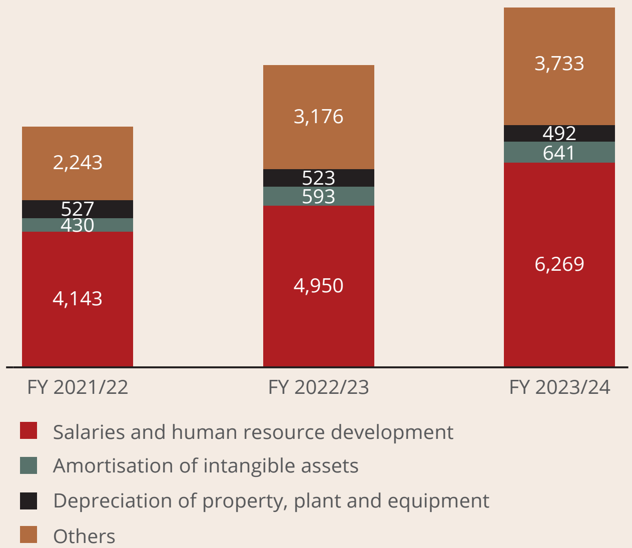
Share of profit of associates declined by 43.8% mainly due to the subdued performance at the level of BFCOI, where profitability in FY 2022/23 was positively impacted by notable recoveries leading to provision releases.

Tax expenses	Effective tax rate*	
Rs 3,546 million	**FY 2022/23**	**FY 2023/24**
(+605 million)	19.9%	19.2%

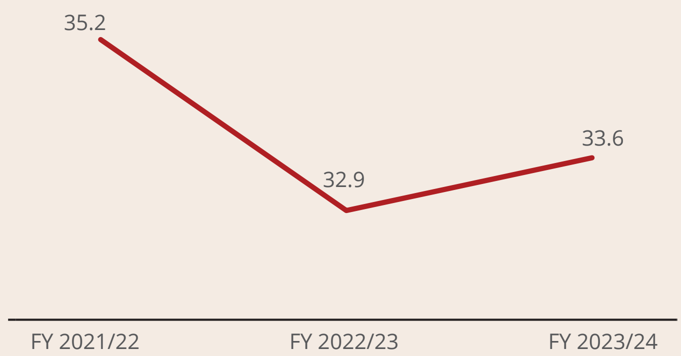
The tax charge for the year increased by 20.6% in line with the growth in profit before tax.

** Note: The effective tax rate is based on pre-tax profit adjusted for fair value gains on equity financial instruments and share of profit of associates*

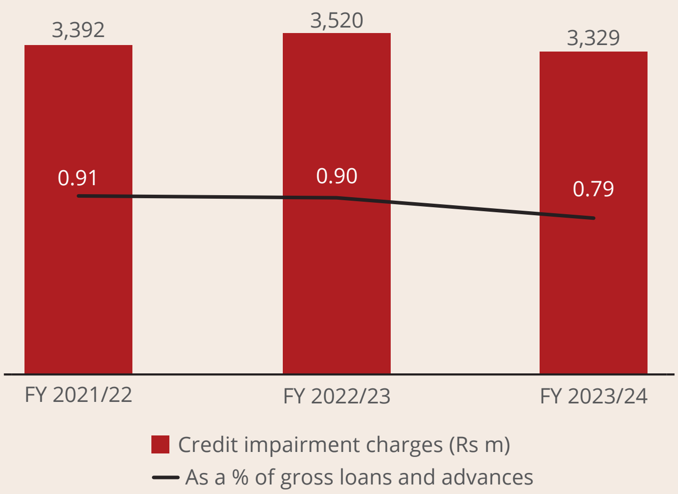
Breakdown of operating expenses (Rs m)



Cost-to-income ratio (%)



Credit impairment charges



Financial position statement analysis

Gross loans	Gross NPL ratio	
	FY 2022/23	FY 2023/24
Rs 402.2 billion (+41.4 billion)	3.0%	2.8%

Gross loans recorded a y-o-y increase of 11.5% to Rs 402.2 billion as at June 2024, mainly due to an expansion in the international loan portfolio. Indeed, the cross-border loan book grew by 28.7%, underpinned by further expansion at the level of the 'Energy and Commodities' and 'Global and International Corporates' business lines. On the domestic front, although lending to individuals rose by 11.1% linked to the growth in mortgages and other retail loan portfolios, the overall domestic loan portfolio decreased by 5.0% to Rs 151.6 billion on account of a drop in loans to the corporate segment. On the other hand, investments in corporate notes and bonds increased further.

As regards asset quality, gross NPL declined to 2.8% as at June 2024 compared to 3.0% one year earlier with net NPL ratio also falling from 1.0% to 0.7%.

Funding base	Loans to funding base ratio	
	FY 2022/23	FY 2023/24
Rs 759.2 billion (+90.6 billion)	54.0%	53.0%

Deposits increased by 19.9% reflecting the growth in both foreign currency and rupee deposits. The Bank's ongoing efforts to mobilise foreign currency funding resulted in a 25.5% expansion in the foreign currency deposit book while rupee-denominated deposits increased by 14.2%.

Whilst the Bank secured a USD 400 million sustainability-linked syndicated loan facility with a consortium of intenational banks, 'other borrowed funds' recorded a drop of 25.9% due to the repayment of some facilities amidst the significant rise in deposits, reflecting our effective assets and liabilities management.

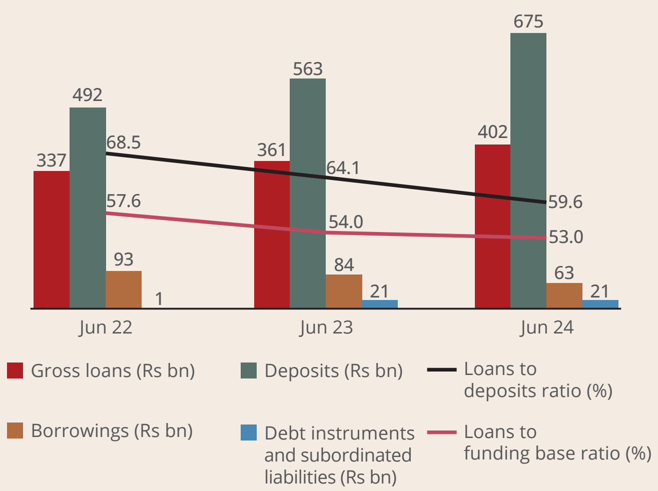
Loans and advances

June 2024	Rs m	Y.o.y. growth (%)
Loans to customers	**391,456**	**13.2**
Agriculture and fishing	4,956	(39.2)
Manufacturing	17,931	40.0
Tourism	25,029	(13.1)
Transport	8,926	20.4
Construction	15,491	20.3
Financial and business services	65,542	23.4
Traders	150,064	29.9
of which Petroleum & Energy products	*127,909*	*37.2*
Personal and professional	53,289	9.7
of which credit cards	*1,354*	*41.2*
of which housing	*40,844*	*9.4*
Global Business Licence holders	15,442	(35.3)
Others	37,295	7.2
of which Energy & Commodities Asset-backed Financing	*15,082*	*(11.9)*
Loans to banks	**10,732**	**(27.9)**
Total loans	**402,188**	**11.5**
Corporate notes/bonds	38,802	10.0
Total loans and advances	**440,990**	**11.3**

June 2024	Loans to customers		
	Rs m	Y.o.y. growth (%)	Mix (%)
Domestic	151,642	(5.0)	38.7
Foreign	239,814	28.7	61.3
Total	**391,456**	**13.2**	**100.0**

Note: Figures may not add up to totals due to rounding

Loans and funding base



Investment securities and Cash and cash equivalents	Liquid assets to total assets	
	FY 2022/23	FY 2023/24
Rs 409.3 billion (+57.3 billion)	46.2%	47.3%

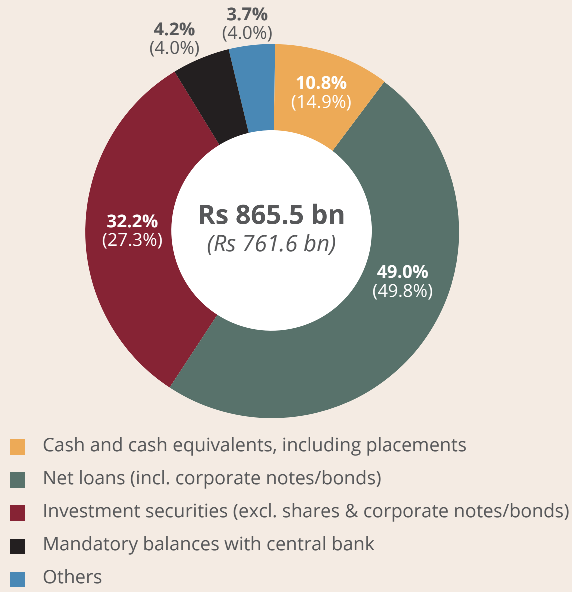
With the funding base growing at a faster rate than loans and advances, total liquid assets increased by 16.3% to Rs 409.3 billion. Investment securities, excluding corporate notes and bonds, went up by 34.2% while cash and cash equivalents dropped particularly in rupee terms, reflecting effective deployment of excess liquidity. There was also a sizeable rise in short-term placements with foreign banks.

Liquid assets to total assets ratio increased to 47.3%. The Bank's liquidity coverage ratio remained well above regulatory limits at 437% as at June 2024.

Shareholders' funds	Return on equity	
	FY 2022/23	FY 2023/24
Rs 86.1 billion (+10.7 billion)	18.2%	19.1%

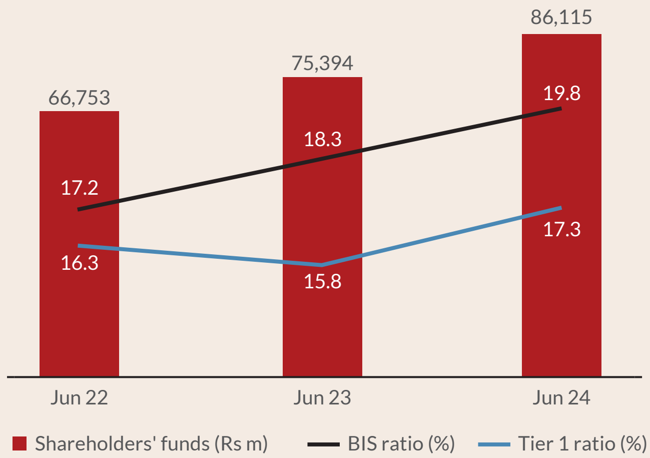
Shareholders' funds increased by 14.2% to Rs 86.1 billion in line with the increase in retained earnings of Rs 10.4 billion, after accounting for dividend declared of Rs 5.2 billion during the financial year. Combined with the optimisation of risk weighted asset, the BIS and Tier 1 ratios improved to 19.8% and 17.3% respectively as at June 2024.

Asset mix as at 30 June 2024



Note: Figures in brackets relate to FY 2022/23

Shareholders' funds and capital adequacy



Note: Capital adequacy ratios are based on Basel III

Financial summary

Key financial indicators

	Group			Bank		
	Jun 24	**Jun 23**	**Jun 22**	**Jun 24**	**Jun 23**	**Jun 22**
Statement of profit or loss (Rs m)						
Operating income	33,706	28,613	21,209	33,150	28,118	20,854
Operating profit before impairment	22,236	19,083	13,579	22,015	18,876	13,511
Operating profit	18,751	15,501	10,157	18,686	15,356	10,119
Profit before tax	19,057	16,045	10,632	18,992	15,900	10,594
Profit for the year	15,487	13,070	8,969	15,446	12,959	8,948
Statement of financial position (Rs m)						
Total assets	877,076	771,788	673,029	865,452	761,612	664,517
Total loans (net)	391,975	350,421	329,853	385,805	343,742	324,856
Investment securities (net)	324,562	248,891	223,675	322,210	247,405	222,823
Total deposits	682,638	570,032	498,950	675,313	563,338	492,421
Subordinated liabilities	7,057	7,059	684	7,057	7,059	684
Debt Securities	14,314	13,759	-	14,314	13,759	-
Other borrowed funds	65,355	86,517	93,376	62,529	84,422	92,755
Shareholders' funds	86,899	76,101	67,428	86,115	75,394	66,753
Performance ratios (%)						
Return on average total assets	1.9	1.8	1.4	1.9	1.8	1.4
Return on average equity	19.0	18.2	13.8	19.1	18.2	13.8
Return on average Tier 1 capital	20.6	19.5	14.5	20.7	19.5	14.6
Non-interest income to operating income	32.1	34.3	33.0	32.4	34.3	33.2
Loans to deposits ratio	59.9	64.5	68.6	59.6	64.1	68.5
Cost-to-income ratio	34.0	33.3	36.0	33.6	32.9	35.2
Capital adequacy ratios (%)						
BIS risk adjusted ratio	19.3	18.1	17.0	19.8	18.3	17.2
of which Tier 1	*16.9*	*15.6*	*16.0*	*17.3*	*15.8*	*16.3*
Asset quality						
Non-performing loans and advances (Rs m)	12,709	12,057	12,656	12,238	11,794	12,384
Gross NPL ratio (%)	2.9	3.0	3.4	2.8	3.0	3.4
Cost of risk (%)	0.81	0.89	0.88	0.79	0.90	0.91

Note: Group figures relate to MCB Ltd and its subsidiary companies on a consolidated basis.

Rando Trail et Nature (RTN)

A longstanding partner of MCB, RTN promotes outdoor activities and nature conservation through trail running. Thousands participate in RTN trail events, promoting environmental awareness and fitness. We have been instrumental in setting up the 'Fam Ansam' initiative, which aims to help women gain confidence and assurance through trail running, hiking, and outdoor activities.

CONTENTS

Compliance with the National Code of Corporate Governance for Mauritius (2016)

To the best of the Board's knowledge, the Bank has adhered, during the year under review, to the requirements and provisions as specified in the National Code of Corporate Governance for Mauritius (2016) (the 'Code') and has explained how these have been applied.

Disclosures pertaining to the eight principles of the Code have been made in different sections of the Annual Report, as outlined below.

Principles of the Code	Relevant sections of the Annual Report
Principle 1: Governance Structure	• Our corporate profile[1] • Corporate governance report
Principle 2: The Structure of the Board and its Committees	• Corporate governance report
Principle 3: Director Appointment Procedures	• Corporate governance report
Principle 4: Director Duties, Remuneration and Performance	• Corporate governance report
Principle 5: Risk Governance and Internal Control	• Corporate governance report • Risk and capital management report[2]
Principle 6: Reporting with Integrity	• Corporate governance report • Delivering on our strategic objectives[3] • Financial performance[4] • Sustainability Report[5]
Principle 7: Audit	• Corporate governance report • Risk and capital management report[2]
Principle 8: Relations with Shareholders and Other Key Stakeholders[6]	• Corporate governance report • Delivering on our strategic objectives[3] • Sustainability Report[5]

Notes:

[1] *'Our corporate profile' can be found on pages 19 to 27*

[2] *'Risk and capital management report' can be found on pages 123 to 172*

[3] *'Delivering on our strategic objectives' includes information on our environmental and social performances and can be found on pages 39 to 67*

[4] *'Financial performance' provides an assessment of the Bank's results and can be found on pages 69 to 78*

[5] *'Sustainability Report' provides an overview of our corporate sustainability initiatives and our engagement with various stakeholders and is available on our website*

[6] *Our report on Materiality Analysis for MCB Ltd provides an assessment of the material sustainability topics of the organisation*

Our philosophy

The Board of MCB Ltd is committed to applying high standards of corporate governance with a view to fostering the organisation's long-term business sustainability and creating value for all its stakeholders whilst acting for the good of society. The Board provides purpose-driven and ethical leadership by setting the tone from the top in the way that it conducts itself and oversees the management of the Bank. It believes that good governance is essential in upholding the Bank's values and culture through the promotion of accountability, transparency, effective risk and performance management, robust internal control, responsible stakeholder engagement and ethical behaviour by all employees across the Bank. In view of the fast-changing and increasingly challenging environment, the Board continuously monitors and adapts its governance practices and frameworks to account for the implications of major developments, pertaining to, *inter alia*, the geopolitical and macroeconomic conditions, heightened regulatory demands, climate, environmental and social considerations, cybersecurity and technological disruptions, workplace transformations and employee engagement as well as customer loyalty in a competitive market. The Bank's Corporate Governance Framework is anchored on the four pillars highlighted hereunder.

Strong commitment to ethics and values

- Adherence to the Mauritius Bankers Association's Code of Ethics and Banking Practice (2016)
- Application of the MCB Group 'Code of Ethics', approved and monitored by the Board
- Whistleblowing Policy allowing all employees and other stakeholders of the Bank to report matters of concern in strict confidentiality
- Establishment of a Gender Equality Charter

Strict compliance to rules and regulations

- Compliance with the National Code of Corporate Governance for Mauritius (2016)
- Adherence to the Bank of Mauritius Guidelines
- Compliance with international reporting standards as applicable
- Adoption of the underlying Basel principles

Robust risk governance and internal control

- Board responsible for the oversight and monitoring of risk profile against risk appetite
- Strong and transparent governance framework, based on the 'three lines of defence' model
- Dedicated functions in place to ensure risks are properly identified, measured and monitored
- Provision of independent assurance by both internal and external auditors

Continuous multi-stakeholder engagement

- Ongoing dialogue with the investment community, regulatory bodies and authorities
- Contribution to economic development by providing adapted financial solutions and support to our customers
- Safeguard of cultural and environmental heritage
- Promotion of community well-being and fostering of staff development and welfare

Governance structure

Governance framework

MCB Ltd is led by a committed and unitary Board, which has the collective responsibility for leadership, oversight and long-term success of the organisation. The Bank operates within a clearly defined governance framework, which enables delegation of authority and clear lines of responsibility, while allowing the Board to retain effective control. The Board is supported by four committees, each mandated to provide counsel, recommendations and specific expert guidance on matters affecting the Bank's activities. Acting on the direction set by the Board, Executive Management is entrusted with the operational management of the business, with their performance and actions closely monitored against set objectives and policies. The fundamental relationships among the Board, Board committees and Executive Management as well as their main roles are illustrated in the following diagram.

Role of The Board

The Board provides effective leadership in the formulation and delivery of the Bank's Strategy within a framework of robust risk management and internal controls, alongside ensuring adherence by the Company to relevant legislations, policies and norms, including sustainability principles.

Board of Directors

Role of Board committees

Board committees facilitate the discharge of the Board's responsibilities and provide in-depth focus on specific areas. In fulfilling their role of providing oversight and guidance, the Chairperson of each Board committee escalates all significant matters affecting the Bank to the Board.

Audit Committee

Nomination & Remuneration Committee

Risk Monitoring Committee

Supervisory & Monitoring Committee

Role of Executive Management

The Management Committee and the Leadership Team at large are responsible for strategy execution and the day-to-day running of the business, with well-defined accountabilities as endorsed by the Board. They regularly report to the Board on the operational and financial performance of the Bank.

Executive Management

More information on Board and Committee Charters is available on the website

The roles and responsibilities of the Chairperson, executive and non-executive directors as well as the Company Secretary are clearly defined in the Board Charter and Position Statements, which have been approved and are regularly reviewed by the Board. The role of the Chairperson is distinct and separate from that of the Chief Executive Officer. There is a clear segregation of responsibilities with the Chairperson leading the Board and the Chief Executive Officer managing the Bank's business on a day-to-day basis. The Board ascertains that the external obligations of the non-executive directors do not hinder them in the discharge of their duties and responsibilities. In this respect, it is worth noting that the external professional commitments of the Chairperson did not change during the financial year under review. The main roles and responsibilities of the Chairperson, Chief Executive Officer and directors are described in the following table.

Key roles and responsibilities

Chairperson	Chief Executive Officer	Directors
• Provides overall leadership to the Board • Ensures that the Board is effective in its duties of setting out and overseeing the implementation of the Bank's strategy • Ensures that committees are properly structured with appropriate terms of reference • Presides and conducts meetings effectively • Advises, supports and oversees the performance of the Chief Executive Officer • Ensures that directors receive accurate, timely and clear information • Participates in the selection of Board members and ensures that the Board has an appropriate mix of competencies, experience, skills and independence • Ensures that the development needs of the directors are identified and that appropriate training is provided with a view to continuously updating their skills and knowledge • Oversees the succession planning process at Board and senior executive level • Maintains sound relations with stakeholders	• Manages the day-to-day operations • Develops and executes the plans and strategy of the business, in line with the policies set by the Board • Consults regularly the Chairperson and Board on matters which may have a material impact on the Bank • Acts as a liaison between Leadership Team and the Board • Provides leadership and direction to the Leadership Team • Builds, protects and enhances the Bank's brand value • Ensures that the Bank's corporate culture and values are embraced throughout the organisation • Ensures the Bank has implemented the necessary frameworks and structures to identify, assess and mitigate risks	• Contribute to the development of the Bank's strategy • Analyse and monitor the performance of the Leadership Team against the set objectives • Ensure that the Bank has adequate and proper internal controls as well as a robust system of risk management • Ensure that financial information released to markets and shareholder is accurate • Participate actively in Board decision-making and constructively challenge, if necessary, proposals presented by Management • Provide specialist knowledge and experience to the Board • Remain permanently bound by fiduciary duties which include duties of loyalty, care and disclosure

Company Secretary

- Ensures compliance with all relevant statutory and regulatory requirements
- Develops and circulates the agenda for Board meetings
- Ensures good information flows and provides practical support to directors
- Facilitates induction of directors and provides guidance to them in terms of their roles and responsibilities
- Assists the Chairperson in governance processes such as Board and Committee evaluation
- Ensures effective communication with the shareholder and guarantees that shareholder's interests are duly taken care of

More information on the above key roles is available in the Board Charter on the website

Constitution of The Mauritius Commercial Bank Limited

The salient features of the Bank's Constitution are highlighted below:

- the Board may, subject to the Companies Act 2001 of Mauritius ("Act") and its Constitution and the terms of issue of any existing shares, issue shares of any Class at any time, to any person and in such numbers as the Board may approve. The Board shall not issue further shares unless such issue has been approved by ordinary resolution;

- the Company may purchase or otherwise acquire its own shares in accordance with, and subject to, sections 68 to 74, and 108 to 110 of the Act and may hold the acquired shares in accordance with section 72 of the Act;

- the Board may authorise a distribution by the Company, if it is satisfied on reasonable grounds that the Company will satisfy the Solvency Test immediately after the distribution;

- the quorum for a meeting of the Board is a majority of the directors;

- a director who has declared his interest in a transaction or proposed transaction with the Company, shall not be counted in a quorum present at the meeting;

- subject to the Banking Act, the directors shall have the power at any time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors but so that the total number of directors shall not at any time exceed the number fixed in accordance with the Constitution. The directors appointed shall hold office only until the next following Annual Meeting of Shareholders and shall then be eligible for re-election;

- the Constitution of MCB Investment Holding Limited (MCBIH) provides for Reserved Matters. These provide that the representatives of the shareholder shall not vote on a shareholder's resolution of The Mauritius Commercial Bank Ltd which would trigger shareholder's rights under sections 105, 108 or 114 of the Act without prior consent of the shareholders of MCB Group Limited. Such shareholders' resolutions include:

    - adoption of a Constitution or the alteration or revocation of the Constitution;

    - reduction of the stated capital of the Company under section 62 of the Act;

    - approval of a major transaction;

    - approval of an amalgamation of the Company under section 246 of the Act;

    - putting the Company into liquidation; and

    - variation of rights attached to a class of shares.

- at each Annual Meeting, one-third of the directors for the time being, or if their number is not a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office and shall be eligible for re-election. The directors to retire every year shall be those who have been longest in the office since their last election.

More information on the Constitution is available on the website

The Board

Mandate of the Board

The Board defines the Bank's purpose, strategy and values and determines all matters relating to the direction, policies, practices, management and operations of the Bank. The Board thereafter ensures that the Bank is managed in accordance with its directions and delegations.

Key facts (FY 2023/24)

7	57%	3.9	99%
Number of directors	**Independent directors**	**Average length of tenure (years)**	**Average meeting attendance**

Responsibilities

The methods through which the Board exercises its powers and discharges its responsibilities are set out in the Board Charter of MCB Ltd, which provides, *inter alia*, for the following:

- the composition of the Board, which shall comprise executive, non-executive and independent directors in compliance with applicable rules and regulations;
- the Chairperson of the Board who shall be an independent or non-executive director;
- the setting-up of Board committees;
- the establishment of the strategic objectives and corporate values and their communication throughout the organisation;
- the monitoring of the Leadership Team in respect of the implementation of Board plans and strategies, and compliance with set policies;
- the existence of clear lines of responsibility and accountability throughout the organisation and compliance with all relevant laws, regulations and codes of business practice;
- a formal and transparent directors' remuneration policy;
- the adherence to MCB Group's 'Code of Ethics';
- the review of procedures and practices to ensure soundness and effectiveness of the internal control systems;
- the establishment of a robust Enterprise Risk Management system, with a view to ensuring that key risks across the Bank are effectively addressed and that risk discussions are elevated to the strategic level;
- the setting of principal guidelines and policies in respect of risk management and conduct of business for the Company; and
- the provision of timely and accurate information to relevant stakeholders.

Approval of the Board is required for, amongst other important matters, modifying the Company's Constitution, issuing fresh capital or buying back its own shares, declaring dividends, acquiring or divesting sizeable stakes in subsidiaries or associates, appointing senior officers, and establishing the remuneration of executive and non-executive directors and the Chief Executive Officer.

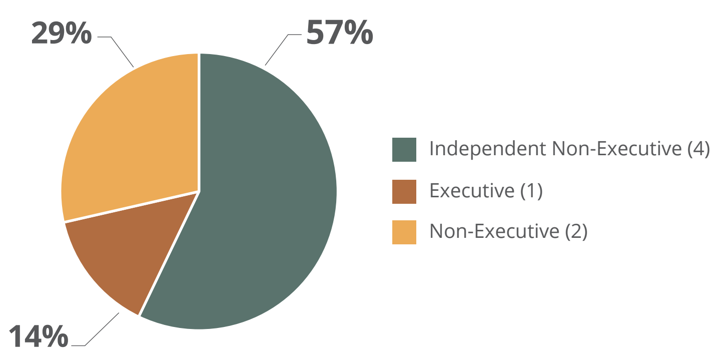
Composition and meetings

Composition

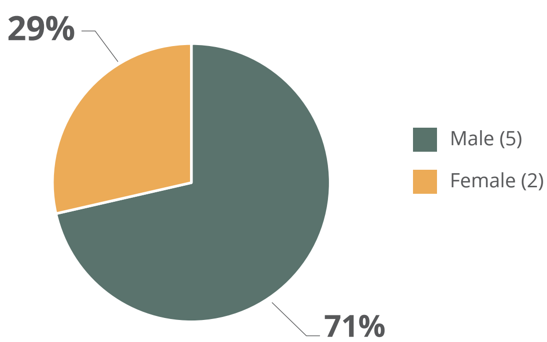
As per the Board Charter, the Board shall consist of a minimum of five and a maximum of twelve directors including the Chief Executive Officer. The Chairperson of the Board shall be an independent or a non-executive director. In case the Chairperson is an independent director, the Board shall comprise at least 40% of independent directors in line with Bank of Mauritius (BoM) Guidelines. Otherwise, independent directors should make up for at least 50% of the Board. The Board, assisted by the Nomination and Remuneration Committee, regularly reviews the Board size and composition, including the independence status of the non-executive directors, in line with applicable laws and regulations. During the year, Craig McKenzie was appointed as Independent Director whilst Uday Kumar Gujadhur and Phillipe Ledesma resigned in December 2023. Alain Law Min who was the Chief Executive Officer of the Bank since 2015 retired in December 2023. At the last annual meeting, Jean Michel Ng Tseung was re-elected as Director in line with the Bank's constitution.

As at 30 June 2024, the Board comprised 7 members, with a diverse mix of skills, knowledge and experience. The average age of Board members stood at around 60 years. The Board composition at financial year end is shown hereunder.

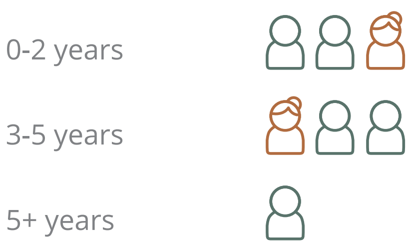
Composition



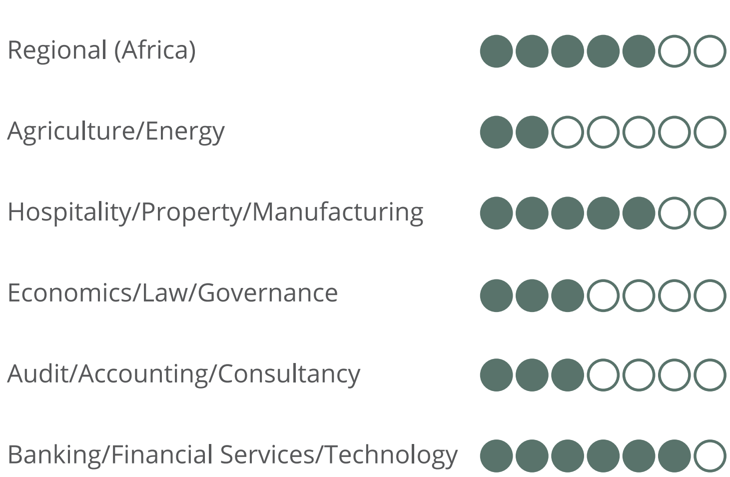
Gender



Length of tenure

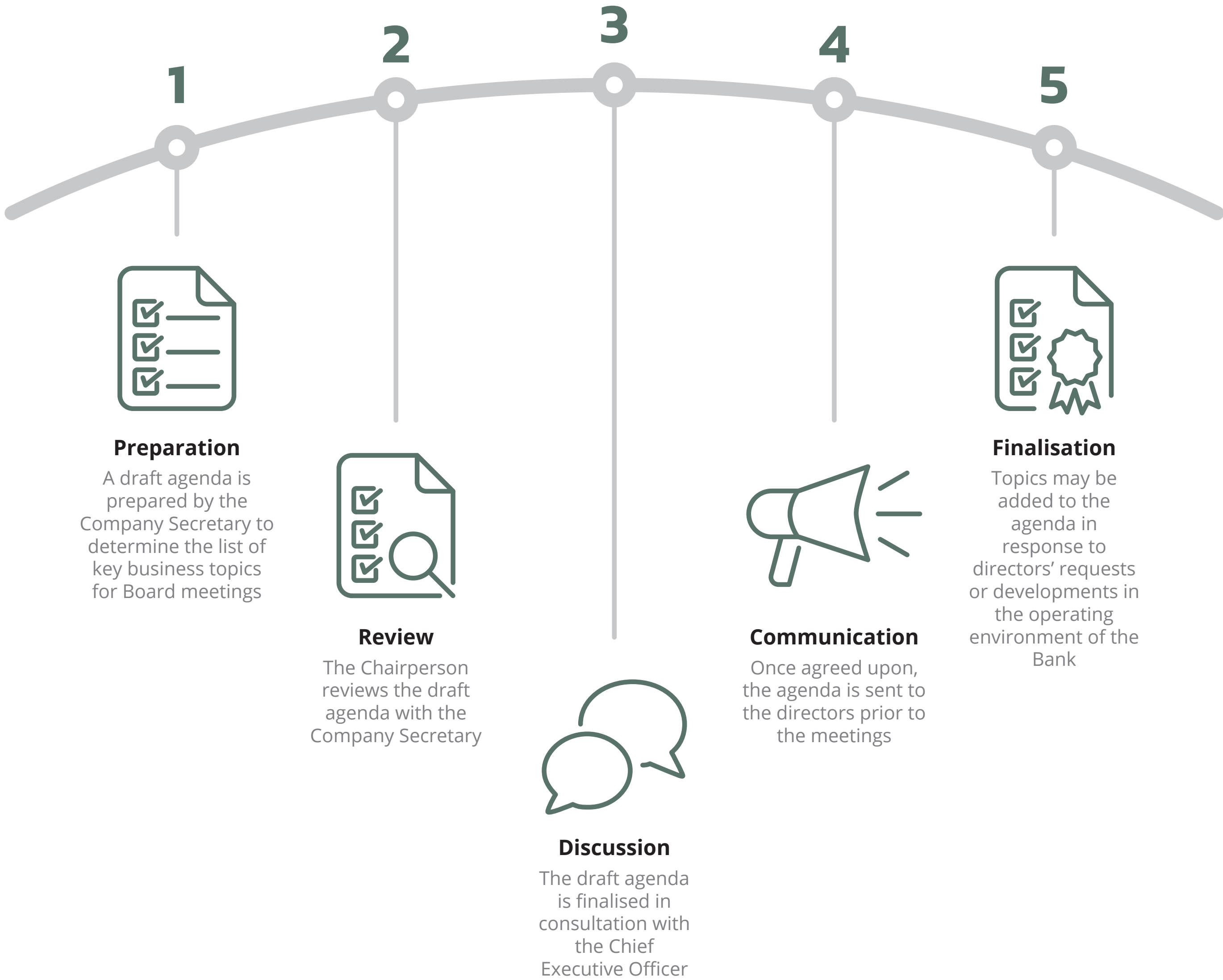


Mix of skills and experience



Meetings

The Board determines the frequency of Board meetings to ensure that it can focus on and deal with important matters in a timely and efficient manner. The Board Charter requires that meetings be conducted at least on a quarterly basis. Although Board meetings follow a pre-set schedule with a provisional agenda of items for discussion, the latter remains sufficiently flexible to include new topics while additional meetings are also called upon to effectively respond to new business needs. Meetings are convened so that directors are able to attend and participate in person. If in-person attendance is not possible, directors can join meetings by means of audio or audio-visual communication. To help directors prepare effectively for meetings, relevant documents are provided sufficiently in advance to ensure they have enough time to digest the information for productive discussions during meetings. All materials for Board meetings are uploaded onto a secure portal, which can be easily accessed by directors. Of note, members of the Leadership Team and/or external advisors are regularly invited to attend meetings to discuss topical issues identified by the Board. The Chairperson presides over the Board meetings to ensure their smooth functioning and promotes open discussions and debates with the objective of maximising participation and, as a result, upholding the quality of decision-making. Non-executive directors also have the opportunity to meet the Chairperson without the presence of Executive Directors. The Company Secretary attends Board meetings and prepares minutes to record deliberations and decisions taken during meetings. The agenda-setting process is described in the diagram hereunder.



Board attendance

The directors who served on the Board and their attendance at Board meetings during FY 2023/24 are provided in the following table.

Members	Board member since	Board status as at 30 June 2024	Meeting attendance
Jean-François DESVAUX DE MARIGNY *(Chairperson)*	**December 2018**	**Non-Executive Director**	**10/10**
Uday GUJADHUR *(until December 2023)*	December 2017	Independent Non-Executive Director	4/5
Philippe LEDESMA *(until December 2023)*	December 2017	Independent Non-Executive Director	5/5
Su Lin ONG	November 2019	Independent Non-Executive Director	10/10
Simon WALKER	June 2020	Independent Non-Executive Director	10/10
Johanne HAGUE	January 2022	Independent Non-Executive Director	10/10
Craig MCKENZIE	December 2023	Independent Non-Executive Director	5/5
Jean Michel NG TSEUNG	August 2015	Non-Executive Director	10/10
Thierry HEBRAUD	June 2023	Executive Director	10/10
Alain LAW MIN *(until December 2023)*	August 2015	Executive Director	5/5

Secretary to the Board: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

Board focus areas

A summary of the main undertakings of the Board during FY 2023/24 is provided hereunder.

Strategy and Performance

- Discussed the developments in the international operating environment and assessed their impact on the Mauritian economy and on the Bank's business activities
- Reviewed and approved the 3-year strategic plans and budget of the Bank
- Assessed the development of the growth pillars of the Bank
- Reviewed the progress on the Bank's sustainable finance strategy and related governance framework
- Monitored the progress made on the Digital and HR strategic initiatives including the unfolding of the new 'Career architecture' and 'Rewards architecture'
- Updated on the main initiatives at the level of the Securities Services BU and Compliance SBU
- Discussed in-depth the results of the 'Great Place to Work' – Trust Index Survey

Financial

- Assessed and monitored the Bank's financial performance against budget
- Discussed and approved dividend payout
- Discussed the Bank's capital and debt raising initiatives
- Approved the financial budget

Governance and Risk

- Reviewed and approved the structure, size and composition of the Board and Board committees
- Approved upon the recommendation of the Nomination and Remuneration Committee, the appointment of Craig McKenzie as new Board member
- Reviewed the Board and Committee Charters and other constitutive documents
- Monitored the implementation of the 2022 Board evaluation action plan
- Discussed the results of 2024 Board evaluation assessment and identified improvement opportunities
- Reviewed the succession planning for the Leadership Team and Directors of the Bank
- Approved the Directors' development training programme
- Reviewed and approved the Bank's risk appetite
- Reviewed the Risk Heat Map
- Discussed the impact of stress testing scenarios
- Reviewed relevant policies and changes thereto
- Assessed reports from the Risk Monitoring Committee and the Audit Committee
- Validated the performance-driven Executive compensation and the scorecard for the Leadership team

Recurrent Agenda Items

- Reviewed reports from Chairperson of each Board committee
- Approved the minutes of proceedings
- Reviewed and approved the Bank's Financial Statements on a quarterly basis
- Updated on trends and developments in the operating environment

Directors' profiles

The Board comprises 7 directors who have a proven track record in various fields. The names of the directors who held office at the end of the financial year, together with details of their position, qualifications, experience, directorships in other listed companies in Mauritius (where applicable) and nationality are set out in the next section. Unless otherwise stated in their respective profile, directors reside in Mauritius.

KEY

AC	Audit Committee
NRC	Nomination and Remuneration Committee
RMC	Risk Monitoring Committee
SMC	Supervisory and Monitoring Committee
C	Committee Chair
M	Committee Member

Jean-François DESVAUX DE MARIGNY – Age 70

NRC	RMC	SMC
C	M	C

POSITION:

Chairperson, Non-Executive Director

Non-Executive Director since December 2018, Jean-François is the Chairperson of the Supervisory & Monitoring Committee as well as the Nomination & Remuneration Committee on which he also acts as Secretary. He is also a member of the Risk Monitoring Committee. Moreover, he is a member of MCB Group's Corporate Strategy Committee, the Corporate Sustainability Committee (a sub-committee of MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee) and the Technology & Innovation Committee (a sub-committee of MCB Group Corporate Strategy Committee).

QUALIFICATIONS:

Chartered Accountant (UK)

SKILLS AND EXPERIENCE:

Jean-François has accumulated wide-ranging experience in the banking and financial sector, having worked as an Auditor in Europe for several years before joining MCB in 1986. During his career at the Bank, he shouldered various high-level responsibilities in his capacity as Head of Finance, Company Secretary and Deputy Chief Executive, amongst others. He has participated actively in the development of MCB's regional network and was also involved in the launching of the Stock Exchange of Mauritius in 1989. He was an Executive Director of MCB Ltd from 2013 to 2015 when he retired. He is currently a director of several companies within the MCB Group.

DIRECTORSHIP IN OTHER LISTED COMPANIES:

Attitude Hotels Group

NATIONALITY:

Mauritian

Thierry HEBRAUD – Age 62

NRC	RMC	SMC
M	M	M

POSITION:

Chief Executive Officer and Executive Director

Executive Director since June 2023, Thierry is a member of the Nomination & Remuneration Committee, the Risk Monitoring Committee as well as the Supervisory & Monitoring Committee on which he also acts as the Secretary. Moreover, he is a member of MCB Group's Corporate Strategy Committee, the Corporate Sustainability Committee (a sub-committee of MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee) and the Technology & Innovation Committee (a sub-committee of MCB Group Corporate Strategy Committee).

QUALIFICATIONS:

Diplôme d'Etudes Supérieures de Commerce, Administration et Finance (France)

SKILLS AND EXPERIENCE:

Prior to being appointed Chief Executive Officer in January 2024, Thierry was the Head of Corporate and Institutional Banking, overseeing the coverage and product teams alongside other supporting units therein. He joined the Bank in 2019 after accumulating extensive experience in Corporate and Investment Banking over the last 35 years, holding leading positions within Crédit Agricole Group in Eastern and Central Europe, Asia, and North Africa.

NATIONALITY:

French

Johanne HAGUE – Age 43

AC	NRC
M	M

POSITION:

Independent Non-Executive Director

Non-Executive Director since January 2022, Johanne is a member of the Audit Committee and Nomination & Remuneration Committee. She also sits on the Group's Corporate Sustainability Committee (a sub-committee of the MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee).

QUALIFICATIONS:

LLB English and French Law (UK), 'Maîtrise en Droits français et anglais' (France) and Diploma in Legal Practice (UK)

SKILLS AND EXPERIENCE:

Johanne is a tax lawyer practising at the Mauritian bar and is the founder of Prism Chambers, a boutique tax law firm in Mauritius. She is also a practising solicitor of England and Wales since 2007. She has worked for many years in London, initially at a Magic Circle law firm, Linklaters LLP and thereafter as an in-house lawyer at JPMorgan Chase Bank N.A. She has significant experience in tax legislation in the UK, Mauritius and a number of African countries and routinely advises multinational and domestic clients on their contentious and transactional tax issues. She assists clients in connection with audits, investigations and assessments by the Mauritius Revenue Authority and appears for her clients before the Assessment Review Committee and the Supreme Court of Mauritius on tax-related matters. She sits on the Tax Committee of Mauritius Finance and regularly lectures on Tax law at the Paris 2 Panthéon-Assas University and the International Bureau of Fiscal Documentation in Amsterdam. She is also a Director of MCB Leasing Ltd, a subsidiary of MCB Group Limited.

NATIONALITY:

Mauritian

Craig McKENZIE – Age 64

AC M | RMC M

POSITION:

Independent Non-Executive Director

Non-Executive Director since December 2023, Craig is a member of the Audit Committee and Risk Monitoring Committee.

QUALIFICATIONS:

Chartered Financial Analyst (USA), MSc in Agricultural Economics (South Africa)

SKILLS AND EXPERIENCE:

Craig is a retired Chief Executive Officer of Investec Bank (Mauritius) Limited, a subsidiary of a leading international banking group that provides a range of financial products and services to clients across various markets. He has over 30 years of experience in the banking and financial sector, with expertise in managing all aspects of banking risk. He started his career as an Associate Director at the Development Bank of Southern Africa, where he was involved in infrastructure project finance for various development initiatives in the region. He then joined Investec Bank Limited as a consultant in the treasury and specialised finance divisions, where he advised clients on various financial solutions and transactions. In 2000, he was appointed as the Chief Executive Officer of Investec Bank (Mauritius) Limited, where he led the bank's operations and strategy for 20 years until his retirement in 2020. He is currently a director and trustee of several companies and trusts, including Lango Real Estate Limited, a real estate investment fund operating in Africa and Forty-Two Point Two Limited, a company with financial interests in international asset management.

NATIONALITY:

Mauritian

Su Lin ONG – Age 64

AC C

POSITION:

Independent Non-Executive Director

Non-Executive Director since November 2019, Su Lin is the Chairperson of the Audit Committee. She also sits on the MCB Group's Technology and Innovation Committee (a sub-committee of MCB Group Corporate Strategy Committee).

QUALIFICATIONS:

BA (Honours) in Economics and Chartered Accountant (UK)

SKILLS AND EXPERIENCE:

Su Lin has 37 years of professional experience in Audit and Advisory. She trained as a Chartered Accountant in London with Deloitte, Haskins & Sells where she worked for 8 years before joining Coopers & Lybrand Mauritius (which subsequently became PwC) as a Partner in the Consulting Division. She has also been a Partner in De Chazal Du Mée Consulting (local partner of Accenture), specialising in digitalisation and systems integration, and a director at KPMG Advisory Services, specialising in internal audit and risk management. She is a past President of the Society of Chartered Accountants in Mauritius. Since November 2019, she sits as an independent non-executive director on several boards in Mauritius.

DIRECTORSHIPS IN OTHER LISTED COMPANIES:

Tropical Paradise Co. Ltd; Les Moulins de la Concorde Ltée; Mauritius Oil Refineries Ltd

NATIONALITY:

Malaysian

Simon WALKER – Age 63

NRC RMC

M C

POSITION:

Independent Non-Executive Director

Non-Executive Director since June 2020, Simon is the Chairperson of the Risk Monitoring Committee and a member of the Nomination & Remuneration Committee. Moreover, he is a member of the MCB Group's Corporate Strategy Committee.

QUALIFICATIONS:

BSc (Honours) in Geography (UK), Associate of the Chartered Institute of Bankers (UK), Fellow of Australasian Institute of Banking & Finance (Australia) and Executive MBA (Brazil)

SKILLS AND EXPERIENCE:

Simon built a diversified international career in the financial services industry, having worked for HSBC Holdings plc for nearly 30 years. Over this period, he has shouldered an array of senior executive positions within the group, acting namely as Country Manager, Deputy CEO, Head of Group Audit, amongst others, in its various offices worldwide. Thereafter, he had a three-year stint as Regional General Manager for Europe at Qatar National Bank SAQ in London until the end of 2015. Prior to his retirement in 2019, he was the Founder and CEO of Silver Sparkle Ltd, a web portal company under the Encorum brand in the educational support services field, focused on the retirement sector. Simon also held external positions in various institutions, acting as either director or board member.

NATIONALITY:

British

Jean Michel NG TSEUNG – Age 56

RMC

M

POSITION:

Non-Executive Director

Non-Executive Director since August 2015, Jean Michel is a member of the Risk Monitoring Committee.

QUALIFICATIONS:

BSc (Honours) in Mathematics and Chartered Accountant (UK)

SKILLS AND EXPERIENCE:

Jean Michel joined MCB Ltd in January 2004 and was the Head of Corporate Banking of the Bank until July 2015, when he was appointed Chief Executive Officer of MCB Investment Holding Ltd. He trained as a Chartered Accountant with Arthur Andersen in London before becoming Partner and Head of the Audit and Business Advisory Department of De Chazal Du Mée and subsequently of Ernst & Young in Mauritius. He is currently the Chief Executive and Executive Director of MCB Group Ltd and a Board member of several companies within MCB Group namely MCB Investment Holding Ltd, Banque Française Commerciale Océan Indien, MCB Seychelles Ltd, MCB Maldives Private Ltd, MCB Madagascar SA, MCB Capital Markets Ltd and MCB Equity Fund Ltd, amongst others. He also sits on various Board committees of MCB Group Limited.

DIRECTORSHIP IN OTHER LISTED COMPANIES:

Compagnie Des Villages De Vacances De L'Isle De France Limitée (COVIFRA)

NATIONALITY:

Mauritian

Remuneration philosophy

With human capital viewed as critical to the development of its strategy, the Bank lays significant emphasis on employing the right people with the right skills and behaviours while rewarding them adequately. A summary of the remuneration philosophy of employees and directors is provided hereunder.

Employees

Fair remuneration

The Bank aims at promoting a fair and competitive remuneration that encourages performance and assists in attracting and retaining talent.

Our remuneration policy is based on meritocracy and ensures that:

- Comprehensive protection is provided at the lower end of the income ladder against cost of living increases
- Fairness and equity are promoted throughout the organisation
- Opportunity is given to employees to benefit from the financial results and development of the Bank:
    - Staff members of the Bank receive an annual bonus based on the Company's performance as well as an assessment of their individual contribution thereto and for demonstrating behaviours in line with the Bank's values
    - Staff members have the added possibility to benefit from a share option scheme at the level of the MCB Group

Remuneration package

The remuneration package is anchored on a range of factors including qualifications, skills scarcity, past performance, individual potential, market practices, responsibilities shouldered and experience.

With a view to defining appropriate remuneration levels, the Bank is also guided by the following considerations:

- Market conditions are regularly surveyed in order to ensure that remuneration packages are motivating and competitive
- Superior team performance is highly encouraged and rewarded with adequate incentives
- Remuneration practices are regularly reviewed to reflect the current context, while putting due emphasis on both individual and team performances

Employee benefits

The Bank provides a range of fringe and other benefits to its employees to promote their well-being and to help them grow in their personal life. Examples of such benefits are as follows:

- A pension contribution representing 18.1% of employees' basic salaries, with the possibility for employees under the Defined Contribution Scheme to opt, depending on their age group, to receive part thereof, up to a threshold, by way of a cash supplement
- Banking facilities under preferential conditions
- A monthly travelling allowance, with the amount varying according to job grades
- Contributory medical and insurance coverage which also cover dependents
- Other incentives include, *inter alia*, extended maternity and paternity leaves, flexible working arrangements, support for degree programmes and certifications, and loyalty recognition

Group Employee Share Option Scheme

Employees of the Bank are entitled to the MCB Group Employee Share Option Scheme (GESOS), which provides them with the opportunity to partake in the growth and prosperity of the MCB Group through the acquisition of a stake therein. This acts as an additional lever to promote a performance culture alongside upholding staff motivation and commitment across the organisation. Under the scheme, employees are granted non-transferable options to buy MCB Group Ltd shares with a maximum of 25% of their annual performance bonus. The options, which can be exercised over a period of one year through four specific windows, carry a retention period of three years. The option price is based on the average of the share price over the quarter prior to the date on which the options are granted, to which a discount of 10% is applied. Members of the Leadership Team are, however, not entitled to such discount. Once issued, the shares rank pari passu as to dividend, capital, voting rights and in all other respects with the existing shares of MCB Group Ltd. The following table gives details of the options granted to and exercised by employees of the Bank in FY 2023/24.

	Leadership Team	Other employees	Total
Number of options granted in October 2023	**144,766**	**724,466**	**869,232**
Initial option price (Rs)	325.00	292.50	-
Number of options exercised to date	59,101	200,866	259,967
Value (Rs)[1]	19,207,825	58,753,305	77,961,130
Percentage exercised	41%	28%	30%
Number of employees	14	785	799
Available for the 4th window and expiring in mid-October 2024	**85,665**	**523,600**	**609,265**

[1]Based on initial option price

Figures may not add up due to rounding

Directors

Executive directors

Executive directors' remuneration aligns with our overall policy for managers and employees, comprising a base salary and short-term benefits that reflect their specific responsibilities and level of experience. A significant portion of their remuneration is a variable element, structured as an annual bonus. This bonus is dual-faceted, with one component linked to the MCB Group's financial performance and the other tied to the individual performance and strategic contributions of each executive director. This remuneration structure is designed to incentivise and retain top-tier talent in senior executive roles, ensuring alignment with both immediate and long-term strategic objectives. All elements of the remuneration are carefully benchmarked to local and regional levels to ensure competitiveness and fairness.

Non-executive directors

The Bank's remuneration philosophy concerning non-executive directors, who do not hold an executive position within MCB Group, is summarised as follows:

- There is a basic retainer fee for each individual non-executive director reflecting the workload, size and complexity (national/international) of the business as well as the responsibility involved;
- The basic retainer fee paid to the non-executive Chairperson commensurately reflects the fact that he has a wider scope of responsibilities and a heavier workload, compared to other non-executive directors;
- Board committee basic retainer fees also apply to non-executive directors, with the fees differing in accordance with the time required for preparation, the frequency and the duration of committee meetings. Chairperson of committees are paid a higher basic retainer fee than members, in line with the rationale outlined in the previous point;
- There is, in addition, an attendance fee for non-executive directors in respect of their presence at meetings of the Board and respective Board committees; and
- No share option or bonus is granted to non-executive directors, except those who hold an executive position within MCB Group.

The following table highlights the remuneration and benefits received by the directors during FY 2023/24.

Remuneration and benefits received	Rs '000
Jean-François DESVAUX DE MARIGNY	4,009
Uday GUJADHUR *(until December 2023)*	576
Johanne HAGUE	1,253
Philippe LEDESMA *(until December 2023)*	540
Craig McKENZIE *(as from December 2023)*	640
Su Lin ONG	1,354
Simon WALKER	1,550
Total Non-Executive	***9,923***
Thierry HEBRAUD	42,898
Alain LAW MIN (until December 2023)	36,268
Total Executive	***79,166***
Total (Non-Executive and Executive)	**89,089**

Remuneration and benefits received by Jean Michel NG TSEUNG are paid by MCB Group Limited in his capacity as Chief Executive of the latter.
Figures may not add up due to rounding

Directors' interests and dealings in securities

MCB Investment Holding Ltd being the sole direct shareholder of MCB Ltd, the directors do not hold shares of their own in the company. However, regarding directors' dealings in MCB Group's securities, the directors confirm that they have followed the absolute prohibition principles and notification requirements of the 'Model Code for Securities Transactions by Directors of Listed Companies' as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules.

The Company Secretary maintains a Register of Interests. Upon their appointment, all new directors are required to notify in writing to the Company Secretary their interest as well as the interest of their closely related parties in MCB Group's securities.

The following tables itemise the interests of the directors in MCB Group's listed securities as at 30 June 2024 as well as the transactions effected by them during the year under review.

Interests in MCB Group Ltd Ordinary shares as at 30 June 2024	Number of Ordinary shares	
	Direct	Indirect
Jean-François DESVAUX DE MARIGNY	424,968	366,620
Jean Michel NG TSEUNG	74,771	-
Su Lin ONG	15,978	56,358
Simon WALKER	-	6,130

Transactions during FY 2023/24	Number of Ordinary shares					
	Purchased		Sold		Others	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Jean-François DESVAUX DE MARIGNY	-	-	-	-	(67,711)	88,806
Jean Michel NG TSEUNG	14,693	-	-	-	4,206	-
Su Lin ONG	-	-	-	-	982	2,900
Simon WALKER	-	3,497	-	-	-	130

Interests in Fincorp Investment Ltd as at 30 June 2024	Number of shares	
	Direct	Indirect
Jean-François DESVAUX DE MARIGNY	88,225	11,124
Simon WALKER	-	10,320

Directors' service contracts

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

Board committees

The Board has delegated authority to various Board committees to provide specialist guidance and make recommendations, through established reporting mechanisms, on areas and matters entrusted to them. Each committee has its own charter, as approved by the Board and reviewed as required, which sets out, *inter alia*, its roles, responsibilities, composition and meeting requirements. The mandate, composition and focus areas covered by the four Committees namely: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Risk Monitoring Committee; and (iv) Supervisory and Monitoring Committee are presented in the next section. Of note, selected directors of MCB Ltd are also members of the Corporate Strategy Committee of MCB Group, which oversees the business strategy of the organisation and measures the performance thereof against objectives set. In addition, some directors of MCB Ltd sit on Board sub-committees of MCB Group, namely the MCB Group Corporate Sustainability Committee, which monitors the implementation of the MCB Group's corporate sustainability initiatives, and the MCB Group Technology and Innovation Committee, which oversees matters relating to technological innovation.

A new joint Board Committee, the Cyber and Technology Risk Committee is being set up to assist the Board of Directors of MCB Ltd and MCB Group Ltd in defining risk strategies, assessing and monitoring the cybersecurity, information and technology risk management of MCB Group and its subsidiaries. The Committee will also advise the Boards of relevant subsidiaries on cyber, information and technology risk issues and shall monitor the associated risk levels and postures against the set risk appetites.

Audit Committee (AC)

Mandate

The AC assists the Board in the oversight of the financial reporting process to ensure the balance, integrity and transparency of the financial information published by MCB Ltd. It monitors internal control processes and ensures compliance with relevant laws and regulations.

Key facts (FY 2023/24)

3	2.2	9	100%
Number of directors	**Average length of tenure (years)**	**Number of meetings**	**Average meeting attendance**

Composition and meetings

As per its Charter, the AC shall comprise between three and five members and shall consist solely of independent directors from whom the Chairperson shall be nominated. The Chairperson of the Board shall not be a member of the AC. The AC meets at least four times a year corresponding to the Company's quarterly reporting cycle and on an ad hoc basis when required. A member of the Risk Monitoring Committee may be requested to attend the AC whenever deemed appropriate. The directors who served on the AC and their attendance at committee meetings during FY 2023/24 are provided in the following table:

Members	Committee member since	Board status as at 30 June 2024	Meeting attendance
Uday GUJADHUR *(Chairperson) (until December 2023)*	**December 2017**	**Independent Non-Executive Director**	**4/4**
Su LIN ONG *(Chairperson as from January 2024)*	**November 2019**	**Independent Non-Executive Director**	9/9
Johanne HAGUE	January 2022	Independent Non-Executive Director	9/9
Craig McKENZIE	January 2024	Independent Non-Executive Director	5/5

Secretary: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

Focus areas in FY 2023/24

Key topics discussed

- Interim and audited Financial Statements published by the Bank with recommendations made to the Board
- Reports from internal and external auditors and actions taken accordingly
- Compliance plans and reports
- Internal control review
- AML/CFT review
- Operational risk review
- Cyber and Information Security review
- Risk Heat Map review
- Audit plans of internal and external auditors
- Review of relevant policies

More information on the Audit Committee Charter is available on the website

Nomination and Remuneration Committee (NRC)

Mandate

The NRC assists the Board by making recommendations in respect of nominations and remuneration for the Board and Committee members as well as Chief Executive Officer/Senior Officers who form part of the Leadership Team of the Bank.

Key facts (FY 2023/24)

4	2.7	5	95%
Number of directors	**Average length of tenure (years)**	**Number of meetings**	**Average Meeting attendance**

Composition and meetings

As per its Charter, the NRC shall comprise between three and five members, the majority of whom shall be independent non-executive directors. The Chairperson shall be a non-executive director and the Chief Executive Officer may be a member of the NRC. The NRC meets at least twice a year and on an ad hoc basis when required. The directors who served on the NRC and their attendance at committee meetings during FY 2023/24 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2024	Meeting attendance
Jean-François DESVAUX DE MARIGNY *(Chairperson and Secretary)*	**December 2018**	**Non-Executive Director**	**5/5**
Johanne HAGUE	January 2024	Independent Non-Executive Director	3/3
Philippe LEDESMA *(until December 2023)*	December 2017	Independent Non-Executive Director	1/2
Simon WALKER	June 2020	Independent Non-Executive Director	5/5
Thierry HEBRAUD	January 2024	Executive Director	3/3
Alain LAW MIN *(until December 2023)*	January 2017	Executive Director	2/2

Focus areas in FY 2023/24

Key topics discussed

- Appointment of new CEO
- Board committees composition
- Succession plan for leadership roles, including strategic talent acquisition
- Appointments to the Leadership Team
- Debriefing of Board self-assessment
- Remuneration strategy and reward architecture project
- Review of the financial and non-financial objectives set to Management as per the 3-year strategic plan
- Approval of salary reviews and bonuses for the Leadership Team as well as for all other employees
- Directors' fees for Board and Board committees
- Board Succession Plan, including the appointment of a new Director

More information on the Nomination and Remuneration Committee Charter is available on the website

Risk Monitoring Committee (RMC)

Mandate

The RMC assists the Board in setting up risk mitigation strategies and in assessing and monitoring the risk management process of the Bank. It also advises the Board on risk issues and monitors the risk of the different portfolios against the set risk appetite, in compliance with relevant regulations and advocated norms.

Key facts (FY 2023/24)

5	4.1	5	96%
Number of directors	**Average length of tenure (years)**	**Number of meetings**	**Average meeting attendance**

Composition and meetings

As per its Charter, the RMC shall consist of the Chief Executive Officer and at least three non-executive directors. The Chairperson of the Committee shall be an independent non-executive director. The RMC meets at least quarterly and on an ad hoc basis when required. The directors who served on the RMC and their attendance at committee meetings during FY 2023/24 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2024	Meeting attendance
Simon WALKER *(Chairperson)*	**June 2020**	**Independent Non-Executive Director**	**5/5**
Philippe LEDESMA *(until December 2023)*	December 2017	Independent Non- Executive Director	2/3
Craig McKENZIE	January 2024	Independent Non- Executive Director	2/2
Jean-François DESVAUX DE MARIGNY	December 2018	Non-Executive Director	5/5
Jean Michel NG TSEUNG	August 2015	Non-Executive Director	5/5
Alain LAW MIN *(until December 2023)*	January 2017	Executive Director	3/3
Thierry HEBRAUD	January 2024	Executive Director	2/2

Secretary: Frederic PAPOCCHIA (Chief Risk Officer)

Focus areas in FY 2023/24

Key topics discussed

- Review and recommend to the Board the updated risk appetite, including stress testing of the 3-year budget approved at Board as well as quarterly RWA limits
- Quarterly monitoring of risk appetite targets/ limits/parameters including RWA limits
- Review and recommend to the Board the updated country risk appetite
- Quarterly monitoring of country risk appetite limits
- Follow-up and monitoring of early warning indicators used as a basis to trigger, or not, stress testing
- Review and recommend to the Board the annual ICAAP stress testing exercise and findings
- Review and recommend to the Board regarding quarterly asset classification, loan loss allowances (including expected credit losses) and write-offs review and follow-up on large sensitive credit files
- Capital Management with a view to ensuring target CAR and CAR Tier 1 ratios are met
- Follow-up of trading book and FX Profit or Loss Report produced by the Market Risk and Product Control Unit
- Review of updated Credit Risk Policy
- Review of updated Market Risk Policy
- Follow-up and risk assessment on the deterioration of the macro-economic situation of various African economies particularly Ghana, Nigeria, Egypt and Kenya
- Review of the updated Environment and Social Risk (ESR) Policy
- Review and monitoring of the asset liability management risk with a focus on FCY loan to deposit ratio as well as interest rate gap to assess potential earnings impact in case of a potential drop of interests rates over the coming months
- Review and recommend to the Board the Metals and Mineral risk appetite
- Review of the impact analysis conducted on the Guideline on Classification, Provisioning and Write-off of Credit Exposures introduced by the BoM in December 2023
- Review of the RMC Charter

More information on the Risk Monitoring Committee Charter is available on the website

Supervisory and Monitoring Committee (SMC)

Mandate

The SMC assists the Board in setting the development strategy and objectives of MCB Ltd whilst monitoring and measuring the Bank's performance against such strategy. It oversees the overall management of the Bank in accordance with set policies.

Key facts (FY 2023/24)

2	3.2	50	97%
Number of directors	**Average length of tenure (years)**	**Number of meetings**	**Average meeting attendance**

Composition and meetings

As per its Charter, the SMC shall consist of at least two members, including the Chairperson and the Chief Executive Officer. Any two members of the Committee shall form a quorum, provided that one of them is the Chairperson. In the absence of the Chairperson or the Chief Executive Officer, a non-executive or independent director, appointed by the Board or the NRC, shall act as member. The SMC shall meet regularly and on an ad hoc basis when required. The directors who served on the SMC and their attendance at committee meetings during FY 2023/24 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2024	Meeting attendance
Jean-François DESVAUX DE MARIGNY (Chairperson)	**January 2019**	**Non-Executive Director**	**50/50**
Thierry HEBRAUD *(also acts as Secretary)*	July 2023	Executive Director	47/49
Alain LAW MIN *(until December 2023)*	July 2015	Executive Director	20/22

Focus areas in FY 2023/24

Key topics discussed

- Impact of developments in the operating environment on the strategy, financial performance and operations of the Bank
- Review of financial performance
- Capital and funding initiatives as well as the liquidity position of the Bank
- Major credit risk issues and large credit exposures ratification
- Approval of policies, procedures and terms of reference
- Delegation of powers and authority as well as review of authorised signatories for specific purposes
- Review of cloud-based outsourcing services and material outsourcing services
- HR matters including requests for early retirements
- Investment and immovable property acquisition opportunities
- Progress on key organisation-wide initiatives, including major projects
- Legal, operational and compliance matters

More information on the Supervisory and Monitoring Committee Charter is available on the website

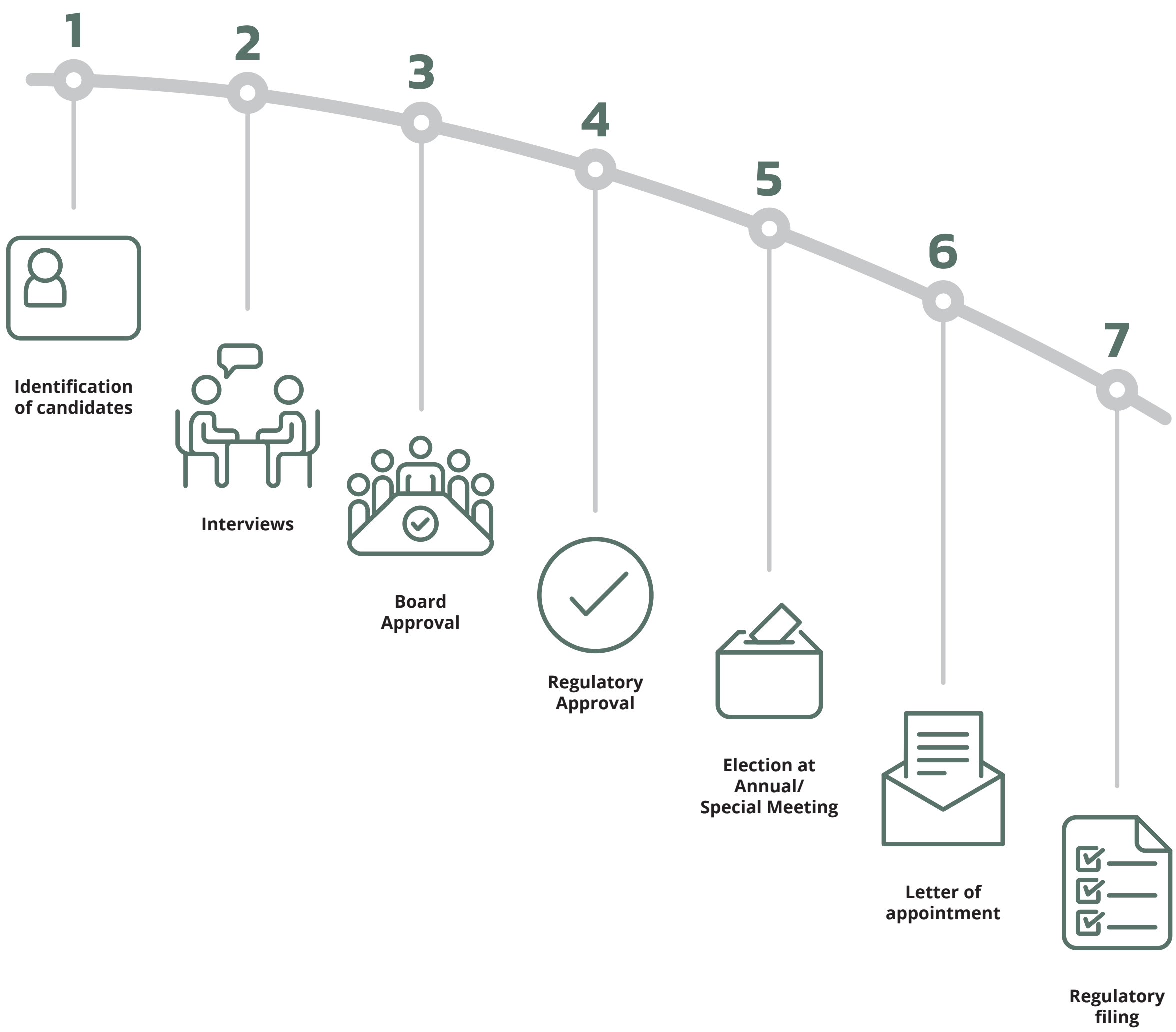
Board effectiveness

Nomination process

The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Nomination and Remuneration Committee (NRC), which is responsible for overseeing Board directorship's renewal and succession planning. The NRC reviews the size, structure and composition of the Board on an annual basis or when considering Board appointments. The Board places high emphasis on ensuring that membership therein reflects diversity to provide the range of perspectives and insights needed to support good decision-making in the execution of the Bank's strategy. The NRC considers that the size of the Board contributes to its effectiveness.

The NRC is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval. Appointment of prospective candidates is based on merit and due consideration is given to, amongst others, specific skills, expertise, knowledge, experience and their background, including the value the individual can bring to the overall Board performance. In addition, the NRC considers gender diversity, independence and time commitment of prospective Board members. Prior to their appointment, non-executive directors are advised of expected time commitments and are required to devote such time as is necessary to discharge their duties effectively. The Board is satisfied that there are no directors whose time commitments are considered to be a matter of concern.

The nomination and appointment process of directors for the Board is highlighted in the diagram below.



Whilst seeking to retain a core set of directors with long-standing knowledge, the Board recognises the importance of rotation of Board members to ensure that there is a good balance between continuity and fresh perspectives. It is worth highlighting that at each Annual Meeting, one third of Board members, notably those who have been longest in office, are required to retire, while being eligible to stand for re-election.

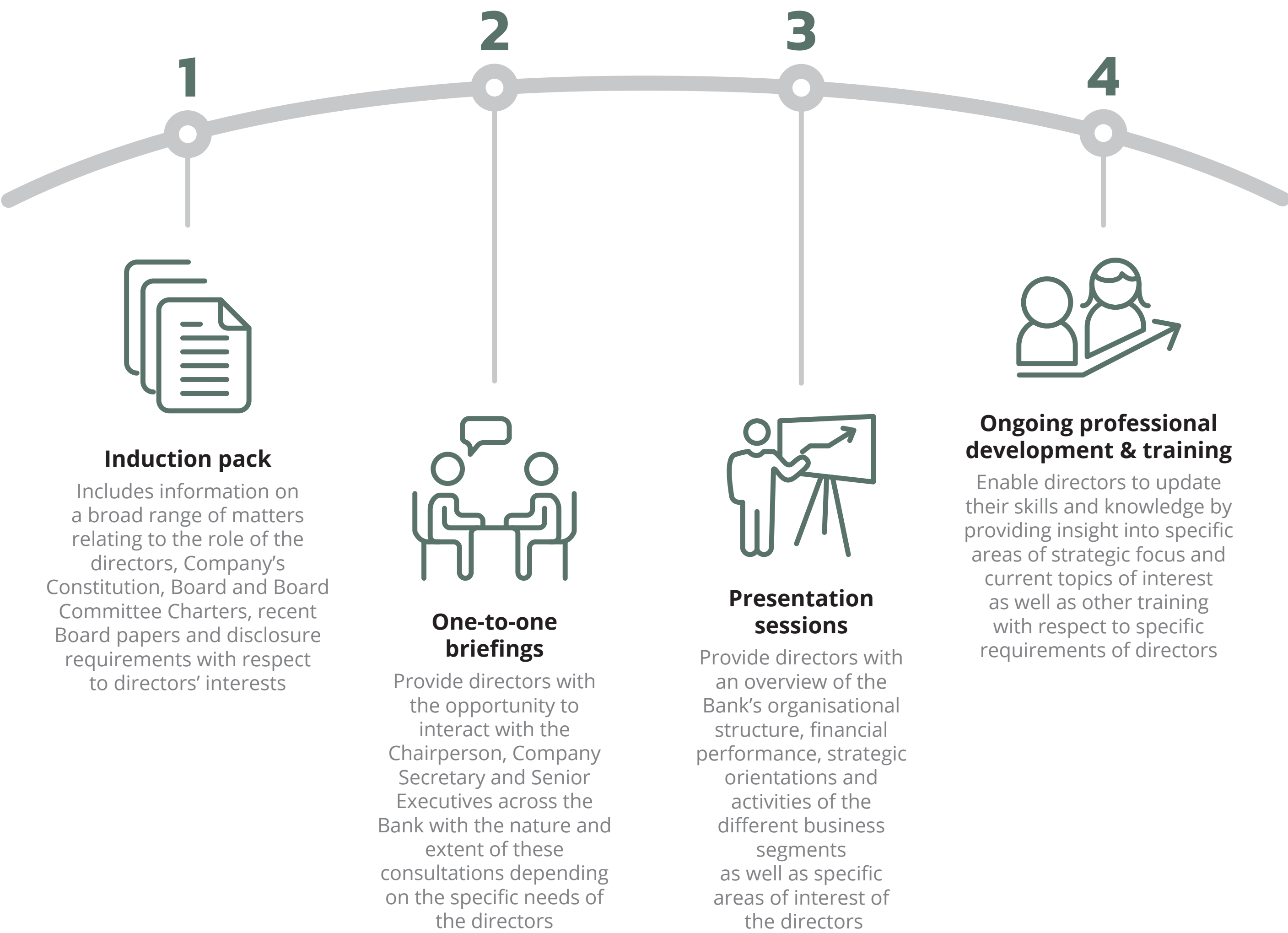
Board induction and training

All new directors, upon joining the Board, receive a comprehensive induction programme tailored to their specific requirements. The training seeks, *inter alia*, to make them aware of their legal duties and facilitate their understanding of the Bank's structure and business operations, its strategic priorities and current challenges. The objective of the programme is to enable newly appointed directors to be well equipped from the outset to contribute effectively to strategic discussions and oversight of the Bank.

Similarly, continuous development of directors is deemed essential to maintaining a highly engaged, well-informed and effective Board. In this respect, the Chairperson of the Board is responsible to ensure that the development needs of the directors are identified and appropriate training is provided to enhance their skills and knowledge. Directors are also given the opportunity to request specific training, which they consider necessary to assist them in carrying out their duties effectively. The Company Secretary co-ordinates the training plan for the directors, which is reviewed on a regular basis to ensure its pertinence and a training log is maintained for each director.

During the year, as part of the ongoing training and development programme, the directors attended training on 'AI in the boardroom' delivered by an international expert. The course provided an overview of the developments in AI technologies as well as the opportunities and challenges they entail. The session also allowed the directors to deepen their understanding of the current technological trends, such as the Metaverse and Cryptocurrency, and how these technological advances are shaping the business landscape of financial institutions. In addition, the directors attended a workshop on Blockchain and Virtual Assets to strengthen the Board's understanding of these technologies and their impact on the traditional banking system. The directors were also provided with an outline of the legal framework regarding activities relating to Virtual Assets. Besides, they also completed an in-house e-learning course on general security awareness in relation to cyber-attacks and threats, including an online test to assess their understanding.

An outline of the induction and training programme is set out in the diagram hereunder.



Note: Briefing and reading materials are made available on the Board Portal for consultation.

Craig McKENZIE
Independent Non-Executive Director

"

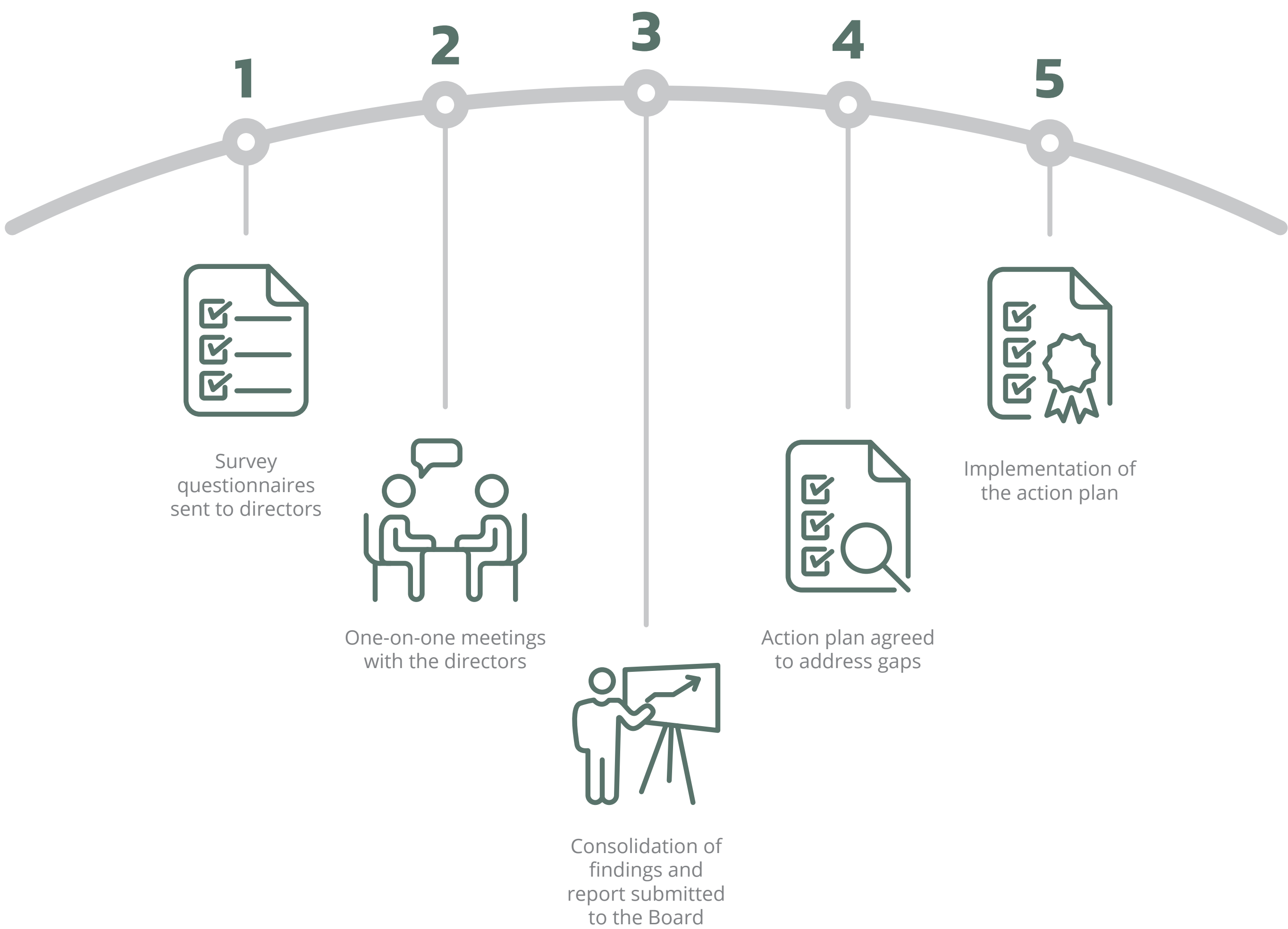
The induction program was extremely useful in helping me grasp the broad strategy of the Bank and meet the key business leaders at MCB. This enabled me to understand the issues on the Board agenda from the first meeting I attended. I was particularly impressed with the candour and openness of senior management regarding the operational challenges and strategic risks facing the bank. This transparency is essential in building a relationship of trust between Management and the Board."

Board/Directors' performance

The Board recognises the need to undertake a regular review of its performance and effectiveness, as well as those of its committees and individual members. In this respect, the Board generally undergoes a yearly assessment either with the support of an independent external facilitator or internally, under the oversight of the Nomination and Remuneration Committee (NRC).

In FY 2023/24, the NRC decided to reappoint Ernst & Young (EY) as facilitator to perform the 2024 Board evaluation exercise. The evaluation was two-fold, consisting of the review of the implementation status of the recommendations they made in the 2022 Board evaluation exercise and a refreshed assessment of the Bank's corporate governance practices against the principles outlined in the National Code of Corporate Governance (NCCG) for Mauritius (2016). The Board evaluation was conducted by way of a survey questionnaire followed by one-on-one interviews for a sample of directors.

The findings of the refreshed board evaluation exercise concluded that the Board and its committees are complying with the requirements of NCCG and that directors continue to fulfil their roles as required. The report, which was presented to the Board, also identified a few areas of improvement, with an action plan subsequently agreed upon. The Chairperson of the Board, with the support of NRC, will oversee the implementation of the action plan to ensure that issues identified are given due consideration within a reasonable timeframe. An outline of the board evaluation methodology used in FY 2023/24 is provided in the diagram hereunder.



Risk governance

Risk management and internal control

The Board has the ultimate responsibility to maintain an effective risk management and internal control system, which it regularly reviews to cater for the principal and emerging risks, including those that could threaten the Bank's business model, performance, solvency, liquidity and reputation. Supported by the Risk Monitoring Committee and Audit Committee, the Board ensures that the necessary structures, processes and methods for identification, evaluation and monitoring of the principal risks faced by the Bank are integrated into the latter's overall risk management framework. The Board has received assurance, through the regular reporting by the Chairpersons of relevant committees, on the adequacy of the risk management processes and systems in place over the period under review.

The Board, assisted by the Audit Committee, ensures that the internal control framework in place results in an acceptable level of risk exposure whilst guaranteeing compliance with established internal policies and procedures and relevant laws and regulations. The Internal Audit, Compliance and Risk (for non-financial risk matters) functions regularly report to the Audit Committee. Furthermore, the Audit Committee receives feedback from the Company's internal and external auditors and engages with them in the absence of Management to ensure that there are no unresolved material issues of concern. Based on the work performed by internal and external auditors, reviews by Management and regular reporting from the Chairperson of the Audit Committee, the Board satisfies itself that the internal control systems are adequate and effective.

Information governance

The Bank places significant emphasis on the confidentiality, integrity and availability of information. It ensures that a robust framework is maintained to protect its information asset and uphold the security and performance of information and Information Technology (IT) systems. The Board is responsible for setting up and regularly reviewing relevant policies and for ensuring that they are appropriately implemented through adequate structures and processes while adhering to relevant rules and regulations. In this respect, access to information is only available to authorised parties. Physical and logical access controls are in place at all times with staff being regularly made aware of relevant requirements. Adoption of best practices in terms of cybersecurity risk management is actively promoted through regular awareness exercises including training sessions and simulated phishing attacks. The Bank continues to invest in technology to enhance its operational resilience with significant investments monitored by the Board. Internal Audit provides independent assurance on the suitability of the Bank's information and IT policies while the Audit Committee evaluates the effectiveness of related internal control systems.

More details on information governance is available in the 'Information, Information Technology and Information Security Governance Policy' on the website

Internal audit

The primary role of Internal Audit is to assist the Board in protecting the assets and reputation of the Bank. The aim of internal audit is to assess the policies, methods and procedures in place at the organisation in order to cater for their adequate application. It is responsible for independently assessing the effectiveness of key controls, including those within the risk management framework, and providing timely reporting to the Audit Committee with a view to strengthening the internal control framework. In the exercise of their function, the internal auditors have sufficient access to information, records, and employees of the Bank.

More information is available in the 'Risk assurance: Internal audit' section on page 165

External auditor

With a view to ensuring the overall adequacy of the Bank's internal control framework, the Audit Committee evaluates the independence, effectiveness and eligibility of the external auditor on an ongoing basis before making a recommendation to the Board on their appointment and retention. The appointment of Deloitte as external auditor was approved at the Annual Meeting of Shareholders of MCB Ltd, held in December 2023. As regards the timeframe, the total duration of the audit assignment is for a period of one year with the possibility of reappointing the selected firm annually, subject to regulatory provisions and approval at the Annual Meeting of Shareholders of MCB Ltd.

Non-audit services

MCB Ltd, via the Audit Committee, has a process to ensure that there is no threat to the objectivity and independence of external auditors in the conduct of the audit that could result from the provision of non-audit services by them. As such, non-audit services, which are limited to ad hoc advice and other assurance related services, are pre-approved by the Audit Committee.

Auditors' fees and fees for other services

	2024		2023	
	Group	Bank	Group	Bank
	Rs '000	Rs '000	Rs '000	Rs '000
Audit, Quarterly Review and Internal Control Review fees paid to:				
Deloitte Mauritius				
The Mauritius Commercial Bank Limited	22,016	22,016	20,967	20,967
Deloitte Nigeria				
The Mauritius Commercial Bank Representative Office (Nigeria) Limited	645	-	-	-
Crowe				
The Mauritius Commercial Bank Limited (DIFC Branch)	490	490	400	400
PwC Madagascar				
The Mauritius Commercial Bank Limited (Madagascar) S.A	1,002	-	822	-
CGA				
The Mauritius Commercial Bank Limited (Madagascar) S.A	303	-	327	-
Fees for other services paid to:				
Deloitte Mauritius				
The Mauritius Commercial Bank Limited	1,944[2]	1,944[2]	11,897[1]	11,897[1]

[1]The fees for other services in 2023 relate mainly to comforts on dividend declaration, AML/CFT review, issuance of the GMTN programme, senior bond issuance under the GMTN programme and Tier 2 capital issuance. The bulk of the non-audit fees relates to the one-off fees for the issuance of MCB Ltd's GMTN programme.
[2] Fees for other services in 2024 relate mainly to comforts on dividend declaration and AML/CFT review

Directors of MCB Ltd Subsidiaries

The Board composition of the subsidiaries is given below, with the corresponding Chairperson as well as Managing Director or Chief Representative Officer sitting on the respective Boards being mentioned. Changes in the Board Composition during the FY 2023/24 and to date are also highlighted.

Subsidiary	Cluster	Directors
MCB Madagascar SA	Banking	**Jean-François DESVAUX DE MARIGNY *(Chairperson)*** Paul CORSON *(as from March 2024)* Gilbert GNANY *(until March 2024)* Désiré LEO Vikash NATHOO *(as from March 2024)* Jean Michel NG TSEUNG Pierre Guy NOEL *(until December 2023)* Rony RADAYLALL *(Managing Director)* Patrick RAZAFINDRAFITO
The Mauritius Commercial Bank Representative Office (Nigeria) Limited *(A subsidiary of MCB Ltd - Incorporated in January 2023)*	Banking	**Thierry HEBRAUD *(Chairperson)*** Abiodun Babatunde AZEEZ *(Chief Representative Officer)* Frederic PAPOCCHIA Murray VAN ROSSOM

Directors of subsidiaries' remuneration

The remuneration and benefits paid to directors of subsidiaries, who did not sit on the Board of MCB Ltd during FY 2023/24 are shown below.

Remuneration and benefits received (Rs '000)	2024
Executive (Full-time)	16,924
Total	**16,924**

Executive Management

The conduct of the business is entrusted to the Leadership Team of the Bank which has the responsibility to operate within the strategic framework, risk appetites and policies set by the Board while adhering to regulatory requirements. To this end, various committees involving the Bank's senior officers are in place to deliberate on key issues for informed decision making. The Management Committee assists the Chief Executive Officer to manage the day-to-day running of the Bank's business and affairs. Additionally, oversight and monitoring of the various risk areas within the business are exercised through dedicated committees, such as (i) Executive Credit Committee (ii) Country Risk Committee (iii) Asset and Liability Committee (iv) Information and Operational Risk Committee (v) Compliance, Anti-Money Laundering and Legal Committee and (vi) Conduct Review Management Committee.

Profiles of the Management Committee members

The profiles of the Management Committee members – excluding that for Thierry HEBRAUD, which appears in the Directors' Profiles section – are given hereunder.

***Vincent CHATARD* – Age 60**

Chief Operating Officer

QUALIFICATIONS: Master of Science in Engineering (France) and MBA (France)

SKILLS AND EXPERIENCE: Vincent was appointed Chief Operating Officer in September 2015 and has also steered the Digital Transformation Programme initiated in 2018. He has accumulated wide-ranging experience in the banking sector, having occupied a number of senior executive positions in international banks. He spent 7 years working with Crédit Lyonnais International before joining KPMG France as a Management Consultant in 1995. In 1997, he was appointed as Head of Information Technology and Organisation of Banque Robeco France (a Personal Banking Unit of the Rabobank Group). From 2000 to 2008, he was appointed Chief Information Officer and Senior Vice-President Business Development of ING Direct, to establish the units in both France and the UK. From 2008 to 2011, he launched and was the Chief Operating Officer of BforBank, the direct banking unit of Crédit Agricole. He then acted as Chief Operating Officer, Chief Business Development Officer and Executive Board Director of MeDirect Bank, a privately owned investment and wealth bank operating in Malta and Belgium prior to joining MCB Ltd.

***Allan FREED* – Age 46**

Head of Human Resources

QUALIFICATIONS: BA (Honours) in Political Science (UK)

SKILLS AND EXPERIENCE: Allan is a seasoned C-Suite HR Executive with a proven track record in designing and delivering strategic HR transformation projects for some of the world's most renowned organisations. His expertise lies in the intersection of business strategy execution and HR practices, fostering high-performance, results-oriented cultures, and positioning HR as a key driver of relevance with external stakeholders. He has contributed extensively to thought leadership in these areas, co-authoring and authoring numerous published works. He joined MCB in September 2022 as the Head of Culture and Leadership, where he led initiatives that empowered the organisation to excel both in the marketplace and the workplace. In March 2024, he was appointed MCB Group Head of Human Resources. In this role, his primary objective is to develop HR strategies that drive critical outcomes across the five pillars of the MCB Group Scorecard. Before joining MCB, he spent 15 years at The RBL Group, gaining extensive experience in HR consultancy across various industries and geographies. During his tenure, he was instrumental in designing and delivering customised senior executive development programs and strategic HR transformation projects for some of the world's largest organisations.

***Bhavish NAECK* – Age 53**

Head of Finance

QUALIFICATIONS: BSc (Honours) in Economics with specialisation in Accounting and Finance and Fellow Chartered Accountant (UK)

SKILLS AND EXPERIENCE: Bhavish, who is the first MCB Foundation scholar, spent some years in Singapore, working in the Audit and Business Advisory division of Deloitte and as Financial Controller at JDA Asia, a subsidiary of a listed NASDAQ entity. After a stint at Sun Resorts, he joined MCB in May 2000 as Manager – Investment Administration and then worked as Project Leader on the Business Process Re-engineering project in 2001. He heads the Finance SBU since January 2014 and was Project Sponsor on a Finance Transformation Project with the aim of better responding to stakeholders' expectations in the light of the growing internal, external and technological changes. He is responsible for the provision of internal and external financial/regulatory reports, a team of finance business partners and a number of strategic finance functions. He is Chairperson of the Asset & Liability Committee and the Procurement Committee. Since September 2024, Bhavish has been appointed as MCB Group Head of Finance to oversee all finance functions within the subsidiaries of MCB Group. He is part of the Management Committee of MCB Superannuation Fund and is a director of the following MCB Group subsidiaries: MCB Consulting Services Ltd and MCB Properties Ltd.

***Frederic PAPOCCHIA* – Age 50**

Chief Risk Officer

QUALIFICATIONS: Master's Degree in Finance and MBA (France)

SKILLS AND EXPERIENCE: Frederic is the Chief Risk Officer of MCB Ltd since January 2016 and is also the MCB Group Chief Risk Officer since August 2023. He joined the Bank in July 2012 as a Consultant to the MCB Group Chief Executive and worked on various projects in the risk arena before taking office as Deputy Chief Risk Officer in April 2014. He currently oversees the following functions namely Credit Management including Environmental and Social Risk Management, Debt Restructuring and Recovery, Enterprise Risk, Operational Risk, Cyber and Information Security, Business Continuity Management as well as Financial Risk, which comprises Credit Risk, Credit Modelling, Market Risk and Climate Risk. As part of his ongoing responsibilities, he also acts as Secretary to the Risk Monitoring Committee of the Board alongside sitting on dedicated risk committees and other committees of the Bank. Prior to joining MCB, he had accumulated extensive experience in management consultancy particularly in areas of risk management and regulation, during which he engaged with several large banks such as Bank of America, Societé Générale and BNP Paribas, working on various assignments including the implementation of the Basel 2 and Basel 2.5 reforms, the development of stress-testing frameworks and the review of credit origination frameworks.

***Philippe TOUATI* – Age 58**

Head of Corporate and Institutional Banking

QUALIFICATIONS: MSc in Mathematics (France), MSc in Electrical Engineering (France and USA)

SKILLS AND EXPERIENCE: Philippe serves as the Head of Corporate and Institutional Banking (CIB) at MCB Ltd, where he is responsible for driving revenue growth and elevating customer experiences for both domestic and international corporates and financial institutions business. Since September 2023, as the Head of CIB, he is at the helm of the various teams and functions, including Mauritius and Regional Corporates, Global and International Corporates, Specialised Finance, and Financial Institutions & Syndication, as well as, the Middle Office, Global Transactions Banking and Credit Analysis & Structuring teams. Prior to this role, Philippe was the Head of Institutional Banking at ANZ Bank and served as Managing Director and Co-Head of Wholesale Banking at Standard Chartered Bank Singapore, overseeing relationships with financial institutions and corporate commercial clients across the region. His deep expertise in financial services also includes leading Capital One Bank's European operations. Before joining MCB, Philippe was a partner at Belmond Capital Ltd, a Technology Investment firm focusing on innovative solutions in the financial services and communications sectors. He has also invested in early-stage tech companies and led transformation initiatives for corporates across Europe and Asia.

***Parikshat TULSIDAS* – Age 45**

Head of Financial Markets

QUALIFICATIONS: BA (Honours) Human Resource Management and Marketing (UK)

SKILLS AND EXPERIENCE: Parik is a seasoned banking professional with more than 20 years of experience in leadership roles within Financial Markets and Corporate & Investment Banking across continents. He started his career within the Treasury Department at BNP International in Mauritius and has, since, worked within other renowned international banks in Mauritius, UK and Asia, with a thorough knowledge of Financial Markets, Risk Management, Financial Institutions and Securities Services. He also has a thorough understanding of African markets having covered the China – Africa corridor during his time in Beijing and having formulated the Emerging Markets Financial Institutions strategy at his previous employer. Since 2021, he heads up the Financial Markets division at MCB Ltd, which comprises the Global Markets, Treasury Management and Securities Services businesses.

***Anju UMROWSING-RAMTOHUL* – Age 50**

Head of Domestic Banking

QUALIFICATIONS: MSc in Economics and Post Graduate Diploma in Banking and Finance (France)

SKILLS AND EXPERIENCE: Anju is an experienced professional with a diverse background in finance and banking. Her journey began at MCB in 2004 when she joined as a Special Asset Manager. Over the years, she has taken on various leadership roles within the organisation namely as Head of Credit Management, Head of Credit Origination and Structuring for corporates as well as international customers and Head of Banking Operations before transitioning to Head of Domestic Banking since July 2024. In her current role, she has the responsibility of shaping the strategic direction and driving the growth of the Retail Banking and Business Banking divisions of the Bank in Mauritius. Prior to joining MCB, she gained valuable experience in the Corporate Banking division of the State Bank of Mauritius and The Hong Kong Shanghai Banking Corporation Ltd (Mauritius Branch).

Interest in shares

The following table gives the interests of Management Committee members in MCB Group's listed securities as at the end of FY 2023/24.

Interest as at 30 June 2024	MCB Group Limited shares		MCB Group Limited Preference shares		MCB Group Limited Senior Unsecured Floating Rate Notes	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Bhavish NAECK	38,300	12,378	-	-	6,000	3,000
Frederic PAPOCCHIA	26,566	-	-	-	-	-
Anju UMROWSING-RAMTOHUL	17,873	6,890	-	-	-	-

Note: The above did not hold any share in Fincorp Investment and COVIFRA as at June 2024

Remuneration

The aggregate amount paid to the Management Committee members in terms of remuneration can be found in Note 33 of the Financial Statements.

Related party transactions

For the purpose of these Financial Statements, parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercise significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. Related parties may be individuals or entities. The Bank of Mauritius Guideline on Related Party Transactions is articulated around three main elements:

- the responsibilities of the Board of Directors of a financial institution in establishing and implementing appropriate policies on related party transactions and administering the process for handling the transactions;

- the definition of the different types of related party transactions and the setting out of regulatory limits on credit exposures to related parties; and

- the definition of basic rules for monitoring and regulatory reporting of related party transactions and their disclosure in the Annual Report.

In fact, the Guideline is more stringent than the applicable International Accounting Standard (IAS 24) in that a person holding directly or indirectly 10% or more of the capital or of the voting rights of the Bank also falls within the definition of related party. As a general rule, all transactions with a related party must be carried out at arm's length i.e. on terms and conditions that are at least as favourable to the Bank as market terms and conditions.

Related party transactions include:

- loans, finance leases and service agreements;

- guarantees issued on behalf of a related party;

- investments in any securities of a related party;

- deposits and placements; and

- professional service contracts.

For regulatory reporting purposes, related party transactions are classified into three categories:

1. Directors, their close family members and any entity where any of them holds more than a 10% interest; Shareholders owning more than 10% of the financial institution's capital; Directors of any controlling shareholder; and Entities (excluding subsidiaries) where the financial institution holds more than a 10% interest.

2. Senior Management, their close family members and any entity where any of them holds more than 10% interest; Senior Management of any controlling shareholder; and Subsidiaries of the financial institution.

3. Senior Management, provided their exposures are within the terms and conditions of their employment contract. Category 3 above, as well as exposures representing less than 2% of the institution's Tier 1 capital, are excluded from regulatory limits which are set, in aggregate, at 60% of Tier 1 capital for category 1 and 150% thereof for the total of categories 1 and 2.

The Bank's policy on related party transactions sets out the rules governing the identification of related parties, the terms and conditions applicable to transactions entered into with them and reporting procedures to the Conduct Review Management Committee and the Board as applicable. Note 33 to the Financial Statements sets out on- and off- balance sheet exposures to related parties as at 30 June 2024.

Aggregate exposure of related parties, including exposure of the Bank to subsidiary companies amounted to Rs 5,750 million (on-balance sheet) and Rs 2,653 million (off-balance sheet), which represented respectively 1.5% and 1.4% of Bank loans and Bank contingent liabilities as at 30 June 2024.

Exposure of the Bank's top six related parties as at 30 June 2024 were Rs 2,917 million, Rs 1,014 million, Rs 789 million, Rs 681 million, Rs 594 million and Rs 534 million. These balances represented 3.7%, 1.3%, 1.0%, 0.9%, 0.8% and 0.7% respectively of the Bank's Tier 1 capital.

None of the loans granted to related parties were non-performing as at 30 June 2024.

More information on the 'Conflicts of Interest and Related Party Transactions Policy' is available on the website

Stakeholders' relations and communication

The Board is committed to building open and trustworthy relationships with stakeholders and the public at large through regular engagement. All material business developments that influence the Bank are communicated to stakeholders in a transparent, consistent and timely manner through various communication channels. In addition to direct interactions with stakeholders, official press announcements and occasional press conferences, the Bank's website, hosted at mcb.mu, provides for an adapted and comprehensive self-service interface.

Following the issuance of Senior Unsecured Notes for a notional amount of USD 300 million as part of its Global Medium Term Note Programme, the Bank organises biannual earnings calls after the publication of financial results. During the calls, institutional bondholders have the opportunity to interact with the Bank's management on topics related to performance, strategy and the operating environment.

Shareholders agreement

There is currently no shareholders agreement affecting the governance of the Company by the Board.

Dividend policy

Although there is no formal dividend policy, the Company aims to supply its shareholder with adequate returns to meet the objective of the MCB Group to distribute around one third of its profits while ensuring that the Bank maintains a strong level of capitalisation.

Statement of Directors' responsibilities

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

In preparing those Financial Statements, the directors are required to:

- ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS Accounting Standards have been adhered to, subject to any material departures disclosed, explained and quantified in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business;
- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Bank while ensuring that the Financial Statements fairly present the state of affairs of the Bank, as at the financial year end, and the results of its operations and cash flows for that period; and
- ensure that the Financial Statements have been prepared in accordance with and comply with IFRS Accounting Standards, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder.

The directors confirm that they have complied with the above requirements in preparing the Financial Statements. The directors are also responsible for safeguarding the assets of the Bank and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Bank.

The directors report that:

- adequate accounting records and an effective system of internal control system and risk management framework have been maintained;
- the Financial Statements fairly present the state of affairs of the Bank, as at the financial year end, and the results of its operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- IFRS Accounting Standards, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder have been adhered to; and
- the Financial Statements have been prepared on the going concern basis as the Bank is likely to continue in business in the foreseeable future.

On behalf of the Board

Jean-François DESVAUX DE MARIGNY
Chairperson

Thierry HEBRAUD
Chief Executive Officer

Statement of Compliance

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

Name of Public Interest Entity ('the PIE'): The Mauritius Commercial Bank Limited
Reporting Period: 1 July 2023 to 30 June 2024

We, the Directors of The Mauritius Commercial Bank Limited, confirm that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance (2016).

Jean-François DESVAUX DE MARIGNY
Chairperson

Thierry HEBRAUD
Chief Executive Officer

24 September 2024

Company Secretary's certificate

Name of Public Interest Entity ('the PIE'): The Mauritius Commercial Bank Limited
Reporting Period: 1 July 2023 to 30 June 2024

In our capacity as Company Secretary, we hereby certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 of Mauritius in terms of section 166(d).

Marivonne OXENHAM
Per MCB Group Corporate Services Ltd
Company Secretary

24 September 2024

The Good Shop

We sponsor The Good Shop, which sells second-hand products to support local artisans, sustainable products and ethical consumerism. They provide a platform for local artisans and eco-friendly products to foster community development and encourage environmentally responsible practices.

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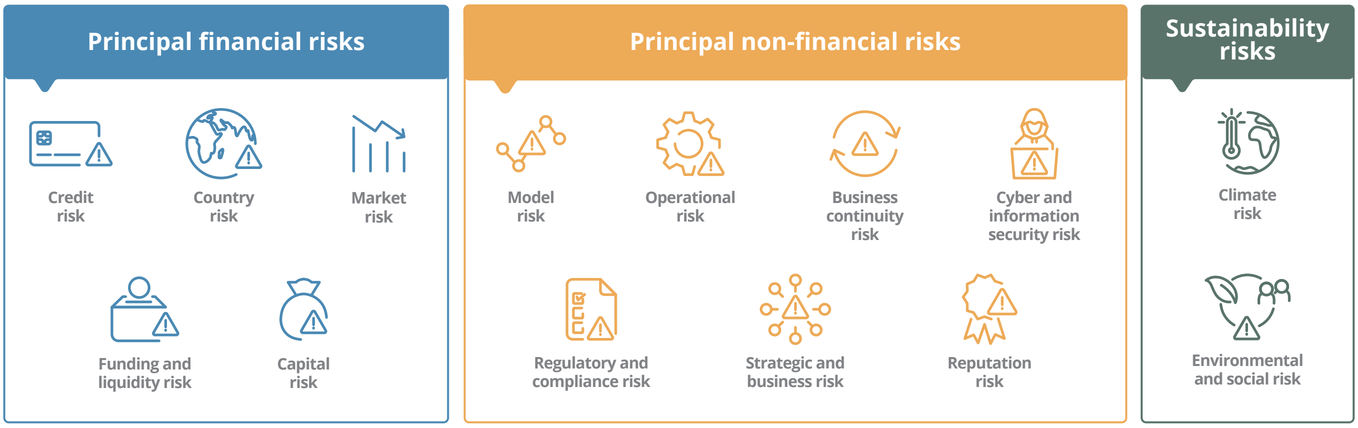
FY 2023/24 highlights

The year in review from a risk perspective

Notwithstanding gradual improvements witnessed in some areas, the risk landscape remained volatile in FY 2023/24 on account of persistent challenges in our internal and external operating environments with the economic situation in key African markets, for instance, further retaining our attention. Nevertheless, our risk profile stayed within established limits of our risk appetite, thanks to the stringent policies, processes, and proactive risk management practices in place across the Bank. We continued to actively identify and assess risks from both external and internal sources, enabling us to address potential threats and unlock opportunities. We accordingly reviewed our Enterprise Risk Heat Map to cater for the dynamic environment and focus on the risks that could have a significant impact on the Bank's operations, financial performance, solvency, or strategic direction. We made further headway in embedding a strong risk culture across the organisation through the implementation of the Risk Culture Programme to guide the right behaviours in the conduct of our operations with key themes emphasised during the year being cyber and physical security amongst others. These moves align with the ongoing quest of the organisation to foster a strong risk management framework, which also saw the Risk and Compliance functions of MCB Ltd being elevated at Group level since August 2023 with the aim to strengthen the risk governance and oversight.

During the year under review, the most prominent themes influencing our risk landscape related to geopolitical and macroeconomic conditions, heightened regulatory demands, climate, environmental and social considerations, cybersecurity and technological disruptions, workplace transformations and employee engagement as well as customer loyalty in a competitive market. A description of these factors and our response thereto is given on pages 34 to 37. To ensure appropriate coverage, we have defined the following key risks that impact our business, with the list pertaining only to major risks and is thus not exhaustive.

Our key risks



Our risk management approach remained effective, being anchored on: (i) an integrated governance structure promoting sound risk standards which is regularly reviewed and adapted as required; (ii) comprehensive and structured processes for evaluating, responding to, and monitoring risks; and (iii) an entrenched risk culture which underpins the shared values, behaviours and practices that drive how risk is considered in decisions. We diligently allocated our capital types to the opportunities identified, aiming to generate sustainable risk-adjusted growth and returns, while prioritising the creation and protection of value for our stakeholders. A snapshot of our risk profile in FY 2023/24 is given below based on key risk indicators and their performance, with additional information on each risk type provided in the 'Management of key risks' section.

How we responded to our risk landscape

The following section outlines the impact of developments that occurred in our operating environment on key risks during FY 2023/24 and our response thereto. We continued to invest in strengthening our risk framework, enhancing our systems and tools, and upskilling our people, with a view to addressing risks faced.

The symbol included for each key risk below indicate the perceived change in risk profile, in inherent risk terms, of the main risks faced during FY 2023/24 compared to FY 2022/23.

Increasing Decreasing Stable

The capital types impacted by each of the key risk have also been included. Effective management of these capital types not only helps us mitigate risks but also supports our long-term growth and success in a rapidly changing landscape.

Capital types

Financial capital	**Social and relationship capital**	**Natural capital**	**Human capital**	**Intellectual capital**	**Manufactured capital**

Principal financial risks

Credit risk

The risk of loss should borrowers or counterparties fail to fulfil their financial or contractual obligations as and when they fall due; Credit risk includes counterparty risk, settlement risk and concentration risk (excessive build-up of exposures to a counterparty, industry, market or product, amongst others).

Capital impacted

Operating context influences: Geopolitical and macroeconomic conditions

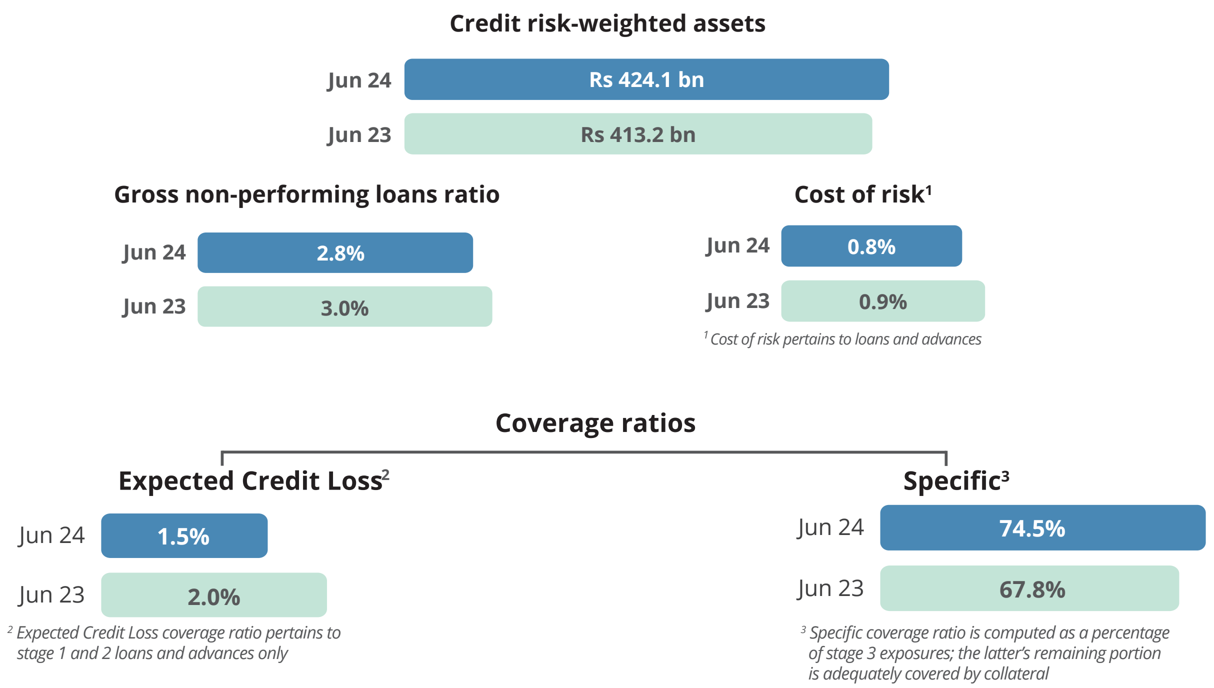
While the ongoing economic recovery has helped to stabilise or reduce risk of credit default in some segments, economic conditions remain volatile, with the high interest rate environment amidst the still elevated inflation and currency depreciations in some regional markets weighing on debt servicing costs.

Our response

- Kept a vigilant and proactive approach to credit risk management backed by careful deal structuring and assessment of borrowers' creditworthiness while upholding a diversified loan portfolio
- Continuously assessed the implications of developments in the operating environment, notably on the foreign exchange front given limited availability of hard currency in some regional countries and on the debt repayment capacity of borrowers
- Monitored the non-performing asset portfolio performance and the potential effect on credit provisions as a result of the economic challenges
- Conducted regular rapid risk review on sensitive and high risk sectors/regions to ensure early identification of potential issues with existing borrowers
- Ensured proactive credit management through regular monitoring on our performing portfolio to detect early warning signs

Our performance

We improved the general quality of our growing exposures on the back of careful market endeavours and dedicated measures put in place, leading to a lower gross non-performing loans ratio and cost of risk while reinforcing our provisioning levels.



Country risk

The risk of loss arising when political or economic conditions or events in a particular country inhibit the ability of counterparties in that country to meet their financial obligations.

Capital impacted

Operating context influences: Geopolitical and macroeconomic conditions

High fiscal and debt burdens have further affected sovereign ratings in certain markets where we are involved. Coupled with heightened political and social developments, these disruptions have increased country risk.

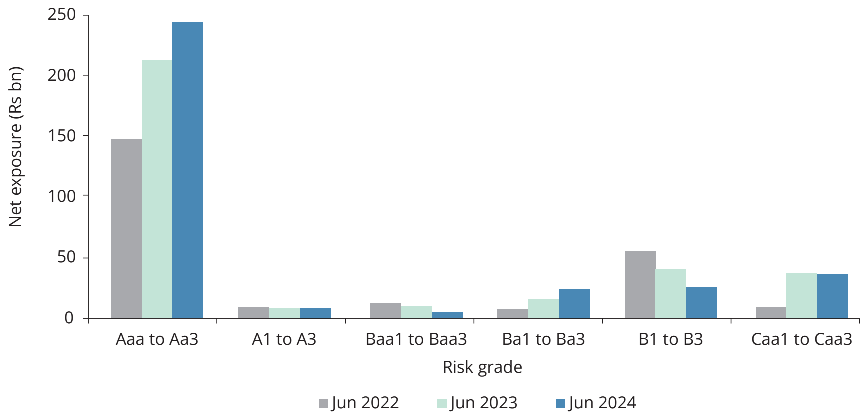
Our response

- Adapted our strategy to the evolving landscape namely regarding our financial commitments with sovereigns having lower credit ratings, which is guided by a prudent and calculated approach. While we recognise the potential challenges associated with these countries, we take into consideration several factors in our risk appetite, including (i) the ability of the obligors to generate sufficient foreign currency to service their indebtedness despite the challenging circumstances; (ii) the self-liquidating and short-term structures of our exposures; and (iii) credit risk mitigants, to ensure that our credit exposures remain low risk
- Conducted regular assessments and reviews of our risk appetite to reflect country risk events and strategic priorities; Engaged in ongoing contingency planning, regularly updated plans and conducted scenario analysis to refine strategies and respond to evolving country risk dynamics
- Undertook several multidisciplinary country risk missions to reinforce monitoring of country risk events in addition to interactions with regulators and rating agencies, amongst others
- Pursued our market diversification endeavours, with emphasis on niche segments
- Exercised heightened vigilance in on-boarding country exposures in view of limited FX availability in specific markets

Our performance

With a view to fostering sound country risk management, we continued to lay emphasis on diversified exposures across countries and sectors, while ensuring that our deals are appropriately selected, structured and ring-fenced.

Country risk exposures by rating



Notes:

(i) Exposures pertain to funded and unfunded financing activities as well as treasury activities

(ii) For each country, the worst of the ratings assigned by Moody's Ratings, Standard & Poor's and Fitch Ratings has been selected and converted into a Moody's equivalent rating

Market, Funding and Liquidity risk

Market risk is the potential for losses arising from changes in the value of assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk emanates from trading and non-trading portfolios.
Funding risk is the risk linked to a relative lack of availability of funds or the risk that a maturing liability or class of liabilities may not be able to be refinanced within a designated timeframe, resulting in potential added costs.
Liquidity risk arises from insufficient readily realisable financial assets to meet the financial commitment as and when they fall due.

Capital impacted

Operating context influences: Geopolitical and macroeconomic conditions | Heightened regulatory demands

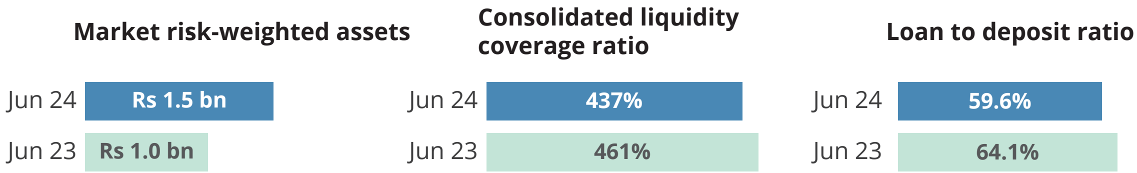
Although the heightened market fluctuations triggered by last year's liquidity crisis abroad have subsided, foreign exchange pressures and monetary developments continued to warrant attention in view of potential implications for various asset classes and our funding strategy.

Our response

- Leveraged our strong risk management frameworks, policies and standards for proper risk management which was supported by daily limit monitoring for our market risks
- Monitored the performance of investments against set objectives and risk limits; Analysed the stickiness of our foreign currency deposits and kept the foreign currency loan to deposit ratio within set target; Conducted regular stress tests to assess the survival horizon and identify key risk indicators to be monitored
- Maintained sufficient liquidity buffers by operating within the strict risk framework and limits
- Developed and implemented a 'Value-at-Risk' (VaR) model, along with 'Stressed VaR' models to capture material market risks arising from trading portfolios
- Managed proactively the funding and capital structure in order to ensure that the Bank is well-positioned to support business growth while maintaining financial stability

Our performance

We continued to maintain comfortable buffers and sustain strong funding and liquidity positions in FY 2023/24.



Capital risk

The risk that arises from the possibility of having an inadequate quantity or quality of capital to meet internal business strategies, regulatory requirements or market expectations in the area of structural risk.

Capital impacted

Operating context influences: Geopolitical and macroeconomic conditions | Heightened regulatory demands

Notwithstanding the implications of sovereign rating downgrades in specific countries as well as stricter regulatory stipulations across markets where we are exposed, our ample capital buffers provide a robust safeguard against potential shocks.

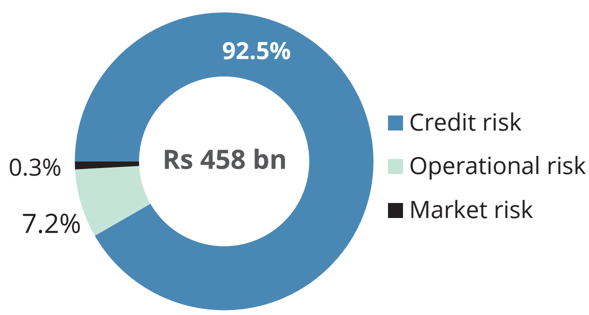
Our response

- Ensured there is sufficient capital to support our risks beyond minimum regulatory requirements alongside optimising risk-weighted assets (RWAs) utilisation; Set RWAs limits for our CIB SBU and FM SBU activities that are monitored quarterly
- Performed regular stress tests on the lending portfolio to ensure that there is sufficient capital to withstand any loss arising from significant exposure to a sector, single customer and group of closely-related customers; Ensured that our stress testing framework caters for new regulatory requirements
- Assessed the risks that could affect our solvency ratios and closely monitored key exposures against the risk appetite limits
- Monitored closely the exposure of MCB in countries having a non-investment grade rating status

Our performance

Our capital adequacy ratios remained comfortably above regulatory requirements of 15% in terms of capital adequacy ratio and 13% in terms of Tier 1 capital ratio, supported by our strong financial performance.

Risk-weighted assets by type of risk



Principal non-financial risks

Model risk

Capital impacted

The risk of losses as a consequence of decisions being based on the output of models that are flawed or inaccurate.

Operating context influences: Geopolitical and macroeconomic conditions | Heightened regulatory demands | Cybersecurity and technological disruptions | Workplace transformations and employee engagement

Model risks continued to warrant attention, with the volatile environment potentially impacting the performance of certain models, prompting necessary adjustments. Additionally, the growing use of sophisticated machine learning techniques generated outputs that are increasingly complex to verify.

Our response

- Continuously improved the accuracy and robustness of our models, backed by enhanced capabilities
- Rolled out an enhanced version of the credit scoring model for small to medium-sized enterprises as well as a new credit-scoring model for credit cards which were built using machine learning algorithms. This has contributed to a higher level of accuracy in gauging the riskiness of a given client, while reducing the time in granting a facility to the client through an efficient end-to-end process
- Included post model adjustments, management adjustments and model override in order to capture unexpected events
- Back-tested models so as to validate the performance and adequacy of our models

Operational risk

Capital impacted

The risk of loss resulting from human factors, inadequate or failed internal processes and systems or external events. It includes fraud and criminal activity, project risk, information and IT risk.

Operating context influences: Cybersecurity and technological disruptions | Workplace transformations and employee engagement

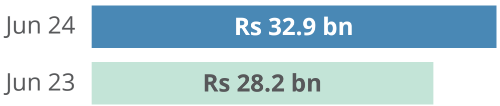
The Bank continued to face potential operational disruptions linked to the heightened complexity of activities, rising prominence of cyber-attacks globally and an increasingly competitive labour market.

Our response

- Regularly reviewed the operational risks inherent in internal processes and client solutions, with monitoring of key operational risk indicators performed against acceptable tolerance limits
- Ensured adequate and effective governance systems, processes and controls are in place to mitigate operational risks at large, particularly through the Permanent Supervision function
- Embedded a robust and sound risk culture in our day-to-day business activities, notably through the implementation of our Risk Culture Programme
- Performed an extensive review of the risk and control landscape across the Bank through an update of the Operational Risk Cartography
- Continued to hold awareness sessions which were targeted to relevant audiences

Our performance

Operational risk-weighted assets



Business continuity risk

The risk of being unable to continue the delivery of products and services within acceptable time frames at predefined capacity during a disruption.

Capital impacted

Operating context influences: Cybersecurity and technological disruptions | Climate, environmental and social considerations | Workplace transformations and employee engagement

The Bank remained confronted with potential adverse events that could arise from technological outages and more frequent disruptions in site availability, for instance, increasing climatic events.

Our response

- Performed annual exercises and simulated different scenarios to test our business continuity plans and crisis management protocols; Undertook Disaster Recovery (DR) simulations and successfully executed unplanned DR exercises to test the actual readiness of our technical teams, thereby reaching a major milestone in our DR resilience journey
- Continued with ongoing improvement of business continuity responses and scenario planning

Cyber and information security risk

The risk of accidental or intentional unauthorised use, modification, disclosure, destruction or breach of information resources/systems that may have an adverse effect on the confidentiality, availability, and/or integrity of information or information systems.

Capital impacted

Operating context influences: Heightened regulatory demands | Cybersecurity and technological disruptions | Workplace transformations and employee engagement

The rapid growth in digital adoption and more sophisticated customer needs have led to greater volume of data to manage and heightened challenges to safeguard data security, especially in the face of multifaceted cyber threats. The latter risk has been compounded by the shift in the mode of work of employees and the adoption of machine learning techniques as well as artificial intelligence in our processes.

Our response

- Enhanced our project governance framework to more fully incorporate security and privacy by design
- Enhanced our cybersecurity posture through a dedicated Red Team and a first level Blue Team; Undertook regular independent Penetration Testing and Vulnerability Assessments by leveraging external expertise as appropriate
- Improved controls around network access and log monitoring, and geared ourselves up towards a Zero-Trust approach, while continuing to upgrade and add security solutions to address evolving threats
- Continued to enhance the general and cybersecurity awareness of our staff notably through risk culture campaigns
- Further boosted the monitoring of cybersecurity events through various control systems, resulting in an improved Security Operations Centre management

- Continued to improve our cybersecurity maturity through the review of policies related to cyber and technology risk management while ensuring compliance with the relevant regulatory requirements such as the Bank of Mauritius Guideline on Cyber and Technology Risk Management
- Continued to enhance our cyber response capabilities and processes
- Performed social engineering attack simulations among our staffs to promote the adoption of best practices in terms of cybersecurity risk management
- Created a dedicated first level structure namely the Information Security BU, which is independent from the Technology team and reinforced its staffing in order to allow for more focused and effective security operations
- Increased staffing in both the first and second lines of defence to better face the increasing scope and complexity of cybersecurity threats

Regulatory and compliance risk

The risk of legal or regulatory sanctions and other action, financial loss, damage to reputation or impairment of integrity or any other financial or non financial impact that may arise due to non compliance with legal, regulatory and other compliance obligations in Mauritius and other jurisdictions where the fina ncial institution is conducting its operations.

Capital impacted

Operating context influences: Heightened regulatory demands | Climate, environmental and social considerations | Cybersecurity and technological disruptions

The evolving breadth and complexity of regulatory requirements across the Bank's markets have impacted our systems and procedures.

Our response

- Strived to adhere to the regulatory compliance obligations by maintaining open and constructive dialogue with regulatory authorities and law enforcement agencies
- Sustained focus by the Bank to remain resilient, sound and efficient for our stakeholders, while at the same time keeping pace with the fast-changing operating environment
- Continued to gear up our overall compliance framework and enhance our policies, procedures and controls to meet heightened regulatory requirements and underpin the deployment of our activities
- Ensured ongoing enhancement of the transactional and screening alert systems and framework to reinforce effectiveness, which also included the upgrade of the Financial Crime Risk Management (FCRM) platform for SWIFT screening to enable the filtering of MX Message Types (ISO 20022) for all banking subsidiaries
- Reviewed and enhanced our policies and procedures to meet regulatory requirements locally and overseas. This also ensured that we continue doing business in such a manner so as to reduce any risk of our product being used for money laundering, terrorism, proliferation financing, bribery or corruption
- Reviewed the Enterprise Risk Heat Map and the Enterprise Wide Risk Assessment (EWRA) from an Anti-Money Laundering/ Combating the Financing of Terrorism and Proliferation (AML/CFT) perspective, including the identification of new/ emerging risks, for validation and monitoring by the Audit Committee
- Further integrated ESG considerations into our risk management framework in compliance with international and local regulations, thereby measuring and disclosing the Bank's sustainability and societal impact of its way of doing business
- Participated in a project initiated by the Bank of Mauritius to create a centralised KYC registry with a view to enhancing effectiveness of customer due diligence processes
- Reinforced the culture of compliance through regular awareness and training programmes aiming at increasing the Board members' and employees' knowledge of key policies, laws and regulations applicable to their roles and responsibilities, thereby ensuring transparency and coherence across the board. Some of the targeted trainings and awareness campaigns included 'Environmental and Social Risk Policy', 'AML/CFT/PF', 'Conflict of Interest and Related Party Transactions Policy' and 'Suspicious Transaction Reporting'
- Pursued human capacity building within the Compliance function, through recruitment of talented professionals, while simultaneously providing opportunities for specialised trainings to all Compliance employees

Strategic and business risk

The risk arising from inappropriate business decisions or strategies in relation to the operating environment. The risk is linked to changes in the business environment, regulatory decisions, client behaviours and technological progress, as well as Bank specific factors such as poor choice of strategy and inflexible cost structures.

Capital impacted

Operating context influences: Geopolitical and macroeconomic conditions | Heightened regulatory demands | Climate, environmental and social considerations | Cybersecurity and technological disruptions | Workplace transformations and employee engagement | Customer loyalty in a competitive market

Disruptions driven by developments in the operating environment across countries where we operate, including heightened competition for talents, along with evolving needs and expectations of our multiple stakeholders have impacted our strategic and business risk.

Our response

- Continued to appraise the implications of changes in the operating environment on our strategy and ensure focused execution of our strategic priorities by capitalising on dedicated platforms in place
- Focused on consolidation of existing activities whilst exploring new avenues of growth opportunities
- Continued to execute our niche strategy when conducting cross-border activities which has proven to be resilient
- Engaged with authorities to promote the soundness and image of the industry/jurisdiction; Maintained regular interactions with rating agencies with processes in place for the scrutiny and dissemination of information in areas they monitor; Reinforced our network of intermediaries and partners
- Further strengthened our internal capabilities as we (i) continued to invest in new technologies to drive customer engagement, productivity gains and operational resilience; and (ii) consolidated our talent base through a dedicated programme to reinforce acquisition, development, retention and succession planning

Reputation risk

The risk arising from the damage to the Bank 's image caused by negative media coverage, compliance failures, pending litigations or underperformance. Such damage may result in a breakdown of trust, confid ence and business relationships, which may impair the Bank's ability to retain and generate business.

Capital impacted

Operating context influences: Climate, environmental and social considerations | Cybersecurity and technological disruptions | Workplace transformations and employee engagement

Risks to the Bank's brand image and reputation are driven mainly by the impact of adverse developments in both the internal and external operating landscape on our relationship with internal and external stakeholders.

Our response

- Undertook daily screening of local and international media for potential reputation threats and performed daily automated customer database screening against World-Check lists for risk assessment
- Enhanced Customer Due Diligence for customers flagged in adverse media
- Active moderation of our social media platforms to address comments and, if necessary, remove inappropriate content
- Dealt with customer complaints in an effective and timely manner
- Developed a comprehensive plan for dealing with potential disruptions, with an established Crisis Management Governance Structure in place
- Continued to invest in strengthening our frameworks, systems and expertise either internally or through our network of collaborators and advisors

Sustainability risks

Climate risk

The financial risks associated with the potential impacts of climate change, which can arise through physical and/or transition risk channels such as extreme weather conditions or changes in legislations.

Capital impacted

Operating context influences: Heightened regulatory demands | Climate, environmental and social considerations

With the increased frequency and severity of extreme weather events, monitoring the potential impact on the Bank remains a priority, particularly in light of the growing regulatory pressures.

Our response

- Roll-out of training sessions on climate change and climate-related risks to MCB staff, delivered by Moody's and our Risk SBU
- Integrated climate risk considerations in the internal stress test and ICAAP on a qualitative basis
- Continued to work with our enlisted international service provider for the measurement and assessment of climate-related risks as per the BoM Guideline on Climate-related and Environmental Financial Risk Management, with a progress report on the Climate Risk roadmap submitted every 6 months

Environmental and social risk

The risks that environmental degradation and social issues result in disruptions in business activities as well as impact our customers and counterparties, while influencing our internal operations.

Operating context influences: Heightened regulatory demands | Climate, environmental and social considerations

With the rise in regulatory demands and growing emphasis on sustainability, environmental and social standards are becoming increasingly prominent in the Bank's activities, influencing both financing decisions and strategic initiatives.

Our response

- Updated the internal Environment and Social Risk Policy in May 2024, with the scope of application broadened to include in-depth due diligence on specific sectors and commodities, addressing emerging environmental and social (E&S) risks
- Implemented a comprehensive Environmental and Social Risk Management (ESRM) process integrated throughout the credit cycle, with risk categorisation based on International Finance Corporation (IFC) and Equator Principles criteria
- Strengthened E&S monitoring, with the ESRM team taking full responsibility for overseeing E&S covenant compliance, including site visits and client engagement. Quarterly reporting of MCB exposure has been introduced to maintain oversight on high E&S risk sectors and clients by relevant committees
- Conducted extensive capacity building and upskilling of the ESRM team and organised a Bank-wide ESG awareness campaign

Main priorities looking ahead

As we look ahead, our risk management strategy remains focused on enhancing capabilities, reinforcing Bank-wide practices and supporting sustainable growth. Our key areas of focus include:

- Enhancing the risk culture across the organisation with the continued operationalisation of the Risk Culture Programme
- Continuing to support our sustainability ambitions through the application of our Environmental and Social Risk Policy and framework
- Assessing the implications of material sustainability topics identified in the materiality assessment conducted
- Ensuring that our business development endeavours across geographies materialise in a disciplined manner on the back of effective risk oversight
- Continuing to proactively monitor country risk events as well as track the performance of our cross-border exposures towards refining our response strategies
- Implementing end-to-end efficiency program on credit valuation chain to ensure enhanced credit management practices and processes
- Further reinforcing our inherent capabilities and operating models, notably through (i) continued upskilling of employees across risk and compliance functions; and (ii) increased synergies amongst risk functions and with other areas of the Bank
- Launching of a Risk Academy to equip staff with necessary skills and competence to enhance risk management
- Pursuing our cybersecurity roadmap in line with the Federal Financial Institutions Examination Council (FFIEC) framework while continuing to improve our cybersecurity posture and hygiene
- Upholding the soundness of our key financial metrics, backed by the further strengthening of our risk management and compliance mechanisms, aided by continuous upgrades to relevant policies, practices and processes; Maintaining close discussions and interactions with rating agencies to relay our efforts to uphold sound fundamentals

To achieve our strategic objectives, we will continue to leverage our robust risk management and compliance framework. Details of the latter are provided hereafter with the following sections organised around: (i) the key foundations and principles including our governance set-up; (ii) management of key risks faced and our positioning; and (iii) capital management.

Our risk management strategy and framework

Our underlying philosophy

Our general approach

The conduct of our businesses and activities inherently exposes our organisation to risks. Managing risks effectively is fundamental to the successful execution of our strategy and delivery of sustainable value to our multiple stakeholders.

Our key targets and objectives

We are committed to remaining a well-capitalised bank with adequate liquidity buffers to help achieve sustainable business growth. To this end, we adopt a conservative and disciplined stance towards risk and capital management, which is ever more relevant in a highly uncertain context.

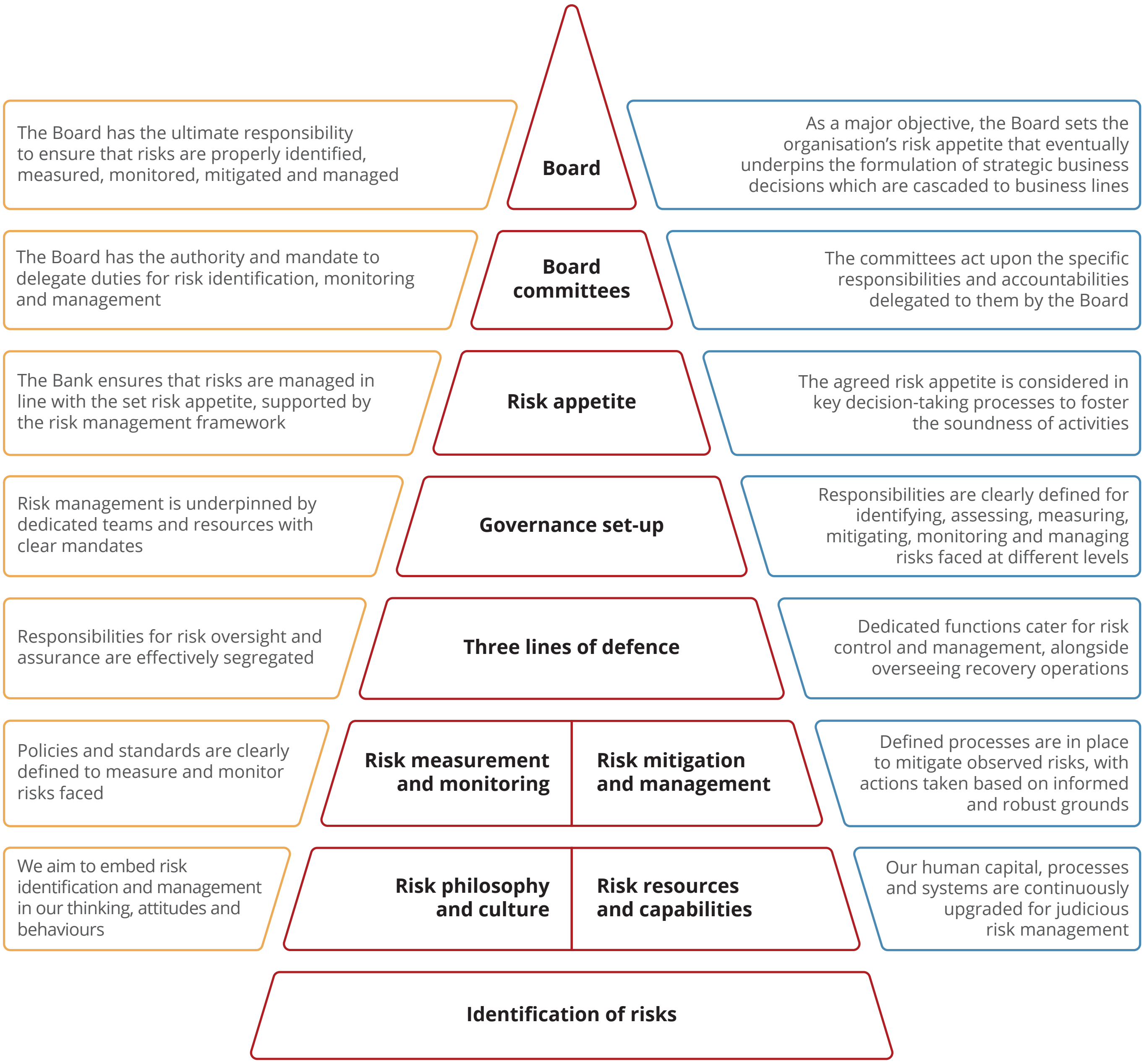
We follow a well-calibrated modus operandi to identify and assess risks faced and determine appropriate responses, alongside taking advantage of relevant opportunities to transform risk into a strategic value driver. To realise our objectives, we ensure that we embrace a solid control framework that guides employees in the way they behave and take decisions.

Our main focus areas

- Ensuring that risk management principles are anchored on advocated industry norms and corporate governance principles
- Conferring ultimate responsibility for risk management to the Board, with supervision by the latter through sub-committees
- Establishing a strong and transparent governance framework and clear segregation of duties and responsibilities for coherent risk management, with clear lines of defence, while ensuring that decisions are aligned with the Board-approved risk appetite
- Achieving an appropriate balance between risk and reward considerations to maximise shareholder returns; Having recourse to the Return on Risk-Adjusted Capital (RoRAC) metric in order to ensure that the price charged for client solutions is reasonable in relation to the relative riskiness of exposures, while providing us with an adequate rate of return
- Fostering Bank-wide adherence to a common set of behaviours, attitudes, skills and guiding courses of action in support of decision-taking

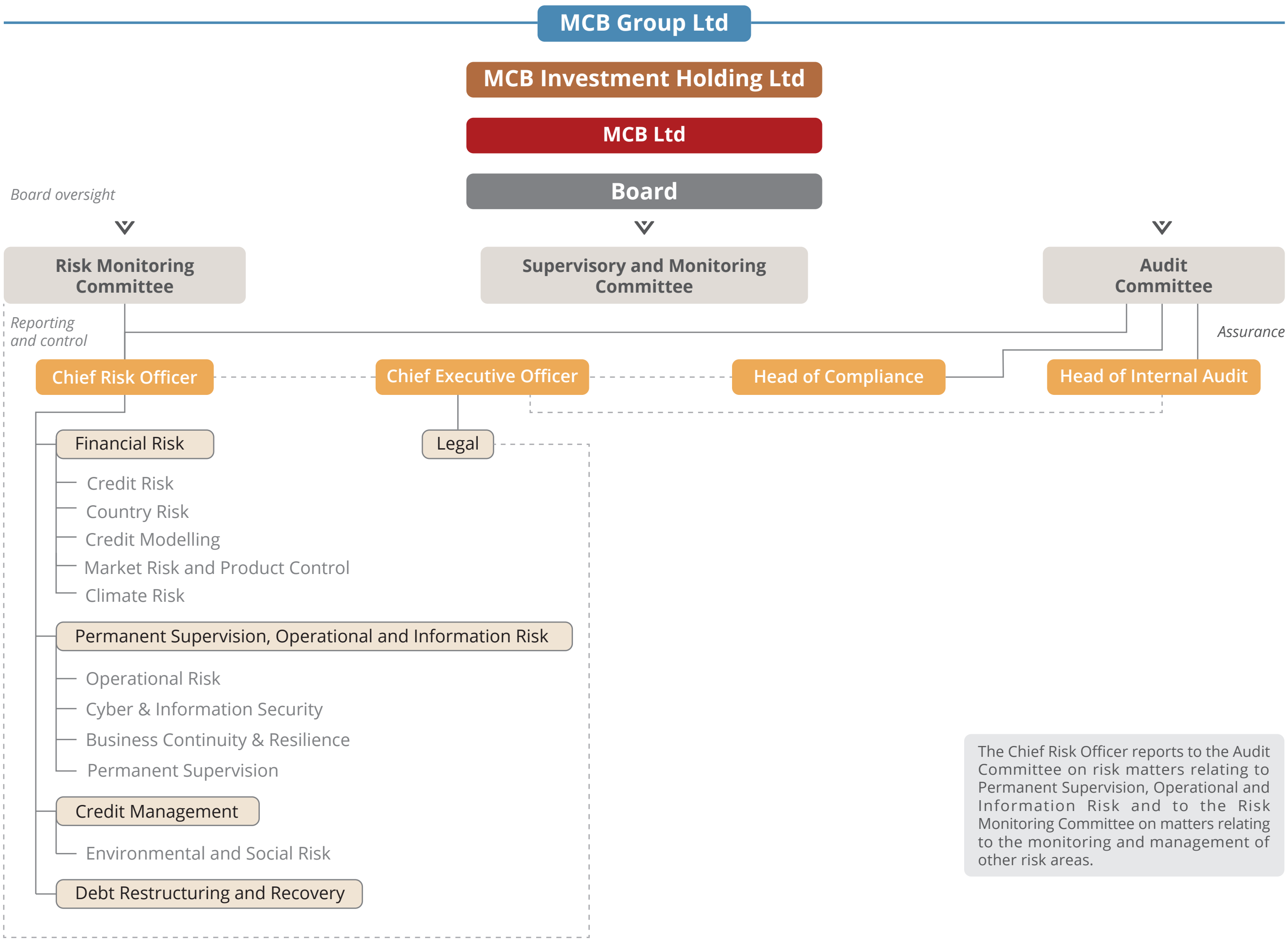
Key elements of our risk management set-up

The risk management set-up of the Bank applies to every area of its business and covers all material risks faced. It aims to ensure that the organisation adopts a consistent and integrated approach to risk identification, mitigation and management.



Governance and oversight

Our risk management framework



The Chief Risk Officer reports to the Audit Committee on risk matters relating to Permanent Supervision, Operational and Information Risk and to the Risk Monitoring Committee on matters relating to the monitoring and management of other risk areas.

Board of MCB Ltd	• As highlighted before, the Board of MCB Ltd has the ultimate responsibility for ensuring adequate risk management across the Bank, in line with good corporate governance principles. It provides clear guidance for the setting out and regular review of applicable strategic thrusts, processes and policies for risk management. • As a key focus area, the Board is responsible for validating the Bank's risk appetite towards achieving its objectives. It delegates authority to Board Committees, which formulate the specific responsibilities and required policies for effective risk management.
Risk Monitoring Committee (RMC)	• It is the primary Board committee overseeing financial and legal risk matters. It assists the Board in setting up risk strategies as well as assessing and monitoring MCB's risk management process. It recommends the risk appetite in terms of credit risk and market risk/asset liability management to the Board for approval and analyses risk portfolios against the risk appetite, while reviewing and exercising oversight over capital management. • The RMC is entrusted with the authority of determining the Bank's overall international capital allocation and exposure limits while monitoring country exposures against set limits at least quarterly and on an ad hoc basis when required. It approves country risk policies, proposes amendments and reviews the country risk framework and risk appetite parameters. As at end of June 2024, four of the five members of the RMC were non-executive directors, thus strengthening the Bank's independent oversight and control functions.
Other committees	• The Supervisory and Monitoring Committee sets the overall direction for the strategic development of the Bank. It monitors the Bank's performance against such strategy. • The Audit Committee ensures that the internal control framework in place results in an acceptable level of risk exposure while guaranteeing compliance with internal established policies and relevant laws and regulations. The Internal Audit, Compliance and Risk (for non-financial risk matters) functions regularly report to the Audit Committee. • A joint Cyber and Technology Risk Committee is being set up to assist the Board of Directors of MCB Group Ltd and MCB Ltd in defining risk strategies, assessing and monitoring the cybersecurity, information and technology risk.

Adherence to the three lines of defence approach

Overall, the risk control framework of the Bank is anchored on the three lines of defence approach, which promotes transparency, accountability and consistency through clear identification and segregation of risks.

1st line of defence Adopts adequate processes and mechanisms to suitably manage risks faced and escalates knowledge of risks identified in the course of activities for appropriate mitigating actions.	**Risk ownership** • The first line owns risks emanating from deployed business activities. • Employees engaged in client-facing divisions and support functions as well as business line managers have the first-level responsibility for day-to-day risk management in the interest of the Bank.
2nd line of defence Establishes the limits, rules and constraints under which the first line activities shall be performed.	**Risk control and compliance** • The Risk SBU is responsible to provide independent risk control. While managing key financial, operational and information risks faced by the Bank, the Risk SBU also oversees the credit management and debt restructuring and recovery operations. • The Chief Risk Officer (CRO) has direct oversight on all risk areas across the Bank while relevant Heads and Managers of the SBU establish methodologies and activities for risk measurement and regularly monitor and report risk exposures and profiles. • The Compliance SBU has direct reporting line to the Audit Committee and administratively reports to the CEO. This reporting structure confers the required independence to the Head of Compliance to discharge responsibilites to ensure compliance with applicable laws, regulations, guidelines, codes of conduct and standards of good practice. • Independent teams oversee the legal and physical security functions. The Head of the Legal SBU acts as the Money Laundering Reporting Officer (MLRO) to ensure strict independence. The Physical Security BU reports to the Chief Operating Officer's office.
3rd line of defence Evaluates and provides independent assurance on the effectiveness of the risk governance, control environment and risk management processes and mechanisms, in tune with business strategies and the evolving external environment.	**Risk assurance** • The Internal Audit function provides independent assurance that the control objectives are achieved by the first and second lines of defence in line with the set risk appetite. It has an administrative reporting line to the Chief Executive Officer and is accountable to the Audit Committee. • The Fraud Prevention (FP) BU, also under the aegis of the Internal Audit SBU, promotes staff and customer awareness on fraud risks and undertakes monitoring for potential sources of fraud. It also carries out investigations and provides expert advice in case of suspected irregularities.

Key responsibilities of dedicated executive committees

In addition to the Board committees and the adoption of the three lines of defence approach, the risk management framework allows for dedicated executive committees to assist in the oversight and monitoring of risk areas within the business.

Financial principal risks

Credit risk

Executive Credit Committees (ECC)

- The ECC (A), which comprises the Chief Executive Officer, the Chief Risk Officer and the Head of Credit Management, sanctions/declines credit applications where customer group total commitment exceeds Rs 400 million
- The ECC (B) sanctions/declines credit applications with total client commitment of up to Rs 400 million

Credit Committees (CC)

- The CC sanctions/declines credit applications where customer group total commitment is up to Rs 50 million for retail clients and Rs 100 million for corporate clients

Country Risk Committee (CoRC)

- The CoRC, which is chaired by the Chief Executive Officer and includes the Chief Risk Officer, is responsible for setting individual country limits within the validated risk parameters on selected countries, as well as reporting any excesses observed to the RMC, with the latter retaining the ultimate decision in terms of country limit

Conduct Review Management Committee (CRMC)

- Following the revised Guideline on Related Party Transactions in May 2022, MCB Ltd set up a Conduct Review Management Committee and dismantled the Board Conduct Review Committee. The Conflicts of Interest and Related Party Transactions policy was amended and thereafter approved by the Board of Directors of MCB Ltd in February 2023
- The CRMC, which is chaired by the Chief Executive Officer, ratifies credit exposures and other transactions with related parties to any single related party and/or its group of connected counterparties, which do not exceed 2% of the Bank's Tier 1 capital or Rs 500 million, whichever is lower. For any credit exposures and other transactions with related parties that exceed the specified amounts, these are ratified by circularisation to the Board of Directors

Market risk

Asset and Liability Committee (ALCO)

- The purpose of the ALCO is to oversee the overall asset/liability position, market risks and overall balance sheet management of the Bank. The ALCO ensures that the overall asset, liability and capital positions are effectively managed and that the resulting market, liquidity and funding risks to which MCB is exposed are kept within the relevant limits and targets set by the Board and remain aligned with guidelines laid down by the Bank of Mauritius, notably stipulations relating to capital adequacy, liquidity coverage and funding stability
- The ALCO sets and reviews all trading book limits and banking book targets, in alignment with the diversification and growth of the Bank's balance sheet, whether it is from a domestic, foreign currency or consolidated perspective
- The ALCO is governed by its Terms of Reference and is chaired by the Head of Finance

Non-financial principal risks

Information and Operational Risk Committee (IORC)

- Chaired by the Chief Executive Officer, the IORC acts as the focal point and coordinating committee to ensure that the management of cyber risk, including information risk, and operational risks is in line with the relevant policies, guidelines and procedures of the Bank. Significant risks are reported to the IORC and then, if warranted, to the Audit Committee

Compliance, Anti-Money Laundering and Legal Committee (CALC)

- Chaired by the Chief Executive Officer, the CALC is mandated to review and monitor the compliance, anti-money laundering and legal framework of the Bank. The committee assists Management and the Board through the Audit Committee in fulfilling their oversight responsibilities by reviewing adherence to applicable standards as well as policies/controls to be adopted, based on the identification and assessment of compliance, anti-money laundering and legal risks

Key tenets of our risk management strategy

Risk capacity

MCB determines the maximum level of risk that it can assume given its current level of resources, relevant regulatory dispositions and stakeholder requirements, to the extent that these dynamics tend to influence its ability to take risk.

Risk appetite

The Bank ensures that its activities are undertaken within the parameters of its risk appetite. The latter is subject to constraints, such as the need to *inter alia* uphold the Bank's financial soundness, foster sound and sustainable revenue growth and preserve its investment-grade credit rating.

Risk tolerance

The Bank establishes the maximum level of risk that it is willing to tolerate for a particular risk category or specific initiative, while ensuring that it achieves its business strategies and operates within its broder-level risk appetite.

Risk profile

Expressed in terms of quantitative indicators and qualitative assessments, our risk profile refers to our current net risk exposures for risk categories across customer segments and geographies. Admist an evolving operating environement, the Bank regularly monitors its risk profiles, thereby helping to prevent the level of risk from going beyond the set risk appetite.

Risk control

To maintain the size of our risk profile within our risk appetite, risk control tools and mechanisms are leveraged. Our control activities are notably underpinned by target market criteria and risk limits which place practical constraints on our activities.

Risk culture

The Bank recognises the importance of entrenching a sound risk culture to ensure that we undertake our daily business activities consistently within our risk appetite. Risk culture sets out the suitable behaviours and practices related to risk management and promotes collective responsibility whereby every employee exercises due care and makes informed and risk-based decisions while the Board sets the tone from the top. It is supported by continuous monitoring, regular awareness campaigns and staff training.

Our risk appetite framework

Framework

Our framework provides an informed guidance for the management and monitoring of our risk profile in relation to the defined risk appetite.

- The Bank articulates and monitors its risk appetite, which is the reasonable quantity and type of risk that it is broadly able and willing to take in the pursuit of its strategic/financial objectives.
- The purpose of setting risk appetite is not necessarily to limit risk-taking, but to align the Bank's risk profile and strategic orientations.
- Our risk appetite is updated at least annually or on an ad hoc basis when required in order to reflect stakeholder aspirations and the context.

Key underpinnings

MCB Ltd *inter alia* defines its risk appetite for (i) credit risk in terms of allocation of range targets for domestic and international credit exposures, exposures by sectors as well as risk profiles and asset quality of portfolios; and (ii) market risk in terms of the splits between domestic and international markets, foreign currency and interest rate exposures, exposure allocation for position-taking and target splits in terms of exposure maturities.

For proper risk identification and quantification, the Bank caters for:

- Continuous monitoring of risk targets
- Quarterly risk reporting to RMC
- Preparation of risk reports for capital management
- Use of internally generated and externally-sourced rating tools
- Application of a stress-testing framework

The size of the internal risk limits is a function of regulatory requirements and the risk appetite set by the Board, after making allowance for the relevant economic and market environments. In its day-to-day business, the Bank makes use of internally-generated and externally-sourced rating tools for the purpose of risk identification, quantification and monitoring.

Limit structure

Regulatory

- Capital adequacy ratios
- Credit concentration limits
- Macroprudential limits
- Related party lending and limits
- Cash reserve ratio
- Liquidity coverage ratio
- Open FX position

Internal limits and desired risk profile

- Country limit
- Bank limit
- Sectorial concentration targets
- Portfolio risk profile
- Counterparty credit risk limit
Valuation limit
Daily settlement limit

Rating tools used by the Bank

Internally-developed models

Country

Country rating model (used when ratings from external rating agencies are not available)

The rating monitors macroeconomic performance, political and institutional developments, evolution of fiscal metrics, social unrest, and currency movements, amongst others

Banks

Bank rating model

The credit worthiness is assessed by assigning a score based on the bank's financial strength, the probability of receiving affiliate and/or Government support in case of financial stress as well as the sovereign risk of the country in which the institution operates

Corporate clients

Customer rating software

It evaluates the counterparty's financial position and uses MCB's historical default experience to generate ratings and probability of defaults

External rating agencies

Country and banks

International ratings

Moody's Ratings, Fitch Ratings, Standard & Poor's and others as deemed appropriate

Corporate clients

International rating agencies including CARE Ratings (Africa) Private Limited (CRAF) and Global Credit Rating Co Ltd (GCR Ratings)

Financial securities subscribed by the Bank in favour of domestic corporate customers can be rated by CRAF and GCR Ratings, which are recognised by the Bank of Mauritius, with capital relief being applicable on investment-grade ratings

Management of key risks

Our risk management process

The risk management process is of strategic importance to the Bank, notably due to the broadening palette of its offerings and its expanding market footprint. The overall risk management process in place at the Bank, which cuts across the entire cycle, allows for the proactive and disciplined identification, measurement, monitoring, mitigation, management and reporting of risks.

1 Identification

Identification of internal and external risks related to MCB, which may directly or indirectly influence our business performance, our ability to achieve set targets as well as our overall viability over time

2 Measurement

Assessment, by means of proven methodologies, of the likelihood of identified risks to materialise (under existing or stressed conditions) as well as their likely impact and materiality under different scenarios; review of the default rates in respect of specific products; determination of capital requirements across risk types

3 Monitoring

Analysis of the sources and specificities of risks faced; appraisal of outcomes posted following the management of risks faced, while factoring in the risk appetite and set KPIs; verifying whether risk controls are efficient in both their design and operation; finding ways and means to further enhance the efficiency of risk assessment and mitigation

4 Mitigation

Adoption/enhancement of measures to reduce the level of risks faced, while deploying actions that minimise the impact should there be adverse events; establishment of an appropriate internal control framework to deal with specific risk situations

5 Management and reporting

Stress testing the resilience of selected portfolios and ensuring that sufficient capital is available to withstand potential losses; regular elaboration of accurate and relevant information on pertinent risk characteristics and trends; ensuring urgent escalation of observed events and outcomes internally and to the authorities, wherever applicable

Our processes and methodologies by risk type

Credit risk

General approach and objectives

Credit risk represents the main risk type to which we are exposed in view of the nature of our main operations and activities. We ensure that sound credit risk management principles are adopted to uphold quality and well-diversified portfolios that are aligned with the set risk appetite and help to meet targeted risk-return considerations. In line with these principles, we actively promote, monitor, and manage the quality of the credit portfolio. Both counterparty and concentration risks are duly managed, backed by market vigilance, the adoption of effective control mechanisms and the judicious diversification of portfolios across customer and industry groups, product types, maturity levels and geographies. The Bank strives to adopt a strong culture of responsible lending and debt recovery, while leveraging a robust risk management and control framework. We continuously reassess risk profiles in the face of the changing operating context and monitor the exposures against regulatory as well as internal limits and targets.

Governing guidelines include	Guideline on Credit Risk Management; Guideline on Standardised Approach to Credit Risk; Guideline on Credit Concentration Risk; Guideline on Credit Impairment Measurement and Income Recognition*; Guideline for the write-off of non-performing assets*; Guideline on Cross-Border Exposure; Guideline on Stress Testing; Guideline on The Recognition and Use of External Credit Assessment Institutions; Guideline on Related Party Transactions
Internal policies include	Credit Risk Policy; Environmental and Social Risk Policy; Conflicts of Interest and Related Party Transactions Policy

**Note: Effective 30th September 2024, the Guideline on Classification, Provisioning and Write-off of Credit Exposures will supersede the Guideline for the write-off of non-performing assets and the Guideline on Credit Impairment Measurement and Income Recognition.*

Measurement and monitoring

Our credit risk measurement consists of appraising the track record of customers as appropriate for the prediction of likely future behaviours of existing accounts. Subsequently, the Bank assesses whether individual business areas provide sufficient contribution to the targeted risk-return profile. The aim is to ensure that capital allocation generates an optimum return for the Bank. This is achieved by channelling risk capital from low-return to high-return business areas, commensurate with the risks shouldered.

Key principles

Credit facilities granted are guided by the credit standing, source of repayment and debt servicing ability of the borrower. As a fundamental credit principle, the Bank does not generally grant credit facilities solely on the basis of the collateral provided. Collateral is taken whenever possible to mitigate the credit risk assumed, with periodic monitoring being exercised as regards the type, liquidity and volatility of the collateral value.

The Bank has established credit rating frameworks that enable the extensive usage of ratings for its portfolios. These ratings are leveraged not only in respect of loan approval, but also credit review, monitoring of risk profiles and determination of business strategies. They are used for the purpose of the stress testing and limits determination exercises.

Assessment by key business lines

Corporate portfolio

Large corporate credits are assessed on an individual basis with the support of an internally-developed Customer Rating software. The latter evaluates the counterparty's financial position and uses the historical default data of MCB's clients. The ratings and probability of default rates generated are typically used to monitor the risk profiles of the customers which consume a sizeable proportion of capital resources, and to calculate Expected Credit Losses. The counterparty risk ratings assigned to smaller businesses are primarily based on their financial strength and account performance.

Other portfolios

Credit comprising mainly residential mortgages, unsecured loans and credit cards are monitored on a portfolio basis. The credit files are assessed through credit scoring models, records from the Mauritius Credit Information Bureau, customers' behavioural records as well as the application of relevant risk acceptance criteria. In collaboration with the Retail SBU, the Business Banking SBU and Private Wealth Management SBU, the Risk SBU regularly analyses default trends, identifies the underlying root causes and subsequently channels recommendations to Management. A key objective of such initiatives is to continuously fine-tune the relevant credit scoring parameters.

Mitigation and management

Credit risk exposures are managed through robust credit assessments, structuring and monitoring processes. The Credit Management BU undertakes the daily monitoring of credit limit excesses and the review of all exposures, the frequency of which is increased in accordance to the size and likelihood of potential credit losses to ensure the timely detection of possible problem loans. Exposures showing signs of deterioration are placed on a watch list and referred to a dedicated team for closer scrutiny.

While being responsible for risk portfolio monitoring and disseminating risk measurement methodologies, the Credit Risk BU provides an independent and regular review of the aggregate loan portfolio in order to proactively manage the portfolio risk profile and minimise undue credit concentrations. Significant trends are regularly reported to the RMC, Management as well as relevant platforms including committees and forums for the different lines of business. The latter appraise the credit risk profile of portfolios, segments and products as well as financing structures, for instance, pertaining to our Energy and Commodities portfolio and financial institutions.

The main credit risk mitigation techniques applied by the Bank include security/collateral, netting, guarantees, credit insurance, comprehensive non-payment insurance and political risk cover. Exposures arising from foreign exchange and derivatives are mainly mitigated through agreements e.g. the International Swaps and Derivatives Association (ISDA) Master Agreements and Credit Support Annex (CSA) documentation.

Restructuring of facilities

Loan restructuring takes place at the request of the client to align expected cash flows to debt servicing. The restructuring exercise is done to cater for cases of financial distress faced by relevant clients and is also linked to commercial developments and occurrences of a strategic nature. It is carried out on a case-by-case basis, with both quantitative and qualitative information taken into consideration. The restructuring follows the normal credit origination process under the same standards of rigorous analysis and presentation as a wholly new application. Restructuring decisions taken are normally guided by rational expectations that the financial conditions of the client will remain adequate or can be reasonably improved in the foreseeable future. The form in which the restructuring exercise takes place will depend on the situation in which the client finds itself. This might entail an extension of the facility's maturity, a moratorium on capital repayment or complete restructuring. In some instances, the restructuring has been linked to injection of equity and debt management programmes adopted by the clients, notably bonds and rights issues. The Credit Risk BU performs an independent assessment of distressed restructurings for staging purposes and to determine economic gains or losses.

Determination and review of impairment and provisioning

This exercise is undertaken on a quarterly basis by MCB and involves the collaboration of several stakeholders across the organisation. After being reviewed and agreed upon by the RMC as well as validated by the Board, the figures are submitted to the Bank of Mauritius.

The BoM Guideline on Credit Impairment Measurement and Income Recognition aims at aligning regulatory prudential rules with regard to asset classification and provisioning requirements with international accounting norms (i.e. IFRS 9). The objective is to ensure that financial institutions have adequate processes for determining allowance for credit losses in a timely manner and the carrying amounts of credit portfolio recoverable values. While ensuring adherence to prudential norms which define credit as impaired if it is past due for more than 90 days, the Bank also assesses facilities granted to clients as being impaired on a case-by-case basis above a certain materiality threshold. Furthermore, loans are written off when the prospect of recovery is poor and the loss can be reasonably determined, with MCB complying with the BoM Guideline for the write-off of non-performing assets.

A financial institution is, under the BoM Guideline on Credit Impairment Measurement and Income Recognition, required to compute credit impairment provisions in terms of both the applicable accounting standard and the prudential provisioning norm prescribed by the BoM. As at 30 June 2024, MCB's allowances for credit impairment computed under accounting standard was higher compared to the prudential provisioning norm. Hence, the entire incurred loss amount computed under the accounting standard was treated as an expense in the statement of profit or loss. Of note, effective 30th September 2024, the BoM Guideline on Classification, Provisioning and Write-off of Credit Exposures will supersede the Guideline for the write-off of non-performing assets and the Guideline on Credit Impairment Measurement and Income Recognition. The guideline is intended to set the foundations for a consistent and timely classification of credit exposures and complementing the existing accounting standards requirements by providing a prudential backstop for credit classification and provisioning and ensuring write-off of non-performing exposures in a timely manner.

Adherence to IFRS 9

In measuring Expected Credit Losses (ECL), three main parameters are considered and estimated, namely: (i) Probability of Default (PD), which represents the likelihood of a default event occurring; (ii) Loss Given Default (LGD), which denotes the estimated losses in the event that a default occurs; and (iii) Exposure at Default (EAD), which reflects the exposure at risk at a point of default. In addition, IFRS 9 requires that allowance be made for forward-looking information in the calculation of ECL, taking into consideration past, actual and future insights on customer behaviours and macroeconomic indicators.

A three-stage approach to the impairment calculation of financial assets is applied under IFRS 9. To determine the staging status of the asset, IFRS 9 requires an assessment of whether or not there has been a significant increase in credit risk since initial recognition. This dictates the basis on which its ECL is calculated, as illustrated below.

Our staged approach
Assets move between stages based on risk characteristics

	STAGE 1	STAGE 2	STAGE 3
	Performing	**Under performing**	**Default**
	Financial assets for which credit risk has not significantly increased since initial recognition	Financial assets for which credit risk has significantly increased/ deteriorated since initial recognition. However, there is still no objective evidence of impairment	Financial assets which have defaulted but have not yet reached write-off
Recognition of Expected Credit Losses	**12-month ECL**	**Lifetime ECL**	**Incurred Loss**

In determining whether there has been significant increase in credit risk or credit deterioration, an entity considers reasonable and supportable information that is relevant and available without undue cost or effort. At MCB, quantitative and qualitative information are taken into account, based on the Bank's historical customer experience and credit risk assessment. A financial asset is credit impaired and is in Stage 3 when (i) contractual payments or accounts in excess are past due by more than 90 days; and/or (ii) other quantitative and qualitative factors indicate that the obligor is unlikely to honour its credit obligations.

MCB segmented its financial assets into nine portfolios for ECL calculation, which are described as follows: (i) Retail: housing loans, other secured loans, unsecured and revolving facilities, SMEs; and (ii) Wholesale: corporate, financial institutions, sovereign, project finance, and Energy & Commodities.

- o **Retail**: PD, LGD and EAD parameters are calculated on a portfolio basis, i.e. facilities having homogeneous characteristics are assumed to have similar risk behaviours and can reasonably be assigned same parameter values.

- o **Wholesale**: MCB uses a combination of internal models and external benchmarking for the calculation of PDs, LGDs and EADs. Internal historical default rates and losses have been used to calibrate PDs and LGDs respectively. For portfolios where MCB has historically experienced low or no default, external benchmarking has been used for calibrating corresponding ECL parameters. Of note, PDs leverage ratings models for all wholesale portfolios, which are mapped to an Internal Master Rating Scale. As for EAD calculation, either amortisation schedules or historical data and regulatory credit conversion factors have been used as EAD ratios.

During the year under review, to facilitate informed decisions, we strengthened our modelling capabilities through the development/refinement of credit models to enhance our predictive accuracy whilst making adjustments to reflect the heightened uncertainty levels characterising the operating environment:

Credit scoring models: We have enhanced the SME credit-scoring model and developed a new model for credit cards, while continuing to leverage our existing models for Secured Loans and Unsecured Loans.

Recalibration of models: We have performed the annual recalibration of our models used for Expected Losses calculations, adding another year of historical data. The aim of the recalibration exercise was to include more recent data to reassess the statistical relevance of the variables used in our models.

Forward-looking indicators: The forward-looking element, used in the calculation of our ECL, was reviewed with a new set of macroeconomic and financial parameters being applied. Three types of economic scenarios have been incorporated into the range of reasonably possible outcomes with regard to the evolution of macroeconomic indicators over the coming 36 months, with probabilities assigned to each, based on expert judgment regarding the outlook for the economic and market environment.

Master Rating Scale and Term Structures: The Master Rating Scale, which is a mapping of ratings to a probability of default, was updated as well as the Term Structures for the different segments of the wholesale portfolio using latest available transition matrices and default rates information.

Formulation of the Bank's Expected Credit Losses for FY 2023/24

Reflecting the proactive and prudent approach being endorsed by the Bank to hold adequate provisioning levels in light of the still unsteady operating environment, we maintained comfortable levels of ECL during FY 2023/24, underpinned by informed analyses, conservative assumptions and modelling exercises.

Our retail portfolio

With a view to providing an additional buffer for further risk mitigation and maintaining an adequate coverage ratio, we applied an additional overlay on our retail portfolio.

Our wholesale portfolio

For each quarterly assessment and in light of the prevailing conditions, the Bank conducted an in-depth individual analysis of clients with an exposure amount of Rs 100 million or more. The outcomes were reflected, where deemed necessary and appropriate, in the clients' internal ratings (and thus in their 12-month Probability of Default) by means of rating overlays. In some cases, where we judged that the staging of the client was not reflective of the magnitude of the increase in credit risk, we proceeded with staging overlays (i.e. moving some clients of stage 1 to stage 2). In extreme cases where we found that the calculated ECL was insufficient, we applied an additional buffer in line with our conservative approach.

As at 30 June 2024, ECL amounted to Rs 6,604 million of which Rs 6,278 million pertained to stage 1 and stage 2 loans and advances, with the corresponding ECL coverage ratio standing at 1.5%. The breakdown of provisions by stages 1, 2 and 3 and portfolios is provided in Note 3(b) and by industry sectors in Note 6(b) of the Financial Statements.

Provisions as at 30 June 2024

Stages	Retail portfolios	Wholesale portfolios				
		Corporate	Financial institutions	Project finance	Sovereign	Energy & Commodities
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Stage 1						
Exposures	62,506	226,133	94,557	3,420	336,381	256,090
Expected Credit Losses	837	2,224	356	57	138	796
Coverage ratio (%)	1.3	1.0	0.4	1.7	0.0	0.3
Stage 2						
Exposures	170	6,285	0	0	0	3,078
Expected Credit Losses	23	1,624	0	0	0	549
Coverage ratio (%)	13.4	25.8	0.0	0.0	0.0	17.8
Stage 3						
Exposures	1,137	9,025	0	24	296	1,755
Specific provisions	431	6,757	0	12	30	1,755
Coverage ratio (%)	37.9	74.9	0.0	48.5	10.0	100.0

Provisions as at 30 June 2023

Stages	Retail portfolios	Wholesale portfolios				
		Corporate	Financial institutions	Project finance	Sovereign	Energy & Commodities
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Stage 1						
Exposures	56,177	202,806	85,668	5,618	288,634	179,799
Expected Credit Losses	174	2,390	847	93	110	532
Coverage ratio (%)	0.3	1.2	1.0	1.7	0.0	0.3
Stage 2						
Exposures	807	13,546	0	70	0	4,848
Expected Credit Losses	609	2,343	0	35	0	911
Coverage ratio (%)	75.5	17.3	0.0	50.0	0.0	18.8
Stage 3						
Exposures	1,027	9,182	0	410	285	890
Specific provisions	308	6,348	0	408	28	733
Coverage ratio (%)	30.0	69.1	0.0	99.5	9.8	82.4

Notes:
(i) Figures may not add up to totals due to rounding
(ii) Stage 1 comprises both on- and off-balance sheet exposures while stages 2 and 3 comprise only on-balance sheet exposures
(iii) Incurred losses do not include interest in suspense on loans and overdrafts
(iv) Figures exclude investments fair valued through other comprehensive income

Concentration risk management

The Bank promotes the diversification of its lending portfolio by setting sector limits during its annual Risk Appetite exercise with a view to ensuring that its performance is not negatively impacted by a large sectoral exposure default. Regular stress tests are also performed on the portfolio to ensure that the Bank holds sufficient capital to withstand any loss arising from significant exposure to a sector, single customer and group of closely-related customers. The Bank limits credit risk exposures and concentrations within the constraints of its Tier 1 capital, while complying with applicable regulatory instructions.

In FY 2023/24, we continued to diversify our market footprint across segments and geographies, which helped us remain well positioned in terms of credit concentration and within regulatory limits. Our largest credit concentration pertains to oil and gas with a major part of these exposures being of a short-term and self-liquidating nature, hence carrying a lower risk profile.

Concentration of exposures

Bank of Mauritius Guideline on Credit Concentration Risk

Credit concentration limits (% of Bank's Tier 1 capital)	Regulatory requirements	MCB Ltd 30 June 2024
Aggregate credit exposure to any single customer	Not exceed 25%	20.9%
Aggregate credit exposure to any group of connected counterparties	Not exceed 40%	30.1%
Aggregate large credit exposures* to all customers and groups of connected counterparties	Not exceed 800%	380.6%

**Refer to exposures over 10% of the financial institution's Tier 1 capital*

Gross exposure as at 30 June 2024	Total gross exposure	Risk capital consumed	*Risk capital consumed as a % of total credit risk capital*
	Rs bn	Rs bn	%
Top 6 customers / customer groups	112.3	10.7	16.9%
Total large credit exposures	301.0	16.4	26.0%

Sectorwise distribution of our customer loan portfolio

Asset quality

We upheld the general quality of our exposures on the back of careful market endeavours and dedicated measures taken while having also recorded a significant recovery of bad debts during the year in review. Our gross and net NPL ratios stood at 2.8% and 0.7% respectively down from 3.0% and 1.0% respectively as at June 2024. The Bank's specific coverage ratio increased from 67.8% to 74.5%, with the remaining portion being adequately covered by collateral, suitably discounted to reflect current market conditions and expected recovery time.

Quality of exposures

June 2024	Non-performing loans (NPLs)		Specific provisions	
MCB Ltd	**Rs m**	***% of exposures***	**Rs m**	***% of NPLs***
Loans to customers				
Agriculture and fishing	79	*1.6*	65	*75.8*
Manufacturing	137	*0.8*	57	*37.2*
Tourism	3,207	*12.9*	2,347	*66.3*
Transport	31	*0.3*	29	*89.9*
Construction *(including property development)*	107	*0.7*	51	*42.1*
Financial and business services	304	*0.5*	272	*69.8*
Traders	2,437	*1.6*	2,226	*86.3*
of which petroleum and energy products	*1,755*	*1.4*	*1,755*	*100.0*
Personal and professional	873	*1.6*	409	*36.5*
of which credit cards	*39*	*2.9*	*36*	*92.3*
of which housing	*439*	*1.1*	*181*	*36.0*
Global Business Licence holders	4,134	*29.2*	4,914	*88.1*
Others	565	*1.5*	249	*30.0*
of which Energy and Commodities asset-backed financing	*0*	*0.0*	*0*	*0.0*
Corporate notes/bonds	**364**	**0.9**	**376**	**99.7**
Total	**12,238**	***2.8***	**10,995**	***74.5***

Notes:
(i) For the computation of asset quality ratios, total exposures also include loans to banks and interest in suspense on loans is excluded
(ii) Figures may not add up to totals due to rounding

Country risk

General approach and objectives

MCB applies a coherent and comprehensive approach and framework as well as adequate control processes to formulate its country risk tolerance and determine exposure limits assigned to markets, alongside adhering to regulatory guidelines.

Governing guidelines include	Guideline on Country Risk Management; Guideline on Cross-Border Exposure; Guideline on Stress Testing
Internal policy	Credit Risk Policy

Measurement and monitoring

MCB articulates a cogent risk appetite framework, with business units guided by clearly established parameters and limits to assist them to tap into markets. Target risk profiles are set at Bank level as well as for each portfolio and are complemented by target maturity profiles, consequently ensuring that our credit exposure portfolio is at all times balanced in terms of its risk profile. We carefully monitor country risk events, including macroeconomic developments, sovereign credit worthiness, and specific occurrences such as social unrest, nationalisation and expropriation of assets, foreign exchange controls, currency depreciation/devaluation and political developments. Foreign country exposure limits are set by the Bank on the basis of (i) its current exposures and growth ambitions; (ii) assigned capital for international exposures; (iii) the prevailing economic and market environments as well as the size of economies under review; (iv) sovereign ratings; (v) its areas of expertise as far as its business involvement is concerned; and (vi) its knowledge of the economies. The Bank ensures the proactive monitoring of country risk exposures against country limits and sub-limits that have been set, while promptly reviewing such levels in case of unexpected events. MCB keeps track of the unfolding business opportunities across markets of interest and has also set up a list of 'restricted countries'. No limits are established for the latter countries, with activities only conducted with approval of the RMC.

Mitigation and management

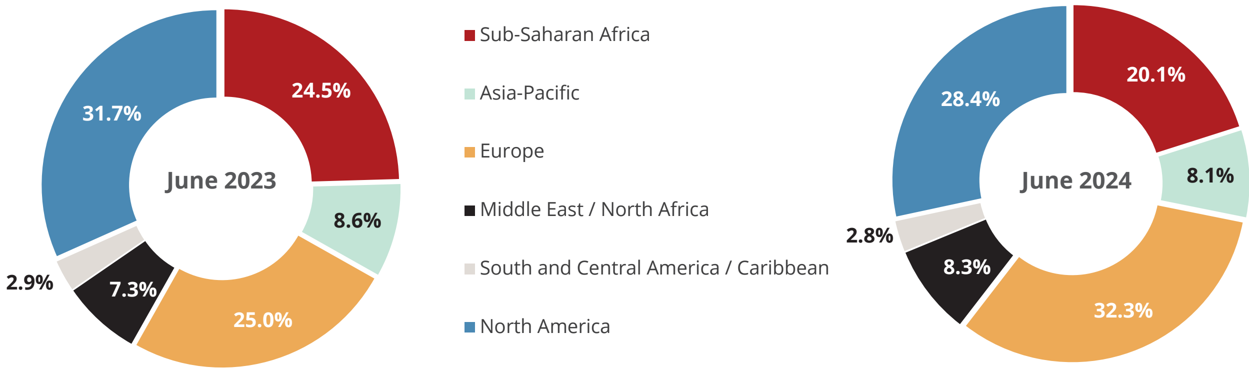
With a view to fostering sound country risk management, we lay emphasis on (i) thoughtful and regular determination and review of our risk appetite, after making allowance for the evolving operating environment and our strategic ambitions; (ii) diversified exposures across countries and sectors; (iii) undertaking activities in a selective and, in some cases, opportunistic manner, while favouring areas that we are well accustomed to and for which we nurture strategic competencies and technical expertise; and (iv) ensuring that our deals are appropriately selected, structured and ring-fenced (with area specialists handling complex deals), backed by the application of a series of risk mitigants and robust methodologies.

Diversification of exposures

Distribution of MCB's customer loan portfolio

Exposures by region

(Excluding Mauritius)



Note: Exposures include funded and unfunded financing exposures as well as treasury activities

Market risk

General approach and objectives

The Bank seeks to minimise the risk of losses in on- and off-balance sheet positions arising from activities undertaken in or impacted by financial markets. We ensure that an appropriate framework is in place to systematically identify, assess, monitor, control and report the market risk exposures across trading and banking books. These include market-contingent risks such as counterparty credit risk as well as profit and loss risks arising from market risk activities. We also detect and manage the impact of currency fluctuations, alongside properly managing the net open positions.

Governing guidelines include	Guideline on Measurement and Management of Market Risk; Guideline on Liquidity Risk Management
Internal policy	Market Risk Policy

Measurement, monitoring and management

Interest rate risk

MCB is mainly exposed to repricing risk in its banking book on account of the reset date of its on- and off-balance sheet assets not coinciding exactly with that of its on- and off-balance sheet liabilities. The Bank monitors the resulting mismatch through the conduct of interest rate risk gap analysis on both an earnings and economic value impact basis. The Bank limits this source of risk through the application, in most cases, of floating interest rates that are linked to benchmark rates. Interest rate risk in the banking book is monitored by the ALCO.

The Bank also incurs interest rate risk in the trading book by virtue of: (i) its primary dealership status in the local Government and BoM securities market; (ii) its trading positions in international fixed income securities; and (iii) the holding of net open positions in derivatives that are subject to daily fluctuation in rates and yields. To constrain its exposure to interest rate risk in the trading book, the Bank resorts to hedging techniques or ensures that certain exposures are conducted on a back-to-back basis. It also sets several sensitivity limits on outstanding positions. Basically, the limit, which is a measure of the impact of price volatility on portfolio value, aims at limiting the loss of a parallel upward shift of one basis point in applicable interest rates. Such sensitivity limits are calculated by an engine on both the exposure and its hedge, and are monitored by the Market Risk & Product Control BU (MRPC BU).

To further improve its monitoring of trading risk, the MRPC BU, through its Product Control function, monitors the daily Profit or Loss changes arising on both realised and open positions with the ultimate objective of limiting downside exposure.

Foreign exchange risk

MCB is subject to foreign exchange (FX) risk from an on-balance sheet perspective, i.e. as a result of imbalances in the foreign currency composition of the Bank's assets and liabilities. The risk to which it is exposed can also be viewed from an off-balance sheet angle, i.e. through the Bank's outstanding positions, mainly in respect of its forward foreign exchange positions.

Exposure to FX risk is monitored against both the regulatory limit and an internal target (which is set against Tier 1 capital). In addition, the Bank determines prudential trading, transactional and daily stop-loss limits. The latter are reviewed annually and are set at individual desk and trader levels. The limits are system-embedded, with automatic email alerts launched to notify any breaches on a real-time basis to designated personnel in both the trading and risk business units. We conduct Value-at-Risk analyses linked to our main foreign exchange risk positions. We use a historical observation period of one year, with a 99% one-tailed confidence interval and a holding period of 10 days.

Counterparty credit risk

In the context of trading activities, counterparty credit risk is the risk that arises if a counterparty to a financial contract defaults before the contract expires. Given that the future value of the over-the-counter derivatives portfolio is uncertain and changes as a function of market factors such as interest rates or exchange rates, the counterparty risk exposure dynamically varies over the lifetime of the portfolio. MCB manages this type of risk by setting settlement, tenor and valuation limits as well as through the execution of formal international market agreements such as those governed by the International Swaps and Derivatives Association and International Security Management Association. It also performs collateral margin calls in accordance with European Market Infrastructure Regulation, while determining whether the value of the outstanding exposures is within MCB's or the counterparty's favour.

Funding and liquidity risk

General approach and objectives

The Bank is dedicated to upholding a strong funding and liquidity framework, which is vital to achieving its strategic business development ambitions. Our approach is centred around ensuring a resilient and flexible financial structure that can adapt to varying market conditions. While we strategically access wholesale markets as and when required, our primary focus remains on mobilising customer deposits as a stable and reliable funding source. We also emphasise the importance of maintaining a well-diversified funding portfolio to mitigate concentration risks and enhance the stability of our financial operations.

To safeguard our liquidity position, we adhere to a rigorous liquidity management strategy that includes maintaining a robust buffer of high-quality liquid assets. This approach ensures that the Bank is well-positioned to meet its financial obligations under both normal and stressed market conditions.

Our funding and liquidity risk management practices are governed by a comprehensive set of regulatory guidelines and internal policies.

Governing guidelines include	Guideline on Liquidity Risk Management; Guideline on Scope of Application of Basel III and Eligible Capital; Guideline on Cash Reserve Requirement; Guideline on Stress Testing; Guideline on Net Stable Funding Ratio
Internal policy	Market Risk Policy

Measurement and monitoring

The Bank employs a comprehensive and rigorous framework for measuring and monitoring funding and liquidity risk at both the individual currency level for material currencies and on a consolidated level. It upholds sound funding and liquidity positions to meet its obligations under both Business As Usual (BAU) and stressed conditions. It maintains diversified liability bases across different categories of depositors, alongside also covering a spectrum of short to medium-term funding.

The Bank holds a stock of high quality and unencumbered assets that it can rapidly dispose of in case required. The aim is to meet unexpected outflows of funds or substitute expected inflows of funds (such as loan instalments) that do not eventually materialise at little or no loss in market value. Additionally, MCB sets internal targets on key regulatory measures such as the liquidity coverage ratio (LCR) at currency level, whilst monitoring other ratios and Early Warning Indicators to assess its liquidity situation.

The key actions undertaken to ensure that funding and liquidity risk is effectively measured and monitored include the following:

- Robust Contingency Funding Plan in place which *inter alia* provides for active monitoring and reporting of Early Warning Indicators and courses of action under a liquidity stress; Scenario analysis conducted by simulating withdrawal of funds e.g. withdrawal of USD current accounts under severe stress scenarios; Uncommitted money and short-term forex swap and repo lines regularly tested for liquidity depth
- Maintenance of adequate high-quality liquid assets (HQLA) buffer as well as achievement of conservative maturity transformation and operational deposit optimisation to ensure compliance with the LCR with monitoring/reporting for assets and liabilities denominated in significant currencies. This entails close monitoring of the LCR and circulation of the ratio to Management on a daily basis. LCR, along with other liquidity indicators, such as gap analysis and BIS net stable funding ratio (NSFR), are presented to the ALCO on a monthly basis and to the RMC on a quarterly basis; Carrying out of frequent simulation on LCR, based on what-if investment in HQLA and renewal of wholesale market funding
- Diversification of balance sheet funding sources with a mix of internal treasury surplus, institutional lines of credit, trade refinancing lines, wholesale borrowings and accessing capital markets. These activities are conducted across various markets, enhancing the Bank's financial stability and reducing reliance on any single source of funding
- Active monitoring and management of daily liquidity through a daily Operational Cash Flow model, which provides the Bank with daily cash flow projection over different time bands under various scenarios

Mitigation and management

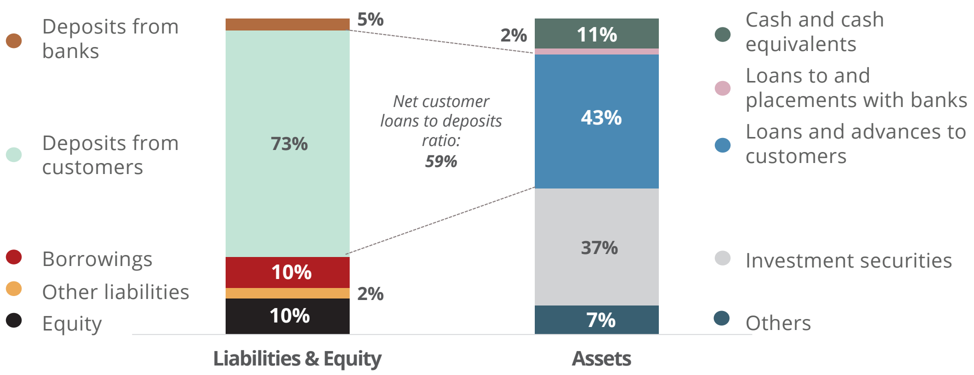
The key consideration for MCB is to diligently manage and diversify the funding and maturity profile of its balance sheet to successfully execute its strategic objectives over both the short and longer terms.

To achieve this, the Bank employs a methodical approach that involves creating a time ladder of continuous assets and liabilities cash flows. This approach minimises the risk of undue accumulation of cash flows in any single time segment, especially those falling due in the near future, thereby maintaining a balanced and resilient liquidity profile. The Bank uses cash and liquidity gap profiles for both local and significant foreign currencies to analyse and monitor the impact of projected disbursements by lines of business. MCB also undertakes the behavioural analysis of its non-maturity current and savings account balances to assign an actuarial maturity profile that accurately reflects the stickiness and stability of these account balances.

The stock of liquid assets is proactively managed to cover day-to-day cash management needs as well as to provide for an adequate coverage of the risk-weighted cash outflows associated with the standardised crisis scenario under the Basel III framework for liquidity coverage ratio. The components of the liquid assets buffer are also managed taking into account market risk volatility, the credit risk weighting and the low returns typically associated with holding such highly liquid assets. This prudent management ensures that the Bank remains well-prepared to address potential liquidity challenges without compromising its financial stability.

During the year under review, MCB took proactive measures to maintain substantial buffers in light of the prevailing economic environment, with the Bank continuing to display strong funding and liquidity positions in FY 2023/24. We have been active across multiple markets to secure sufficient funding resources to support our growth ambitions. In this respect, we leveraged placements from banks and repurchasing agreements. It can be recalled that, in FY 2022/23, the Bank also successfully launched and priced its inaugural USD 300 million 5-year senior unsecured notes issuance under its USD 3 billion Global Medium Term Note Programme. Additionally, it secured a three-year USD 500 million syndicated loan and also closed its first Basel III compliant Tier 2 bond issuance of USD 147 million, privately placed with the African Development Bank. Building on this momentum, in FY 2023/24, the Bank successfully secured a USD 400 million sustainability linked loan as well as a loan of USD 120 million from Proparco and DEG to support the Bank's climate mitigation, adaptation and climate resilient measures. These strategic moves have strengthened the Bank's overall financial position and underscore its commitment to maintaining a robust and diversified funding base.

Asset funding structure as at June 2024



Liquidity and funding positions

<u>Liquidity coverage ratio (LCR)</u>

In alignment with Basel III rules, the objective of the LCR is to promote the short-term resilience of a bank to liquidity shocks. The LCR ensures that the Bank maintains an adequate reserve of unencumbered high-quality liquid assets (HQLA), which can quickly be converted to cash to cover cash outflows during a 30 calendar day period of significant liquidity stress. As per local regulations, the LCR is computed as the ratio of the stock of unencumbered HQLA to the net cash outflows expected over the next 30 days in the event of an acute liquidity stress scenario. Since 31 January 2020, the minimum regulatory LCR has been elevated to 100% for MUR, as well as for material foreign currencies, and consolidated LCR. Furthermore, in September 2020, the Guideline on Liquidity Risk Management was revised to provide that banks shall immediately notify the Bank of Mauritius of the use of HQLA denominated in major currencies that are freely convertible, transferable and actively traded in global foreign exchange markets to cover liquidity needs in other such major currencies, amongst others.

As at 30 June 2024, MCB operated comfortably above the stipulated LCR requirements. It reported a consolidated LCR of 437%, which is equivalent to a surplus of some Rs 205 billion over stressed total net cash outflows. At currency level, we also exceeded the mandatory LCR limits relating to rupee and significant foreign currencies, with the Bank's LCR in dollar terms standing at 294% as at 30 June 2024. It can be noted that HQLA eligible for the purpose of calculating the LCR as per set rules consist of cash or assets that can be converted into cash at little or no loss of value in markets. In this light, MCB diligently managed its investment portfolio, holding suitable levels of investment in sovereign and cash liquid assets. This strategic approach not only contributes to meeting regulatory requirements but also reinforces the Bank's readiness to navigate various market conditions while preserving value and stability.

Net stable funding ratio (NSFR)

Under Basel III, the NSFR aims to strengthen the resilience of a bank over a longer time horizon. It achieves this by requiring the bank to maintain a stable funding profile relative to the composition of its assets and off-balance sheet activities so as to mitigate any future funding stress. The NSFR effectively recognises a bank's maturity transformation role in the credit creation and resource allocation process. It seeks to limit the bank's over-reliance on short-term wholesale funding or the running of large funding gaps meant to sustain rapid balance sheet growth.

In June 2024, the Bank of Mauritius issued a guideline mandating that banks maintain an NSFR of at least 70% for all material currencies and on a consolidated basis. This minimum requirement will increase to 100% by December 2024. Although this regulation has only recently been introduced, MCB has, since long, been monitoring its NSFR performance to ensure stable funding structure. As at 30 June 2024, MCB Ltd reported an NSFR of 147%, well above both the current and forthcoming regulatory requirements. This accomplishment underscores the Bank's proactive approach in ensuring a robust and balanced funding structure, contributing to its long-term stability and resilience.

Consolidated liquidity coverage ratio

As at 30 June 2024	**Total unweighted value (quarterly average of bimonthly observations)**	**Total weighted value (quarterly average of bimonthly observations)**
	Rs m	**Rs m**
High-quality liquid assets		
Total high-quality liquid assets (HQLA)	265,864	265,632
Cash outflows		
Retail deposits and deposits from small business customers, of which:		
Less stable deposits	*295,027*	*26,343*
Unsecured wholesale funding, of which:		
Operational deposits (all counterparties)	*12,017*	*3,004*
Non-operational deposits (all counterparties)	*278,510*	*128*
Secured wholesale funding		
Additional requirements, of which:		
Outflows related to derivative exposures and other collateral requirements	*40,957*	*40,957*
Credit and liquidity facilities	*13,394*	*1,217*
Other contractual funding obligations	539	539
Other contingent funding obligations	215,167	10,758
Total cash outflows	**855,612**	**82,947**
Cash inflows		
Inflows from fully performing exposures	152,142	109,114
Other cash inflows	70,102	40,991
Total cash inflows	**222,244**	**150,105**

	Total adjusted value
	Rs m
Total HQLA	**265,632**
Total net cash outflows	**60,851**
Liquidity coverage ratio (%)	**437%**

Model risk

General approach and objectives

MCB Ltd makes use of models for a broad range of business and risk management activities, such as in the credit approval process, valuation of risk exposures, stress testing exercises and pricing strategies. Such applications invariably give rise to risks of model errors that could expose the organisation to financial loss or reputational damage. The Bank is, as such, determined to enhance its model risk management framework, alongside strengthening capabilities to minimise uncertainty of output and cater for the increasing complexity of models. We adopt best practices for model development, implementation, and validation. Model risk oversight is assumed by the Model Review Committee, which is chaired by the Chief Risk Officer, and is responsible for validating all new, updated or recalibrated models and assessing if models are fit for purpose, efficient and make business sense.

Governing guideline	Guideline on Stress Testing
Internal policy	Credit Risk Policy

Mitigation and management

The Bank has developed a criticality rating matrix that appraises the risk rating of a model by accounting for both the quantitative and qualitative impact of the model. The financial impact of the underlying model is gauged as a percentage of the operating profit and the model's non-financial impact is assessed on the basis of operational efficiency gains derived from its application, its contribution towards ensuring regulatory compliance and the extent to which the model assists in enhancing customer experience.

Policies and procedures are in place to ensure the effective development, deployment and validation of models and adequate performance monitoring thereof. Model development data, which are guided by principles of transparency, explainability and auditability, are thoroughly assessed before use. Before models are deployed, they go through an internal validation process covering dimensions such as data sampling, variable treatments, variable selection, model design, and measure of model performance during back-testing exercises, among others. All relevant stakeholders are involved during the development phases of the models. In addition, Management and model sponsors are regularly updated, at each critical milestone, of model development and deployment. The organisation's business rules are implemented in certain cases to make models more rigorous in areas which cannot be directly modelled. These rules, which are continuously adapted to reflect prevailing economic and market conditions, are also helpful in cases of severe economic downturns where models might not perform as expected. Moreover, in order to curtail the risk of losses from incorrect model decisions in loan approvals, automated model decisions are meticulously designed and allowed within a pre-set maximum loan limit. Furthermore, models are periodically assessed following their deployment in areas such as drift in model input and model accuracy. In addition, once sufficient historical data points are available, backtesting of models are set to be undertaken to cross-check their robustness.

Operational risk

General approach and objectives

The Bank aims to identify, mitigate and manage operational risks across activities, processes and systems in line with the defined risk tolerance. The objective is to underpin the continuity of our operations and anchor a solid platform to provide customers with seamless services. Towards determining the operational risk tolerance levels, we set risk acceptance and mitigation limits in respect of the principal categories of operational risk as appropriate.

Governing guidelines include	Guideline on Operational Risk Management and Capital Adequacy Determination; Guideline on Maintenance of Accounting and Other Records and Internal Control Systems
Internal policies include	Operational Risk Policy; Fraud Policy

Measurement and monitoring

The determination of the Bank's risk exposures is anchored on the regular review of operational risks inherent in people, internal processes, client solutions and external factors, with monitoring thereof performed against risk tolerance limits. MCB applies the Alternative Standardised Approach for calculating and reporting its operational risk capital charge. Information on operational risk events is recorded in a centralised database, which enables systematic root cause and trend analysis for corrective actions.

Mitigation and management

The Operational Risk BU is responsible for the identification, assessment and management of related risks. It should be noted, however, that operational risk management forms part of the day-to-day responsibilities of all employees of the Bank.

Operational risk mitigation relies on appropriate processes and systems, backed by the clear segregation of duties, dual control as well as the regular verification and reconciliation of transactions. The control environment is based on the appropriate risk culture, fostered through risk awareness sessions targeting relevant audiences. An overview of both Operational Risk and Business Continuity Management is provided – in the form of a dedicated induction course – to new employees joining the Bank. The Operational Risk Management Framework relies on three primary lines of control, as shown below.

Primary lines of control

Risk ownership	Risk control	Independent assurance
Business units	**Audit Committee/IORC/ Operational Risk BU**	**Internal/External Audit**
• Implement internal control procedures • Identify inherent risks in products, activities, processes and systems • Initiate actions and apply mitigation strategies • Report risk incidents	• Oversee the implementation of policies • Implement integrated risk framework • Report on inherent and residual risks • Monitor corrective actions • Promote operational risk culture across the Bank	• Verify the effectiveness of the overall operational risk framework

Operational risks are managed in a timely and effective manner through adherence to good practices for the prompt identification of risk incidents, the initiation of appropriate remedial actions and reporting of such incidents to the Operational Risk BU. The Operational Risk Cartographies of the various SBUs of the Bank are regularly updated and leveraged for the assessment of operational risks and the implementation of relevant controls. Further, operational risk at the Bank is transferred to some extent through insurance policies or outsourcing of non-banking activities where appropriate.

Health and safety

The Bank is committed to providing the highest standards of safety and health across all its business activities and on all MCB premises. Towards this end, it ensures compliance with the provisions of relevant legislations, namely the Occupational Safety and Health Act in Mauritius and other associated laws and regulations. Risk control measures are implemented through safety and health audits carried out during on-site inspections, with the latter aimed at identifying hazards and risk factors that have the potential to cause harm to the safety and health of people on our premises. The audits also seek to determine the appropriate ways to eliminate such hazards in order to protect our staff and clients. By fostering a safety culture throughout the Bank, we are able to prevent accidents, reduce injuries, and create a secure environment for everyone.

Business continuity risk

General approach and objectives

A robust and proactive approach to Business Continuity Management (BCM) is adopted by the Bank to ensure that we continue to conduct our key business activities and deliver products and services in case of unforeseen events or business disruptions at acceptable pre-defined service levels. We aim to minimise the potential damage that such disruptions can cause to people and business activities, while setting forward to safeguard their reputation and the interests of key stakeholders by effectively planning for and responding to incidents.

Governing guideline	Guideline on Operational Risk Management and Capital Adequacy Determination
Internal policies include	Business Continuity Management Policy and Framework; Incident Management Policy

Mitigation and management

MCB's Business Continuity Management Framework is an integral part of its overall risk management framework and is underpinned by the Business Continuity Management Policy, which sets out the governance, methodology and principles for managing disruption-related risks. The Policy also outlines the roles and responsibilities of MCB's Crisis Management Team, which shoulders central command during a crisis, supported by various other crisis teams and Business Continuity Champions, who are the BCM process owners responsible for designing, reviewing and maintaining up-to-date recovery plans at their respective levels.

The Bank's contingency strategies have also been refreshed to respond to an evolving landscape encompassing potential disruptions due to cyber threats, climate risks and third-party or supplier dependencies together with the more traditional business continuity risks such as technological outages and site unavailability disruptions.

- Disaster Recovery (DR) Resilience: MCB carried out its planned annual concurrent DR simulation to confirm the operability of its DR site in the event of a major technological outage and has again successfully executed unplanned DR exercises to test the actual readiness of its technical teams.

- Cyber Resilience: The Bank continued to advance on its cyber response preparedness framework by ensuring it has the necessary technical skills and legal support to deploy an effective cyber response both at operational and strategic levels. Furthermore, contingency strategies and measures are continuously being assessed and refreshed to incorporate cyber preparedness within the mission critical activities of the Bank.

- Climate Resilience: Climate-related disruptions were also high on the agenda of the Bank's business continuity planning framework. The cyclone contingency strategies and business resumption plan have been reviewed to ensure the Bank is sufficiently prepared to resume operations in the event of a catastrophic cyclone.

- Third-Party Resilience: In line with regulatory requirements, MCB has incorporated business continuity in its cloud and outsourcing projects to ensure business continuity risks are adequately assessed and contingency measures defined to cater for service provider disruptions within the Bank's critical activities.

- Business Disruption and Insurance: Insurance being an important aspect of MCB's risk management and business continuity framework, an in-depth review of the Bank's insurance programme has, this year again, been carried out to ensure MCB has the appropriate coverage against specific events impacting its operations.

Cyber and information security risk

General approach and objectives

MCB adopts a dedicated approach to safeguard its information security, alongside complying with applicable regulatory requirements on data protection and ensuring that we are prepared to respond to potential cyber-attacks and threats to our information assets in a timely and effective manner. The Bank's primary objectives are to maintain the confidentiality, integrity, security, and availability of information assets stored, processed, and transmitted throughout the organisation. In addition, we aim to handle and mitigate cyber risks, establishing a strong IT platform to aid the delivery of the Bank's strategic objectives, while protecting confidentiality and preventing misuse of systems and business disruptions.

Governing laws and guidelines include	Data Protection Act (DPA); European Union's General Data Protection Regulation (GDPR); Guideline on Cyber and Technology Risk Management; Guideline on Use of Cloud Services
Internal policies	Various Cyber and Information Risk policies

Mitigation and management

The Cyber and Information Security BU is responsible for, *inter alia*, developing and maintaining cyber, technology and information risk policies, in line with the evolving operating and threat landscapes, as well as requirements set by the regulator and other major stakeholders. The key objective is to ensure that an adequate level of security is maintained to protect private, confidential, personal and any other sensitive information held by the Bank. Importantly, the Bank has taken the necessary steps to ensure compliance with the requirements of the Mauritius Data Protection Act (DPA) as well as the European Union's General Data Protection Regulation (GDPR) and the different BoM guidelines.

Our risk mitigation strategy encompasses regular threat and vulnerability assessments and the implementation of appropriate controls. We have established comprehensive processes to manage access to logical information, ensuring that access is restricted to individuals with a justified business requirement, and is subject to continuous monitoring and control. We have cyber incident response plans (CIRP), disaster recovery plans, business continuity plans and crisis management plans that are regularly reviewed, simulated and tested. Moreover, our proactive promotion of a cyber risk culture has resulted in enhanced security awareness amongst our staff. These measures form a cohesive framework designed to protect the Bank's assets and maintain operational resilience.

The Bank's cybersecurity risk management is structured across multiple levels, each with distinct responsibilities. At the operational level, the Information Security BU manages day-to-day security operations, incident response, threat intelligence, and disaster recovery. The CIS BU provides strategic oversight, focusing on risk identification, management, policy formulation, and governance. This unit ensures compliance with security practices across all domains of cyber, information, data, and technology. Our Internal Audit function offers an independent assessment of the effectiveness of our cybersecurity measures, providing an additional layer of assurance. To maintain the efficacy of our security posture, MCB conducts annual audits of its information security policies and systems. The CIS BU regularly reports its findings, recommendations, and assessments to executive committees and the Audit Committee, ensuring that cybersecurity, technology risks and data protection remain at the forefront of our risk management agenda.

Recent initiatives

In addition to initiatives already highlighted, MCB has deployed several initiatives to uphold the robustness of its information risk and privacy framework:

- The Bank has continuously tested its external-facing and internal environments and proactively detected and remediated any vulnerabilities discovered
- Any gaps in relation to the BoM Guideline on Cyber and Technology Risk Management have been addressed
- The cyber incident response processes have been enhanced, with regular testing of our response plans to ensure that we remain resilient in the wake of a cyber incident
- Our third-party risk management framework has been strengthened to better identify, assess and mitigate related risks
- Proactive steps have been taken to improve our cyber security risk culture through various bank-wide initiatives
- General awareness on data privacy matters has been enhanced, with particular attention paid to ensure that privacy and security by design concepts become embedded within the Bank's risk culture
- Various actions, including security awareness sessions, have been continuously taken to enhance our employees' alertness to cybersecurity, with a focus on social engineering
- The Bank continues to monitor and respond to cyber threats through the use of Counter Threat Intelligence
- The Bank's security posture has improved further through the ongoing activities of a dedicated Red Team
- The security events monitoring capability of our Security Operations Centre (SOC) is continuously being refined and augmented with new use cases and increased scope

Compliance risk

General approach and objectives

Forming part of the Bank's second line of defence for managing risks, the Compliance function is duty-bound to provide assistance to the Board and Management. This ensures that business activities are conducted in strict abidance by applicable laws, rules, regulations, industry codes of conduct, policies, standards, and good governance practices. Our main objectives include complying with all relevant stipulations to safeguard MCB's assets and shield them from legal and regulatory sanctions and financial/reputation losses while at the same time ensuring a sustainable growth both for its stakeholders and the society. We also continually strive to ensure consistency between the conduct of business operations and the observance of relevant laws and standards of good market practices. This is achieved through the continued identification of compliance-related risks, ongoing assessments, and the design of adequate controls. As a socially responsible bank, its approach emphasises its commitment to ethical conduct and adherence to legal standards which, in turn, reinforce the trust and confidence of our stakeholders, including investors, customers and society at large. It fosters a compliance-oriented culture, supporting business lines in delivering fair outcomes for customers and preserving the organisation's reputation, all while helping to achieve sustainable business development objectives. The Compliance function also helps in protecting the Bank's reputation and in minimising the risk of investigation, prosecution, regulatory sanctions and penalties.

Governing laws and guidelines	All applicable laws, rules and regulations, including advocated norms and codes
Internal policies	Several policies including AML Policy, Customer Onboarding Policy ,Policy for Outsourcing, Anti Bribery and Corruption Policy, Environmental and Social Risk Policy

Mitigation and management

Fundamentally, the Bank seeks to ensure that its core values and standards of professional conduct are maintained at every level and within all its activities and operations. Towards this end, in addition to complying with relevant external norms and requirements, we adhere to our policies, including those related to our ethical standards. In that connection, the MCB's Code of Ethics, Anti-Bribery Policy, Whistleblowing Policy and Fraud Policy uphold good conduct, good order, and the values of honesty and integrity amidst the organisation. We adopt dedicated systems and processes so as to properly identify and mitigate any risks of non-compliance, alongside ensuring that we are sufficiently equipped in order to live up to the increasingly stringent regulatory environment and effectively cope with greater scrutiny by regulators and law enforcement authorities. To guarantee that our objectives are met in a consistent and judicious manner, we perform regular monitoring exercises, to ensure compliance with policies and procedures as well as ascertain that controls are operating in a sound way.

In terms of our AML/CFT obligations, we ensure that the Bank has adequate processes, systems and controls to render its services inaccessible to criminals, including money launderers and terrorists or their financiers, while tracking down suspicious activities.

In that regard, the Bank makes use of tools from renowned international service providers. We ensure that staff is given appropriate training to help them identify suspicious transactions in keeping with the legal and regulatory requirements.

During the year, the Code of Ethics has been revamped so that the Code adequately sets out the commitment of the organisation, *inter alia*, to ethical behaviour, integrity and accountability in all aspects of our business operations. It aims at providing the necessary guidance to the employees in understanding their ethical responsibilities towards their peers, clients, stakeholders and the communities in which they operate.

The Whistleblowing Policy has also been reviewed, whereby an alternative reporting process is established for use by all employees in confidence, without the risk of subsequent retaliation, victimisation, discrimination or disadvantage. The staff and external stakeholders reporting a concern are reassured that same shall remain confidential and impartial judgement will be applied in all cases.

The Bank ensures that the organisation and its staff adhere, at all times, to both the letter and spirit of applicable laws, rules and regulations, generally accepted business and industry standards, as well as advocated norms and codes. We also promote a compliance-oriented culture with a view to supporting business lines in delivering fair outcomes for customers and preserving the Bank's reputation, while helping to achieve business development objectives.

The strategic objectives of the compliance function are translated in a Compliance Programme for FY 2024/25, which was devised as a risk-based approach and duly approved by the Compliance, AML and Legal Committee (CALC) and the Board of Directors through the Audit Committee. The Compliance Programme sets out its planned activities, such as the implementation and review of specific policies and procedures pertaining but not limited to governance and policy management, KYC, customer onboarding, Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), managing correspondent banks' compliance queries, compliance auditing, monitoring and testing, Enterprise Wide Risk Assessment (EWRA), complaints management and educating staff on compliance matters, which are designed to fundamentally strengthen the compliance risk management culture across the Bank. Progress status updates and reports are duly reported by the Head of Compliance in the CALC and Audit Committee at least on a quarterly basis.

The focus areas of the Compliance Programme FY 2024/25 included the following:

Regulatory Liaison

- Maintaining highest levels of compliance with regulatory requirements while also paying continuous attention to the fast-changing legal framework and undertaking regular reviews of ongoing developments with respect to laws, regulations, guidelines and standards of good practice. In addition, the Bank ensures to accurately understand the impact of such regulatory amendments and to come up with necessary responses so as to effectively address any risks arising from non-adherence to such changes
- Fostering trusted relationships with regulatory and supervisory bodies by sustaining productive and value-adding dialogue and interactions

Governance and Policy Management

- Maintaining a set of robust policies and procedures to disseminate and promote strong ethical behaviour amongst employees regarding the Bank's business operations. Some policies have also been designed so as to effectively prevent, mitigate and manage any conflict of interests situation
- Reviewing the ecosystem of Committees across the Bank, including any Management level Committee, in line with corporate governance standards. The terms of reference of such Committees have also been reviewed, wherever applicable
- Fostering a coherent compliance control mechanism within the Bank to pave the way for standardised processes and operations

Relationship with Financial Institutions

- Participating in regular AML/CFT reviews performed by foreign banks and ensuring queries from correspondent banks on transactions are addressed on a timely basis
- Conducting regular screening of the Bank's customer database to identify and prevent potential violations of sanctions regulations
- Reinforcing our compliance framework through the adoption of continuous permanent supervision mechanisms
- Ensuring adherence to risk statements of correspondent banks
- Maintaining up to date the country risk rating, in line with the country risk methodology

Training

- Promoting the awareness of directors and employees on the requirements arising out of new/amendments to laws and regulations and other compliance-related matters
- Providing tailor-made training to the Bank's directors and employees to ensure that they have the necessary knowledge and skills to fulfil their duties and responsibilities

Advisory

- Engage with the different business lines for customer on-boarding requests and assist them in the on-boarding process
- Maintaining close working arrangements and communication with business lines through the dissemination of compliance-related information and provision of advisory services at time of customer on-boarding
- Nurturing the working relationship with regulatory and supervisory bodies by engaging or collaborating with them on new projects and regulatory queries

AML Monitoring and Analysis

- Using state-of-the-art technology to monitor adherence to set norms so as to provide assurance to Management and the Board, through the Audit Committee, as regards the state of compliance
- Performing assessment and monitoring of transactions as per defined frequencies and ensuring timely quarterly reporting made to the regulatory bodies, as per regulatory requirements

AML Investigation

- In relation to the AML/CFT obligations, ensuring that adequate processes, systems and controls are in place to render banking services and systems inaccessible to criminals, including money launderers and terrorists or their financiers, alongside paving the way for detecting suspicious activities. In so doing, the Bank strives to become a more socially responsible organisation whilst curbing the social costs that money launderers and terrorists or their financiers pose to the society
- While fostering continuous employee awareness, the Bank, *inter alia*, ensures that employees are given appropriate training on AML/CFT topics to help them identify suspicious transactions. A Financial Crime Risk Management (FCRM) system, which makes use of Data Analytics and Artificial Intelligence, is in place to highlight atypical transactions, in line with anti-money laundering and financing of terrorism and proliferation guidelines
- Proactively identifying compliance and Money Laundering/Terrorist & Proliferation Financing (ML/TF) related risks and assessing their residual likelihood and impact based on the controls in place – corrective measures are taken and monitored to minimise the likelihood of the risks materialising and detect non-compliance with internal policies and procedures
- Attending diligently to requests from law enforcement bodies and representing the Bank in Court in relation to ML/FT/PF matters

Compliance auditing

- Conducting Branch and Thematic Audits as per the devised plan and coverage, as approved by the CALC and Audit Committee
- Investigating into cases of alleged breach of duty of confidentiality and attending to matters reported through Whistleblowing, in collaboration with concerned stakeholders. The Whistleblowing Framework at the organisation is designed to assist employees deemed to have discovered malpractices or impropriety. The Bank adheres to a Group Whistleblowing Policy, whereby an alternative reporting process is established for use by all employees and external stakeholders in confidence, anonymity and without the risk of subsequent retaliation, victimisation, discrimination or disadvantage

Enterprise Wide Risk Assessment (EWRA)

- Spearheading the Enterprise Wide Risk Assessment (EWRA) exercise and helping the Bank to identify gaps and areas for enhancements in its internal AML/CFT framework. EWRA, which is a regulatory requirement, aims at identifying the ML/TF risks to which the Bank is exposed per product, service, channel and segment, as well as determining the risk mitigation controls embedded in our AML/CFT programme, establishing the level of residual or unmitigated risks which remain for the Bank and follow up on the action points to mitigate the high and medium residual risks

Complaints management

- A Complaints Handling Process is in place to enable the proper receipt, acknowledgement and independent and effective handling of complaints, which are to be resolved and notified to customers within a reasonable turnaround time without compromising the quality of the review.
- The Bank thus aims at effectively resolving customer complaints and identifying opportunities to make systemic improvements to enhance customer service within the organisation. The Bank is also contemplating to provide in its complaints management system, a way for clients and other external stakeholders to flag any environmental and social impact of its financing activities, thereby mitigating any reputational risk

Project and analytics

- Coordinating and executing strategic SBU initiatives and projects. Managing project resources, under scope of responsibility, to ensure delivery in line with project priorities, quality standards, budget and deadlines and lead data intensive compliance related initiatives
- Developing, monitoring and reporting on costs and benefits metrics of specific projects and recommend appropriate actions as well as compliance data architecture and governance
- Aiming to be autonomous in data reports for the Compliance SBU and regulatory body

Zoom on our Permanent Supervision BU

Our Permanent Supervision BU acts as an independent control function within our second line of defence. The Bank is committed to effectively supervising transactions and processes embedded in its regular activities, backed by adequate control mechanisms and procedures. Our Permanent Supervision and Internal Control Framework is governed by rules and standards, including: (i) regulatory requirements such as the BoM Guideline on Maintenance of Accounting and Other Records and Internal Control Systems; (ii) guidance provided and principles formulated by the Committee of Sponsoring Organizations of the Treadway Commission, a US private sector organisations' joint initiative to combat corporate fraud; and (iii) relevant Basel requirements.

The Bank applies a series of operational controls with respect to internal processes and client solutions. Such controls are regularly reviewed and actively monitored in order to gauge the applicability and effectiveness of actions taken. Internal control forms part of the day-to-day responsibilities of Management and all employees. While the former is responsible to implement the internal control framework, the Permanent Supervision BU, through Risk & Control Executives, is responsible for ensuring the proper functioning of the internal control system in all the major activities of the Bank. The dedicated team of Risk & Control Executives across SBUs regularly report the main risks and control events observed, while ensuring timely escalation of findings to Heads of host SBUs, the IORC and the Audit Committee as appropriate. Identified internal control deficiencies are managed in a timely and effective manner through adherence to established procedures and proper monitoring of the implementation of reinforcement measures.

Climate risk

General approach and objectives

Climate risk may directly or indirectly affect banks through exposures to customers, resulting in both financial and non-financial impacts. At MCB, we assess the impact of climate change on financial risks through physical and transition risk factors.

Physical risk

This refers to potential losses and economic costs which may arise due to increased severity of extreme weather events such as cyclones and floods (acute risks) and longer term shifts in climate patterns such as sustained higher temperatures and rising sea levels (chronic risks).

Transition risk

This refers to potential losses and economic costs which may arise due to significant and rapid policy changes, disruptive technology development or market sentiment shifts as part of the transition towards a lower carbon economy.

In line with the requirements of the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, we have defined a roadmap for the integration of climate-related financial risk into the Bank's risk management framework. A climate risk working group has been created as part of the Transition Taskforce to drive the climate risk initiative, submit progress reports on the roadmap to the Bank of Mauritius and coordinate with the enlisted international service provider.

The Bank is implementing an adapted governance framework to cater for climate-related risk management and sustainability considerations. The Chief Risk Officer is responsible for the oversight and alignment of policies, including consideration for climate and environmental risks and associated financial and reputational risks. The Head of Financial Risk oversees progress against the climate risk roadmap and the integration of climate-related risks into the risk management framework.

Governing guidelines include	Guideline on Climate-related and Environmental Financial Risk Management
Internal policy	Environmental and Social Risk Policy

Measurement, monitoring and management

MCB has enlisted a service provider to assist in the measurement of climate-related physical and transition risks within our portfolios. Our initial assessment, undertaken during FY 2023/24, covered a sample of corporate clients across key portfolios and sectors. The physical risk assessment exercise set out to assess the potential impact of climate-related physical risk hazards under various scenarios based on the Intergovernmental Panel on Climate Change (IPCC) pathways. Temperature extremes, tropical cyclones, droughts, and coastal flooding hazards are identified as being more relevant to our portfolios given that our exposure is largely related to assets based in Mauritius and Africa. The transition risk assessment focused on modelling the impact of potential carbon taxes on our clients. Whilst the Oil & Gas sector is perceived as a carbon-intensive industry, our exposure therein is mostly on a short-term basis and self-liquidating in nature, hence lowering the transition risk profile. However, modelling these risks is inherently challenging due to data limitations, making the quantification of climate-related risk difficult.

The Bank intends to leverage climate scenario analysis to assess climate-related risks and opportunities, as well as determine the potential implications of climate change for our strategy and business model. In this respect, climate considerations have been incorporated on a qualitative basis in the stress testing exercise conducted by the Bank during FY 2023/24. Given the importance of understanding climate-related events, we are dedicated to continuously upskill our employees at all levels on this topic, through regular awareness sessions.

Environmental and Social risk

General approach and objectives

MCB Ltd is committed to contributing to the sustainable development of countries where we operate. We have integrated environmental and social (E&S) risk management into our credit value chain to promote positive impacts and mitigate potential negative effects on people, communities, and the environment. Our approach is guided by our internal Environmental and Social Risk (ESR) Policy, which outlines MCB's commitment to identifying and managing E&S risks in our financing activities.

Our dedicated Environmental and Social Risk Management function sits within the Risk SBU and is responsible for the identification of E&S risks in financing activities and for the provision of recommendations on E&S matters, with the Head of Credit Management integrating E&S risk policy objectives into relevant credit committees and processes. E&S risks identified are reported to the Risk Monitoring Committee on a quarterly basis.

Governing guidelines include	Guideline on Climate-related and Environmental Financial Risk Management
Internal policy	Environmental and Social Risk Policy

Measurement, monitoring and management

MCB Ltd has developed a systematic Environmental and Social Risk Management (ESRM) methodology to identify, assess, manage, and monitor E&S risks in our lending activities in line with our ESR Policy which defines transactions eligible for E&S Risk Assessment, covering all sectors within our risk appetite. We are dedicated to also addressing emerging E&S risks such as biodiversity loss, gender issues, and working conditions across various sectors. Our ESRM process begins with a preliminary E&S screening to ensure compliance with our Exclusion List for new clients or projects. This exclusion list, approved by the Board, relates to activities with damaging impacts on the environment and human rights. Eligible transactions then undergo risk identification and are categorised as per the magnitude of their potential impact based on criteria defined by the International Finance Corporation and the Equator Principles.

We conduct E&S due diligence for all projects, with the depth of assessment varying based on the project's risk category. This process evaluates compliance with applicable laws, regulatory frameworks, and international standards, including the UN Guiding Principles on Human Rights and IFC Performance Standards. When necessary, we develop Environmental and Social Action Plans to bring projects into compliance with applicable standards and Bank requirements.

E&S risk recommendations are escalated to relevant credit committees, and E&S conditions and covenants are included in contractual agreements with clients. Post-disbursement, we continue to monitor relevant E&S covenants, engage with clients, and conduct site visits. Any breaches are promptly escalated to credit committees, ensuring ongoing management of E&S risks throughout the credit lifecycle. By integrating E&S risk management into every stage of our credit process, from initiation to monitoring, MCB Ltd demonstrates its commitment to responsible banking practices and sustainable development in the regions we serve.

Read more on our ESRM Policy on our website

Risk assurance: Internal audit

General approach

Internal Audit, as the third line of defence, performs an independent and objective assurance function that is designed to add value to our operations. Its responsibilities include: evaluating the reliability, adequacy and effectiveness of the system of internal controls, risk management, governance framework and processes; and reviewing whether Management is taking appropriate steps to address control deficiencies. The Head of Internal Audit (IA) reports to the Audit Committee of the Board and administratively to the Chief Executive Officer, to uphold independence and objectivity as the internal audit activity fulfils its responsibilities.

The Internal Audit plan spreads out over three years and is reviewed annually using a structured risk and control assessment framework, through which the risk universe is reassessed and the control effectiveness of each identified risk is evaluated by taking into consideration a number of criteria, namely the risk profile of each audited entity, the risk appetite of the Bank and input from relevant stakeholders. Audit efforts are allocated on the basis of areas posing higher risks and as required by regulators whilst anchoring due agility to navigate a dynamic risk landscape, with the pandemic and its ensuing effects being a key example.

Strategy and initiatives

The key pillars which the IA SBU relies upon to roll out a disciplined approach in order to evaluate and improve the effectiveness of risk management and control processes are: (i) perpetual reconsideration of the risk environment, hence regularly-updated audit work programmes; (ii) deepened usage of data analytics for better risk coverage; and (iii) streamlining of audit process relating to preparation of reports, communication of results and the follow-up of recommendations for improved operations and customer experience.

In line with leading practices, the IA SBU – which is certified as compliant with the Institute of Internal Auditors' (IIA) standards – has a Quality Assurance and Improvement Programme (QAIP) that covers its audit activity. As part of the QAIP, internal Quality Assurance Reviews (QAR) are conducted by a team of experienced auditors, and external QAR are carried out at least once every five years by qualified professionals from an independent organisation. The latest external assessment was completed in September 2023 and it was recognised that Internal Audit "Generally Conforms" – the highest rating attributable – to the requirements of these standards. The external assessments undertaken created favourable conditions for (i) the identification of opportunities to enhance the effectiveness of internal audit management and processes; and (ii) the reinforcement of the Internal Audit function's image and credibility.

Audit reports containing the main observations and corrective action plans are reported to the respective managers being audited, and senior management including the Chief Executive Officer, Chief Operating Officer, Chief Risk Officer and Head of Compliance. To maintain its independence, the Internal Audit function provides at least quarterly updates to the Audit Committee or more frequently as appropriate, on the adequacy of the function, including the structure and staffing, as well as coverage. Progress of the corrective action plans is monitored, and past due action plans are queried.

Based on its assessments, the Internal Audit function is presently not aware of any significant area of the Bank where there are deficiencies in internal controls that could give rise to risks that could eventually jeopardise its operations in a substantial way.

Focus areas of the Internal Audit function

- Maintaining the proficiency of the team members to effectively carry out their professional responsibilities, by keeping abreast of changes within the organisation and across markets while developing new sets of skills and competences, notably in relation to domains such as analytics and application of quantitative methods. To ensure a sustainable value creation process through continuous advice and recommendations, the team of auditors are subject to both in-house and outsourced training for technical and human skills required for quality delivery, whilst promoting personal and professional development. To further professionalise the function, the following initiatives are in place:
    - opportunities given to the auditors to acquire relevant certifications from globally-recognised sources such as IIA's Certified Internal Auditor (CIA) or ISACA's Certified Information Systems Auditor (CISA)
    - co-sourcing arrangements with subject matter experts to audit areas of specific nature
- Upholding the risk culture, in line with the Bank's strategic objective, by exercising regular and effective coordination, collaboration and communication with the Permanent Supervision, Operational and Information Risk cluster of the Risk SBU and the Compliance SBU in order to work towards consolidating risk, compliance and regulatory assurance, alongside maintaining the overall consistency and effectiveness of the internal control system.

Capital management

Our objective

Our underlying capital management objective, which is aligned to general directions determined at MCB Group level, is to ensure that MCB has adequate capital resources at all times. This objective serves a threefold purpose: enabling effective operation, fostering sustained business growth and either maintaining or enhancing our credit ratings. We aim to maintain a comfortable capital position, which is consistent with the expectations and requirements of our diverse stakeholders, notably the regulators and authorities, rating agencies, customers and correspondent banks.

Capital management at MCB is underpinned by a forward-looking approach, coupled with a comprehensive governance framework. We determine the level and composition of our capital after making allowance for a wide range of factors. They include the Bank's strategic orientations, the legal and regulatory landscape, the industry environment and conditions prevailing across the economy and financial markets. Through this holistic assessment, we fine-tune our capital strategy to align with our broader goals, ensuring that we remain resilient and seize strategic objectives as they arise.

Our Internal Capital Adequacy Assessment Process

Framework

MCB is guided by its Internal Capital Adequacy Assessment Process (ICAAP) when determining its capital planning and formulating its risk appetite process. The ICAAP framework has been developed and applied at the Bank pursuant to the issue of the Bank of Mauritius (BoM) Guideline on Supervisory Review Process in April 2010. Our ICAAP document, which is reviewed periodically, delineates the process through which the Bank assesses the required minimum capital to support its activities. It seeks to ensure that MCB remains well capitalised after considering material risks.

Objectives

- To provide an informative description of the methodology and procedures that the Bank uses to assess and mitigate its risks; and
- To make sure that adequate capital resources are kept to support risks faced beyond core minimum requirements.

Assessment and planning

Through the ICAAP, the Bank assesses its forecast capital supply and demand relative to its regulatory and internal capital targets under various scenarios. The Bank's capital plan is defined every year during the budgeting and strategic planning exercise, while the Board sets the risk appetite limits for the financial year. The Bank monitors its exposures on a quarterly basis against those limits, and pertinent insights are reported to the RMC.

The capital plan includes a crisis management plan. The latter makes allowance for various measures to facilitate the rapid mobilisation of additional capital if the need arises, with discussions thereon being held at Board level.

Stress testing

Stress testing is a key risk management tool used by the Bank and is an integral part of our ICAAP. The aim of the Bank's stress testing framework is to identify, quantify, evaluate and make sense of the potential impact of specific changes in risk factors on the business development and financial strength of the Bank. MCB applies the stress testing principles set out under the BoM Guideline on Stress Testing issued in June 2022.

Forecasts are made over a 3-year horizon, taking into account the Basel Pillar I and II stress scenarios. The ICAAP provides for an assessment of the Pillar I risk types (i.e. credit, operational and market risks) and Pillar II risk types (i.e. concentration, liquidity, interest rate, strategic risks, etc.). These assessments are undertaken to understand the sensitivity of the key assumptions of the capital plan with regard to the realisation of plausible stress scenarios. This helps MCB evaluate how it can maintain adequate capital under such scenarios.

Framework

Risk identification	• To detect and address existing or potential vulnerabilities such as unidentified and Bank-wide risk concentrations or interactions among various types of risk, many of which may be overlooked when relying purely on statistical risk management tools based on historical data
Risk assessment	• To promote a deep understanding of organisational vulnerabilities on the back of forward-looking risk assessments; this helps to make risk more transparent via an estimation of scenario-based losses and to prevent the development of any false sense of security about the Bank's resilience • To evaluate the significance of risk faced during different phases, notably during periods of: (i) favourable economic and financial conditions given the subsequent lack of visibility over potentially negative future developments; and (ii) business expansion when innovation leads to new products and services for which no historical data is available for forecasting future trends
Risk mitigation	• To facilitate development of risk mitigation or contingency plans across stressed conditions • To stimulate debates and raise awareness on the various risk aspects of our client portfolios among Management, helped by (i) a well organised surveying of the operating context; (ii) an identification of the most important risk factors; and (iii) a scanning of the horizon for potential stressful events

Results

In FY 2023/24, the Bank conducted stress testing under various historical and stress test scenarios to assess the impact of unfavourable scenarios on key metrics. We have used the 3-year budget forecasts to conduct our different stress tests. We assumed that the stress scenarios take place in the middle of FY 2023/24, i.e. at the beginning of January 2024, and we then measured the relevant impacts accordingly. The scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Bank's risk profile, activities as well as prevailing and forecasted economic conditions. We measured potential impacts on the following metrics: (i) Solvency: Capital adequacy ratio and Tier 1 ratio; (ii) Profitability: Net profit after tax; (iii) Asset quality: NPL ratio and cost of risk; and (iv) Liquidity: LCR, NFSR, Net Present Value (NPV) of Trading and Fair Value Through Other Comprehensive Income (FVTOCI) portfolio. The stress test results are reported and discussed at the RMC and the Board prior to being submitted to the BoM. Barring extreme cases, our recent analyses revealed that the Bank's capital adequacy ratio does not fall below the regulatory requirements in any of the 4 scenarios described hereunder.

High interest rate environment *(Medium scenario)*	Further deterioration of the war in Israel and Gaza in FY 2024, which leads to a hike in inflation globally. The war disrupts oil production facilities and supply routes in the Middle East, leading to a sudden surge in oil prices. As a result, transportation and production costs increase, causing a ripple effect throughout the global financial system. The US Federal Reserve decides to tighten its monetary policy by further raising interest rates. Meanwhile, to combat the rising inflationary pressure in Mauritius, BoM decides to raise the Key Rate to curb imported inflation. In this scenario, the Mauritian Rupee depreciates sharply against major international currencies.
High interest rate environment *(Severe scenario)*	In addition to the events unfolding in the previous scenario, Mauritius faces catastrophic climatic events where two category 5 cyclones hit the island in quick succession, resulting in widespread devastation. The cyclones cause extensive damage to infrastructure, including power outages, widespread flooding and the contamination of water supply across several parts of the island. Tourists become reluctant to visit Mauritius causing hotels, resorts and restaurants to suffer significant losses, and investors begin to shift their investments to safer economies. Given the deteriorating economic situation, international rating agencies further downgrade Mauritius sovereign country rating.

Low interest rate environment *(Medium scenario)*	Inflation remains under control in US and Europe resulting in the Fed and the ECB reducing their rates to alleviate pressures on their economies. As rates fall, investors seek higher returns elsewhere, resulting in a depreciation of the USD and EUR against other currencies including the Mauritian Rupee. Additionally, the depreciation of the EUR makes Mauritius a less attractive destination for European tourists. This in turn causes a decline in the number of tourist arrivals affecting directly the hospitality services sector with a ripple effect on other sectors.
Low interest rate environment *(Severe scenario)*	In addition to the events described in the above scenario, the situation further deteriorates with a banking crisis resulting from the collapse of a major international bank arising from a cyberattack in FY 2025. There is a loss of confidence in the banking sector, causing panic among depositors and investors. Investors and depositors, fearful of the potential insolvency risk in the banking sector, turn to safe-haven assets such as gold. The crisis causes an increasing economic hardship for the population and combined with the loss of jobs, a civil unrest emerges in Mauritius.

Our capital position

Adherence to Basel rules

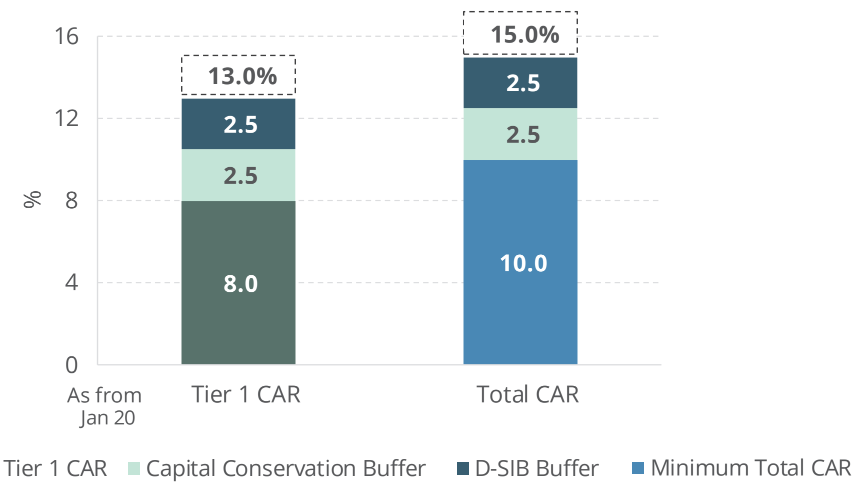
The Bank uses the Basel II Standardised Approach to manage its credit and market risk exposures, with the Alternative Standardised Approach used for operational risk. The determination of its capital resources is conducted in line with the BoM Guideline on Scope of Application of Basel III and Eligible Capital. It also complies with the Guideline for dealing with Domestic-Systemically Important Banks (D-SIB). Under the latter guideline, banks are required to hold a capital surcharge, also known as D-SIB buffer, ranging from 1.0% to 2.5% of their risk-weighted assets depending on their systemic importance. The assessment for determining D-SIB is carried out on a yearly basis by the Central Bank using end-June figures.

According to the assessment carried out by the Central Bank, MCB Ltd features among the four banks that have been identified as systemically important in our jurisdiction. This assessment is based on five factors, namely size, exposure to large groups, interconnectedness, complexity and substitutability. The minimum regulatory Tier 1 and capital adequacy ratios currently applicable to MCB Ltd stand at 13.0% and 15.0% respectively as summarised below.

Regulatory ratios applicable to MCB

Tier 1 CAR and Total CAR

(plus Capital Conservation Buffer plus D-SIB Buffer)



Our performance for FY 2023/24

Our capital position remained strong during the year under review. Our Tier 1 and total capital adequacy ratios stood at 17.3% and 19.8% respectively as at 30 June 2024, thus comfortably exceeding minimum regulatory levels.

Determination and evolution of our capital adequacy ratios

MCB Ltd	Jun 23	Jun 24
Capital base	**Rs m**	**Rs m**
Ordinary shares (paid-up) capital	8,880	8,880
Retained earnings	56,623	66,976
Accumulated other comprehensive income and other disclosed reserves	9,892	10,260
Common Equity Tier 1 capital before regulatory adjustments	**75,394**	**86,115**
Regulatory adjustments		
Other intangible assets	(2,212)	(2,551)
Deferred tax assets	(2,709)	(3,719)
Defined benefit pension fund assets	(456)	(754)
Common Equity Tier 1 capital (CET1)	**70,017**	**79,092**
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	**70,017**	**79,092**
Capital instruments	6,840	7,057
Provisions or loan-loss reserves	5,165	5,301
Tier 2 capital before regulatory adjustments	**12,004**	**12,358**
Regulatory adjustments	(855)	(847)
Tier 2 capital (T2)	**11,149**	**11,511**
Total capital (T1 + T2)	**81,166**	**90,602**

Risk-weighted assets	**Rs m**	**Rs m**
Weighted amount of on-balance sheet assets	379,501	382,001
Weighted amount of off-balance sheet exposures	33,674	42,101
Weighted risk assets for operational risk	28,234	32,878
Aggregate net open foreign exchange position	973	1,514
Total risk-weighted assets	**442,381**	**458,493**

Capital adequacy ratios	**%**	**%**
Total capital adequacy ratio	**18.3**	**19.8**
of which Tier 1	***15.8***	***17.3***

Note: Figures may not add up to totals due to rounding

Determination of risk-weighted assets

Credit risk

- The Bank measures the credit risk capital requirements by applying appropriate risk weights to both on-balance sheet and off-balance sheet exposures in line with the Guideline on Scope of Application of Basel III and Eligible Capital and the Guideline on Standardised Approach to Credit Risk issued by BoM. The risk-weighted exposures under the Standardised Approach to Credit Risk are based on the category of borrower, its risk weight and the credit conversion factor of the underlying facility. The Bank uses external ratings from Standard & Poor's, Moody's, CARE Ratings and Fitch Ratings for credit exposures in its sovereign and bank portfolios.
- The Standardised Approach recognises the use of various techniques to mitigate the credit risks to which banks are exposed. For example, exposures may be collateralised by first priority claims, in whole or in part with cash or securities. Banks may agree to net loans owed to them against deposits from the same counterparty. On a conservative basis, for the purpose of calculating its capital requirements, MCB considers only cash pledged and guarantees as eligible credit risk mitigations.

Market risk

- With regard to its trading book, MCB adheres to the Standardised Approach as outlined by the BoM in its Guideline on Measurement and Management of Market Risk. As per this methodology, which is closely aligned with the Basel II Standardised Measurement Method, banks are required to hold additional capital whenever their overall trading book position activities exceeds 5% of total assets. As at 30 June 2024, MCB's trading book significance was below 5% thus requiring no additional capital charge.
- The Guideline on Measurement and Management of Market Risk also encourages all banks to hold a capital buffer that adequately covers the interest rate risk exposures arising from non-trading activities in the banking book. MCB monitors the impact of interest rate shifts on its structural interest rate risk using repricing gap analysis techniques. Interest rate risk gap reports are submitted to the BoM on a quarterly basis for the Bank's significant currencies (MUR, USD and EUR) and on a consolidated basis. As at 30 June 2024, the Bank held a capital buffer commensurate with the aggregate banking book interest rate risk both from an earnings and economic value perspective as per the aforementioned Guideline. Of note, the one-year earnings impact arising from a 200 basis points parallel shift in interest rates, using the earnings perspective framework prescribed by the BoM, is shown in Notes 3(c) (iii) to the Accounts.

Operational risk

- MCB applies the Alternative Standardised Approach to determine its operational risk capital. Under this approach, the Bank's activities are divided into eight business lines, namely (i) retail banking; (ii) commercial banking; (iii) corporate finance; (iv) trading and sales; (v) payment and settlement; (vi) agency services; (vii) asset management; and (viii) retail brokerage. The capital charge for retail banking and commercial banking is arrived at by applying a factor (denoted as beta) and a fixed factor of 3.5% to the average outstanding balance of loans and advances as at end of the previous three years. As for the other business lines, the capital charge is arrived at by applying a beta factor to the average positive annual gross income over the previous three years. Of note, beta, as recommended by Basel, serves as a proxy for the industry-wide relationship between the operational risk loss experience for a given business line and the aggregate level of gross income for the latter.

Risk-weighted assets for credit risk

Risk-weighted on-balance sheet assets	Jun 23 Weighted Assets	Jun 24 Amount	Jun 24 Weight	Jun 24 Weighted Assets
	Rs m	Rs m	%	Rs m
Cash items	80	4,016	0 - 20	78
Claims on sovereigns	213	275,075	0 - 100	204
Claims on central banks	0	60,631	0	0
Claims on banks	32,178	89,154	20 - 150	28,195
Claims on non-central government public sector entities	412	2,223	0 - 100	413
Claims on corporates	292,618	340,347	20 - 150	297,939
Claims on retail segment	8,117	14,213	75	9,663
Claims secured by residential property	15,398	41,943	35 - 125	16,880
Fixed assets/other assets	23,932	15,607	100 - 250	23,194
Past due claims	6,552	4,137	50 - 150	5,434
Total	**379,501**			**382,001**

Non-market related off-balance sheet risk-weighted assets	Jun 23 Weighted Amount	Jun 24 Nominal Amount	Jun 24 Credit Conversion Factor	Jun 24 Credit Equivalent Amount	Jun 24 Weight	Jun 24 Weighted Amount
	Rs m	Rs m	%	Rs m	%	Rs m
Direct credit substitutes	3,049	2,445	100	2,444	0 - 100	2,392
Transaction-related contingent items	13,360	34,570	50	16,060	0 - 100	14,932
Trade related contingencies	9,860	107,462	20 - 100	18,423	0 - 100	16,307
Outstanding loans commitment	6,581	9,059	20 - 50	4,454	100	4,343
Total	**32,849**					**37,973**

Market-related off-balance sheet risk-weighted assets	Jun 23 Weighted Assets	Jun 24 Nominal Amount	Jun 24 Credit Conversion Factor	Jun 24 Potential Future Exposure	Jun 24 Current Exposure	Jun 24 Credit Equivalent Amount	Jun 24 Weighted Assets
	Rs m	Rs m	%	Rs m	Rs m	Rs m	Rs m
Interest rate contracts	243	49,491	0 - 1.5	312	524	837	589
Foreign exchange contracts	286	41,686	1 - 7.5	427	548	975	477
Other commodity contracts (other than precious metals)	296	31,235	10 - 15	3,473	992	4,465	3,061
Total	**825**						**4,128**

	Jun 23		Jun 24
	Rs m		Rs m
Total credit risk-weighted assets	**413,175**		**424,101**

Note: Figures may not add up to totals due to rounding

Risk-weighted assets for operational risk

Alternative standardised approach	Jun 23	Jun 24
	Rs m	Rs m
Weighted gross income (for 6 business lines*)	1,308	1,569
Average outstanding balance of loans and advances (retail and commercial banking)	297,683	337,207
Capital charge for operational risk	2,823	3,288
Risk-weighted assets for operational risk	**28,234**	**32,878**

**Corporate finance, trading and sales, payment and settlement, agency services, asset management and retail brokerage*

Risk-weighted assets for market risk

Market risk	Jun 23	Jun 24
	Rs m	Rs m
Aggregate net open foreign exchange position	973	1,514
Capital charge for trading book position exceeding 5% or more of its total assets	-	-

Exposures covered by cash and bank guarantees which qualify as a zero risk-weight

Exposures covered by credit risk mitigation	Jun 23	Jun 24
Eligible collateral	**Rs m**	**Rs m**
On-balance sheet		
Corporate	13,247	22,069
Retail	1,552	1,515
	14,799	**23,584**
Eligible collateral	**Rs m**	**Rs m**
Off-balance sheet		
Direct credit substitutes	33	1
Transaction-related contingent items	1,577	1,923
Trade-related contingencies	13,436	21,266
	15,046	**23,189**
Total	**29,845**	**46,773**

Simon WALKER
Director
Chairperson Risk Monitoring Committee

Thierry HEBRAUD
Chief Executive Officer

Adventist Development and Relief Agency (ADRA)

We back ADRA, a strong stakeholder supporting socio-economic development and poverty relief efforts in Madagascar. ADRA's areas of intervention are education, health services, and economic development. They also respond to emergencies and promote the self-reliance of communities. They have supported over 50,000 people through health and education programmes and provided emergency relief during natural disasters such as cyclones and droughts.

Statement of Management's Responsibility for Financial Reporting

The consolidated and separate financial statements of the Group's and the Bank's operations, presented in this annual report have been prepared by Management, which is responsible for their integrity, consistency, objectivity and reliability. IFRS Accounting Standards issued by IASB as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder have been applied for the year ended 30 June 2024 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 and Risk Monitoring Committee, which comprise, principally, 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 programme of internal audits. 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, Deloitte, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Thierry HEBRAUD
Director
Chief Executive Officer

Jean-François DESVAUX DE MARIGNY
Director
Chairperson

Su Lin ONG
Director
Chairperson - Audit Committee

Independent auditor's report

To the Shareholder of The Mauritius Commercial Bank Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **The Mauritius Commercial Bank Limited** (the "Bank" and the "Public Interest Entity") and its subsidiaries (the "Group") as set out on pages 184 to 329, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 30 June 2024, and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting standards Board ("IASB"), and comply with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The Group's consolidated financial statements for the years ended 30 June 2022 and 30 June 2023 (from which the consolidated statement of financial position as at 1 July 2023 has been derived) were not audited.

As part of our audit of the consolidated financial statements as at and for the year ended 30 June 2024, we have performed procedures on the opening balances as at 1 July 2021. Consolidated financial statements were not prepared and presented for the years ended 30 June 2023 or 30 June 2022 and accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the years ended 30 June 2023 and 30 June 2022 taken as a whole.

Key audit matters

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

Independent auditor's report

To the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Financial assets which are not credit impaired	
IFRS 9 *Financial Instruments* ("IFRS 9") requires the Group and the Bank to recognise expected credit losses ("ECL") on financial assets, which involves significant judgements and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the application of IFRS 9 are: • **Model estimations -** The Group and the Bank have used the Runoff triangle model to estimate ECL for the retail portfolio, which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). For the wholesale portfolio, statistical models were employed for estimating the PD and LGD. The PD and LGD models used are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach. • **Significant Increase in Credit Risk ("SICR") -** Determining the criteria for SICR and identifying SICR - This can impact the ECL materially where facilities have maturity of greater than 12 months. • **Macro-economic forecasts -** IFRS 9 requires the measurement of ECL on a forward-looking basis using the most appropriate macro-economic forecasts. The macroeconomic forecasts are estimates of future economic conditions. Variables that were used to estimate future changes in the macro-economic environment are the credit index, the real gross domestic product and the consumer price index. Management has also used different forward-looking scenarios which were probability-weighted to determine the ECL. • **Qualitative adjustments -** Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain which involve significant management judgement. Due to the significance of the judgements and estimates involved in the overall determination of the allowances for ECL, this item is considered as a key audit matter. The details of the policies and processes for the determination of the allowances for ECL are disclosed in Notes 1(j) and 3(b) to the consolidated and separate financial statements.	Our audit procedures included amongst others: • Inspecting the minutes of the Risk Monitoring Committee, Audit Committee and the Board of Directors to ensure that there are governance controls in place in relation to assessment of the ECL; • Involving a team of specialists to validate the model, including: - Evaluating the appropriateness of the impairment methodologies applied by the Group and the Bank against the requirements of IFRS 9; - Assessing the appropriateness of macro-economic forecasts used; and - Independently assessing assumptions underlying the PD, LGD and EAD. • Reviewing a sample of the rating reports derived from the internal rating system; • Reviewing the criteria for staging of credit exposures and ensuring these are in line with the requirements of IFRS 9 including any backstops used in the methodology; • Testing the accuracy and completeness of ECL by reperformance; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Independent auditor's report

To the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Loans and advances to customers which are credit impaired	
Provision for expected credit losses on credit-impaired loans and advances to customers involve the use of assumptions which are subjective due to the level of judgement applied by Management. Changes in the assumptions and the methodology applied may have a major impact on the measurement of the provision for expected credit losses on credit-impaired loans and advances to customers. For impaired credits, the most significant judgements are whether impairment events have occurred and the valuation of any underlying collaterals, along with the determination of the corresponding PD and LGD. The details of the provisions for expected credit losses on credit-impaired loans and advances to customers are disclosed in Note 6(b)(iv) to the consolidated and separate financial statements. Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for expected credit losses, this item is considered as a key audit matter.	Our audit procedures included amongst others: • Obtaining audit evidence in respect of key controls over the processes for impairment events identification of impaired assets and impairment assessment; • Inspecting the minutes of the Risk Monitoring Committee, Audit Committee and Board of Directors to ensure that there are governance controls in place in relation to assessment of allowances for credit impairment; • Challenging the methodologies applied by using our industry knowledge and experience; • Obtaining audit evidence of management judgements and assumptions; • Independently recalculating the ECL, on a sample basis, based on our assessment of the expected cash flows and recoverability of collateral at an individual counterparty level. Where collaterals were used, we assessed, on a sample basis, the reasonableness of the time taken into account to realise those collaterals and the objectivity and qualifications of the respective independent appraisers; • Performing a risk-based test of loans and advances to customers to ensure timely identification of impairment and for impaired loans to ensure appropriate allowances for credit impairment; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Independent auditor's report

To the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Other information

The directors are responsible for the other information. The other information comprises the below sections:

- MCB at a glance;
- Financial highlights;
- Non-financial highlights;
- Reflections from the Chairperson;
- Board of Directors; Committees of the Board and Leadership Team;
- About this report;
- Our corporate profile;
- Value creation for our stakeholders;
- Delivering on our strategic objectives;
- Financial performance;
- Corporate governance report, including the statement of directors' responsibilities and statement of compliance;
- Company Secretary's certificate;
- Risk and capital management report;
- Sustainability report;
- Materiality report;
- Statement of management's responsibility for financial reporting and
- Administrative information

The other information does not include the consolidated and separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of directors for the consolidated and separate financial statements

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

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

The directors are responsible for overseeing the Group's and the Bank's financial reporting process.

Independent auditor’s report

To the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws 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.

Independent auditor's report

To the Shareholder of The Mauritius Commercial Bank Limited (Continued)

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Financial Reporting Act 2004

Corporate Governance Report

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

Banking Act 2004

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

Use of this report

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

Deloitte.

Deloitte

Chartered Accountants

24 September 2024

Agrawal.

Vishal Agrawal, FCA

Licensed by FRC

Consolidated and Separate Statements of financial position

as at 30 June 2024

		GROUP			BANK		
		2024	2023	2022	**2024**	2023	2022
	Notes	**RS'M**	RS'M	RS'M	**RS'M**	RS'M	RS'M
ASSETS							
Cash and cash equivalents	4	**91,907**	114,065	65,268	**90,669**	113,609	64,594
Derivative financial instruments	5	**2,071**	1,214	438	**2,071**	1,214	438
Loans to and placements with banks	6(a)	**12,623**	13,909	23,534	**13,582**	14,092	23,934
Loans and advances to customers	6(b)	**382,533**	336,512	312,045	**375,404**	329,650	306,648
Investment securities	7	**324,562**	248,891	223,675	**322,210**	247,405	222,823
Investments in subsidiaries	8(a)	**-**	-	-	**121**	118	118
Investments in associates	8(b)	**5,495**	6,084	5,569	**5,495**	6,084	5,569
Intangible assets	9	**2,593**	2,263	1,971	**2,551**	2,211	1,896
Property, plant and equipment	10	**5,461**	5,410	5,423	**5,028**	5,003	4,951
Deferred tax assets	11	**3,740**	2,729	1,825	**3,719**	2,710	1,804
Post employment benefit asset	17	**754**	455	-	**754**	455	-
Other assets	12	**45,337**	40,256	33,281	**43,848**	39,061	31,742
Total assets		**877,076**	771,788	673,029	**865,452**	761,612	664,517
LIABILITIES AND SHAREHOLDER'S EQUITY							
Liabilities							
Deposits from banks	13(a)	**41,001**	14,943	10,560	**41,021**	15,752	11,318
Deposits from customers	13(b)	**641,637**	555,089	488,390	**634,292**	547,586	481,103
Derivative financial instruments	5	**1,990**	1,216	497	**1,990**	1,216	497
Other borrowed funds	14	**65,355**	86,517	93,376	**62,529**	84,422	92,755
Debt securities	15	**14,314**	13,759	-	**14,314**	13,759	-
Subordinated liabilities	16	**7,057**	7,059	684	**7,057**	7,059	684
Current tax liabilities		**2,706**	2,914	1,183	**2,697**	2,872	1,148
Post employment benefit liability	17	**-**	-	460	**-**	-	460
Other liabilities	18	**16,117**	14,190	10,451	**15,437**	13,552	9,799
Total liabilities		**790,177**	695,687	605,601	**779,337**	686,218	597,764
Shareholder's equity							
Stated capital	19	**8,880**	8,880	8,880	**8,880**	8,880	8,880
Retained earnings		**67,843**	57,468	48,919	**66,975**	56,625	48,161
Other components of equity		**9,997**	9,589	9,470	**10,260**	9,889	9,712
Equity attributable to the equity holders of the parent		**86,720**	75,937	67,269	**86,115**	75,394	66,753
Non-controlling interest		**179**	164	159	**-**	-	-
Total equity		**86,899**	76,101	67,428	**86,115**	75,394	66,753
Total equity and liabilities		**877,076**	771,788	673,029	**865,452**	761,612	664,517
CONTINGENT LIABILITIES (NET)	20	**189,087**	122,977	123,570	**187,311**	121,559	120,441

These financial statements were approved by the Board of Directors and authorised for issue on the 24 September 2024.

Thierry HEBRAUD
Director
Chief Executive Officer

Jean-François DESVAUX DE MARIGNY
Director
Chairperson - Board of Directors

Su Lin ONG
Director
Chairperson - Audit Committee

The notes on pages 196 to 329 form part of these financial statements.
Auditor's report on pages 178 to 183.

Consolidated and Separate Statements of profit or loss

for the year ended 30 June 2024

	Notes	GROUP 2024 RS'M	GROUP 2023 RS'M	GROUP 2022 RS'M	BANK 2024 RS'M	BANK 2023 RS'M	BANK 2022 RS'M
Interest income using the effective interest method	21	**43,791**	32,388	17,013	**42,936**	31,739	16,470
Interest expense	22	**(20,908)**	(13,593)	(2,809)	**(20,515)**	(13,259)	(2,537)
Net interest income		**22,883**	18,795	14,204	**22,421**	18,480	13,933
Fee and commission income	23	**9,917**	8,615	7,398	**9,728**	8,414	7,233
Fee and commission expense	24	**(3,183)**	(2,675)	(2,133)	**(3,051)**	(2,570)	(2,057)
Net fee and commission income		**6,734**	5,940	5,265	**6,677**	5,844	5,176
Net trading income	25	**3,682**	3,154	1,924	**3,599**	3,049	1,880
Net gain/(loss) from equity financial instruments carried at fair value through profit or loss		**476**	564	(291)	**476**	564	(291)
Dividend income	26	**65**	71	36	**106**	102	79
Other operating income		**107**	89	71	**112**	79	77
Loss on disposal of associate		**(241)**	-	-	**(241)**	-	-
		4,089	3,878	1,740	**4,052**	3,794	1,745
Operating income		**33,706**	28,613	21,209	**33,150**	28,118	20,854
Non-interest expense							
Salaries and human resource costs	27(a)	**(6,369)**	(5,028)	(4,209)	**(6,269)**	(4,950)	(4,143)
Depreciation of property, plant and equipment	10	**(541)**	(571)	(572)	**(492)**	(523)	(527)
Amortisation of intangible assets	9	**(663)**	(627)	(471)	**(641)**	(593)	(430)
Other	27(b)	**(3,897)**	(3,304)	(2,378)	**(3,733)**	(3,176)	(2,243)
		(11,470)	(9,530)	(7,630)	**(11,135)**	(9,242)	(7,343)
Operating profit before impairment		**22,236**	19,083	13,579	**22,015**	18,876	13,511
Net impairment of financial assets	28	**(3,485)**	(3,582)	(3,422)	**(3,329)**	(3,520)	(3,392)
Operating profit		**18,751**	15,501	10,157	**18,686**	15,356	10,119
Share of profit of associates	8(b)	**306**	544	475	**306**	544	475
Profit before tax		**19,057**	16,045	10,632	**18,992**	15,900	10,594
Income tax expense	29	**(3,570)**	(2,975)	(1,663)	**(3,546)**	(2,941)	(1,646)
Profit for the year		**15,487**	13,070	8,969	**15,446**	12,959	8,948
Profit for the year attributable to:							
Ordinary equity holders of the parent		**15,471**	13,044	8,956	**15,446**	12,959	8,948
Non-controlling interest		**16**	26	13	**-**	-	-
		15,487	13,070	8,969	**15,446**	12,959	8,948
Earnings per share (Rs)	31	**17.42**	14.69	10.09	**17.39**	14.59	10.08

The notes on pages 196 to 329 form part of these financial statements.
Auditor's report on pages 178 to 183.

Consolidated and Separate Statements of comprehensive income

for the year ended 30 June 2024

		GROUP			BANK		
		2024	2023	2022	**2024**	2023	2022
		RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
	Note						
Profit for the year		**15,487**	13,070	8,969	**15,446**	12,959	8,948
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Net fair value gain/(loss) on equity instruments		**31**	(38)	124	**31**	(38)	124
Share of other comprehensive income of associates		**12**	54	24	**12**	54	24
Remeasurement of defined benefit pension plan, net of deferred tax	29(b)	**117**	(224)	(1,529)	**117**	(224)	(1,529)
		160	(208)	(1,381)	**160**	(208)	(1,381)
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations		**198**	221	(360)	**152**	294	(360)
Reclassification adjustments on disposal of debt investments at fair value		**-**	-	7	**-**	-	7
Reclassification adjustment on disposal of associate		**192**	-	-	**192**	-	-
Net fair value loss on debt instruments		**(29)**	(79)	(23)	**(29)**	(79)	(23)
		361	142	(376)	**315**	215	(376)
Other comprehensive income for the year		**521**	(66)	(1,757)	**475**	7	(1,757)
Total comprehensive income for the year		**16,008**	13,004	7,212	**15,921**	12,966	7,191
Total comprehensive income attributable to:							
Ordinary equity holders of the parent		**15,983**	12,993	7,199	**15,921**	12,966	7,191
Non-controlling interest		**25**	11	13	**-**	-	-
		16,008	13,004	7,212	**15,921**	12,966	7,191

The notes on pages 196 to 329 form part of these financial statements.
Auditor's report on pages 178 to 183.

Consolidated Statement of changes in equity

for the year ended 30 June 2024

		Attributable to equity holders of the parent						Non-controlling interest	Total Equity
		Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	Total		
		RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
GROUP	Notes								
At 1 July 2021		**8,880**	**46,093**	**51**	**791**	**7,989**	**63,804**	**157**	**63,961**
Profit for the year		-	8,956	-	-	-	8,956	13	8,969
Other comprehensive income for the year		-	(1,505)	108	(360)	-	(1,757)	-	(1,757)
Total comprehensive income for the year		-	7,451	108	(360)	-	7,199	13	7,212
Dividends	30	-	(3,734)	-	-	-	(3,734)	(11)	(3,745)
Transactions with owner		-	(3,734)	-	-	-	(3,734)	(11)	(3,745)
Transfer to statutory reserve		-	(891)	-	-	891	-	-	-
At 30 June 2022		**8,880**	**48,919**	**159**	**431**	**8,880**	**67,269**	**159**	**67,428**
Profit for the year		-	13,044	-	-	-	13,044	26	13,070
Other comprehensive income for the year		-	(170)	(117)	236	-	(51)	(15)	(66)
Total comprehensive income for the year		-	12,874	(117)	236	-	12,993	11	13,004
Dividends	30	-	(4,325)	-	-	-	(4,325)	(6)	(4,331)
Transactions with owner		-	(4,325)	-	-	-	(4,325)	(6)	(4,331)
At 30 June 2023		**8,880**	**57,468**	**42**	**667**	**8,880**	**75,937**	**164**	**76,101**
Profit for the year		**-**	**15,471**	**-**	**-**	**-**	**15,471**	**16**	**15,487**
Other comprehensive income for the year		**-**	**129**	**2**	**381**	**-**	**512**	**9**	**521**
Total comprehensive income for the year		**-**	**15,600**	**2**	**381**	**-**	**15,983**	**25**	**16,008**
Dividends	30	**-**	**(5,200)**	**-**	**-**	**-**	**(5,200)**	**(10)**	**(5,210)**
Transactions with owner		**-**	**(5,200)**	**-**	**-**	**-**	**(5,200)**	**(10)**	**(5,210)**
Transfer		**-**	**(25)**	**-**	**25**	**-**	**-**	**-**	**-**
At 30 June 2024		**8,880**	**67,843**	**44**	**1,073**	**8,880**	**86,720**	**179**	**86,899**

The notes on pages 196 to 329 form part of these financial statements.
Auditor's report on pages 178 to 183.

Separate Statement of changes in equity

for the year ended 30 June 2024

	Notes	Stated Capital RS'M	Retained Earnings RS'M	Capital Reserve RS'M	Translation Reserve RS'M	Statutory Reserve RS'M	Total Equity RS'M
BANK							
At 1 July 2021		**8,880**	**45,343**	**51**	**1,033**	**7,989**	**63,296**
Profit for the year		-	8,948	-	-	-	8,948
Other comprehensive income for the year		-	(1,505)	108	(360)	-	(1,757)
Total comprehensive income for the year		-	7,443	108	(360)	-	7,191
Dividends	30	-	(3,734)	-	-	-	(3,734)
Transactions with owner		-	(3,734)	-	-	-	(3,734)
Transfer to statutory reserve		-	(891)	-	-	891	-
At 30 June 2022		**8,880**	**48,161**	**159**	**673**	**8,880**	**66,753**
Profit for the year		-	12,959	-	-	-	12,959
Other comprehensive income for the year		-	(170)	(117)	294	-	7
Total comprehensive income for the year		-	12,789	(117)	294	-	12,966
Dividends	30	-	(4,325)	-	-	-	(4,325)
Transactions with owner		-	(4,325)	-	-	-	(4,325)
At 30 June 2023		**8,880**	**56,625**	**42**	**967**	**8,880**	**75,394**
Profit for the year		**-**	**15,446**	**-**	**-**	**-**	**15,446**
Other comprehensive income for the year		**-**	**129**	**2**	**344**	**-**	**475**
Total comprehensive income for the year		**-**	**15,575**	**2**	**344**	**-**	**15,921**
Dividends	30	**-**	**(5,200)**	**-**	**-**	**-**	**(5,200)**
Transactions with owner		**-**	**(5,200)**	**-**	**-**	**-**	**(5,200)**
Transfer		**-**	**(25)**	**-**	**25**	**-**	**-**
At 30 June 2024		**8,880**	**66,975**	**44**	**1,336**	**8,880**	**86,115**

The notes on pages 196 to 329 form part of these financial statements.
Auditor's report on pages 178 to 183.

Consolidated and Separate Statements of cash flows

for the year ended 30 June 2024

	Notes	GROUP 2024 RS'M	GROUP 2023 RS'M	GROUP 2022 RS'M	BANK 2024 RS'M	BANK 2023 RS'M	BANK 2022 RS'M
Cash flows from operating activities							
Operating profit		**18,751**	15,501	10,157	**18,686**	15,356	10,119
Adjustments for:							
Depreciation of property, plant and equipment		**541**	571	572	**492**	523	527
Amortisation of intangible assets		**663**	627	471	**641**	593	430
Profit on disposal of property, plant and equipment		**(3)**	(4)	(3)	**(3)**	(5)	(3)
Loss on scrapped assets		**11**	1	1	**11**	1	1
Loss on disposal of debt investment securities fair valued through other comprehensive income		**-**	-	337	**-**	-	337
Loss on disposal of associate		**241**	-	-	**241**	-	-
Exchange profit/(loss)		**974**	193	(65)	**1,024**	108	(88)
Release in provision for employee benefits		**(113)**	(104)	(94)	**(113)**	(104)	(94)
(Release)/additional provision for residual retirement gratuities		**(45)**	48	14	**(45)**	48	14
Charge/(release) for credit impairment:							
Loans and advances		**4,206**	4,037	3,690	**4,057**	3,992	3,665
Investment securities		**464**	65	1	**461**	58	(1)
Cash and cash equivalents		**(5)**	(1)	(17)	**(1)**	(6)	(17)
Off balance sheet		**(159)**	(19)	97	**(167)**	(25)	95
Investments fair valued through other comprehensive income		**-**	(2)	76	**-**	(1)	76
		25,526	20,913	15,237	**25,284**	20,538	15,061
Changes in:							
Other assets		**(4,665)**	(8,071)	(3,407)	**(4,394)**	(8,234)	(3,369)
Other liabilities		**1,822**	3,059	270	**1,810**	2,957	374
Derivative financial instruments		**(83)**	(57)	(312)	**(83)**	(57)	(312)
Investment securities at fair value through profit or loss		**(2,417)**	(1,387)	17,612	**(2,417)**	(1,387)	17,612
Deposits		**112,198**	71,691	18,074	**111,975**	70,917	16,937
Loans and advances		**(48,573)**	(19,384)	(37,669)	**(49,301)**	(17,152)	(36,628)
		58,282	45,851	(5,432)	**57,590**	47,044	(5,386)
Purchase of investments at fair value through other comprehensive income		**(759)**	(237)	(5,523)	**(759)**	(237)	(5,523)
Proceeds from sale of investments at fair value through other comprehensive income		**561**	1,781	9,725	**561**	1,781	9,725
Dividends received from associates	8(b)	**420**	410	383	**420**	410	383
Dividends paid	30	**(5,000)**	(3,559)	(4,200)	**(5,000)**	(3,559)	(4,200)
Dividends paid to non-controlling interest in subsidiary		**(10)**	(6)	(11)	**-**	-	-
Income tax paid		**(4,795)**	(2,107)	(1,915)	**(4,731)**	(2,084)	(1,906)
		(9,583)	(3,718)	(1,541)	**(9,509)**	(3,689)	(1,521)
Net cash flows from operating activities		**74,225**	63,046	8,264	**73,365**	63,893	8,154
Investing activities							
Purchase of property, plant and equipment		**(477)**	(506)	(539)	**(450)**	(485)	(378)
Purchase of intangible assets		**(1,002)**	(925)	(971)	**(992)**	(908)	(939)
Proceeds from sale of property, plant and equipment		**14**	12	4	**6**	7	4
Net subordinated loan granted to associate	8(b)	**-**	-	(40)	**-**	-	(40)
Investment in subsidiary	8(a)	**-**	-	-	**(3)**	-	-
Net increase in investment securities at amortised cost		**(73,352)**	(25,629)	(61,214)	**(72,619)**	(24,884)	(61,221)
Net cash flows from investing activities		**(74,817)**	(27,048)	(62,760)	**(74,058)**	(26,270)	(62,574)
Financing activities							
Repayment of lease liabilities		**(84)**	(98)	(88)	**(84)**	(72)	(61)
Net (decrease)/increase in other borrowed funds		**(21,168)**	(4,783)	16,183	**(21,899)**	(6,258)	16,056
Issue of debt securities	15	**-**	13,506	-	**-**	13,506	-
(Refund)/issue of subordinated liabilities	16	**(271)**	6,285	(225)	**(271)**	6,285	(225)
Net cash flows from financing activities		**(21,523)**	14,910	15,870	**(22,254)**	13,461	15,770
(Decrease)/increase in cash and cash equivalents		**(22,115)**	50,908	(38,626)	**(22,947)**	51,084	(38,650)
Net cash and cash equivalents at 1 July		**114,104**	63,233	101,860	**113,643**	62,559	101,209
Effect of foreign exchange rate changes		**(54)**	(37)	(1)	**-**	-	-
Net cash and cash equivalents at 30 June	4	**91,935**	114,104	63,233	**90,696**	113,643	62,559

The notes on pages 196 to 329 form part of these financial statements.
Auditor's report on pages 178 to 183.

General information

The Mauritius Commercial Bank Limited ("The Bank") is a public company incorporated by Royal Charter in 1838 and registered as a limited liability company on 18 August 1955. Its registered office is situated at 9-15, Sir William Newton Street, Port Louis, Mauritius. The Bank's debt instrument is listed on the International Securities Market of the London Stock Exchange since October 2022.

The main activities of the Bank and those of its subsidiaries (collectively referred to as "The Group") consist of providing a whole range of banking and financial services. The Bank is wholly owned by MCB Investment Holding Limited.

The ultimate holding company is MCB Group Limited which is listed on the Official Market of The Stock Exchange of Mauritius Ltd.

Index to notes to the financial statements

Index to notes to the financial statements
(Cont'd)

Index to notes to the financial statements

(Cont'd)

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information

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

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

The Group at the time of approving the financial statements is not aware of any uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. The directors further have a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future.

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

The financial statements include the consolidated financial statements of the parent company The Mauritius Commercial Bank Limited ("The Company" or "The Bank") and its subsidiary companies ("The Group") and the separate financial statements of the parent company.

The financial statements have been prepared under the historical cost convention except for investment securities at fair value through other comprehensive income, financial assets and liabilities held at fair value through profit or loss, derivative contracts and defined benefit plan which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

New and amended standards adopted by the Group

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 July 2023, and have not been applied in preparing these financial statements. None of these is expected to have a significant and material effect on the financial statements of the Group in the current reporting period. For this financial year, the following has been adopted:

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

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whilst changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

1. Material accounting policy information (Cont'd)

(a) Basis of preparation (Cont'd)

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to IAS 12 International Tax Reform - Pillar Two model

These amendments give entities temporary relief from accounting for deferred taxes arising from the international tax reform. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

New and revised standards in issue but not yet effective

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

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

Amendments to IAS 1 - Non-current liabilities with covenants

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

Amendments to IAS 7 and IFRS 7 - Supplier finance

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

Amendments to IAS 21 - Lack of exchangeability

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

These amendments will be applied in the financial statements for the annual periods beginning on the respective dates.

The Group has not yet considered the potential impact of the application of these amendments on the Group's financial statements.

(b) Basis of consolidation and equity accounting

(1) Subsidiaries

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(b) Basis of consolidation and equity accounting (Cont'd)

(1) Subsidiaries (Cont'd)

(i) Subsidiaries (Cont'd)

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the net of the acquisition date amounts of identifiable assets acquired and the liabilities and contingent liabilities assumed measured in accordance with IFRS 3 is recorded as goodwill. In the case of a bargain purchase (excess of (b) over (a)), the resulting gain is recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Separate financial statements of the Company

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

(iii) Transactions with non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest without loss of control are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(2) Associates and joint venture

An associate is an entity over which the Group has significant influence but no control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates or joint venture are accounted for using the equity method except when classified as held-for-sale. Investments in associates or joint venture are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate or joint venture less any impairment in the value of individual investments.

1. Material accounting policy information (Cont'd)

(b) Basis of consolidation and equity accounting (Cont'd)

(2) Associates and joint venture (Cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's or joint venture's profit or loss.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate or joint venture.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group 's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group transacts with an associate or joint venture, profits and losses resulting from the transactions are recognised in the financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, appropriate adjustments are made to the financial statements of associates or joint venture to bring the accounting policies used in line with those adopted by the Group. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates or joint venture are recognised in profit or loss.

In the separate financial statements of the Company, the investments in associates or joint venture are equity accounted. In subsequent years, the carrying amount is reduced to recognise any impairment in the value of the company.

(c) Foreign currency translation

The foreign subsidiaries' statements of financial position are translated to Mauritian Rupees at the closing rate at the end of the reporting period. Their statements of profit or loss, comprehensive income and cash flows are translated at the average rate for the period unless the average is not a reasonable approximation of the cumulative effects of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions. Any resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(c) Foreign currency translation (Cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The consolidated and separate financial statements are presented in Mauritian Rupees ("Rs"), which is the Company's functional currency. All amounts are in million except as otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are remeasured.

Trading transactions denominated in foreign currencies are accounted for at the rate of exchange ruling at the date of the transaction.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction and are not subsequently retranslated.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(d) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates, commodities or other indices. Derivatives are recognised initially at fair value and measured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Interest income

Interest income is calculated by applying the effective interest rate to gross carrying amount of financial assets, except for:

(i) Purchased or originated credit-impaired ('POCI') financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(ii) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

1. Material accounting policy information (Cont'd)

(g) Fees and commissions

Fees and Commission income and expense include fees that are not integral part of the Effective Interest Rate.

The Group recognises fee and commission income charged for services provided by the Group as and when performance obligations are satisfied, for example, on completion of the underlying transaction. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measures the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Commission and fees arising from negotiation of transactions with third parties, or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

(h) Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statements of financial position as Government securities and Treasury bills and the counterparty liability is included in amount due to other banks or deposits, as appropriate.

Securities purchased under agreements to resell ("reverse repos") are recorded as amount due from other banks or loans and advances, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the repos agreements using the effective interest method.

(i) Investments, other financial assets and financial liabilities

Recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVPL), transaction costs that are incremental and directly attributable to the acquisition of the financial asset or financial liability. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. An expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the differences as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the financial statements

for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(i) Investments, other financial assets and financial liabilities (Cont'd)

Debt instruments

Classification and subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows, that is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

For assets measured at fair value, all gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held-for-trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost and
- those to be measured subsequently at fair value (either through OCI or through profit or loss).

Amortised cost and effective interest rate

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net trading income. Impairment losses are presented as separate line item in the statement of profit or loss.

Loans originated by the Group by providing money directly to the borrower (at draw-down) are categorised as loans by the Group and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

1. Material accounting policy information (Cont'd)

(i) Investments, other financial assets and financial liabilities (Cont'd)

FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the fair value are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net trading income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net trading income in the statement of profit or loss and impairment expenses are presented as a separate line item in profit or loss.

FVPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. The Group may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognized in profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in net trading income in the year in which it arises. A gain or loss on an equity investment elected to be measured at FVPL is presented in net gain from equity financial instruments carried at fair value through profit or loss.

Equity instruments

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

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity instruments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as dividend income when the Group's right to receive payments is established.

Gains or losses on equity investments at FVPL are included in the 'Net gain/(loss) from equity financial instruments carried at fair value through profit or loss' line in the profit or loss.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

I. If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
II. Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
III. Significant extension of the loan term when the borrower is not in financial difficulty.
IV. Significant change in the interest rate.
V. Change in the currency the loan is denominated in.
VI. Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

Notes to the financial statements

for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(i) Investments, other financial assets and financial liabilities (Cont'd)

Modification of loans (Cont'd)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the assets. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss in net impairment of financial assets.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

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

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership nor the Group has retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

1. Material accounting policy information (Cont’d)

(i) Investments, other financial assets and financial liabilities (Cont'd)

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivative financial instruments, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit and loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially in statement of profit or loss (the remaining amount of change in the fair value of the liability). This is applicable unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 20). The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instruments.

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(i) Investments, other financial assets and financial liabilities (Cont'd)

Financial guarantee contracts and loan commitments (Cont'd)

For loan commitments and financial guarantee contracts, the ECL is computed as follows:

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down.
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(j) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Definition of Default

The definition of default is critical to the determination of the ECL. It is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Group; or
- The borrower is unlikely to pay its credit obligations in full to the Group.

The definition of default is appropriately tailored to reflect different characteristics of different type of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or accounts are overdrawn for more than 90 days. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators such as breach of covenants and financial performance. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources such as Guideline on Credit Impairment Measurement and Income Recognition.

Credit impaired

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. It is credit impaired and is in Stage 3 when contractual payments or accounts in excess are past due by more than 90 days and/or other quantitative and qualitative factors indicate that the obligator is unlikely to honour its credit obligations.

Evidence of credit-impairment includes observable data about the following events:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

1. Material accounting policy information (Cont'd)

(j) Impairment of financial assets (Cont'd)

Credit impaired (Cont'd)

- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group 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 Group's historical experience and expert credit assessment including forward-looking information.

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

Measurement of ECL

The key inputs used for measuring ECL are:
- probability of default (PD)
- loss given default (LGD)
- exposure at default (EAD)

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is 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 market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(j) Impairment of financial assets (Cont'd)

Measurement of ECL (Cont'd)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

Write off Policy

Financial Assets are written off either partially or in its entirety when the Group has no reasonable expectations of recovering them. This occurs when the Group determines that the customer does not have the capacity to repay the amount due or the collateral given by the customer is not sufficient to cover the exposure. The write off does not mean that the Group has forfeited its legal right to claim the sums due. The Group retains the right to proceed with enforcement actions under the Group's recovery procedure and any recovery will be recognised in the statement of profit or loss under 'Net impairment of financial assets' as recoveries of advances written off.

(k) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated to write down the cost of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Computer and other equipment	5-10 years
Furniture, fittings and vehicles	5-15 years

Land and work in progress are not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with effect of any changes in estimate accounted for on a prospective basis.

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

Gains or losses on disposal of property, plant and equipment are determined by reference to their disposal proceeds and their carrying amounts and are recognised as income or expense in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

(l) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

1. Material accounting policy information (Cont'd)

(l) Intangible assets (Cont'd)

Costs that are directly attributable with the design of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of ten years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(m) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise unrestricted cash and balances with Central Bank, treasury bills and amounts due to and from other banks which are short term, highly liquid with original maturities of 90 days or less, and borrowings of original maturities of 90 days or less that can fluctuate in value changing from an asset to a liability and vice versa across periods.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Deposits from banks and customers

Deposits from banks and customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

(p) Employee benefits

The Group operates a number of defined benefit and defined contribution plans and provides for the requirements under the Workers' Rights Act (WRA) 2019. The defined benefit plan is fully funded. The assets of the funded plan are held independently and administered by The Mauritius Commercial Bank Limited Superannuation Fund.

(i) Defined contribution plans

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

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(p) Employee benefits (Cont'd)

(i) Defined contribution plans (Cont'd)

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the notes.

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

As from 1 July 2015, the Group has introduced a Defined Contribution Cash Balanced scheme (DCCB) for its employees.

With the introduction of DCCB, new employees automatically join the DCCB scheme, whilst existing employees had a one-time opportunity to choose from one of the options listed below:

Option A: To stay in the Defined Benefit (DB) scheme for all service.

Option B: To keep the accrued past pension benefits until 30 June 2015 in the DB scheme and join the DCCB scheme as from 1 July 2015.

Option C: To join the DCCB scheme as from 1 July 2015 and transfer the total accrued benefits as at 30 June 2015 from the DB scheme into the DCCB scheme.

(ii) Defined benefit plans

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The main assumptions made in the actuarial valuation of the pension fund are listed in note 17 to the financial statements.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

(iii) Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Rights Act (WRA) 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1. Material accounting policy information (Cont'd)

(p) Employee benefits (Cont'd)

(v) Vacation leave

The vacation pay as per Section 47 of the Workers' Rights Act benefit qualifies as "other long-term benefit" as per IAS 19 and has to be accounted for by the companies in respect of all employees who will be eligible for this upon completion of the 5-year period. An estimate of the value of the benefit is made and accounted for at the reporting date irrespective of whether the Company settles the vacation pay in cash or grants leave to its employees.

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period and includes the Corporate Social Responsibility charge and Bank levy. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Notes to the financial statements
for the year ended 30 June 2024

1. Material accounting policy information (Cont'd)

(r) Borrowings

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

(s) Dividend declared and unpaid

Dividend declared and unpaid to the Bank's shareholder at reporting date is recognised as a liability in the period in which dividend is declared.

(t) Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are disclosed as liabilities with corresponding contra-assets.

(u) Stated capital

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

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.
Other borrowing costs are expensed.

(w) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except or short term leases (leases with a lease term of 12 month or less) and low value leases (leases of less than MUR 250,000). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the Key rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

1. Material accounting policy information (Cont'd)

(w) Leases (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'Property, plant and equipment' in the Statement of Financial Position and further elaborated in Note 10. The lease liability is recorded under 'Other liabilities' in the Statement of Financial Position.

The interest on lease liabilities is recorded under Interest expense while the expense related to short term and low value leases are included in 'Other Non-Interest expense' line in the Statement of Profit or loss. The depreciation charge for leases are included in depreciation of property, plant and equipment under Non-interest expense.

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

(x) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(y) Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Group by the weighted average number of shares outstanding during the reporting year.

(z) Operating segments

The Group's segmental reporting is in accordance with IFRS 8 Operating segment. Operating segments are reported in a manner consistent with internal reporting provided to Chief Executive Officer and management who are responsible for allocating resources and assessing performance of the operating segment. The Chief Operating Decision Maker (CODM) is the CEO and ultimately the Board. Information provided for resource allocation and assessment of performance can be split into three segment namely the Domestic segment, Global Business and Foreign segment.

Notes to the financial statements
for the year ended 30 June 2024

2. Critical accounting estimates and judgements

As part of the process of preparing the financial statements of the Group, management is called upon to make judgement, estimates and assumptions. This affect the reported amount of revenues, expenses, assets, liabilities and the disclosures. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(c) Pension benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(d) Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are available. Only where these are unavailable that the Group employs less observable inputs. Unobservable input are used where observable or less observable input are unavailable.

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Asset lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

2. Critical accounting estimates and judgements (Cont'd)

(e) Asset lives and residual values (Cont'd)

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(f) Deferred Tax

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

(g) Provision and Contingencies

Provision is recognised in the financial statements when the Group has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. A reliable estimate is required to be made. Management makes various assumptions in order to determine whether to recognise a provision and its amount thereafter. For potential litigation and claims, management relies on the advice of the Group's legal Strategic Business Unit (SBU) and counsel.

(h) Measurement of expected credit loss

The measurement of expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in the Risk and Capital Management report, which also sets out the key sensitivities of the ECL to changes in those elements. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward looking scenarios for each type of market and associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

Detailed information about the judgements and estimates made by the Bank in above areas is set out in the Risk and Capital Management report.

(i) Significant influence in Banque Française Commerciale Ocean Indien

The Group holds 49.99% of Banque Française Commerciale Ocean Indien (BFCOI) and it is considered as an associate. The directors consider that the Group only has significant influence over BFCOI since it does not have the practical ability to control the relevant activities of BFCOI.

(j) Leases

The adoption of IFRS 16 requires significant judgement and estimate. Critical judgement like the determination of whether an extension or termination option will be exercised. Other key assumption and estimate are:

- Determination of the appropriate rate to discount the lease payments
- Estimating the lease term
- Assessing whether the right of use is impaired

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management

(a) Financial risk management

The Group is actively engaged in delivery of financial services, which includes retail and commercial banking, treasury services, custody and credit card. Managing financial risk is a fundamental part of its business activity. The main sources of financial risk that the Group faces arise from financial instruments, which are fundamental to the Group's business and constitute the core of its operations.

The Group has exposure to the following risks from financial instruments:

(i) Credit Risk
(ii) Liquidity Risk
(iii) Market risk (including interest rate and foreign currency risk)

The Group devotes considerable resources to measure, manage, mitigate and control each of these risks and ensures that its risk management systems and procedures are fitted to meet the needs of the business. The Group’s risk management policies and processes are designed to identify and analyse these risks; set appropriate risk appetites; limits and controls; and to constantly monitor the risks and adherence to limits.

Given that the Bank comprises a significant portion of the Group, the details provided relate mainly to the Bank, unless otherwise stated.

(b) Credit risk

Credit risk arises when customers or counterparties are not able to fulfill their contractual obligations. Credit Risk Management at the Bank is under the responsibility of the Credit Risk Business Unit (CRBU). The CRBU has the task of reviewing the Bank's credit policies and guidelines to ensure that best lending practices are upheld at all times. Risk assessments are carried out to assist in portfolio management decisions including exposure levels and the constitution of required provisions.

Credit related commitments

The main purpose of credit related commitments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group to pay a third party, on behalf of its customers up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality

The following tables set out the credit quality of exposures by different segments for the year ended 30 June 2024.

At 30 June 2024	Performing			Under performing			Non performing			
	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Lifetime expected credit loss (credit impaired)	Interest in suspense	Net exposure
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Portfolio										
Retail	62,506	837	61,669	170	23	147	1,137	431	124	706
Wholesale	916,582	3,572	913,010	9,363	2,172	7,191	11,100	8,554	1,885	2,546
Total	979,088	4,409	974,679	9,533	2,195	7,338	12,237	8,985	2,009	3,252
Retail										
Housing loans	40,740	498	40,242	84	7	77	441	158	23	283
SME	10,127	136	9,991	31	3	28	284	134	24	150
Unsecured and revolving	7,189	144	7,045	42	12	30	149	102	14	47
Other secured loans	4,450	59	4,391	13	1	12	263	37	63	226
Total Retail	62,506	837	61,669	170	23	147	1,137	431	124	706
Wholesale										
Sovereign	336,382	139	336,243	-	-	-	296	30	60	266
Financial institutions	94,559	356	94,203	-	-	-	-	-	-	-
Project finance	3,420	57	3,363	-	-	-	24	12	-	12
Energy & commodities	256,090	796	255,294	3,078	549	2,529	1,755	1,755	-	-
Corporate	226,131	2,224	223,907	6,285	1,623	4,662	9,025	6,757	1,825	2,268
Total Wholesale	916,582	3,572	913,010	9,363	2,172	7,191	11,100	8,554	1,885	2,546

The Bank allocates each exposure to credit risk grade based on a variety of data that is determined to be predictive of risk of default and applying experienced credit judgement. For the wholesale portfolio, credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of the borrower. It involves assigning a rating to each counterparty according to an internal scale of 1 to 20. The following table presents the Bank's internal rating scale and the corresponding scale of Moody's Investors Service.

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

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

An analysis of credit exposures using the Bank's grading system is as follows:

At 30 June 2024	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Total Wholesale									
2	74,034	-	-	3	-	-	74,031	-	-
3	1,101	-	-	-	-	-	1,101	-	-
4	9,902	-	-	1	-	-	9,901	-	-
5	20,022	-	-	5	-	-	20,017	-	-
6	6,392	-	-	1	-	-	6,391	-	-
7	19,894	-	-	5	-	-	19,889	-	-
8	13,799	-	-	2	-	-	13,797	-	-
9	478	-	-	-	-	-	478	-	-
10	272,808	16	-	84	3	-	272,724	13	-
11	37,111	-	-	120	-	-	36,991	-	-
12	90,515	105	-	287	22	-	90,228	83	-
13	105,580	375	-	476	87	-	105,104	288	-
14	157,040	2,504	-	825	513	-	156,215	1,991	-
15	38,449	2,267	-	396	557	-	38,053	1,710	-
16	51,910	1,841	-	395	183	-	51,515	1,658	-
17	15,455	1,203	-	725	440	-	14,730	763	-
18	283	449	-	14	247	-	269	202	-
19	1,809	603	-	233	120	-	1,576	483	-
20	-	-	11,100	-	-	8,554	-	-	2,546
Total	916,582	9,363	11,100	3,572	2,172	8,554	913,010	7,191	2,546
Sovereign									
2	74,034	-	-	3	-	-	74,031	-	-
4	8,003	-	-	1	-	-	8,002	-	-
10	253,474	-	-	84	-	-	253,390	-	-
13	204	-	-	-	-	-	204	-	-
19	667	-	-	51	-	-	616	-	-
20	-	-	296	-	-	30	-	-	266
Total	336,382	-	296	139	-	30	336,243	-	266

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

An analysis of credit exposures using the Bank's grading system is as follows:

At 30 June 2024	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Institutions									
3	1,101	-	-	-	-	-	1,101	-	-
4	1,899	-	-	-	-	-	1,899	-	-
5	20,022	-	-	5	-	-	20,017	-	-
6	6,392	-	-	1	-	-	6,391	-	-
7	19,423	-	-	5	-	-	19,418	-	-
8	13,799	-	-	2	-	-	13,797	-	-
9	478	-	-	-	-	-	478	-	-
10	15,956	-	-	-	-	-	15,956	-	-
11	2,214	-	-	1	-	-	2,213	-	-
12	262	-	-	1	-	-	261	-	-
13	953	-	-	2	-	-	951	-	-
14	3,430	-	-	11	-	-	3,419	-	-
15	356	-	-	3	-	-	353	-	-
16	1,805	-	-	60	-	-	1,745	-	-
17	6,461	-	-	264	-	-	6,197	-	-
19	8	-	-	1	-	-	7	-	-
Total	94,559	-	-	356	-	-	94,203	-	-

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2024	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Project Finance									
13	2,264	-	-	8	-	-	2,256	-	-
14	55	-	-	1	-	-	54	-	-
15	498	-	-	8	-	-	490	-	-
16	115	-	-	3	-	-	112	-	-
17	306	-	-	26	-	-	280	-	-
18	182	-	-	11	-	-	171	-	-
20	-	-	24	-	-	12	-	-	12
Total	3,420	-	24	57	-	12	3,363	-	12
Energy & Commodities									
11	1,257	-	-	2	-	-	1,255	-	-
12	30,837	-	-	66	-	-	30,771	-	-
13	43,059	-	-	81	-	-	42,978	-	-
14	105,577	-	-	290	-	-	105,287	-	-
15	24,750	1,340	-	73	287	-	24,677	1,053	-
16	47,312	1,289	-	251	15	-	47,061	1,274	-
17	3,197	-	-	30	-	-	3,167	-	-
18	101	449	-	3	247	-	98	202	-
20	-	-	1,755	-	-	1,755	-	-	-
Total	256,090	3,078	1,755	796	549	1,755	255,294	2,529	-
Corporate									
7	471	-	-	-	-	-	471	-	-
10	3,378	16	-	-	3	-	3,378	13	-
11	33,640	-	-	117	-	-	33,523	-	-
12	59,416	105	-	220	22	-	59,196	83	-
13	59,100	375	-	385	87	-	58,715	288	-
14	47,978	2,504	-	523	513	-	47,455	1,991	-
15	12,845	927	-	312	270	-	12,533	657	-
16	2,678	552	-	81	168	-	2,597	384	-
17	5,491	1,203	-	405	440	-	5,086	763	-
19	1,134	603	-	181	120	-	953	483	-
20	-	-	9,025	-	-	6,757	-	-	2,268
Total	226,131	6,285	9,025	2,224	1,623	6,757	223,907	4,662	2,268

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

The following tables set out the credit quality of exposures by different segments for the year ended 30 June 2023.

At 30 June 2023	Performing			Under performing			Non performing			
	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Lifetime expected credit loss (credit impaired)	Interest in suspense	Net exposure
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Portfolio										
Retail	56,177	174	56,003	807	609	198	1,027	308	120	719
Wholesale	762,525	3,972	758,553	18,464	3,289	15,175	10,767	7,517	1,995	3,250
Total	**818,702**	**4,146**	**814,556**	**19,271**	**3,898**	**15,373**	**11,794**	**7,825**	**2,115**	**3,969**
Retail										
Housing loans	36,852	48	36,804	437	314	123	511	153	26	358
SME	9,445	33	9,412	118	84	34	200	55	25	145
Unsecured and revolving	5,557	88	5,469	126	121	5	98	74	12	24
Other secured loans	4,323	5	4,318	126	90	36	218	26	57	192
Total Retail	**56,177**	**174**	**56,003**	**807**	**609**	**198**	**1,027**	**308**	**120**	**719**
Wholesale										
Sovereign	288,634	110	288,524	-	-	-	285	28	26	257
Financial institutions	85,668	847	84,821	-	-	-	-	-	-	-
Project finance	5,618	93	5,525	70	35	35	410	408	17	2
Energy & commodities	179,799	532	179,267	4,848	911	3,937	890	733	13	157
Corporate	202,806	2,390	200,416	13,546	2,343	11,203	9,182	6,348	1,939	2,834
Total Wholesale	**762,525**	**3,972**	**758,553**	**18,464**	**3,289**	**15,175**	**10,767**	**7,517**	**1,995**	**3,250**

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

An analysis of credit exposures using the Bank's grading system is as follows.

At 30 June 2023	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Total Wholesale									
2	73,352	-	-	1	-	-	73,351	-	-
3	1,505	-	-	-	-	-	1,505	-	-
4	19,540	-	-	1	-	-	19,539	-	-
5	32,164	-	-	7	-	-	32,157	-	-
6	3,978	-	-	1	-	-	3,977	-	-
7	17,975	-	-	8	-	-	17,967	-	-
8	202,687	-	-	28	-	-	202,659	-	-
9	35	-	-	-	-	-	35	-	-
10	6,470	-	-	-	-	-	6,470	-	-
11	29,548	121	-	63	-	-	29,485	121	-
12	58,873	564	-	231	88	-	58,642	476	-
13	118,331	1,780	-	611	88	-	117,720	1,692	-
14	58,986	3,074	-	578	278	-	58,408	2,796	-
15	114,788	2,935	-	1,259	368	-	113,529	2,567	-
16	12,594	4,562	-	430	1,117	-	12,164	3,445	-
17	7,589	3,505	-	475	744	-	7,114	2,761	-
18	2,042	1,386	-	102	513	-	1,940	873	-
19	2,068	537	-	177	93	-	1,891	444	-
20	-	-	10,767	-	-	7,517	-	-	3,250
Total	**762,525**	**18,464**	**10,767**	**3,972**	**3,289**	**7,517**	**758,553**	**15,175**	**3,250**
Sovereign									
2	73,352	-	-	1	-	-	73,351	-	-
4	15,546	-	-	1	-	-	15,545	-	-
8	198,648	-	-	28	-	-	198,620	-	-
13	213	-	-	-	-	-	213	-	-
19	875	-	-	80	-	-	795	-	-
20	-	-	285	-	-	28	-	-	257
Total	**288,634**	**-**	**285**	**110**	**-**	**28**	**288,524**	**-**	**257**

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2023	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Institutions									
3	1,505	-	-	-	-	-	1,505	-	-
4	105	-	-	-	-	-	105	-	-
5	32,164	-	-	7	-	-	32,157	-	-
6	2,044	-	-	1	-	-	2,043	-	-
7	17,975	-	-	8	-	-	17,967	-	-
8	4,039	-	-	-	-	-	4,039	-	-
9	35	-	-	-	-	-	35	-	-
10	6,344	-	-	-	-	-	6,344	-	-
11	2,391	-	-	7	-	-	2,384	-	-
12	262	-	-	1	-	-	261	-	-
13	1,419	-	-	10	-	-	1,409	-	-
15	3,708	-	-	36	-	-	3,672	-	-
16	4,675	-	-	244	-	-	4,431	-	-
17	7,143	-	-	440	-	-	6,703	-	-
18	1,859	-	-	93	-	-	1,766	-	-
Total	**85,668**	**-**	**-**	**847**	**-**	**-**	**84,821**	**-**	**-**

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2023	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Project Finance									
13	4,193	-	-	34	-	-	4,159	-	-
14	113	-	-	1	-	-	112	-	-
15	507	70	-	11	35	-	496	35	-
16	236	-	-	6	-	-	230	-	-
17	386	-	-	32	-	-	354	-	-
18	183	-	-	9	-	-	174	-	-
20	-	-	410	-	-	408	-	-	2
Total	**5,618**	**70**	**410**	**93**	**35**	**408**	**5,525**	**35**	**2**
Energy & Commodities									
4	3,889	-	-	-	-	-	3,889	-	-
6	1,934	-	-	-	-	-	1,934	-	-
11	3,383	-	-	2	-	-	3,381	-	-
12	10,009	-	-	10	-	-	9,999	-	-
13	44,741	1,367	-	81	68	-	44,660	1,299	-
14	29,564	-	-	60	-	-	29,504	-	-
15	81,885	888	-	291	99	-	81,594	789	-
16	4,394	-	-	88	-	-	4,306	-	-
17	-	1,569	-	-	358	-	-	1,211	-
18	-	1,024	-	-	386	-	-	638	-
20	-	-	890	-	-	733	-	-	157
Total	**179,799**	**4,848**	**890**	**532**	**911**	**733**	**179,267**	**3,937**	**157**

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2023	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Corporate									
10	126	-	-	-	-	-	126	-	-
11	23,774	121	-	54	-	-	23,720	121	-
12	48,602	564	-	220	88	-	48,382	476	-
13	67,765	413	-	486	20	-	67,279	393	-
14	29,309	3,074	-	517	278	-	28,792	2,796	-
15	28,688	1,977	-	921	234	-	27,767	1,743	-
16	3,289	4,562	-	92	1,117	-	3,197	3,445	-
17	60	1,936	-	3	386	-	57	1,550	-
18	-	362	-	-	127	-	-	235	-
19	1,193	537	-	97	93	-	1,096	444	-
20	-	-	9,182	-	-	6,348	-	-	2,834
Total	**202,806**	**13,546**	**9,182**	**2,390**	**2,343**	**6,348**	**200,416**	**11,203**	**2,834**

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

The following tables set out the credit quality of exposures by different segments for the year ended 30 June 2022.

At 30 June 2022	Performing			Under performing			Non performing			
	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Expected credit loss	Net exposure	Gross exposure	Lifetime expected credit loss (credit impaired)	Interest in suspense	Net exposure
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Portfolio										
Retail	51,316	319	50,997	843	395	448	1,211	358	143	853
Wholesale	684,284	4,283	680,001	16,384	2,644	13,740	11,173	3,964	1,120	7,209
Total	**735,600**	**4,602**	**730,998**	**17,227**	**3,039**	**14,188**	**12,384**	**4,322**	**1,263**	**8,062**
Retail										
Housing loans	33,522	96	33,426	582	248	334	643	179	35	464
SME	8,668	80	8,588	78	38	40	296	75	33	221
Unsecured and revolving	4,477	91	4,386	86	62	24	124	79	14	45
Other secured loans	4,649	52	4,597	97	47	50	148	25	61	123
Total Retail	**51,316**	**319**	**50,997**	**843**	**395**	**448**	**1,211**	**358**	**143**	**853**
Wholesale										
Sovereign	262,503	102	262,401	-	-	-	71	7	3	64
Financial institutions	48,985	515	48,470	-	-	-	-	-	-	-
Project finance	8,537	172	8,365	421	85	336	-	-	-	-
Energy & commodities	193,208	358	192,850	3,974	357	3,617	1,647	754	67	893
Corporate	171,051	3,136	167,915	11,989	2,202	9,787	9,455	3,203	1,050	6,252
Total Wholesale	**684,284**	**4,283**	**680,001**	**16,384**	**2,644**	**13,740**	**11,173**	**3,964**	**1,120**	**7,209**

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

An analysis of credit exposures using the Bank's grading system is as follows.

At 30 June 2022	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Total Wholesale									
2	48,490	-	-	1	-	-	48,489	-	-
3	13,684	-	-	-	-	-	13,684	-	-
4	9,140	-	-	-	-	-	9,140	-	-
5	9,680	-	-	4	-	-	9,676	-	-
6	2,492	-	-	2	-	-	2,490	-	-
7	4,731	-	-	8	-	-	4,723	-	-
8	206,315	-	-	45	-	-	206,270	-	-
9	309	-	-	1	-	-	308	-	-
10	11,626	-	-	2	-	-	11,624	-	-
11	10,182	66	-	84	1	-	10,098	65	-
12	77,477	81	-	379	2	-	77,098	79	-
13	62,705	35	-	358	1	-	62,347	34	-
14	145,611	3,188	-	1,371	224	-	144,240	2,964	-
15	63,219	3,567	-	1,299	315	-	61,920	3,252	-
16	14,649	3,610	-	622	922	-	14,027	2,688	-
17	2,320	3,989	-	73	680	-	2,247	3,309	-
18	1,649	907	-	34	197	-	1,615	710	-
19	5	941	-	-	302	-	5	639	-
20	-	-	11,173	-	-	3,964	-	-	7,209
Total	**684,284**	**16,384**	**11,173**	**4,283**	**2,644**	**3,964**	**680,001**	**13,740**	**7,209**
Sovereign									
2	48,490	-	-	1	-	-	48,489	-	-
3	8,377	-	-	-	-	-	8,377	-	-
4	1,355	-	-	-	-	-	1,355	-	-
8	202,632	-	-	43	-	-	202,589	-	-
14	223	-	-	1	-	-	222	-	-
17	1,426	-	-	57	-	-	1,369	-	-
20	-	-	71	-	-	7	-	-	64
Total	**262,503**	**-**	**71**	**102**	**-**	**7**	**262,401**	**-**	**64**

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2022	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Institutions									
3	388	-	-	-	-	-	388	-	-
4	23	-	-	-	-	-	23	-	-
5	3,405	-	-	3	-	-	3,402	-	-
6	2,492	-	-	2	-	-	2,490	-	-
7	4,731	-	-	8	-	-	4,723	-	-
8	3,683	-	-	2	-	-	3,681	-	-
9	309	-	-	1	-	-	308	-	-
10	11,486	-	-	1	-	-	11,485	-	-
11	1,402	-	-	3	-	-	1,399	-	-
12	478	-	-	3	-	-	475	-	-
13	2,822	-	-	31	-	-	2,791	-	-
14	3	-	-	-	-	-	3	-	-
15	8,882	-	-	189	-	-	8,693	-	-
16	7,406	-	-	261	-	-	7,145	-	-
18	1,470	-	-	11	-	-	1,459	-	-
19	5	-	-	-	-	-	5	-	-
Total	**48,985**	**-**	**-**	**515**	**-**	**-**	**48,470**	**-**	**-**

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2022	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Project Finance									
12	2,746	-	-	29	-	-	2,717	-	-
13	2,731	-	-	15	-	-	2,716	-	-
14	2,212	-	-	60	-	-	2,152	-	-
15	149	-	-	3	-	-	146	-	-
16	523	-	-	43	-	-	480	-	-
17	-	421	-	-	85	-	-	336	-
18	176	-	-	22	-	-	154	-	-
Total	**8,537**	**421**	**-**	**172**	**85**	**-**	**8,365**	**336**	**-**
Energy & Commodities									
3	4,919	-	-	-	-	-	4,919	-	-
4	7,762	-	-	-	-	-	7,762	-	-
5	6,275	-	-	1	-	-	6,274	-	-
12	29,790	-	-	54	-	-	29,736	-	-
13	31,630	-	-	24	-	-	31,606	-	-
14	80,781	1,756	-	165	88	-	80,616	1,668	-
15	28,731	-	-	49	-	-	28,682	-	-
16	2,426	-	-	49	-	-	2,377	-	-
17	894	2,218	-	16	269	-	878	1,949	-
20	-	-	1,647	-	-	754	-	-	893
Total	**193,208**	**3,974**	**1,647**	**358**	**357**	**754**	**192,850**	**3,617**	**893**

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

At 30 June 2022	Gross exposure			Expected credit loss			Net exposure		
Internal Rating	12 months	Lifetime not credit impaired	Lifetime credit impaired	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	12 months	Lifetime not credit impaired	Lifetime credit impaired
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Corporate									
10	140	-	-	1	-	-	139	-	-
11	8,780	66	-	81	1	-	8,699	65	-
12	44,463	81	-	293	2	-	44,170	79	-
13	25,522	35	-	288	1	-	25,234	34	-
14	62,392	1,432	-	1,145	136	-	61,247	1,296	-
15	25,457	3,567	-	1,058	315	-	24,399	3,252	-
16	4,294	3,610	-	269	922	-	4,025	2,688	-
17	-	1,350	-	-	326	-	-	1,024	-
18	3	907	-	1	197	-	2	710	-
19	-	941	-	-	302	-	-	639	-
20	-	-	9,455	-	-	3,203	-	-	6,252
Total	**171,051**	**11,989**	**9,455**	**3,136**	**2,202**	**3,203**	**167,915**	**9,787**	**6,252**

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

Restructured financial assets

The Group defines "rescheduling" as any amendments to restructuring or rescheduling of any exposure and includes concession, relaxation, forgiveness or postponement of any material term or condition of the original sanction. The underlying allowance for credit loss is realised wherever there is a material economic loss.

The following table provides information on financial assets which were restructured while they had a loss allowance measured at an amount equal to lifetime ECL.

	2024	2023	2022
	RS 'M	RS 'M	RS 'M
Amortised cost before restructure	**95**	12	24
Net modification gain or loss	**2**	8	3
Gross carrying amount at the end of the reporting year when the loss allowance was measured at an amount equal to lifetime ECL and for which the loss allowance has changed during the year to an amount of 12 months ECL	**1**	4	7

Assets obtained by taking possession of collateral

Details of assets obtained by the Group during the year by taking possession of collateral held as security against loans and advances held at 30 June are shown below:

	2024	2023	2022
	RS 'M	RS 'M	RS 'M
Property	**105**	104	101

Maximum exposure to credit risk - Financial instruments measured at fair value through profit or loss

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e fair value through profit or loss).

	2024	2023	2022
	RS 'M	RS 'M	RS 'M
Derivative financial instruments	**2,071**	1,214	438
Investment securities	**3,485**	1,521	698

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

Collateral held and other credit enhancements

The Group's potential credit losses are mitigated through a range of instruments including collaterals and credit protection such as cash, real estate, marketable securities, inventories, standby letters of credit and other physical and/or financial collateral.

Credit risk policies are in place to determine the eligibility of collateral to mitigate the credit risk assumed and appropriate haircuts are applied to the market value of collateral, reflecting the underlying nature, quality and liquidity of the collateral.

In the event of default, the Group has the ability to call on the different types of collaterals which in turn are driven by portfolio, product or counterparty type. The Group considers that it is sufficiently collaterised against its impaired book.

Fixed and floating charges on properties and other assets constitute the bulk of our collateral while cash and marketable securities are immaterial.

Long-term finance and lending to corporate entities are generally secured whilst revolving individual credit facilities are generally unsecured. When the borrower's credit worthiness is not sufficient to justify an extension of credit, corporate guarantees are required.

In extending credit facilities to small and medium sized enterprises, the Group often resorts to personal guarantees from principal directors to ensure their commitment to repayment. Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-backed securities.

For derivatives, repurchase agreements with financial market counterparties, collateral arrangements are covered under market-standard documentation such as International Swaps and Derivatives Association Agreements (ISDA) and Master Repurchase Agreements.

The Group did not hold any financial instrument for which no loss allowance is recognised because of collateral. There was no change in the Group's collateral policy during the year.

3. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Credit quality (Cont'd)

As part of IFRS 9, the Group needs to convert the through the circle (TTC) PDs to Point In Time (PIT) PDs.
This conversion of TTC PDs to PIT PDs entailed the inclusion of forward-looking scenarios for both wholesale and retail portfolios.

Macroeconomic variables used for the Forward-Looking PDs (Probability of Default)

Wholesale Portfolio

The variables used for the inclusion of forward-looking aspects to our PDs i.e for the conversion of TTC PDs to PIT PDs are as follows:

- Credit index (-2)*
- Credit index (-1)*
- GDP growth
- ln (lending rate)

Retail Portfolio

The retail portfolio is broken into SME, housing, secured and unsecured.
The following macroeconomic variables have been used for the respective portfolio:

(a)	SME	Ln (GDP at basic prices) Average Lending rate
(b)	Housing	Ln (GDP at basic prices) Unemployment rate for the year
(c)	Secured	Ln (GDP at market prices) Average lending rate
(d)	Unsecured	Ln (GDP at basic prices) Average CPI Average lending rate

Credit concentration of risk by industry sectors

Corporate notes and credit facilities extended by the Group to any closely-related customers for amounts aggregating more than 10% of its Tier 1 capital, classified by industry sectors.

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Agriculture and fishing	**298**	481	715	**298**	481	715
Manufacturing	**545**	7,562	9,682	**545**	7,562	9,682
Tourism	**3,741**	12,401	18,145	**3,737**	12,401	18,145
Transport	**1,838**	2,507	236	**1,835**	2,504	195
Construction	**8,065**	6,993	6,361	**8,065**	6,993	6,361
Financial and business services	**16,774**	13,683	9,308	**16,774**	13,683	9,308
Traders	**259,493**	216,036	261,203	**259,493**	216,036	261,203
of which Petroleum & Energy products	***247,907***	*189,045*	*225,849*	***247,907***	*189,045*	*225,849*
Global Business Licence holders	**435**	8,144	9,626	**435**	8,144	9,626
Others	**9,861**	8,218	8,803	**9,861**	8,218	8,803
	301,050	276,025	324,079	**301,043**	276,022	324,038

Refer to the risk management report for further details on concentration risk management.

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk

Market risk refers to the potential of market price fluctuations, such as those in interest rates, equity prices, foreign exchange rates, and market credit spreads, impacting a bank's income or the valuation of its financial instrument holdings. The primary objective of market risk management is to proficiently handle and regulate these exposures within acceptable benchmarks, all while optimizing returns from risk-associated endeavors.

The formulation of market risk management policies within the Bank lies under the jurisdiction of the Board Risk Monitoring Committee. The execution of these policies and the oversight of this risk category are entrusted to both the Risk Business Unit (BU) and the Asset and Liability Committee (ALCO). Central to the supervision and control of market risk activities are the Market Risk Business Unit (MRBU) and the Assets and Liabilities Management Unit (ALM Unit). These units play a pivotal role in the ongoing monitoring and regulation of market risk activities.

The MRBU is devoted to ensuring the effective adherence to market risk policies and guidelines, as well as maintaining a vigilant watch over predetermined limits. Similarly, the ALM Unit concentrates on monitoring the interest rate risk in the banking book. Their collective efforts contribute to a comprehensive approach to risk management within the Bank.

(i) Investment Price risk

Investment price risk pertains to the vulnerability of an investment's value to shifts in market prices. This risk emanates from a multitude of factors, including the interplay of supply and demand, prevailing economic conditions, geopolitical occurrences, and prevailing market sentiment. The Bank designates a portion of its investments under the categories of Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL).

The table below summarises the impact of increases/decreases in fair value of the investments on the Bank's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	GROUP & BANK		
	2024	2023	2022
	RS 'M	RS 'M	RS 'M
Financial assets at fair value through other comprehensive income	**108**	97	178
Financial assets at fair value through profit or loss	**346**	225	156
	454	322	334

(ii) Currency risk

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Bank's foreign currency positions. Exposure resulting from trading activities is monitored through the use of limits. Limits are given to the individual trader and monitored by the Head of Financial Markets. Such limits include daily stop-loss and position limits. Overall exposure to foreign exchange including those resulting from non-trading activities is monitored against both the regulatory guideline and an internal target validated by the ALCO.

The Bank utilizes the statistical technique "Value-at-Risk" (VaR) for estimating potential losses on risk positions as a result of adverse movements in market rates and prices over a specified time horizon and to a given level of confidence.
Our VaR model is based on historical simulation and encompasses the following features and principles:

- Historical market rates and prices such as FX rates, Interest rates, Commodity prices, Bond prices and associated volatilities (risk factors) that are representative of the bank's position.
- The definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one-year period.
- These scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario.

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

- The application of these 250 scenarios to the daily market parameters. This approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future.

- The full revaluation of daily positions, on the basis of the adjusted daily market conditions, and the incorporation of non-linear option features on the underlying exposures.

- Calculations to a 99% confidence interval for a one-day holding period on the basis of exposures outstanding at the close of business. The 99% VaR is the largest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses involved.

The VaR methodology implicitly takes into account the correlation between all markets and the distribution of variations in market parameters. The nature of the model means an increase in observed market volatility will lead to an increase in VaR without any changes in underlying positions.

To capture material market risks arising from trading portfolios, comprehensive VaR calculations are performed daily for Financial Markets business lines whose activities give rise to market risk. The VaR results across those trading portfolios are aggregated at bank level and are reported as appropriate to various groups including the Bank's Senior Management and the Board Risk Committee.

As VaR is based on historical data, it is an imperfect measure of market risk exposure and potential future losses. In addition, based on their reliance on available historical data, limited time horizons, and other factors, VaR measures are inherently limited in their ability to measure certain risks and to predict losses, particularly those associated with market illiquidity and sudden or severe shifts in market conditions.

For certain products, specific risk parameters are not captured in VaR due to the lack of liquidity and availability of appropriate historical data. The bank uses proxies to estimate the VaR for these and other products when daily time series are not available.

Backtesting

The performance and adequacy of our VaR model is validated by backtesting the VaR metric against the Hypothetical P&L (HPL) daily in order to verify whether the number of days for which the negative results exceeds the VaR complies with the 99% confidence interval. The hypothetical P&L reflects the P&L that would be realized if positions were held constant from the end of one trading day to the next, and excludes items such as fees, commissions and revenue of intra-day transactions. The VaR backtesting is carried out at set levels of the Bank entity hierarchy.

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

The Trading 1-Day 99% VaR as at 30 June 2024 is shown in the table below:

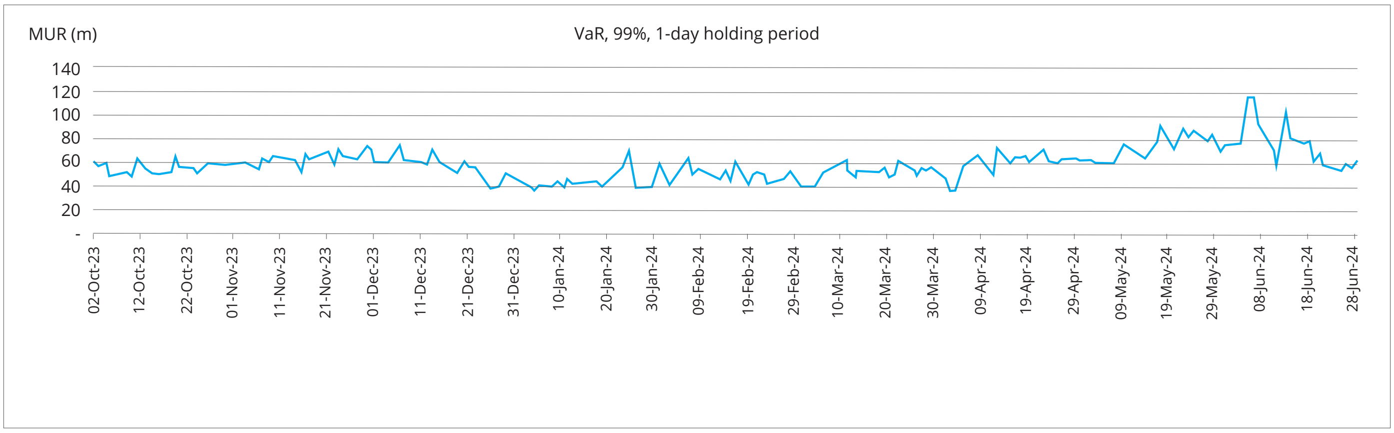
MUR (M)	30-Jun-24	Average	Maximum	Minimum
Foreign Exchange	62	57	118	36
Interest Rate	11	28	75	11
Diversification benefit	(11)	(25)	n/a	n/a
Bank VaR	**62**	**60**	**117**	**36**

(a) Diversification benefit represents the difference between the portfolio VaR and the sum of its individual components. This reflects the non-additive nature of VaR due to imperfect correlation across LOBs and risk types.

(b) A negative number represents the benefit of portfolio diversification.

(c) For maximum and minimum VaR, diversification benefit is not meaningful as the maximum and minimum VaR for each portfolio may have occurred on different trading days than the components.

Evolution over the last quarters



The overall 1-day VaR remained fairly stable over the course of the last financial year, averaging MUR 60M with spikes in June 2024 marked by increased market volatilities. It impacted mainly the FX activity.

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

	GROUP					
At 30 June 2024	EURO	USD	GBP	MUR	OTHER	TOTAL
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets						
Cash and cash equivalents	8,655	46,587	7,879	20,210	8,610	91,941
Derivative financial instruments	258	1,484	-	329	-	2,071
Loans to and placements with banks	2,797	10,130	-	(12)	39	12,954
Loans and advances to customers	39,963	223,637	388	129,264	5,859	399,111
Investment securities	9,678	81,292	9	232,120	2,368	325,467
Other financial assets	2,957	4,688	492	30,353	1,165	39,655
	64,308	367,818	8,768	412,264	18,041	871,199
Less allowances for credit impairment						(17,848)
Total						853,351
Financial liabilities						
Deposits from banks	1,104	38,441	451	948	57	41,001
Deposits from customers	58,439	244,613	6,894	316,950	14,741	641,637
Derivative financial instruments	(85)	1,829	-	246	-	1,990
Other borrowed funds	3,309	59,173	808	(296)	2,361	65,355
Debt securities	-	14,393	-	(79)	-	14,314
Subordinated liability	-	7,057	-	-	-	7,057
Other financial liabilities	187	645	39	2,082	212	3,165
Total	62,954	366,151	8,192	319,851	17,371	774,519
Net on-balance sheet position	1,354	1,667	576	92,413	670	96,680
Less allowances for credit impairment						(17,848)
						78,832
Off balance sheet net notional position	16,681	54,992	973	-	5,214	77,860
Credit commitments	4,838	197,103	165	20,545	2,248	224,899

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

	BANK					
At 30 June 2024	EURO	USD	GBP	MUR	OTHER	TOTAL
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets						
Cash and cash equivalents	8,544	46,541	7,877	20,209	7,531	90,702
Derivative financial instruments	258	1,484	-	329	-	2,071
Loans to and placements with banks	2,797	11,089	-	(12)	39	13,913
Loans and advances to customers	39,214	222,230	388	129,264	360	391,456
Investment securities	9,678	81,292	9	232,120	-	323,099
Other financial assets	2,957	4,688	492	30,384	218	38,739
	63,448	367,324	8,766	412,294	8,148	859,980
Less allowances for credit impairment						(17,305)
Total						842,675
Financial liabilities						
Deposits from banks	1,104	38,441	451	948	77	41,021
Deposits from customers	57,905	244,342	6,894	316,950	8,201	634,292
Derivative financial instruments	(85)	1,829	-	246	-	1,990
Other borrowed funds	2,955	59,017	808	(296)	45	62,529
Debt securities	-	14,393	-	(79)	-	14,314
Subordinated liability	-	7,057	-	-	-	7,057
Other financial liabilities	187	645	39	2,113	29	3,013
Total	62,066	365,724	8,192	319,882	8,352	764,216
Net on-balance sheet position	1,382	1,600	574	92,412	(204)	95,764
Less allowances for credit impairment						(17,305)
						78,459
Off balance sheet net notional position	16,490	53,708	973	-	4,913	76,084
Credit commitments	4,838	197,103	165	20,545	2,248	224,899

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

	GROUP					
At 30 June 2023	EURO	USD	GBP	MUR	OTHER	TOTAL
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets						
Cash and cash equivalents	11,242	36,116	6,044	54,157	6,545	114,104
Derivative financial instruments	446	242	-	526	-	1,214
Loans to and placements with banks	310	14,413	-	2	(28)	14,697
Loans and advances to customers	30,759	189,025	379	127,749	5,205	353,117
Investment securities	11,988	81,314	4,247	150,269	1,500	249,318
Other financial assets	2,963	4,772	510	24,426	1,067	33,738
	57,708	325,882	11,180	357,129	14,289	766,188
Less allowances for credit impairment						(17,859)
Total						**748,329**
Financial liabilities						
Deposits from banks	941	12,748	449	784	21	14,943
Deposits from customers	50,023	209,024	6,621	277,689	11,732	555,089
Derivative financial instruments	456	242	-	518	-	1,216
Other borrowed funds	3,615	81,688	288	(117)	1,043	86,517
Debt securities	-	13,759	-	-	-	13,759
Subordinated liabilities	-	7,113	-	(54)	-	7,059
Other financial liabilities	243	566	55	3,006	147	4,017
Total	55,278	325,140	7,413	281,826	12,943	**682,600**
Net on-balance sheet position	2,430	742	3,767	75,303	1,346	83,588
Less allowances for credit impairment						(17,859)
						65,729
Off balance sheet net notional position	9,406	18,968	5,156	-	2,085	35,615
Credit commitments	4,655	108,353	153	20,370	1,542	135,073

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

	BANK					
At 30 June 2023	**EURO**	**USD**	**GBP**	**MUR**	**OTHER**	**TOTAL**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets						
Cash and cash equivalents	11,215	36,869	6,038	54,156	5,365	113,643
Derivative financial instruments	446	242	-	526	-	1,214
Loans to and placements with banks	310	14,596	-	2	(28)	14,880
Loans and advances to customers	30,092	187,422	379	127,749	296	345,938
Investment securities	11,988	81,314	4,247	150,269	2	247,820
Other financial assets	2,963	4,835	510	24,426	351	33,085
	57,014	325,278	11,174	357,128	5,986	756,580
Less allowances for credit impairment						(17,525)
Total						**739,055**
Financial liabilities						
Deposits from banks	943	13,535	449	784	41	15,752
Deposits from customers	49,556	208,505	6,621	277,689	5,215	547,586
Derivative financial instruments	456	242	-	518	-	1,216
Other borrowed funds	3,370	80,867	288	(118)	15	84,422
Debt securities	-	13,759	-	-	-	13,759
Subordinated liabilities	-	7,113	-	(54)	-	7,059
Other financial liabilities	243	629	55	3,006	26	3,959
Total	54,568	324,650	7,413	281,825	5,297	**673,753**
Net on-balance sheet position	2,446	628	3,761	75,303	689	82,827
Less allowances for credit impairment						(17,525)
						65,302
Off balance sheet net notional position	9,196	18,099	5,156	-	1,746	34,197
Credit commitments	4,655	108,353	153	20,370	1,542	135,073

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

At 30 June 2022	GROUP					
	EURO	USD	GBP	MUR	OTHER	TOTAL
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets						
Cash and cash equivalents	12,167	13,800	4,806	32,077	2,458	65,308
Derivative financial instruments	71	-	-	367	-	438
Loans to and placements with banks	1,723	21,541	-	(29)	772	24,007
Loans and advances to customers	26,890	174,566	436	117,231	5,063	324,186
Investment securities	9,150	52,751	1,355	159,924	857	224,037
Other financial assets	1,374	2,586	228	20,800	1,291	26,279
	51,375	265,244	6,825	330,370	10,441	664,255
Less allowances for credit impairment						(13,016)
Total						**651,239**
Financial liabilities						
Deposits from banks	1,246	9,064	256	707	(713)	10,560
Deposits from customers	45,083	163,257	6,578	262,136	11,336	488,390
Derivative financial instruments	-	87	-	410	-	497
Other borrowed funds	1,985	90,654	-	-	737	93,376
Subordinated liability	-	684	-	-	-	684
Other financial liabilities	160	328	51	1,966	134	2,639
Total	48,474	264,074	6,885	265,219	11,494	**596,146**
Net on-balance sheet position	2,901	1,170	(60)	65,151	(1,053)	68,109
Less allowances for credit impairment						(13,016)
						55,093
Off balance sheet net notional position	7,217	13,998	603	-	1,342	23,160
Credit commitments	4,075	95,811	67	19,047	1,441	120,441

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

	BANK					
At 30 June 2022	EURO	USD	GBP	MUR	OTHER	TOTAL
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets						
Cash and cash equivalents	11,785	13,432	4,805	32,072	2,540	64,634
Derivative financial instruments	71	-	-	367	-	438
Loans to and placements with banks	1,723	21,941	-	(29)	772	24,407
Loans and advances to customers	26,512	174,088	436	117,231	253	318,520
Investment securities	9,150	52,751	1,355	159,924	-	223,180
Other financial assets	1,374	2,586	228	20,800	314	25,302
	50,615	264,798	6,824	330,365	3,879	656,481
Less allowances for credit impairment						(12,742)
Total						**643,739**
Financial liabilities						
Deposits from banks	1,246	9,064	256	707	45	11,318
Deposits from customers	44,522	162,839	6,578	262,134	5,030	481,103
Derivative financial instruments	-	87	-	410	-	497
Other borrowed funds	1,853	90,718	-	-	184	92,755
Subordinated liability	-	684	-	-	-	684
Other financial liabilities	160	328	51	1,966	32	2,537
Total	47,781	263,720	6,885	265,217	5,291	**588,894**
Net on-balance sheet position	2,834	1,078	(61)	65,148	(1,412)	67,587
Less allowances for credit impairment						(12,742)
						54,845
Off balance sheet net notional position	6,835	11,512	603	-	1,081	20,031
Credit commitments	4,075	95,811	67	19,047	1,441	120,441

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk

Interest rate risk in the banking book encompasses the potential adverse effects on earnings resulting from fluctuations in market interest rates. This risk primarily affects non-traded assets and liabilities, specifically encompassing loans, deposits, and financial instruments held without the intent of trading. To effectively manage this risk, the Asset and Liability Management Business Unit, situated within the Finance Strategic Business Unit employs a variety of strategies.

Net interest income (NII) sensitivity stands as a key metric, evaluating the anticipated changes in net interest income across diverse interest rate scenarios, while holding all other economic factors constant. ALCO oversees the fluctuations in net interest income sensitivity.

The calculations of NII sensitivity assume uniform interest rate movements across all maturities within the 'up-shock' scenario. In contrast, the 'down-shock' scenario assumes a floor at zero for rates, except when market rates are already negative, as seen in the Euro case.

The following tables delineate the carrying amount of the Group's and Bank's financial instruments, categorized by the earlier of contractual repricing or maturity dates.

Interest Rate Risk Earnings Impact Analysis

The Group is exposed to interest rate risk (IRR), primarily manifested as repricing risk. To effectively measure and oversee this particular risk, the Group employs an interest rate risk gap analysis, illustrated below. One of the methodologies utilized involves the Bank of Mauritius (BOM) framework, which incorporates a 200 basis point parallel shift in interest rates. This framework provides insights into estimating the potential one-year earnings impact based on a static balance sheet scenario.

	BANK		
	2024	2023	2022
	RS 'M	RS 'M	RS 'M
Impact on Earnings	**741**	1,833	211

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities - repricing analysis

	GROUP							
At 30 June 2024	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing*	Total
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets								
Cash and cash equivalents	88,972	38	-	-	-	-	2,931	91,941
Derivative financial instruments	89	-	-	-	-	-	1,982	2,071
Loans to and placements with banks	2,074	7,776	865	1,372	828	-	39	12,954
Loans and advances to customers	220,942	82,646	47,617	19,695	8,093	9,426	10,692	399,111
Investment securities	21,975	34,619	26,809	51,242	112,747	68,792	9,283	325,467
Other financial assets	-	-	-	-	-	-	39,655	39,655
	334,052	125,079	75,291	72,309	121,668	78,218	64,582	871,199
Less allowances for credit impairment								(17,848)
Total								853,351
Financial liabilities								
Deposits from banks	31,194	4,138	3,641	1,753	-	-	275	41,001
Deposits from customers	354,998	24,580	11,689	20,914	9,516	1,033	218,907	641,637
Derivative financial instruments	-	-	-	153	(151)	-	1,988	1,990
Other borrowed funds	111	45,073	5,724	4,952	9,378	-	117	65,355
Debt securities	-	1,128	2,256	-	-	10,805	125	14,314
Subordinated liability	6,953	-	-	-	-	-	104	7,057
Other financial liabilities	-	-	-	-	-	-	3,165	3,165
Total	393,256	74,919	23,310	27,772	18,743	11,838	224,681	774,519
On balance sheet interest sensitivity gap	(59,204)	50,160	51,981	44,537	102,925	66,380	(160,099)	96,680
Less allowances for credit impairment								(17,848)
								78,832

* Includes interest receivable

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities - repricing analysis (Cont'd)

	BANK							
At 30 June 2024	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing*	Total
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets								
Cash and cash equivalents	88,753	38	-	-	-	-	1,911	90,702
Derivative financial instruments	89	-	-	-	-	-	1,982	2,071
Loans to and placements with banks	3,033	7,776	865	1,372	828	-	39	13,913
Loans and advances to customers	213,796	82,646	47,617	19,695	8,093	9,426	10,183	391,456
Investment securities	21,774	34,513	26,703	50,827	111,460	68,792	9,030	323,099
Other financial assets	-	-	-	-	-	-	38,739	38,739
	327,445	124,973	75,185	71,894	120,381	78,218	61,884	859,980
Less allowances for credit impairment								(17,305)
Total								842,675
Financial liabilities								
Deposits from banks	31,214	4,138	3,641	1,753	-	-	275	41,021
Deposits from customers	348,057	24,297	11,669	20,903	9,516	1,033	218,817	634,292
Derivative financial instruments	-	-	-	153	(151)	-	1,988	1,990
Other borrowed funds	882	42,605	5,724	3,826	9,378	-	114	62,529
Debt securities	-	1,128	2,256	-	-	10,805	125	14,314
Subordinated liability	6,953	-	-	-	-	-	104	7,057
Other financial liabilities	-	-	-	-	-	-	3,013	3,013
Total	387,106	72,168	23,290	26,635	18,743	11,838	224,436	764,216
On balance sheet interest sensitivity gap	(59,661)	52,805	51,895	45,259	101,638	66,380	(162,552)	95,764
Less allowances for credit impairment								(17,305)
								78,459

* Includes interest receivable

Notes to the financial statements

for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities - repricing analysis (Cont'd)

	GROUP							
At 30 June 2023	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-interest bearing***	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	111,438	906	-	-	-	-	1,760	114,104
Derivative financial instruments	6	-	-	-	-	-	1,208	1,214
Loans to and placements with banks	1,378	9,892	3,015	-	101	311	-	14,697
Loans and advances to customers	210,904	50,507	34,247	15,026	19,993	10,948	11,492	353,117
Investment securities	27,171	14,543	23,208	38,585	72,297	66,941	6,573	249,318
Other financial assets	-	-	-	-	-	-	33,738	33,738
	350,897	75,848	60,470	53,611	92,391	78,200	54,771	766,188
Less allowances for credit impairment								(17,859)
Total								**748,329**
Financial liabilities								
Deposits from banks	8,837	1,064	3,938	1,104	-	-	-	14,943
Deposits from customers	291,324	13,000	9,796	17,142	9,340	634	213,853	555,089
Derivative financial instruments	-	-	-	-	2	-	1,214	1,216
Other borrowed funds	3,142	49,199	19,323	2,003	12,492	50	308	86,517
Debt securities	-	-	-	-	-	13,566	193	13,759
Subordinated liabilities	6,696	273	-	-	-	-	90	7,059
Other financial liabilities	-	-	-	-	-	-	4,017	4,017
Total	309,999	63,536	33,057	20,249	21,834	14,250	219,675	**682,600**
On balance sheet interest sensitivity gap	40,898	12,312	27,413	33,362	70,557	63,950	(164,904)	83,588
Less allowances for credit impairment								(17,859)
								65,729

* Includes interest receivable

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities - repricing analysis (Cont'd)

	BANK							
At 30 June 2023	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing*	Total
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets								
Cash and cash equivalents	111,667	905	-	-	-	-	1,071	113,643
Derivative financial instruments	6	-	-	-	-	-	1,208	1,214
Loans to and placements with banks	1,560	9,893	3,015	-	101	311	-	14,880
Loans and advances to customers	204,015	50,507	34,247	15,026	19,993	10,948	11,202	345,938
Investment securities	27,171	14,343	23,158	38,439	71,298	66,941	6,470	247,820
Other financial assets	-	-	-	-	-	-	33,085	33,085
	344,419	75,648	60,420	53,465	91,392	78,200	53,036	756,580
Less allowances for credit impairment								(17,525)
Total								**739,055**
Financial liabilities								
Deposits from banks	9,645	1,065	3,938	1,104	-	-	-	15,752
Deposits from customers	284,367	12,545	9,785	17,136	9,340	634	213,779	547,586
Derivative financial instruments	-	-	-	-	2	-	1,214	1,216
Other borrowed funds	1,047	49,199	19,323	2,003	12,492	50	308	84,422
Debt securities	-	-	-	-	-	13,566	193	13,759
Subordinated liabilities	6,696	273	-	-	-	-	90	7,059
Other financial liabilities	-	-	-	-	-	-	3,959	3,959
Total	301,755	63,082	33,046	20,243	21,834	14,250	219,543	**673,753**
On balance sheet interest sensitivity gap	42,664	12,566	27,374	33,222	69,558	63,950	(166,507)	82,827
Less allowances for credit impairment								(17,525)
								65,302

* Includes interest receivable

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities - repricing analysis (Cont'd)

	GROUP							
At 30 June 2022	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-interest bearing***	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	6,319	16	-	-	-	-	58,973	65,308
Derivative financial instruments	-	-	-	-	-	-	438	438
Loans to and placements with banks	4,902	11,302	2,950	4,677	74	46	56	24,007
Loans and advances to customers	206,441	31,870	26,169	17,193	15,863	13,934	12,716	324,186
Investment securities	4,071	11,518	16,335	18,598	84,231	83,882	5,402	224,037
Other financial assets	-	-	-	-	-	-	26,279	26,279
	221,733	54,706	45,454	40,468	100,168	97,862	103,864	664,255
Less allowances for credit impairment								(13,016)
Total								**651,239**
Financial liabilities								
Deposits from banks	3,411	3,455	-	1,796	-	-	1,898	10,560
Deposits from customers	261,180	6,826	3,984	4,818	2,230	250	209,102	488,390
Derivative financial instruments	-	1	1	2	8	(3)	488	497
Other borrowed funds	9,915	25,323	34,943	5,075	11,312	4,511	2,297	93,376
Subordinated liability	-	674	-	-	-	-	10	684
Other financial liabilities	-	-	-	-	-	-	2,639	2,639
Total	274,506	36,279	38,928	11,691	13,550	4,758	216,434	**596,146**
On balance sheet interest sensitivity gap	(52,773)	18,427	6,526	28,777	86,618	93,104	(112,570)	68,109
Less allowances for credit impairment								(13,016)
								55,093

* Includes interest receivable

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities - repricing analysis (Cont'd)

	BANK							
At 30 June 2022	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing*	Total
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial Assets								
Cash and cash equivalents	6,315	16	-	-	-	-	58,303	64,634
Derivative financial instruments	-	-	-	-	-	-	438	438
Loans to and placements with banks	5,302	11,302	2,950	4,677	74	46	56	24,407
Loans and advances to customers	200,775	31,870	26,169	17,193	15,863	13,934	12,716	318,520
Investment securities	4,071	11,408	16,131	18,598	83,688	83,882	5,402	223,180
Other financial assets	-	-	-	-	-	-	25,302	25,302
	216,463	54,596	45,250	40,468	99,625	97,862	102,217	656,481
Less allowances for credit impairment								(12,742)
Total								**643,739**
Financial liabilities								
Deposits from banks	4,169	3,455	-	1,796	-	-	1,898	11,318
Deposits from customers	256,189	6,125	3,064	4,143	2,230	250	209,102	481,103
Derivative financial instruments	-	1	1	2	8	(3)	488	497
Other borrowed funds	9,473	25,143	34,943	5,075	11,312	4,512	2,297	92,755
Subordinated liability	-	674	-	-	-	-	10	684
Other financial liabilities	-	-	-	-	-	-	2,537	2,537
Total	269,831	35,398	38,008	11,016	13,550	4,759	216,332	**588,894**
On balance sheet interest sensitivity gap	(53,368)	19,198	7,242	29,452	86,075	93,103	(114,115)	67,587
Less allowances for credit impairment								(12,742)
								54,845

* Includes interest receivable

Notes to the financial statements

for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iv) Liquidity risk

Liquidity risk entails the risk of being unable to procure readily available funds to satisfy immediate or near-term obligations in a cost-efficient manner. The Group recognizes the indispensable nature of skillfully managing liquidity, not only to foster market confidence but also to ensure the enduring viability of its operations.

In order to effectively navigate liquidity and funding risk, the Group has established a robust internal framework that synergizes Risk, Finance, and Treasury Management functions, all of which operate under the vigilant oversight of the Asset and Liability Committee (ALCO). The Group has implemented a series of key strategies to proficiently manage liquidity risk:

- Proactively forecast future cash flows and devise plans to address both routine operational necessities as well as diverse potential scenarios and contingencies.
- Oversee day-to-day liquidity by closely monitoring intra-day liquidity dynamics and projecting future cash flows, thereby guaranteeing the capability to meet all outgoing fund requirements.
- Uphold a reserve of liquid assets that can be promptly mobilized in situations of unanticipated cash outflows.
- Foster a diversified and stable funding foundation to fortify the Group's financial resilience.
- Rigorously monitor a set of early warning indicators that signal potential liquidity stress.
- Maintain a comprehensive Contingency Funding Plan to address liquidity emergencies.

The below table provides a breakdown of financial assets and liabilities according to their remaining contractual maturities as of the end of the reporting period. The Group also holds financial assets and financial liabilities for which the expected cash flows are significantly different from the contractual cash flows. The most common examples of such instruments are the current deposits from customers which are largely repayable on demand are not expected to be withdrawn immediately but to remain stable or increase. Similarly, retail mortgage loans might have a longer average contractual maturity but the average expected maturity could be lower since customers may take advantage of early repayment options.

The amounts disclosed in the following tables are undiscounted.

Maturities of assets and liabilities

	GROUP							
At 30 June 2024	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	89,576	-	-	-	-	-	151	89,727
Derivative financial instruments	-	-	-	-	-	-	921	921
Loans to and placements with banks	7,215	177	64	5,199	479	-	-	13,134
Loans and advances to customers	93,706	56,447	26,278	28,438	101,916	143,224	16,542	466,551
Investment securities	9,018	36,208	27,666	49,765	123,618	102,207	8,081	356,563
Other financial assets	-	-	-	-	-	-	39,655	39,655
	199,515	92,832	54,008	83,402	226,013	245,431	65,350	966,551
Less allowances for credit impairment								(17,848)
Total								948,703
Financial liabilities								
Deposits from banks	31,339	4,165	3,835	1,837	-	-	-	41,176
Deposits from customers	553,563	28,050	14,334	25,577	18,531	7,522	-	647,577
Derivative financial instruments	-	1	1	2	4	-	397	405
Other borrowed funds	151	3,199	870	2,793	44,908	5,603	(287)	57,237
Debt securities	-	137	753	564	2,250	15,317	125	19,146
Subordinated liability	-	-	-	6,953	-	-	104	7,057
Other financial liabilities	-	-	-	14	92	135	2,924	3,165
Lease liabilities	*-*	*-*	*-*	*14*	*92*	*135*	*-*	*241*
Total	585,053	35,552	19,793	37,740	65,785	28,577	3,263	775,763
Net liquidity gap	(385,538)	57,280	34,215	45,662	160,228	216,854	62,087	190,788
Less allowances for credit impairment								(17,848)
								172,940
Off balance sheet net notional position	17,922	23,195	5,576	45,794	84,795	9,605	-	186,887
Credit commitments	11,168	19,803	4,436	2,335	5,432	432,593	-	475,767

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iv) Liquidity risk (Cont'd)

Maturities of assets and liabilities (Cont'd)

	BANK							
At 30 June 2024	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	88,490	-	-	-	-	-	-	88,490
Derivative financial instruments	-	-	-	-	-	-	921	921
Loans to and placements with banks	8,175	177	64	5,199	479	-	-	14,094
Loans and advances to customers	89,630	56,019	26,099	28,360	100,905	141,946	15,936	458,895
Investment securities	8,791	36,092	27,534	49,289	122,201	102,207	8,081	354,195
Other financial assets	-	-	-	-	-	-	38,739	38,739
	195,086	92,288	53,697	82,848	223,585	244,153	63,677	955,334
Less allowances for credit impairment								(17,305)
Total								938,029
Financial liabilities								
Deposits from banks	31,359	4,165	3,835	1,837	-	-	-	41,196
Deposits from customers	548,674	27,342	13,496	24,727	18,470	7,522	-	640,231
Derivative financial instruments	-	1	1	2	4	-	397	405
Other borrowed funds	922	728	870	1,667	44,908	5,603	(287)	54,411
Debt securities	-	137	753	564	2,250	15,317	125	19,146
Subordinated liability	-	-	-	6,953	-	-	104	7,057
Other financial liabilities	-	-	-	14	52	135	2,812	3,013
Lease liabilities	*-*	*-*	*-*	*14*	*52*	*135*	*-*	*201*
Total	580,955	32,373	18,955	35,764	65,684	28,577	3,151	765,459
Net liquidity gap	(385,869)	59,915	34,742	47,084	157,901	215,576	60,526	189,875
Less allowances for credit impairment								(17,305)
								172,570
Off balance sheet net notional position	16,926	22,984	5,523	45,703	84,753	9,222	-	185,111
Credit commitments	11,168	19,803	4,436	2,335	5,432	432,593	-	475,767

Notes to the financial statements

for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iv) Liquidity risk (Cont'd)

Maturities of assets and liabilities (Cont'd)

	GROUP							
At 30 June 2023	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	112,755	-	-	-	-	-	1,245	114,000
Derivative financial instruments	-	-	-	-	-	-	1,202	1,202
Loans to and placements with banks	1,361	7,035	2,043	87	4,125	311	-	14,962
Loans and advances to customers	105,134	32,637	30,686	22,649	87,248	133,509	12,092	423,955
Investment securities	27,002	11,963	20,383	36,746	81,495	86,949	4,836	269,374
Other financial assets	-	-	-	-	-	-	33,738	33,738
	246,252	51,635	53,112	59,482	172,868	220,769	53,113	857,231
Less allowances for credit impairment								(17,859)
Total								**839,372**
Financial liabilities								
Deposits from banks	9,094	808	3,949	1,159	45	-	-	15,055
Deposits from customers	489,928	14,462	11,974	20,807	17,507	4,321	-	558,999
Derivative financial instruments	-	1	1	2	5	-	1,204	1,213
Other borrowed funds	2,478	26,786	10,937	4,929	43,792	4,662	63	93,647
Debt securities	-	-	543	543	2,176	15,835	193	19,290
Subordinated liabilities	-	296	-	6,696	-	-	(63)	6,929
Other financial liabilities	-	-	-	52	75	104	3,728	3,959
Lease liabilities	-	-	-	*52*	*75*	*104*	-	*231*
Total	501,500	42,353	27,404	34,188	63,600	24,922	5,125	**699,092**
Net liquidity gap	(255,248)	9,282	25,708	25,294	109,268	195,847	47,988	158,139
Less allowances for credit impairment								(17,859)
								140,280
Off balance sheet net notional position	7,252	3,852	5,227	30,015	48,984	10,724	-	106,054
Credit commitments	5,425	10,808	6,359	1,678	2,799	373,184	-	400,253

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iv) Liquidity risk (Cont'd)

Maturities of assets and liabilities (Cont'd)

	BANK							
At 30 June 2023	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	112,981	-	-	1	-	-	671	113,653
Derivative financial instruments	-	-	-	-	-	-	1,202	1,202
Loans to and placements with banks	1,543	7,217	2,043	87	4,125	311	-	15,326
Loans and advances to customers	101,393	28,896	30,570	22,595	86,502	131,743	11,738	413,437
Investment securities	27,002	11,963	20,319	36,595	80,441	86,949	4,836	268,105
Other financial assets	-	-	-	-	-	-	33,085	33,085
	242,919	48,076	52,932	59,278	171,068	219,003	51,532	844,808
Less allowances for credit impairment								(17,525)
Total								**827,283**
Financial liabilities								
Deposits from banks	9,902	808	3,949	1,159	45	-	-	15,863
Deposits from customers	483,153	13,933	11,963	20,801	17,507	4,321	-	551,678
Derivative financial instruments	-	1	1	2	5	-	1,204	1,213
Other borrowed funds	2,478	26,683	10,937	2,935	43,792	4,662	(118)	91,369
Debt securities	-	-	543	543	2,176	15,835	193	19,290
Subordinated liabilities	-	296	-	6,696	-	-	(63)	6,929
Other financial liabilities	-	-	-	52	75	73	3,759	3,959
Lease liabilities	*-*	*-*	*-*	*52*	*75*	*73*	*-*	*200*
Total	495,533	41,721	27,393	32,188	63,600	24,891	4,975	**690,301**
Net liquidity gap	(252,614)	6,355	25,539	27,090	107,468	194,112	46,557	154,507
Less allowances for credit impairment								(17,525)
								136,982
Off balance sheet net notional position	6,576	3,615	5,141	29,647	48,950	10,708	-	104,637
Credit commitments	5,425	10,808	6,359	1,678	2,799	373,184	-	400,253

Notes to the financial statements

for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iv) Liquidity risk (Cont'd)

Maturities of assets and liabilities (Cont'd)

	GROUP							
At 30 June 2022	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	13,747	775	-	-	-	-	50,787	65,309
Derivative financial instruments	-	-	-	-	-	-	438	438
Loans to and placements with banks	4,029	6,092	3,443	8,642	2,069	264	(34)	24,505
Loans and advances to customers	108,504	23,686	22,628	21,296	66,105	113,230	11,875	367,324
Investment securities	4,762	12,157	22,327	15,689	90,288	93,423	4,123	242,769
Other financial assets	-	-	-	-	-	-	26,279	26,279
	131,042	42,710	48,398	45,627	158,462	206,917	93,468	726,624
Less allowances for credit impairment								(13,016)
Total								713,608
Financial liabilities								
Deposits from banks	5,302	3,426	-	1,826	45	-	-	10,599
Deposits from customers	511,951	7,750	5,111	8,304	8,594	3,523	520	545,753
Derivative financial instruments	-	1	1	2	8	8	487	507
Other borrowed funds	11,392	3,212	11,766	2,172	62,866	8,190	145	99,743
Subordinated liability	-	349	-	-	358	-	-	707
Other financial liabilities	-	-	-	31	42	140	2,324	2,537
Lease liabilities	-	-	-	*31*	*42*	*140*	-	*213*
Total	528,645	14,738	16,878	12,335	71,913	11,861	3,476	659,846
Net liquidity gap	(397,603)	27,972	31,520	33,292	86,549	195,056	89,992	66,778
Less allowances for credit impairment								(13,016)
								53,762
Off balance sheet net notional position	1,061	6,355	1,616	368	1,554	331,029	-	341,983
Credit commitments	10,428	17,844	29,273	40,677	7,337	14,882	-	120,441

3. Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(iv) Liquidity risk (Cont'd)

Maturities of assets and liabilities (Cont'd)

	BANK							
At 30 June 2022	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-maturity items**	**Total**
	RS 'M	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**	**RS 'M**
Financial Assets								
Cash and cash equivalents	14,505	12	-	-	-	-	50,117	64,634
Derivative financial instruments	-	-	-	-	-	-	438	438
Loans to and placements with banks	4,429	6,092	3,443	8,642	2,069	264	(34)	24,905
Loans and advances to customers	105,865	23,319	22,492	21,230	65,706	111,169	11,875	361,656
Investment securities	4,762	12,047	22,123	15,689	89,745	93,423	4,123	241,912
Other financial assets	-	-	-	-	-	-	25,302	25,302
	129,561	41,470	48,058	45,561	157,520	204,856	91,821	718,847
Less allowances for credit impairment								(12,742)
Total								**706,105**
Financial liabilities								
Deposits from banks	6,060	3,426	-	1,826	45	-	-	11,357
Deposits from customers	507,072	7,367	4,451	6,939	8,594	3,523	520	538,466
Derivative financial instruments	-	1	1	2	8	8	487	507
Other borrowed funds	11,613	3,166	11,766	1,376	62,866	8,190	145	99,122
Subordinated liability	-	349	-	-	358	-	-	707
Other financial liabilities	-	-	-	31	42	90	2,374	2,537
Lease liabilities	-	-	-	*31*	*42*	*90*	-	*163*
Total	524,745	14,309	16,218	10,174	71,913	11,811	3,526	**652,696**
Net liquidity gap	(395,184)	27,161	31,840	35,387	85,607	193,045	88,295	66,151
Less allowances for credit impairment								(12,742)
								53,409
Off balance sheet net notional position	155	6,033	301	361	1,527	330,475	-	338,852
Credit commitments	10,428	17,844	29,273	40,677	7,337	14,882	-	120,441

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(d) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments and instruments for which a market, which is considered to be the most representative price, is readily available. These financial assets have been classified as fair value through profit or loss and fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant input required to fair value an instrument is observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

Specific techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using foreign exchange rates at the end of the reporting period, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(e) Capital risk management

Disclosures relating to capital risk management are available in the Risk and Capital Management Report.

3. Financial risk management (Cont'd)

(f) Financial instruments by category

	GROUP					
	Amortised cost	Fair value through profit or loss		Fair value through other comprehensive income		Total
		Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2024						
Financial assets						
Cash and cash equivalents	91,907	-	-	-	-	91,907
Derivative financial instruments	-	-	2,071	-	-	2,071
Loans to and placements with banks	12,623	-	-	-	-	12,623
Loans and advances to customers	382,533	-	-	-	-	382,533
Investment securities	315,482	6,914	-	893	1,273	324,562
Other financial assets	39,655	-	-	-	-	39,655
Total	842,200	6,914	2,071	893	1,273	853,351
Financial liabilities						
Deposits from banks	41,001	-	-	-	-	41,001
Deposits from customers	641,637	-	-	-	-	641,637
Derivative financial instruments	-	-	1,990	-	-	1,990
Other borrowed funds	65,355	-	-	-	-	65,355
Debt securities	14,314	-	-	-	-	14,314
Subordinated liability	7,057	-	-	-	-	7,057
Other financial liabilities	3,165	-	-	-	-	3,165
Total	772,529	-	1,990	-	-	774,519
Net on-balance sheet position	69,671	6,914	81	893	1,273	78,832

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(f) Financial instruments by category (Cont'd)

	BANK					
		Fair value through profit or loss		Fair value through other comprehensive income		Total
	Amortised cost	Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2024						
Financial assets						
Cash and cash equivalents	90,669	-	-	-	-	90,669
Derivative financial instruments	-	-	2,071	-	-	2,071
Loans to and placements with banks	13,582	-	-	-	-	13,582
Loans and advances to customers	375,404	-	-	-	-	375,404
Investment securities	313,130	6,914	-	893	1,273	322,210
Other financial assets	38,739	-	-	-	-	38,739
Total	831,524	6,914	2,071	893	1,273	842,675
Financial liabilities						
Deposits from banks	41,021	-	-	-	-	41,021
Deposits from customers	634,292	-	-	-	-	634,292
Derivative financial instruments	-	-	1,990	-	-	1,990
Other borrowed funds	62,529	-	-	-	-	62,529
Debt securities	14,314	-	-	-	-	14,314
Subordinated liability	7,057	-	-	-	-	7,057
Other financial liabilities	3,013	-	-	-	-	3,013
Total	762,226	-	1,990	-	-	764,216
Net on-balance sheet position	69,298	6,914	81	893	1,273	78,459

3. Financial risk management (Cont'd)

(f) Financial instruments by category (Cont'd)

	GROUP					
		Fair value through profit or loss		Fair value through other comprehensive income		Total
	Amortised cost	Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2023						
Financial assets						
Cash and cash equivalents	114,065	-	-	-	-	114,065
Derivative financial instruments	-	-	1,214	-	-	1,214
Loans to and placements with banks	13,909	-	-	-	-	13,909
Loans and advances to customers	336,512	-	-	-	-	336,512
Investment securities	242,458	4,497	-	715	1,221	248,891
Other financial assets	33,738	-	-	-	-	33,738
Total	**740,682**	**4,497**	**1,214**	**715**	**1,221**	**748,329**
Financial liabilities						
Deposits from banks	14,943	-	-	-	-	14,943
Deposits from customers	555,089	-	-	-	-	555,089
Derivative financial instruments	-	-	1,216	-	-	1,216
Other borrowed funds	86,517	-	-	-	-	86,517
Debt securities	13,759	-	-	-	-	13,759
Subordinated liabilities	7,059	-	-	-	-	7,059
Other financial liabilities	4,017	-	-	-	-	4,017
Total	**681,384**	**-**	**1,216**	**-**	**-**	**682,600**
Net on-balance sheet position	**59,298**	**4,497**	**(2)**	**715**	**1,221**	**65,729**

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for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(f) Financial instruments by category (Cont'd)

	BANK					
	Amortised cost	Fair value through profit or loss		Fair value through other comprehensive income		Total
		Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2023						
Financial assets						
Cash and cash equivalents	113,609	-	-	-	-	113,609
Derivative financial instruments	-	-	1,214	-	-	1,214
Loans to and placements with banks	14,092	-	-	-	-	14,092
Loans and advances to customers	329,650	-	-	-	-	329,650
Investment securities	240,972	4,497	-	715	1,221	247,405
Other financial assets	33,085	-	-	-	-	33,085
Total	**731,408**	**4,497**	**1,214**	**715**	**1,221**	**739,055**
Financial liabilities						
Deposits from banks	15,752	-	-	-	-	15,752
Deposits from customers	547,586	-	-	-	-	547,586
Derivative financial instruments	-	-	1,216	-	-	1,216
Other borrowed funds	84,422	-	-	-	-	84,422
Debt securities	13,759	-	-	-	-	13,759
Subordinated liabilities	7,059	-	-	-	-	7,059
Other financial liabilities	3,959	-	-	-	-	3,959
Total	**672,537**	**-**	**1,216**	**-**	**-**	**673,753**
Net on-balance sheet position	**58,871**	**4,497**	**(2)**	**715**	**1,221**	**65,302**

3. Financial risk management (Cont'd)

(f) Financial instruments by category (Cont'd)

	GROUP					
		Fair value through profit or loss		Fair value through other comprehensive income		Total
	Amortised cost	Designated	Mandatory	Debt instrument	Equity instrument	
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2022						
Financial assets						
Cash and cash equivalents	65,268	-	-	-	-	65,268
Derivative financial instruments	-	-	438	-	-	438
Loans to and placements with banks	23,534	-	-	-	-	23,534
Loans and advances to customers	312,045	-	-	-	-	312,045
Investment securities	216,998	3,110	-	2,337	1,230	223,675
Other financial assets	26,279	-	-	-	-	26,279
Total	**644,124**	**3,110**	**438**	**2,337**	**1,230**	**651,239**
Financial liabilities						
Deposits from banks	10,560	-	-	-	-	10,560
Deposits from customers	488,390	-	-	-	-	488,390
Derivative financial instruments	-	-	497	-	-	497
Other borrowed funds	93,376	-	-	-	-	93,376
Subordinated liability	684	-	-	-	-	684
Other financial liabilities	2,639	-	-	-	-	2,639
Total	**595,649**	**-**	**497**	**-**	**-**	**596,146**
Net on-balance sheet position	**48,475**	**3,110**	**(59)**	**2,337**	**1,230**	**55,093**

Notes to the financial statements
for the year ended 30 June 2024

3. Financial risk management (Cont'd)

(f) Financial instruments by category (Cont'd)

	BANK					
		Fair value through profit or loss		Fair value through other comprehensive income		
	Amortised cost	Designated	Mandatory	Debt instrument	Equity instrument	Total
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
At 30 June 2022						
Financial assets						
Cash and cash equivalents	64,594	-	-	-	-	64,594
Derivative financial instruments	-	-	438	-	-	438
Loans to and placements with banks	23,934	-	-	-	-	23,934
Loans and advances to customers	306,648	-	-	-	-	306,648
Investment securities	216,146	3,110	-	2,337	1,230	222,823
Other financial assets	25,302	-	-	-	-	25,302
Total	**636,624**	**3,110**	**438**	**2,337**	**1,230**	**643,739**
Financial liabilities						
Deposits from banks	11,318	-	-	-	-	11,318
Deposits from customers	481,103	-	-	-	-	481,103
Derivative financial instruments	-	-	497	-	-	497
Other borrowed funds	92,755	-	-	-	-	92,755
Subordinated liability	684	-	-	-	-	684
Other financial liabilities	2,537	-	-	-	-	2,537
Total	**588,397**	**-**	**497**	**-**	**-**	**588,894**
Net on-balance sheet position	**48,227**	**3,110**	**(59)**	**2,337**	**1,230**	**54,845**

3. Financial risk management (Cont'd)

(g) Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Bank's statement of financial position at their fair values.

	At 30 June 2024				At 30 June 2023			
	Carrying value	Fair value	Level 1	Level 2	Carrying value	Fair value	Level 1	Level 2
	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M	RS 'M
Financial assets								
Loans to and placements with banks	**13,582**	**13,569**	**-**	**13,569**	14,092	14,092	-	14,092
Loans and advances to customers	**375,404**	**375,038**	**-**	**375,038**	329,650	328,812	-	328,812
Investment securities	**313,130**	**308,342**	**308,342**	**-**	240,972	232,272	232,272	-
Financial liabilities								
Deposits from banks	**41,021**	**41,010**	**-**	**41,010**	15,752	15,762	-	15,762
Deposits from customers	**634,292**	**634,189**	**-**	**634,189**	547,586	547,908	-	547,908
Other borrowed funds	**62,529**	**62,137**	**-**	**62,137**	84,422	85,376	-	85,376
Debt securities	**14,314**	**14,669**	**14,669**	**-**	13,759	13,985	13,985	-
Subordinated liabilities	**7,057**	**7,055**	**-**	**7,055**	7,059	7,060	-	7,060

(i) Loans and advances to banks and to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(ii) Deposits at amortised cost

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and debt securities issued and not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(iii) Debt securities in issue

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

(iv) Subordinated liabilities

The estimated fair value of the loan capital and not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Notes to the financial statements
for the year ended 30 June 2024

4. Cash and cash equivalents

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cash in hand	**3,556**	3,163	3,277	**3,419**	3,059	3,191
Foreign currency notes and coins	**222**	143	135	**206**	132	122
Unrestricted balances with Central Banks*	**2,268**	1,245	50,689	**1,399**	671	50,118
Balances due in clearing	**396**	408	365	**391**	400	354
Treasury and BOM bills	**2,297**	46,344	66	**2,297**	46,344	66
Money market placements with banks	**50,929**	12,165	2,140	**50,848**	11,663	2,140
Balances with banks abroad	**32,273**	50,636	7,821	**32,142**	51,374	7,828
Interbank loans	**-**	-	815	**-**	-	815
	91,941	114,104	65,308	**90,702**	113,643	64,634
Allowances for credit impairment (12 months expected credit loss)	**(34)**	(39)	(40)	**(33)**	(34)	(40)
	91,907	114,065	65,268	**90,669**	113,609	64,594

* Unrestricted balances with Central Banks represent amounts above the minimum cash reserve requirement.
Money market placements, balances with banks abroad and interbank loans represent loans to and placements with banks with original maturity less than three months.
The elements within cash and cash equivalents are classified as current assets.

Allowances for credit impairment

	GROUP	BANK
	Allowances for credit impairment	
	12 months expected credit loss	12 months expected credit loss
	RS'M	RS'M
At 1 July 2023	**39**	**34**
Provision for credit impairment for the year	**15**	**15**
Provision released during the year	**(12)**	**(8)**
Financial assets that have been derecognised	**(8)**	**(8)**
At 30 June 2024	**34**	**33**
At 1 July 2022	40	40
Provision for credit impairment for the year	75	70
Provision released during the year	(23)	(23)
Financial assets that have been derecognised	(1)	(1)
Changes in models/risk parameters	(52)	(52)
At 30 June 2023	39	34
At 1 July 2021	57	57
Provision for credit impairment for the year	24	24
Provision released during the year	(72)	(72)
Financial assets that have been derecognised	(3)	(3)
Changes in models/risk parameters	34	34
At 30 June 2022	40	40

Cash and cash equivalents as shown in the statements of cash flows

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cash and cash equivalents	**91,941**	114,104	65,308	**90,702**	113,643	64,634
Other borrowed funds (see note 14(a))	**(6)**	-	(2,075)	**(6)**	-	(2,075)
Net cash and cash equivalents	**91,935**	114,104	63,233	**90,696**	113,643	62,559
Change in year	**(22,169)**	50,871	(38,627)	**(22,947)**	51,084	(38,650)
Effect of foreign exchange rate changes	**54**	37	1	**-**	-	-
(Decrease)/Increase in cash and cash equivalents	**(22,115)**	50,908	(38,626)	**(22,947)**	51,084	(38,650)

5. Derivative financial instruments

The Group utilises the following derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk:

- Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.
- Currency swaps and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies, or interest rates, or a combination of all these.

Except for certain currency swaps, no exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Commodity options provide the buyer, for a premium, the right, but not the obligation, either to purchase or sell a fixed quantity of a certain commodity at a specified price on or before a future date. All commodity contracts are fully back-to-back transactions such that the Group is not exposed to market risks.

The fair values of derivative financial instruments held are set out below:

	GROUP & BANK		
	Contractual/ Nominal Amount	Fair value assets	Fair value liabilities
	RS'M	RS'M	RS'M
Fair value through profit or loss - Level 2*			
Derivative Instruments			
At 30 June 2024			
Currency forwards	**28,624**	**125**	**106**
Interest rate swaps	**36,309**	**531**	**680**
Currency swaps	**25,244**	**176**	**123**
Commodities	**60,875**	**993**	**993**
Others	**16,160**	**246**	**88**
	167,212	**2,071**	**1,990**
At 30 June 2023			
Currency forwards	21,263	470	473
Interest rate swaps	4,792	266	627
Currency swaps	14,994	43	47
Commodities	4,643	63	63
Others	13,225	372	6
	58,917	1,214	1,216
At 30 June 2022			
Currency forwards	10,499	244	255
Interest rate swaps	2,211	44	64
Currency swaps	11,476	123	164
Commodities	2,209	14	14
Others	3,597	13	-
	29,992	438	497

*Refer to definition of Level 2 in note 7.

The derivative financial instruments are classified as non-current assets or non-current liabilities.

Notes to the financial statements
for the year ended 30 June 2024

6. Loans

(a) Loans to and placements with banks

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(i) Loans to and placements with banks						
in Mauritius	**22,612**	-	815	**22,612**	-	815
outside Mauritius	**73,544**	77,498	33,968	**74,291**	77,917	34,375
	96,156	77,498	34,783	**96,903**	77,917	35,190
Less:						
Loans and placements with banks with original maturity less than 3 months and included in cash and cash equivalents	**(83,202)**	(62,801)	(10,776)	**(82,990)**	(63,037)	(10,783)
	12,954	14,697	24,007	**13,913**	14,880	24,407
Less:						
Allowances for credit impairment	**(331)**	(788)	(473)	**(331)**	(788)	(473)
	12,623	13,909	23,534	**13,582**	14,092	23,934
(ii) Remaining term to maturity						
Up to 3 months	**5,714**	8,096	8,856	**6,674**	8,278	9,077
Over 3 months and up to 6 months	**1,189**	2,139	2,753	**1,189**	2,139	2,752
Over 6 months and up to 1 year	**5,269**	-	8,651	**5,269**	-	8,651
Over 1 year and up to 5 years	**774**	4,462	3,747	**774**	4,463	3,747
Over 5 years	**8**	-	-	**7**	-	180
	12,954	14,697	24,007	**13,913**	14,880	24,407
Loans to and placements with banks can be classified as :						
Current	**12,172**	10,235	20,260	**13,132**	10,417	20,480
Non-current	**782**	4,462	3,747	**781**	4,463	3,927
	12,954	14,697	24,007	**13,913**	14,880	24,407

(iii) Reconciliation of gross carrying amount

	GROUP			BANK		
	Gross carrying amount subject to:			Gross carrying amount subject to:		
	12 months expected credit loss	Lifetime expected credit loss (credit impaired)	Total	12 months expected credit loss	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**14,697**	**-**	**14,697**	**14,880**	**-**	**14,880**
New loans and placements with banks, originated or purchase	**11,788**	**13**	**11,801**	**12,747**	**13**	**12,760**
Loans and placements with banks derecognised or repaid (excluding write off)	**(13,531)**	**-**	**(13,531)**	**(13,714)**	**-**	**(13,714)**
Write offs	**-**	**(13)**	**(13)**	**-**	**(13)**	**(13)**
At 30 June 2024	**12,954**	**-**	**12,954**	**13,913**	**-**	**13,913**
At 1 July 2022	24,007	-	24,007	24,407	-	24,407
New loans and placements with banks, originated or purchase	11,938	-	11,938	11,938	-	11,938
Loans and placements with banks derecognised or repaid (excluding write off)	(21,248)	-	(21,248)	(21,465)	-	(21,465)
At 30 June 2023	14,697	-	14,697	14,880	-	14,880
At 1 July 2021	39,987	1	39,988	41,125	1	41,126
New loans and placements with banks, originated or purchase	21,007	-	21,007	20,269	-	20,269
Loans and placements with banks derecognised or repaid (excluding write off)	(36,987)	(1)	(36,988)	(36,987)	(1)	(36,988)
At 30 June 2022	24,007	-	24,007	24,407	-	24,407

6. Loans (Cont'd)

(a) Loans to and placements with banks (Cont'd)

(iv) Allowances for credit impairment

	GROUP & BANK		
	Allowances for credit impairment		
	12 months expected credit loss	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M
At 1 July 2023	**788**	**-**	**788**
Provision for credit impairment for the year	**325**	**-**	**325**
Provision released during the year	**(105)**	**-**	**(105)**
Financial assets that have been derecognised	**(678)**	**-**	**(678)**
Changes in models/risk parameters	**1**	**-**	**1**
Provision and interest in suspense at 30 June 2024	**331**	**-**	**331**
At 1 July 2022	473	-	473
Provision for credit impairment for the year	657	-	657
Provision released during the year	(76)	-	(76)
Financial assets that have been derecognised	(257)	-	(257)
Changes in models/risk parameters	(9)	-	(9)
Provision and interest in suspense at 30 June 2023	788	-	788
At 1 July 2021	255	1	256
Provision for credit impairment for the year	239	-	239
Provision released during the year	(45)	(1)	(46)
Financial assets that have been derecognised	(113)	-	(113)
Changes in models/risk parameters	137	-	137
Provision and interest in suspense at 30 June 2022	473	-	473

There were no non performing loans (NPL) under Loans to and placements with banks.
(Provisions 2024, 2023 and 2022: Rs Nil)

Notes to the financial statements
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6. Loans (Cont'd)

(b) Loans and advances to customers

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(i) Loans and advances to customers						
Retail customers:						
Credit cards	**1,375**	979	912	**1,375**	979	912
Mortgages	**40,879**	37,362	34,371	**40,843**	37,332	34,336
Other retail loans	**11,464**	10,189	9,449	**11,223**	9,976	9,260
Corporate customers	**123,058**	139,606	125,571	**115,680**	132,670	120,129
Entities outside Mauritius	**222,335**	164,981	153,883	**222,335**	164,981	153,883
	399,111	353,117	324,186	**391,456**	345,938	318,520
Less:						
Allowances for credit impairment	**(16,578)**	(16,605)	(12,141)	**(16,052)**	(16,288)	(11,872)
	382,533	336,512	312,045	**375,404**	329,650	306,648
(ii) Remaining term to maturity						
Up to 3 months	**156,009**	133,931	130,594	**151,371**	129,433	127,589
Over 3 months and up to 6 months	**13,062**	20,585	13,808	**12,962**	20,469	13,672
Over 6 months and up to 1 year	**13,045**	13,002	7,797	**12,883**	12,948	7,731
Over 1 year and up to 5 years	**110,510**	88,240	86,053	**108,210**	86,342	84,709
Over 5 years	**106,485**	97,359	85,934	**106,030**	96,746	84,819
	399,111	353,117	324,186	**391,456**	345,938	318,520
Loans and advances to customers can be classified as:						
Current	**182,116**	167,518	152,199	**177,216**	162,850	148,992
Non-current	**216,995**	185,599	171,987	**214,240**	183,088	169,528
	399,111	353,117	324,186	**391,456**	345,938	318,520

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(iii) Reconciliation of gross carrying amount

	GROUP			
	Gross carrying amount subject to:			
	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**319,618**	**19,236**	**14,263**	**353,117**
Exchange adjustment	**631**	**(320)**	**241**	**552**
Transfer to 12 months ECL	**3,166**	**(2,959)**	**(207)**	**-**
Transfer to lifetime ECL not credit impaired	**(829)**	**841**	**(12)**	**-**
Transfer to lifetime ECL credit impaired	**(843)**	**(1,895)**	**2,738**	**-**
New loans and advances to customers, originated or purchase	**234,242**	**3,014**	**5,135**	**242,391**
Loans and advances to customers derecognised or repaid (excluding write off)	**(180,864)**	**(8,402)**	**(1,267)**	**(190,533)**
Write offs	**-**	**-**	**(6,416)**	**(6,416)**
At 30 June 2024	**375,121**	**9,515**	**14,475**	**399,111**
At 1 July 2022	292,753	17,447	13,986	324,186
Exchange adjustment	(480)	(24)	51	(453)
Transfer to 12 months ECL	2,144	(1,855)	(289)	-
Transfer to lifetime ECL not credit impaired	(3,697)	4,596	(899)	-
Transfer to lifetime ECL credit impaired	(1,772)	(609)	2,381	-
New loans and advances to customers, originated or purchase	191,834	6,580	1,147	199,561
Loans and advances to customers derecognised or repaid (excluding write off)	(161,164)	(6,899)	(1,834)	(169,897)
Write offs	-	-	(280)	(280)
At 30 June 2023	319,618	19,236	14,263	353,117
At 1 July 2021	229,097	33,943	12,054	275,094
Exchange adjustment	12	1	-	13
Transfer to 12 months ECL	9,142	(8,538)	(604)	-
Transfer to lifetime ECL not credit impaired	(2,854)	3,433	(579)	-
Transfer to lifetime ECL credit impaired	(387)	(8,581)	8,968	-
New loans and advances to customers, originated or purchase	160,663	4,043	3,578	168,284
Loans and advances to customers derecognised or repaid (excluding write off)	(102,920)	(6,854)	(3,960)	(113,734)
Write offs	-	-	(5,471)	(5,471)
At 30 June 2022	292,753	17,447	13,986	324,186

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6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(iii) Reconciliation of gross carrying amount (cont'd)

	BANK			
	Gross carrying amount subject to:			
	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**313,244**	**18,785**	**13,909**	**345,938**
Exchange adjustment	**-**	**-**	**168**	**168**
Transfer to 12 months ECL	**2,860**	**(2,671)**	**(189)**	**-**
Transfer to lifetime ECL not credit impaired	**(710)**	**722**	**(12)**	**-**
Transfer to lifetime ECL credit impaired	**(801)**	**(1,893)**	**2,694**	**-**
New loans and advances to customers, originated or purchase	**232,870**	**2,957**	**4,980**	**240,807**
Loans and advances to customers derecognised or repaid (excluding write off)	**(179,407)**	**(8,370)**	**(1,264)**	**(189,041)**
Write offs	**-**	**-**	**(6,416)**	**(6,416)**
At 30 June 2024	**368,056**	**9,530**	**13,870**	**391,456**
At 1 July 2022	287,648	17,225	13,647	318,520
Exchange adjustment	-	-	82	82
Transfer to 12 months ECL	1,961	(1,679)	(282)	-
Transfer to lifetime ECL not credit impaired	(3,402)	4,300	(898)	-
Transfer to lifetime ECL credit impaired	(1,715)	(592)	2,307	-
New loans and advances to customers, originated or purchase	189,018	6,394	1,113	196,525
Loans and advances to customers derecognised or repaid (excluding write off)	(160,266)	(6,863)	(1,780)	(168,909)
Write offs	-	-	(280)	(280)
At 30 June 2023	313,244	18,785	13,909	345,938
At 1 July 2021	224,358	33,796	11,616	269,770
Transfer to 12 months ECL	9,007	(8,477)	(530)	-
Transfer to lifetime ECL not credit impaired	(2,708)	3,239	(531)	-
Transfer to lifetime ECL credit impaired	(376)	(8,574)	8,950	-
New loans and advances to customers, originated or purchase	158,880	4,020	3,531	166,431
Loans and advances to customers derecognised or repaid (excluding write off)	(101,513)	(6,779)	(3,918)	(112,210)
Write offs	-	-	(5,471)	(5,471)
At 30 June 2022	287,648	17,225	13,647	318,520

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(iv) Allowances for credit impairment

	GROUP			
	Allowances for credit impairment			
	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**2,566**	**3,849**	**7,985**	**14,400**
Exchange adjustment	**3**	**-**	**181**	**184**
Transfer to 12 months ECL	**301**	**(245)**	**(56)**	**-**
Transfer to lifetime ECL not credit impaired	**(5)**	**9**	**(4)**	**-**
Transfer to lifetime ECL credit impaired	**(11)**	**(416)**	**427**	**-**
Provision for credit impairment for the year	**2,373**	**1,394**	**6,235**	**10,002**
Provision released during the year	**(908)**	**(988)**	**(431)**	**(2,327)**
Financial assets that have been derecognised	**(856)**	**(1,376)**	**(587)**	**(2,819)**
Write offs	**-**	**-**	**(4,799)**	**(4,799)**
Changes in models/risk parameters	**(178)**	**(15)**	**-**	**(193)**
At 30 June 2024	**3,285**	**2,212**	**8,951**	**14,448**
Interest in suspense	**-**	**-**	**2,130**	**2,130**
Provision and interest in suspense at 30 June 2024	**3,285**	**2,212**	**11,081**	**16,578**
At 1 July 2022	3,322	3,060	4,429	10,811
Exchange adjustment	(6)	(2)	71	63
Transfer to 12 months ECL	292	(223)	(69)	-
Transfer to lifetime ECL not credit impaired	(57)	705	(648)	-
Transfer to lifetime ECL credit impaired	(36)	(100)	136	-
Provision for credit impairment for the year	1,684	2,166	4,624	8,474
Provision released during the year	(1,892)	(1,447)	(187)	(3,526)
Financial assets that have been derecognised	(568)	(299)	(176)	(1,043)
Write offs	-	-	(195)	(195)
Changes in models/risk parameters	(173)	(11)	-	(184)
At 30 June 2023	2,566	3,849	7,985	14,400
Interest in suspense	-	-	2,205	2,205
Provision and interest in suspense at 30 June 2023	2,566	3,849	10,190	16,605
At 1 July 2021	2,761	4,728	3,859	11,348
Exchange adjustment	-	-	126	126
Transfer to 12 months ECL	955	(802)	(153)	-
Transfer to lifetime ECL not credit impaired	(139)	208	(69)	-
Transfer to lifetime ECL credit impaired	(9)	(1,146)	1,155	-
Provision for credit impairment for the year	1,813	513	4,817	7,143
Provision released during the year	(1,387)	(931)	(296)	(2,614)
Financial assets that have been derecognised	(360)	(298)	(873)	(1,531)
Write offs	-	-	(4,137)	(4,137)
Changes in models/risk parameters	(312)	788	-	476
At 30 June 2022	3,322	3,060	4,429	10,811
Interest in suspense	-	-	1,330	1,330
Provision and interest in suspense at 30 June 2022	3,322	3,060	5,759	12,141

Notes to the financial statements
for the year ended 30 June 2024

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(iv) Allowances for credit impairment (Cont'd)

	BANK			
	Allowances for credit impairment			
	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**2,516**	**3,832**	**7,825**	**14,173**
Exchange adjustment	**-**	**-**	**168**	**168**
Transfer to 12 months ECL	**294**	**(239)**	**(55)**	**-**
Transfer to lifetime ECL not credit impaired	**(4)**	**8**	**(4)**	**-**
Transfer to lifetime ECL credit impaired	**(11)**	**(416)**	**427**	**-**
Provision for credit impairment for the year	**2,364**	**1,388**	**6,076**	**9,828**
Provision released during the year	**(887)**	**(987)**	**(430)**	**(2,304)**
Financial assets that have been derecognised	**(856)**	**(1,376)**	**(585)**	**(2,817)**
Write offs	**-**	**-**	**(4,799)**	**(4,799)**
Changes in models/risk parameters	**(178)**	**(15)**	**-**	**(193)**
At 30 June 2024	**3,238**	**2,195**	**8,623**	**14,056**
Interest in suspense	**-**	**-**	**1,996**	**1,996**
Provision and interest in suspense at 30 June 2024	**3,238**	**2,195**	**10,619**	**16,052**
At 1 July 2022	3,248	3,039	4,322	10,609
Exchange adjustment	-	-	82	82
Transfer to 12 months ECL	275	(207)	(68)	-
Transfer to lifetime ECL not credit impaired	(51)	699	(648)	-
Transfer to lifetime ECL credit impaired	(36)	(98)	134	-
Provision for credit impairment for the year	1,656	2,151	4,561	8,368
Provision released during the year	(1,840)	(1,444)	(187)	(3,471)
Financial assets that have been derecognised	(563)	(297)	(176)	(1,036)
Write offs	-	-	(195)	(195)
Changes in models/risk parameters	(173)	(11)	-	(184)
At 30 June 2023	2,516	3,832	7,825	14,173
Interest in suspense	-	-	2,115	2,115
Provision and interest in suspense at 30 June 2023	2,516	3,832	9,940	16,288
At 1 July 2021	2,677	4,713	3,783	11,173
Exchange adjustment	-	-	126	126
Transfer to 12 months ECL	935	(782)	(153)	-
Transfer to lifetime ECL not credit impaired	(123)	192	(69)	-
Transfer to lifetime ECL credit impaired	(9)	(1,145)	1,154	-
Provision for credit impairment for the year	1,770	500	4,786	7,056
Provision released during the year	(1,334)	(930)	(295)	(2,559)
Financial assets that have been derecognised	(355)	(297)	(872)	(1,524)
Write offs	-	-	(4,138)	(4,138)
Changes in models/risk parameters	(313)	788	-	475
At 30 June 2022	3,248	3,039	4,322	10,609
Interest in suspense	-	-	1,263	1,263
Provision and interest in suspense at 30 June 2022	3,248	3,039	5,585	11,872

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(v) Allowances for credit impairment by industry sectors

	GROUP					
	2024					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	**5,568**	**93**	**43**	**16**	**76**	**135**
Manufacturing	**21,683**	**241**	**183**	**260**	**209**	**652**
Tourism	**25,059**	**3,209**	**118**	**535**	**2,349**	**3,002**
Transport	**9,208**	**52**	**79**	**27**	**67**	**173**
Construction	**15,778**	**209**	**83**	**217**	**140**	**440**
Financial and business services	**63,232**	**333**	**528**	**224**	**345**	**1,097**
Traders	**151,989**	**2,630**	**676**	**790**	**2,313**	**3,779**
of which Petroleum & Energy products	***127,909***	***1,755***	***553***	***694***	***1,755***	***3,002***
Personal	**53,325**	**870**	**126**	**20**	**407**	**553**
of which credit cards	***1,354***	***39***	***10***	***1***	***36***	***47***
of which housing	***40,879***	***439***	***50***	***7***	***181***	***238***
Professional	**491**	**3**	**3**	**-**	**2**	**5**
Global Business Licence holders	**15,442**	**4,134**	**83**	**122**	**4,914**	**5,119**
Others	**37,336**	**571**	**1,363**	**1**	**259**	**1,623**
Of which Energy and Commodities Asset Backed financing	***15,082***	***-***	***30***	***-***	***-***	***30***
	399,111	**12,345**	**3,285**	**2,212**	**11,081**	**16,578**

	2023					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	8,668	646	95	166	913	1,174
Manufacturing	16,388	140	155	178	87	420
Tourism	28,849	469	377	1,389	447	2,213
Transport	7,723	30	102	12	36	150
Construction	13,190	119	110	105	91	306
Financial and business services	53,747	325	449	225	253	927
Traders	117,291	742	541	880	1,249	2,670
of which Petroleum & Energy products	*93,224*	*-*	*322*	*823*	*-*	*1,145*
Personal	48,304	849	124	64	357	545
of which credit cards	*959*	*30*	*9*	*3*	*27*	*39*
of which housing	*37,362*	*511*	*47*	*22*	*178*	*247*
Professional	295	11	4	1	4	9
Global Business Licence holders	23,849	7,285	44	63	6,595	6,702
Others	34,813	1,441	565	766	158	1,489
Of which Energy and Commodities Asset Backed financing	*17,126*	*890*	*74*	*89*	*746*	*909*
	353,117	12,057	2,566	3,849	10,190	16,605

*Non performing loans excludes interest in suspense.

Notes to the financial statements

for the year ended 30 June 2024

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(v) Allowances for credit impairment by industry sectors (Cont'd)

	GROUP					
	2022					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	7,945	670	124	131	449	704
Manufacturing	22,003	410	202	210	167	579
Tourism	32,296	128	887	1,429	38	2,354
Transport	5,645	42	185	1	32	218
Construction	13,692	639	228	28	360	616
Financial and business services	31,455	277	337	169	143	649
Traders	108,556	1,901	601	387	964	1,952
of which Petroleum & Energy products	*89,865*	*856*	*173*	*190*	*654*	*1,017*
Personal	43,771	903	219	66	368	653
of which credit cards	*866*	*23*	*11*	*1*	*21*	*33*
of which housing	*34,371*	*643*	*95*	*27*	*213*	*335*
Professional	1,002	82	12	1	58	71
Global Business Licence holders	16,175	7,414	142	25	3,080	3,247
Others	41,646	190	385	613	100	1,098
Of which Energy and Commodities Asset Backed financing	*16,041*	*807*	*97*	*168*	*183*	*448*
	324,186	12,656	3,322	3,060	5,759	12,141

*Non performing loans excludes interest in suspense.

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(v) Allowances for credit impairment by industry sectors (Cont'd)

	BANK					
	2024					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	4,956	79	41	16	65	122
Manufacturing	17,931	137	164	249	57	470
Tourism	25,029	3,207	118	535	2,347	3,000
Transport	8,926	31	77	27	29	133
Construction	15,491	107	82	211	51	344
Financial and business services	62,542	304	520	223	272	1,015
Traders	150,064	2,437	662	791	2,226	3,679
of which Petroleum & Energy products	*127,909*	*1,755*	*553*	*694*	*1,755*	*3,002*
Personal	53,289	870	126	20	407	553
of which credit cards	*1,354*	*39*	*10*	*1*	*36*	*47*
of which housing	*40,843*	*439*	*50*	*7*	*181*	*238*
Professional	491	3	3	-	2	5
Global Business Licence holders	15,442	4,134	83	122	4,914	5,119
Others	37,295	565	1,362	1	249	1,612
Of which Energy and Commodities Asset Backed financing	*15,082*	*-*	*30*	*-*	*-*	*30*
	391,456	11,874	3,238	2,195	10,619	16,052

	2023					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	8,150	633	93	166	904	1,163
Manufacturing	12,810	41	136	164	22	322
Tourism	28,815	461	377	1,389	444	2,210
Transport	7,414	11	99	12	7	118
Construction	12,875	58	107	105	28	240
Financial and business services	53,112	290	441	225	216	882
Traders	115,564	719	528	875	470	1,873
of which Petroleum & Energy products	*93,224*	*-*	*322*	*823*	*-*	*1,145*
Personal	48,274	849	124	64	357	545
of which credit cards	*959*	*30*	*9*	*3*	*27*	*39*
of which housing	*37,332*	*511*	*47*	*22*	*178*	*247*
Professional	295	11	4	1	4	9
Global Business Licence holders	23,849	7,285	44	63	6,595	6,702
Others	34,780	1,436	563	768	893	2,224
Of which Energy and Commodities Asset Backed financing	*17,126*	*890*	*74*	*89*	*746*	*909*
	345,938	11,794	2,516	3,832	9,940	16,288

*Non performing loans excludes interest in suspense.

Notes to the financial statements
for the year ended 30 June 2024

6. Loans (Cont'd)

(b) Loans and advances to customers (Cont'd)

(v) Allowances for credit impairment by industry sectors (Cont'd)

	BANK					
	2022					
	Gross amount of loans	Non performing loans*	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Agriculture and fishing	7,592	664	120	131	440	691
Manufacturing	19,731	303	175	207	131	513
Tourism	32,274	125	887	1,427	36	2,350
Transport	5,247	18	174	1	7	182
Construction	13,368	574	226	17	330	573
Financial and business services	30,775	247	329	167	111	607
Traders	107,002	1,062	482	215	751	1,448
of which Petroleum & Energy products	*89,865*	*856*	*173*	*190*	*654*	*1,017*
Personal	43,736	903	219	65	368	652
of which credit cards	*866*	*23*	*10*	*1*	*21*	*32*
of which housing	*34,336*	*643*	*94*	*27*	*212*	*333*
Professional	1,002	83	12	1	58	71
Global Business Licence holders	16,175	7,414	142	25	3,080	3,247
Others	41,618	991	482	783	273	1,538
Of which Energy and Commodities Asset Backed financing	*16,041*	*807*	*97*	*168*	*183*	*448*
	318,520	12,384	3,248	3,039	5,585	11,872

*Non performing loans excludes interest in suspense.

7. Investment securities

(a) Investment securities

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Investment in debt securities at amortised cost (note 7(b))	**316,387**	242,885	217,360	**314,019**	241,387	216,503
Less allowances for credit impairment on investment in debt securities at amortised cost	**(905)**	(427)	(362)	**(889)**	(415)	(357)
	315,482	242,458	216,998	**313,130**	240,972	216,146
Investment in debt and equity securities measured at fair value through other comprehensive income (note 7(c))	**2,166**	1,936	3,567	**2,166**	1,936	3,567
Investment in debt and equity securities measured at fair value through profit or loss (note 7(d))	**6,914**	4,497	3,110	**6,914**	4,497	3,110
	324,562	248,891	223,675	**322,210**	247,405	222,823

Credit impaired investments at fair value through other comprehensive income amounted to Rs 1M/Provision Rs 1M.
At 30 June 2023 and 2022, there were no credit impaired investments fair valued through other comprehensive income.

Investment securities (gross of allowances for credit impairment) can be classified as:

Current	**121,113**	91,279	48,981	**120,162**	90,835	48,667
Non-current	**204,354**	158,039	175,056	**202,937**	156,985	174,513

(b) (i) Investment in debt securities at amortised cost

	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	**133,768**	106,753	112,516	**133,768**	106,753	111,658
Treasury bills	**65,698**	34,944	20,809	**63,330**	33,446	20,809
Foreign bonds	**83,886**	72,775	55,838	**83,886**	72,775	55,839
Notes	**32,637**	28,019	27,813	**32,637**	28,019	27,813
Index linked note	**398**	394	384	**398**	394	384
	316,387	242,885	217,360	**314,019**	241,387	216,503

(ii) Remaining term to maturity

	GROUP					
	2024					
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	**5,383**	**4,847**	**13,019**	**74,679**	**35,840**	**133,768**
Treasury bills	**36,063**	**10,485**	**17,733**	**1,417**	**-**	**65,698**
Foreign bonds	**-**	**9,482**	**17,179**	**47,029**	**10,196**	**83,886**
Notes	**511**	**2,412**	**514**	**16,537**	**12,663**	**32,637**
Index linked note	**-**	**-**	**-**	**228**	**170**	**398**
	41,957	**27,226**	**48,445**	**139,890**	**58,869**	**316,387**

	2023					
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	7,980	5,428	13,324	56,431	23,590	106,753
Treasury bills	23,370	9,386	1,134	1,054	-	34,944
Foreign bonds	2,471	2,505	18,284	38,739	10,776	72,775
Notes	1,772	2,421	1,683	11,298	10,845	28,019
Index linked note	-	-	-	226	168	394
	35,593	19,740	34,425	107,748	45,379	242,885

Notes to the financial statements
for the year ended 30 June 2024

7. Investment securities (Cont'd)

(b) (ii) Remaining term to maturity (Cont'd)

	GROUP 2022					
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	8,578	4,719	7,253	72,207	18,901	111,658
Treasury bills	6,971	7,600	6,552	543	-	21,666
Foreign bonds	-	2,245	1,355	36,101	16,138	55,839
Notes	304	1,453	1,253	15,067	9,736	27,813
Index linked note	-	-	-	207	177	384
	15,853	16,017	16,413	124,125	44,952	217,360

	BANK 2024					
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	**5,383**	**4,847**	**13,019**	**74,679**	**35,840**	**133,768**
Treasury bills	**35,720**	**10,353**	**17,257**	**-**	**-**	**63,330**
Foreign bonds	**-**	**9,482**	**17,179**	**47,029**	**10,196**	**83,886**
Notes	**511**	**2,412**	**514**	**16,537**	**12,663**	**32,637**
Index linked note	**-**	**-**	**-**	**228**	**170**	**398**
	41,614	**27,094**	**47,969**	**138,473**	**58,869**	**314,019**

	BANK 2023					
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	7,980	5,428	13,324	56,430	23,591	106,753
Treasury bills	23,141	9,322	983	-	-	33,446
Foreign bonds	2,471	2,505	18,284	38,739	10,776	72,775
Notes	1,772	2,421	1,683	11,298	10,845	28,019
Index linked note	-	-	-	226	168	394
	35,364	19,676	34,274	106,693	45,380	241,387

	BANK 2022					
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius and Bank of Mauritius bonds	8,578	4,719	7,253	72,207	18,901	111,658
Treasury bills	6,861	7,396	6,552	-	-	20,809
Foreign bonds	-	2,245	1,355	36,101	16,138	55,839
Notes	304	1,453	1,253	15,067	9,736	27,813
Index linked note	-	-	-	207	177	384
	15,743	15,813	16,413	123,582	44,952	216,503

7. Investment securities (Cont'd)

(b) Investment in debt securities at amortised cost (Cont'd)

(iii) Reconciliation of gross carrying amount of investment in debt securities at amortised cost

	GROUP				BANK			
	Gross carrying amount subject to:				Gross carrying amount subject to:			
	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**242,456**	**429**	**-**	**242,885**	**240,958**	**429**	**-**	**241,387**
Exchange adjustment	**87**	**-**	**-**	**87**	**-**	**-**	**-**	**-**
Transfer to lifetime ECL not credit impaired	**-**	**(167)**	**167**	**-**	**-**	**(167)**	**167**	**-**
Investments originated or purchased	**163,816**	**-**	**273**	**164,089**	**162,569**	**-**	**273**	**162,842**
Investments derecognised or repaid	**(90,348)**	**(262)**	**(64)**	**(90,674)**	**(89,884)**	**(262)**	**(64)**	**(90,210)**
At 30 June 2024	**316,011**	**-**	**376**	**316,387**	**313,643**	**-**	**376**	**314,019**
At 1 July 2022	217,360	-	-	217,360	216,503	-	-	216,503
Exchange adjustment	(87)	-	-	(87)	-	-	-	-
Transfer to lifetime ECL not credit impaired	(422)	422	-	-	(422)	422	-	-
Investments originated or purchased	74,562	15	-	74,577	73,544	15	-	73,559
Investments derecognised or repaid	(48,957)	(8)	-	(48,965)	(48,667)	(8)	-	(48,675)
At 30 June 2023	242,456	429	-	242,885	240,958	429	-	241,387
At 1 July 2021	154,233	1,912	-	156,145	153,370	1,912	-	155,282
Transfer to 12 months ECL	1,505	(1,505)	-	-	1,505	(1,505)	-	-
Investments originated or purchased	86,274	-	-	86,274	85,668	-	-	85,668
Investments derecognised or repaid	(24,652)	(407)	-	(25,059)	(24,040)	(407)	-	(24,447)
At 30 June 2022	217,360	-	-	217,360	216,503	-	-	216,503

Notes to the financial statements

for the year ended 30 June 2024

7. Investment securities (Cont'd)

(b) Investment in debt securities at amortised cost (Cont'd)

(iv) Allowances for credit impairment on investment in debt securities at amortised cost

	GROUP				BANK			
	Allowances for credit impairment				Allowances for credit impairment			
	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**362**	**65**	**-**	**427**	**350**	**65**	**-**	**415**
Exchange adjustment	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**
Transfer to lifetime ECL credit impaired	**-**	**(64)**	**64**	**-**	**-**	**(64)**	**64**	**-**
Provision for credit impairment for the year	**337**	**-**	**298**	**635**	**333**	**-**	**298**	**631**
Provision released during the year	**(93)**	**-**	**-**	**(93)**	**(92)**	**-**	**-**	**(92)**
Financial assets that have been derecognised	**(66)**	**(1)**	**-**	**(67)**	**(66)**	**(1)**	**-**	**(67)**
Changes in models/risk parameters	**(11)**	**-**	**-**	**(11)**	**(11)**	**-**	**-**	**(11)**
At 30 June 2024	**530**	**-**	**362**	**892**	**514**	**-**	**362**	**876**
Interest in suspense	**-**	**-**	**13**	**13**	**-**	**-**	**13**	**13**
Provision and interest in suspense at 30 June 2024	**530**	**-**	**375**	**905**	**514**	**-**	**375**	**889**
At 1 July 2022	362	-	-	362	357	-	-	357
Transfer to lifetime ECL not credit impaired	(5)	5	-	-	(5)	5	-	-
Provision for credit impairment for the year	315	62	-	377	308	62	-	370
Provision released during the year	(120)	(3)	-	(123)	(120)	(3)	-	(123)
Financial assets that have been derecognised	(31)	-	-	(31)	(31)	-	-	(31)
Changes in models/risk parameters	(159)	1	-	(158)	(159)	1	-	(158)
At 30 June 2023	362	65	-	427	350	65	-	415
At 1 July 2021	255	106	-	361	252	106	-	358
Transfer to 12 months ECL	102	(102)	-	-	102	(102)	-	-
Provision for credit impairment for the year	142	-	-	142	140	-	-	140
Provision released during the year	(107)	-	-	(107)	(107)	-	-	(107)
Financial assets that have been derecognised	(61)	(4)	-	(65)	(61)	(4)	-	(65)
Changes in models/risk parameters	31	-	-	31	31	-	-	31
At 30 June 2022	362	-	-	362	357	-	-	357

7. Investment securities (Cont'd)

(c) (i) Investment in debt and equity securities measured at fair value through other comprehensive income by levels

	GROUP & BANK		
	2024	2023	2022
	RS'M	RS'M	RS'M
Quoted - Level 1			
Official list : shares (equity instrument)	**887**	861	961
Bonds (debt instrument)	**74**	125	1,662
	961	986	2,623
Unquoted - Level 2			
Investment fund (debt instrument)	**819**	590	675
Unquoted - Level 3			
Shares (equity instrument)	**386**	360	269
	2,166	1,936	3,567

(ii) Reconciliation of level 3 fair value measurements

	2024	2023	2022
At 1 July	**360**	269	258
Additions	**2**	1	17
Movement in fair value	**24**	90	(6)
At 30 June	**386**	360	269

(d) Investment in debt and equity securities measured at fair value through profit or loss by levels

	2024	2023	2022
	RS'M	RS'M	RS'M
Quoted - Level 1			
Foreign bonds (debt instrument)	**-**	136	-
Foreign shares (equity instrument)	**3,429**	2,976	2,412
	3,429	3,112	2,412
Unquoted - Level 2			
Government of Mauritius and Bank of Mauritius bonds (debt instrument)	**1**	1,021	196
Treasury bills (debt instrument)	**3,484**	364	502
	3,485	1,385	698
	6,914	4,497	3,110

Fair value hierarchy

The Group uses a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1 : Quoted prices (unadjusted) for identical assets. This level includes listed equity securities.
Level 2 : Inputs other than quoted prices that are observable for the assets.
Level 3 : Inputs for the assets that are not based on observable market data.

Unquoted shares

The Group holds shares in several investments where the fair value is determined as a percentage of the net asset value using latest available audited accounts and in some cases latest available management accounts. There are also some investments which are fair valued using the latest available share prices which were available upon recent events, e.g. rights issue.

Valuation techniques used to estimate the fair values of unquoted equity securities include models based on earnings/dividend growth, discounted cash flows and net asset values, whichever is considered to be appropriate. The Group has made certain assumptions for inputs in the models, including earnings before interest, depreciation, tax and amortisation (EBIDTA), risk free rate, risk premium, dividend growth rate, weighted average cost of capital, appropriate discounts for lack of liquidity and expected cash flows which may be different from actual. As such, fair value estimates may differ given the subjectivity of underlying assumptions used as model inputs. Inputs were based on information available at the reporting date.

Notes to the financial statements
for the year ended 30 June 2024

8. Investments in subsidiaries and associates

(a) Investments in subsidiaries

(i) The Group has the following subsidiaries:

	Country of incorporation	Nature of business	Holding %	Proportion of ownership interests held by non-controlling interest	Cost RS'M
At 30 June 2024					
The Mauritius Commercial Bank (Madagascar) S.A	**Madagascar**	**Banking & Financial Services**	**80.00**	**20.00**	**118**
MCB Nigeria (Representative Office) Ltd	**Nigeria**	**Financial Services**	**100.00**	**-**	**3**
					121
At 30 June 2023 & 30 June 2022					
The Mauritius Commercial Bank (Madagascar) S.A	Madagascar	Banking & Financial Services	80.00	20.00	118

(b) Investments in associates

(i) The Bank's and Group's interest in its associates are as follows:

	Country of incorporation	Nature of business	Assets RS'M	Liabilities RS'M	Revenues RS'M	Profit RS'M	Holding %
At 30 June 2024							
Banque Française Commerciale Océan Indien	**Reunion**	**Banking & Financial Services**	**107,653**	**97,909**	**6,091**	**614**	**49.99**
At 30 June 2023							
Banque Française Commerciale Océan Indien	Reunion	Banking & Financial Services	107,314	97,619	5,125	978	49.99
Société Générale Moçambique, S.A	Mozambique	Banking & Financial Services	11,311	9,662	1,796	158	35.00
At 30 June 2022							
Banque Française Commerciale Océan Indien	Reunion	Banking & Financial Services	99,831	90,957	4,853	801	49.99
Société Générale Moçambique, S.A	Mozambique	Banking & Financial Services	12,913	11,451	1,503	213	35.00

(ii) The above associates are accounted for using the equity method.

(iii) Banque Française Commerciale Océan Indien (BFCOI) and Société Générale Moçambique, S.A (SG Moçambique) are unquoted.

(iv) During the financial year 2024, the Group disposed of its 35% stake in SG Mozambique for Rs 413m, which has been received in July 2024. The loss on disposal amounted to Rs 241m.

8. Investments in subsidiaries and associates (Cont'd)

(b) Investments in associates (Cont'd)

(v) Movements in investments in associates

	GROUP & BANK			
	BFCOI	SG Moçambique	Subordinated loan to BFCOI	Total
	RS'M	RS'M	RS'M	RS'M
At 1 July 2021	4,840	464	516	5,820
Share of profit of associates	400	75	-	475
Exchange differences on translating foreign operations	(388)	28	-	(360)
Share of other movements in associates	24	-	-	24
Net subordinated loan granted to associate	-	-	40	40
Dividend received from associates	(383)	-	-	(383)
Adjustments	-	(4)	(43)	(47)
At 30 June 2022	4,493	563	513	5,569
Share of profit of associates	489	55	-	544
Exchange differences on translating foreign operations	287	7	-	294
Share of other movements in associates	54	-	-	54
Dividend received from associates	(410)	-	-	(410)
Adjustments	-	3	30	33
At 30 June 2023	**4,913**	**628**	**543**	**6,084**
Share of profit of associate	**306**	**-**	**-**	**306**
Exchange differences on translating foreign operations	**126**	**26**	**-**	**152**
Share of other movements in associate	**12**	**-**	**-**	**12**
Dividend received from associate	**(420)**	**-**	**-**	**(420)**
Adjustments	**-**	**-**	**15**	**15**
Disposal of associate	**-**	**(654)**	**-**	**(654)**
At 30 June 2024	**4,937**	**-**	**558**	**5,495**

(vi) Summarised financial information in respect of material entities: Banque Française Commerciale Océan Indien (BFCOI)

	2024	2023	2022
	RS'M	RS'M	RS'M
Summarised statement of financial position:			
Current assets	**17,207**	13,424	11,607
Non current assets	**90,446**	93,890	88,224
Current liabilities	**26,239**	23,904	21,276
Non current liabilities	**71,670**	73,715	69,681
Equity attributable to owners of BFCOI	**9,744**	9,695	8,874
Summarised statement of profit or loss and other comprehensive income:			
Revenue	**6,091**	5,125	4,853
Profit	**614**	978	801
Other comprehensive income	**25**	109	47
Total comprehensive income	**639**	1,087	848

The Directors are satisfied that there are no indications requiring an impairment of the Group's investment in its subsidiaries and investments in its associates.

Investments in subsidiaries and associates are classified as non-current assets.

Notes to the financial statements
for the year ended 30 June 2024

9. Intangible assets

	GROUP			BANK		
	Computer software	Work in progress	Total	Computer software	Work in progress	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cost						
At 1 July 2021	1,844	466	2,310	1,582	466	2,048
Additions	115	856	971	83	856	939
Exchange	1	-	1	-	-	-
Transfer	808	(808)	-	808	(808)	-
At 30 June 2022	2,768	514	3,282	2,473	514	2,987
Additions	30	895	925	13	895	908
Exchange	(27)	-	(27)	-	-	-
Adjustment	675	-	675	675	-	675
Transfer	1,172	(1,172)	-	1,172	(1,172)	-
At 30 June 2023	**4,618**	**237**	**4,855**	**4,333**	**237**	**4,570**
Additions	**23**	**979**	**1,002**	**13**	**979**	**992**
Adjustment	**(13)**	**-**	**(13)**	**(13)**	**-**	**(13)**
Exchange	**16**	**-**	**16**	**-**	**-**	**-**
Transfer	**925**	**(925)**	**-**	**925**	**(925)**	**-**
At 30 June 2024	**5,569**	**291**	**5,860**	**5,258**	**291**	**5,549**
Accumulated amortisation						
At 1 July 2021	765	-	765	586	-	586
Amortisation adjustment	75	-	75	75	-	75
Charge for the year	471	-	471	430	-	430
At 30 June 2022	1,311	-	1,311	1,091	-	1,091
Charge for the year	627	-	627	593	-	593
Exchange	(21)	-	(21)	-	-	-
Adjustment	675	-	675	675	-	675
At 30 June 2023	**2,592**	**-**	**2,592**	**2,359**	**-**	**2,359**
Charge for the year	**663**	**-**	**663**	**641**	**-**	**641**
Exchange	**14**	**-**	**14**	**-**	**-**	**-**
Adjustment	**(2)**	**-**	**(2)**	**(2)**	**-**	**(2)**
At 30 June 2024	**3,267**	**-**	**3,267**	**2,998**	**-**	**2,998**
Net book values						
At 30 June 2024	**2,302**	**291**	**2,593**	**2,260**	**291**	**2,551**
At 30 June 2023	2,026	237	2,263	1,974	237	2,211
At 30 June 2022	1,457	514	1,971	1,382	514	1,896

Intangible assets are classified as non-current assets.

10. Property, plant and equipment

	GROUP					
	Land and buildings	Computer and other equipment	Furniture, fittings and vehicles	Work in progress	Right-of-Use assets (Land and Buildings)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cost						
At 1 July 2021	4,724	3,475	1,032	348	316	9,895
Additions	138	206	39	156	210	749
Scrap	-	(130)	(1)	-	-	(131)
Disposals	-	(3)	(9)	-	-	(12)
Exchange adjustment	4	-	-	(2)	1	3
Cancellation	-	-	-	-	(80)	(80)
Adjustment on re-measurement	-	-	-	-	(2)	(2)
Transfer	221	60	34	(315)	-	-
At 30 June 2022	5,087	3,608	1,095	187	445	10,422
Additions	21	275	31	179	157	663
Scrap	-	(78)	(1)	-	-	(79)
Disposals	-	(3)	(25)	-	(6)	(34)
Exchange adjustment	(27)	(8)	(14)	(3)	(11)	(63)
Adjustment on re-measurement	-	-	-	-	(59)	(59)
Adjustment	-	105	-	-	-	105
Transfer	42	76	33	(151)	-	-
At 30 June 2023	**5,123**	**3,975**	**1,119**	**212**	**526**	**10,955**
Additions	**7**	**223**	**26**	**221**	**84**	**561**
Scrap	**-**	**(163)**	**(1)**	**-**	**-**	**(164)**
Disposals	**-**	**(4)**	**(17)**	**-**	**-**	**(21)**
Exchange adjustment	**14**	**5**	**7**	**2**	**7**	**35**
Adjustment on re-measurement	**-**	**-**	**-**	**-**	**23**	**23**
Transfer	**44**	**83**	**43**	**(170)**	**-**	**-**
At 30 June 2024	**5,188**	**4,119**	**1,177**	**265**	**640**	**11,389**
Accumulated depreciation						
At 1 July 2021	1,108	2,487	649	-	128	4,372
Charge for the year	83	331	68	-	90	572
Depreciation adjustment	-	182	13	-	-	195
Scrap adjustment	-	(130)	-	-	1	(129)
Disposal adjustment	-	(2)	(9)	-	-	(11)
At 30 June 2022	1,191	2,868	721	-	219	4,999
Charge for the year	92	328	71	-	80	571
Scrap adjustment	-	(78)	-	-	-	(78)
Exchange adjustment	(22)	(7)	(9)	-	13	(25)
Adjustment	-	105	-	-	-	105
Disposal adjustment	-	(4)	(23)	-	-	(27)
At 30 June 2023	**1,261**	**3,212**	**760**	**-**	**312**	**5,545**
Charge for the year	**93**	**293**	**68**	**-**	**87**	**541**
Scrap adjustment	**-**	**(150)**	**(7)**	**-**	**-**	**(157)**
Exchange adjustment	**1**	**5**	**6**	**-**	**5**	**17**
Disposal adjustment	**-**	**(4)**	**(14)**	**-**	**-**	**(18)**
At 30 June 2024	**1,355**	**3,356**	**813**	**-**	**404**	**5,928**
Net book values						
At 30 June 2024	**3,833**	**763**	**364**	**265**	**236**	**5,461**
At 30 June 2023	3,862	763	359	212	214	5,410
At 30 June 2022	3,896	740	374	187	226	5,423

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10. Property, plant and equipment (Cont'd)

	BANK					
	Land and buildings	Computer and other equipment	Furniture, fittings and vehicles	Work in progress	Right-of-Use assets (Land and Buildings)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cost						
At 1 July 2021	4,715	3,388	897	149	240	9,389
Additions	-	204	18	156	167	545
Scrap	-	(130)	(1)	-	-	(131)
Disposals	-	(3)	(9)	-	-	(12)
Cancellation	-	-	-	-	(80)	(80)
Adjustment on re-measurement	-	-	-	-	(1)	(1)
Transfer	63	60	34	(157)	-	-
At 30 June 2022	4,778	3,519	939	148	326	9,710
Additions	14	273	20	178	132	617
Scrap	-	(78)	(1)	-	-	(79)
Disposals	-	(4)	(16)	-	-	(20)
Adjustment on re-measurement	-	-	-	-	(39)	(39)
Adjustment	-	105	-	-	-	105
Transfer	40	72	31	(143)	-	-
At 30 June 2023	**4,832**	**3,887**	**973**	**183**	**419**	**10,294**
Additions	**-**	**219**	**20**	**211**	**57**	**507**
Scrap	**-**	**(150)**	**(1)**	**-**	**-**	**(151)**
Disposals	**-**	**(4)**	**(17)**	**-**	**-**	**(21)**
Adjustment on re-measurement	**-**	**-**	**-**	**-**	**13**	**13**
Transfer	**44**	**83**	**43**	**(170)**	**-**	**-**
At 30 June 2024	**4,876**	**4,035**	**1,018**	**224**	**489**	**10,642**
Accumulated depreciation						
At 1 July 2021	1,086	2,415	573	-	104	4,178
Charge for the year	80	324	59	-	64	527
Depreciation adjustment	-	182	13	-	-	195
Scrap adjustment	-	(130)	-	-	-	(130)
Disposal adjustment	-	(2)	(9)	-	-	(11)
At 30 June 2022	1,166	2,789	636	-	168	4,759
Charge for the year	81	324	58	-	60	523
Scrap adjustment	-	(78)	-	-	-	(78)
Adjustment	-	105	-	-	-	105
Disposal adjustment	-	(4)	(14)	-	-	(18)
At 30 June 2023	**1,247**	**3,136**	**680**	**-**	**228**	**5,291**
Charge for the year	**81**	**287**	**59**	**-**	**65**	**492**
Scrap adjustment	**-**	**(150)**	**(1)**	**-**	**-**	**(151)**
Disposal adjustment	**-**	**(4)**	**(14)**	**-**	**-**	**(18)**
At 30 June 2024	**1,328**	**3,269**	**724**	**-**	**293**	**5,614**
Net book values						
At 30 June 2024	**3,548**	**766**	**294**	**224**	**196**	**5,028**
At 30 June 2023	3,585	751	293	183	191	5,003
At 30 June 2022	3,612	730	303	148	158	4,951

10. Property, plant and equipment (Cont'd)

Property, plant and equipment are classified as non-current asset.
Following the adoption of IFRS 16, the Group has presented right-of-use assets within 'property, plant and equipment'. The leases under Right-of-use Assets consist mainly of rental of space for ATMs and the lease terms are in the range of 1 to 5 years.

Moreover, the Group does not have the possibility of acquiring the asset at the end of the lease.

11. Deferred tax assets

	GROUP					
	Balance as at 1 July	Effect of change in tax rate	Exchange adjustments	Recognised in Statement of profit or loss	Recognised in Statement of comprehensive income	Balance as at 30 June
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
2024						
Provisions and post retirement benefits	**430**	**57**	**-**	**(63)**	**(24)**	**400**
Provisions for credit impairment	**2,694**	**360**	**-**	**753**	**-**	**3,807**
Accelerated tax depreciation	**(395)**	**(53)**	**-**	**(19)**	**-**	**(467)**
At 30 June 2024	**2,729**	**364**	**-**	**671**	**(24)**	**3,740**
2023						
Provisions and post retirement benefits	195	30	-	166	39	430
Provisions for credit impairment	1,914	291	(3)	492	-	2,694
Accelerated tax depreciation	(284)	(43)	-	(68)	-	(395)
At 30 June 2023	1,825	278	(3)	590	39	2,729
2022						
Provisions and post retirement benefits	(7)	-	-	(27)	229	195
Provisions for credit impairment	1,472	-	9	433	-	1,914
Accelerated tax depreciation	(257)	-	-	(27)	-	(284)
At 30 June 2022	1,208	-	9	379	229	1,825

The applied deferred tax rate ranges from 17% to 20% (2023: from 15% to 20% & 2022:from 13% to 20%).
Deferred tax assets are classified as non-current asset.

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11. Deferred tax assets

	BANK					
	Balance as at 1 July	Effect of change in tax rate	Exchange adjustments	Recognised in Statement of profit or loss	Recognised in Statement of comprehensive income	Balance as at 30 June
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
2024						
Provisions and post retirement benefits	**430**	**57**	**-**	**(63)**	**(24)**	**400**
Provisions for credit impairment	**2,674**	**360**	**-**	**751**	**-**	**3,785**
Accelerated tax depreciation	**(394)**	**(53)**	**-**	**(19)**	**-**	**(466)**
At 30 June 2024	**2,710**	**364**	**-**	**669**	**(24)**	**3,719**
2023						
Provisions and post retirement benefits	195	30	-	166	39	430
Provisions for credit impairment	1,892	291	(1)	492	-	2,674
Accelerated tax depreciation	(283)	(43)	-	(68)	-	(394)
At 30 June 2023	1,804	278	(1)	590	39	2,710
2022						
Provisions and post retirement benefits	(7)	-	-	(27)	229	195
Provisions for credit impairment	1,452	-	9	431	-	1,892
Accelerated tax depreciation	(256)	-	-	(27)	-	(283)
At 30 June 2022	1,189	-	9	377	229	1,804

The applied deferred tax rate is 17% (2023: 15% & 2022:13%).
Deferred tax assets are classified as non-current asset.

12. Other assets

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Mandatory balances with Central Banks	**37,556**	31,278	25,081	**36,696**	30,639	24,146
Prepayments and other receivables	**1,835**	1,883	1,895	**1,859**	1,939	1,880
Credit card clearing	**506**	1,169	496	**469**	1,162	490
Non-banking assets acquired in satisfaction of debts*	**105**	104	101	**105**	104	101
Impersonal and other accounts	**5,335**	5,822	5,708	**4,719**	5,217	5,125
	45,337	40,256	33,281	**43,848**	39,061	31,742

* The Group's policy is to dispose of such assets as soon as the market permits.
All elements under other assets are classified as current assets except 'non-banking assets acquired in satisfaction of debts' and 'impersonal and other accounts'.
Management has assessed the impact of ECLs on the balances as immaterial.

13. Deposits

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(a) Deposits from banks						
Demand deposits	**11,159**	7,054	5,203	**11,111**	7,795	5,205
Money market deposits with remaining term to maturity:						
Up to 3 months	**24,260**	2,802	3,515	**24,328**	2,870	4,271
Over 3 months and up to 6 months	**3,754**	3,893	-	**3,754**	3,893	-
Over 6 months and up to 1 year	**1,828**	1,150	1,799	**1,828**	1,150	1,799
Over 1 year and up to 5 years	**-**	44	43	**-**	44	43
	29,842	7,889	5,357	**29,910**	7,957	6,113
	41,001	14,943	10,560	**41,021**	15,752	11,318
Deposits from banks can be classified as:						
Current	**41,001**	14,899	10,517	**41,021**	15,708	11,275
Non-current	**-**	44	43	**-**	44	43
(b) Deposits from customers						
(i) Retail customers						
Demand deposits	**55,231**	49,693	52,962	**54,474**	49,119	52,473
Savings deposits	**224,654**	197,789	187,415	**222,170**	195,731	185,371
Time deposits with remaining term to maturity:						
Up to 3 months	**13,680**	6,410	2,529	**13,680**	6,410	2,487
Over 3 months and up to 6 months	**5,630**	3,803	1,679	**5,630**	3,803	1,679
Over 6 months and up to 1 year	**8,966**	6,446	3,490	**8,965**	6,445	3,490
Over 1 year and up to 5 years	**13,225**	12,069	9,760	**13,225**	12,069	9,760
Over 5 years	**7**	30	6	**7**	30	6
	41,508	28,758	17,464	**41,507**	28,757	17,422
	321,393	276,240	257,841	**318,151**	273,607	255,266
(ii) Corporate customers						
Demand deposits	**210,163**	208,133	204,023	**207,492**	205,448	200,862
Savings deposits	**6,553**	7,093	6,481	**5,433**	5,452	5,342
Time deposits with remaining term to maturity:						
Up to 3 months	**71,248**	34,472	12,299	**70,965**	33,943	11,903
Over 3 months and up to 6 months	**7,682**	7,673	2,652	**7,663**	7,662	2,640
Over 6 months and up to 1 year	**15,581**	13,617	3,358	**15,571**	13,613	3,354
Over 1 year and up to 5 years	**8,985**	7,710	1,631	**8,985**	7,710	1,631
Over 5 years	**1**	-	1	**1**	-	1
	103,497	63,472	19,941	**103,185**	62,928	19,529
	320,213	278,698	230,445	**316,110**	273,828	225,733
(iii) Government						
Demand deposits	**31**	95	45	**31**	95	45
Savings deposits	**-**	56	59	**-**	56	59
	31	151	104	**31**	151	104
	641,637	555,089	488,390	**634,292**	547,586	481,103
Deposits from customers can be classified as:						
Current	**619,419**	535,280	476,992	**612,074**	527,777	469,705
Non-current	**22,218**	19,809	11,398	**22,218**	19,809	11,398

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14. Other borrowed funds

(a) Other borrowed funds comprise the following:

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Borrowings from banks:						
in Mauritius	**5,740**	18,740	9,961	**5,740**	18,740	9,961
abroad	**59,615**	67,777	83,415	**56,789**	65,682	82,794
	65,355	86,517	93,376	**62,529**	84,422	92,755
Other borrowed funds include borrowings with original maturity of less than 3 months as shown in note 4	**6**	-	2,075	**6**	-	2,075

The carrying amounts of other borrowed funds are not materially different from their fair values.

(b) Remaining term to maturity:

	GROUP 2024	GROUP 2023	GROUP 2022	BANK 2024	BANK 2023	BANK 2022
On demand or within a period not exceeding 1 year	**7,070**	39,619	24,623	**4,244**	37,705	24,181
Within a period of more than 1 year but not exceeding 3 years	**53,520**	41,800	57,962	**53,520**	41,800	57,962
Within a period of more than 3 years	**4,765**	5,098	10,791	**4,765**	4,917	10,612
	65,355	86,517	93,376	**62,529**	84,422	92,755
Other borrowed funds can be classified as:						
Current	**7,070**	39,619	24,623	**4,244**	37,705	24,181
Non-current	**58,285**	46,898	68,753	**58,285**	46,717	68,574

During the year, the Bank drew down on a three-year USD 500 million syndicated loan facility, secured in June 2023, and an additional USD 400 million sustainability-linked loan, accessed in March 2024. The proceeds from these facilities were deployed to repay existing obligations, either upon maturity or through early repayment.

15. Debt securities

	GROUP & BANK	
	2024	2023
	RS'M	RS'M
5-year senior unsecured notes maturing in 2028 at a fixed coupon rate of 7.95%	**13,759**	13,506
Exchange adjustments and others	**555**	253
	14,314	13,759

Debt securities are classified as non-current liabilities.

During the year 2023, the Bank launched a Global Medium Term Note Programme, which enables the Bank to tap into the international bond market for up to USD 3 billion. This programme has earned a Baa3 rating from Moody's and was registered on the International Securities Market of the London Stock Exchange in October 2022. It aims at diversifying the funding sources of the Bank and support its overall growth strategy.

Under this programme, the Bank issued its first bond for a notional value of USD 300 million on 26 April 2023.

16. Subordinated liabilities

Subordinated liabilities comprise the following:

		GROUP & BANK		
		2024	2023	2022
		RS'M	RS'M	RS'M
Opening balance		**7,059**	684	875
Repayment of USD 6M during the year (2023: USD 9M, 2022: USD 5.3M)	(i)	**(271)**	(404)	(225)
USD 147M floating rate unsecured Tier 2 notes maturing on 30 March 2033 at an average interest rate of 5.4% (2023 : 8.6%)	(ii)	**-**	6,689	-
Exchange adjustments and others		**269**	90	34
		7,057	7,059	684

Subordinated liabilities can be classified as:

Current	**-**	220	-
Non-current	**7,057**	6,839	684

The carrying amount of the subordinated liabilities are not materially different from their fair value.

(i) In 2013, the Bank secured USD 30 million through a 10-year amortizing subordinated debt arrangement with the African Development Bank. The remaining balance was fully repaid in August 2023.

(ii) On 31 March 2023, the Bank successfully concluded its inaugural Basel III compliant Tier 2 bond issuance, amounting to USD 147 million. This bond was issued under the umbrella of a private placement agreement with the African Development Bank. With an original maturity span of 10 years, it features semi-annual amortization, which comes into play starting from the sixth year.

This bond helps consolidate the capital of the Bank and provides the necessary buffer to support its growth strategy.

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17. Post employment benefit (asset)/liability

	GROUP & BANK		
	2024	2023	2022
	RS'M	RS'M	RS'M
Post employee benefit (asset)/liability			
(a) Staff superannuation fund (defined benefit section)	**(1,001)**	(689)	278
(b) Residual retirement gratuities	**247**	234	182
	(754)	(455)	460

(a) Staff superannuation fund (defined benefit section)

	2024 RS'M	2023 RS'M	2022 RS'M
Reconciliation of net defined benefit (asset)/liability			
Opening balance	**(689)**	278	(1,344)
Amount recognised in statement of profit or loss	**201**	230	131
Amount recognised in statement of comprehensive income	**(199)**	234	1,716
Less employer contributions	**(314)**	(1,431)	(225)
Closing balance	**(1,001)**	(689)	278
Reconciliation of fair value of plan assets			
Opening balance	**10,229**	8,765	8,952
Interest income	**580**	492	443
Employer contributions	**314**	1,431	225
Benefits paid	**(425)**	(376)	(401)
Return on plan assets above/(below) interest income	**526**	(83)	(454)
Closing balance	**11,224**	10,229	8,765
Reconciliation of present value of defined benefit obligation			
Opening balance	**9,540**	9,043	7,608
Current service cost	**249**	253	203
Interest expense	**532**	469	371
Benefits paid	**(425)**	(376)	(401)
Liability experience loss	**-**	-	96
Liability loss due to change in financial assumptions	**327**	151	1,166
Closing balance	**10,223**	9,540	9,043
Components of amount recognised in statement of profit or loss			
Current service cost	**249**	253	203
Net interest on net defined benefit (asset)/liability	**(48)**	(23)	(72)
Total	**201**	230	131
Analysed as follows:			
The Mauritius Commercial Bank Limited (see note 27(a))	**179**	195	118
Other members of The MCB Group Limited	**22**	35	13
	201	230	131
Components of amount recognised in statement of comprehensive income			
Return on plan assets (above)/below interest income	**(526)**	83	454
Liability experience loss	**-**	-	96
Liability loss due to change in financial assumptions	**327**	151	1,166
Total	**(199)**	234	1,716

17. Post employment benefit (asset)/liability (Cont'd)

(a) Staff superannuation fund (defined benefit section) (Cont'd)

	GROUP & BANK		
	2024	2023	2022
Allocation of plan assets at end of year	**%**	**%**	**%**
Equity - Local quoted	**30**	30	38
Equity - Local unquoted	**1**	1	1
Debt - Overseas quoted	**1**	1	-
Debt - Local quoted	**19**	13	11
Debt - Local unquoted	**6**	8	5
Property - Overseas	**5**	-	-
Property - Local	**1**	5	6
Investment funds	**33**	31	31
Cash and other	**4**	11	8
Total	**100**	100	100
Allocation of plan assets at end of year	**%**	**%**	**%**
Reporting entity's own transferable financial instruments	**11**	9	11
Property occupied by reporting entity	**5**	5	6
Other assets used by reporting entity	**-**	2	3
Principal assumptions used at end of year			
Discount rate	**5.5%**	5.7%	5.3%
Rate of salary increases	**4.2%**	4.2%	3.7%
Rate of pension increases	**2.7%**	2.7%	2.2%
Average retirement age (ARA)	**63**	63	63
Average life expectancy for:			
Male at ARA	**17.3 years**	17.3 years	17.3 years
Female at ARA	**21.7 years**	21.7 years	21.7 years

	2024	2023	2022
	RS' M	**RS' M**	**RS' M**
Sensitivity analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**1,882**	1,718	1,628
Decrease due to 1% increase in discount rate	**1,462**	1,345	1,275
Increase due to 1% increase in salary increase rate	**808**	745	697
Decrease due to 1% decrease in salary increase rate	**696**	630	597
Increase due to 1% increase in pension increase rate	**988**	897	850
Decrease due to 1% decrease in pension increase rate	**828**	773	732

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17. Post employment benefit (asset)/liability (Cont'd)

(a) Staff superannuation fund (defined benefit section) (Cont'd)

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

It has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

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

The Group sponsors a defined benefit pension plan for some of its employees which is self-administered and funded separately from the Group .The Group has recognised a total net defined benefit asset of Rs 1,001M as at 30 June 2024 for the defined benefit pension plan (2023: net defined asset of Rs 689M and 2022: net defined iability of Rs 278M).

The liability loss due to change in financial assumptions amounting to Rs 327M is mainly due to the decrease in the net pre-retirement discount rate (the difference between the nominal discount rate and the salary increase rate) from 1.5% p.a. in 2023 to 1.3% p.a. in 2024 and in the net post-retirement discount rate (the difference between the nominal discount rate and the pension increase rate) from 3.0% p.a. in 2023 to 2.8% p.a. in 2024.

The Group operates a final salary defined benefit pension or retirement plan for some of its employees which is self-administered and funded separately from the Group.

The plan exposes the Group to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Group had a residual obligation imposed by Workers' Rights Act (WRA) 2019 on top of its Defined Contribution (DC) plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year,except for the change in retirement benefit formula.

Future cash flows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the Bank's actuaries:

Expected employer contribution for the next year (Rs'M):	**327**
Weighted average duration of the defined benefit obligation:	**16 years**

Defined Contribution Cash Balance (DCCB)

As from 1 July 2015, the Group has introduced a Defined Contribution Cash Balanced Scheme "DCCB" for its employees. Consequently, all employees joining the Group as from that date are automatically enrolled in the new scheme. Existing employees had the choice of either remaining in the Defined Benefit Scheme or to join the new scheme.

17. Post employment benefit (asset)/liability (Cont'd)

(b) Residual retirement gratuities

Amounts recognised in the financial statements at end of year

	2024 RS'M	2023 RS'M	2022 RS'M
Reconciliation of net defined benefit liability			
Opening balance	**234**	182	126
Amount recognised in statement of profit or loss (see note 27(a))	**12**	48	14
Amount recognised in statement of comprehensive income	**58**	29	42
Employer contributions	**(57)**	(25)	-
Closing balance	**247**	234	182
Reconciliation of present value of defined benefit obligation			
Opening balance	**234**	182	126
Current service cost	**15**	27	8
Interest expense	**11**	21	6
Past service cost	**(14)**	-	-
Other benefits paid	**(57)**	(25)	-
Liability experience loss/(gain)	**45**	19	(6)
Liability loss due to change in financial assumptions	**13**	10	48
Closing balance	**247**	234	182
Components of amount recognised in statement of profit or loss			
Current service cost	**15**	27	8
Past service cost	**(14)**	-	-
Net interest on net defined benefit liability	**11**	21	6
Total (see note 27(a))	**12**	48	14
Components of amount recognised in other statement of comprehensive income			
Liability experience loss/(gain)	**45**	19	(6)
Liability loss due to change in financial assumptions	**13**	10	48
Total	**58**	29	42
Principal assumptions used at end of year			
Discount rate	**5.5%**	5.7%	5.3%
Rate of salary increases	**4.2%**	4.2%	3.7%
Rate of pension increases	**2.7%**	2.7%	2.2%
Average retirement age (ARA)	**63**	63	63

	2024 RS'M	2023 RS'M	2022 RS'M
Sensitivity analysis on defined benefit obligation at end of year			
Increase due to 1% decrease in discount rate	**86**	52	59
Decrease due to 1% increase in discount rate	**78**	42	45
Increase due to 1% increase in salary increase rate	**68**	47	50
Decrease due to 1% decrease in salary increase rate	**52**	38	38
Increase due to 1% increase in pension increase rate	**10**	5	8
Decrease due to 1% decrease in pension increase rate	**11**	5	9

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17. Post employment benefit (asset)/liability (Cont'd)

(b) Residual retirement gratuities (Cont'd)

The Group has also recognised a net defined benefit liability of Rs247M as at 30 June 2024 (2023: Rs 234M, 2022: Rs 182M) for all employees whose pension benefits are not expected to fully offset the company's retirement gratuity obligations under the Workers' Rights Act (WRA) 2019 and who are therefore entitled to residual retirement gratuities under the Workers' Rights Act (WRA) 2019.

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

The liability experience loss of Rs 45M disclosed is due to the retirement gratuities paid to employees who retired during the year being higher than their past service reserve.

The liability loss of Rs 13M is mainly due to the decrease in the net pre-retirement discount rate (the difference between the nominal discount rate and the salary increase rate) from 1.5% p.a. in 2023 to 1.3% p.a. in 2024 and in the net post-retirement discount rate (the difference between the nominal discount rate and the pension increase rate) from 3.0% p.a. in 2023 to 2.8% p.a. in 2024.

Future cash flows

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due:

Expected employer contribution for the next year (Rs'M): **nil**

Weighted average duration of the defined benefit obligation: **23 years**

Note: The most recent actuarial valuation of planned assets and present value of post employment benefit obligation were carried out as at the reporting date by Aon Hewitt Ltd., Actuaries and Consultants.

Post employment benefit asset/(liability) is classified as non-current asset/(liability).

18. Other liabilities

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Allowances for credit impairment on off balance sheet exposures (18 (a))	**313**	470	489	**292**	459	484
Lease liabilities (18 (b))	**241**	231	213	**201**	200	163
Impersonal, other accounts and deferred income	**13,063**	11,189	8,215	**12,444**	10,593	7,618
Proposed dividend (see note 30)	**2,500**	2,300	1,534	**2,500**	2,300	1,534
	16,117	14,190	10,451	**15,437**	13,552	9,799

All elements under other liabilities are classified as current liabilities except 'impersonal, other accounts and deferred income' and 'lease liabilities' (amounts over 1 year).

(a) Allowances for credit impairment on off balance sheet exposures

	GROUP			BANK		
	Allowances for credit impairment			Allowances for credit impairment		
	12 months expected credit loss	Lifetime expected credit loss (credit impaired)	Total	12 months expected credit loss	Lifetime expected credit loss (credit impaired)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**470**	**-**	**470**	**459**	**-**	**459**
Exchange adjustment	**2**	**-**	**2**	**-**	**-**	**-**
Provision for credit impairment for the year	**221**	**-**	**221**	**211**	**-**	**211**
Provision released during the year	**(378)**	**-**	**(378)**	**(376)**	**-**	**(376)**
Changes in models/risk parameters	**(2)**	**-**	**(2)**	**(2)**	**-**	**(2)**
At 30 June 2024	**313**	**-**	**313**	**292**	**-**	**292**
At 1 July 2022	489	-	489	484	-	484
Provision for credit impairment for the year	393	-	393	387	-	387
Provision released during the year	(353)	-	(353)	(353)	-	(353)
Changes in models/risk parameters	(59)	-	(59)	(59)	-	(59)
At 30 June 2023	470	-	470	459	-	459
At 1 July 2021	392	-	392	389	-	389
Provision for credit impairment for the year	446	-	446	445	-	445
Provision released during the year	(278)	-	(278)	(279)	-	(279)
Changes in models/risk parameters	(71)	-	(71)	(71)	-	(71)
At 30 June 2022	489	-	489	484	-	484

(b) The lease liabilities can be analysed as follows:

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Up to 1 year	**15**	52	31	**15**	52	10
Over 1 year and up to 5 years	**143**	178	182	**104**	148	153
Over 5 years	**83**	1	-	**82**	-	-
	241	231	213	**201**	200	163

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19. Stated capital and reserves

(a) Stated capital

	GROUP & BANK	
	Number of shares	RS'M
Issued and paid up share capital		
At 30 June 2022, 2023 and 2024	**887,960,247**	**8,880**

Fully paid ordinary shares carry one vote per share and the right to dividend.

(b) Reserves

(i) Capital reserve

The capital reserve represents the cumulative net change in the fair value of financial assets FVOCI until the financial instruments are derecognised or impaired.

(ii) Statutory reserve

Statutory reserve represents accumulated transfers from retained earnings in accordance with relevant local banking legislations. These reserves are not distributable.
The statutory reserve should not exceed the stated capital.

(iii) Translation Reserve

The translation reserve represents all foreign currency differences arising from the translation of the results and financial position of investments in associates.

20. Contingent liabilities

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(a) Instruments						
Guarantees on account of customers	**57,426**	51,923	61,196	**55,832**	51,287	60,460
Letters of credit and other obligations on account of customers (net)	**120,383**	57,283	48,447	**120,244**	56,528	46,320
Other contingent items (net)	**2,138**	1,500	3,803	**2,095**	1,473	3,537
	179,947	110,706	113,446	**178,171**	109,288	110,317
(b) Commitments						
Loans and other facilities, including undrawn credit facilities	**9,140**	12,260	10,124	**9,140**	12,260	10,124
(c) Tax assessments	**-**	11	-	**-**	11	-
	189,087	122,977	123,570	**187,311**	121,559	120,441

21. Interest income using the effective interest method

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Loans to and placements with banks	**5,207**	3,634	641	**5,226**	3,620	649
Loans and advances to customers	**28,228**	21,430	11,844	**27,560**	20,882	11,375
Investments at amortised cost	**10,342**	7,286	4,493	**10,136**	7,199	4,411
Investments at fair value through other comprehensive income	**14**	38	35	**14**	38	35
	43,791	32,388	17,013	**42,936**	31,739	16,470

22. Interest expense

Deposits from banks	**1,308**	220	23	**1,396**	269	20
Deposits from customers	**13,543**	8,419	1,176	**13,168**	8,093	948
Debt securities	**1,102**	192	-	**1,102**	192	-
Subordinated liabilities	**610**	177	26	**610**	177	26
Other borrowed funds	**4,327**	4,564	1,573	**4,225**	4,511	1,536
Lease liabilities	**18**	21	11	**14**	17	7
	20,908	13,593	2,809	**20,515**	13,259	2,537

23. Fee and commission income

Cards and other related fees	**4,291**	3,728	2,957	**4,250**	3,697	2,930
Trade finance fees	**1,862**	1,362	1,506	**1,781**	1,283	1,417
Transaction fees	**1,470**	1,307	1,092	**1,384**	1,220	1,043
Guarantee fees	**1,338**	1,330	955	**1,338**	1,319	943
Loan related fees	**551**	497	465	**551**	484	459
Private banking and wealth management fees	**405**	391	423	**405**	391	423
Others	**-**	-	-	**19**	20	18
	9,917	8,615	7,398	**9,728**	8,414	7,233

24. Fee and commission expense

Cards and other related fees	**2,715**	2,235	1,701	**2,617**	2,166	1,655
Loan related and trade finance fees	**430**	390	392	**409**	379	377
Transaction fees	**38**	50	40	**25**	25	25
	3,183	2,675	2,133	**3,051**	2,570	2,057

25. Net trading income

Profit arising from dealing in foreign currencies	**3,204**	2,874	1,761	**3,121**	2,769	1,717
Net gain from derivative financial instruments fair valued through profit or loss	**179**	55	243	**179**	55	243
Net gain from investment securities fair valued through profit or loss	**299**	209	254	**299**	209	254
Net loss from derecognition of debt securities measured at fair value through other comprehensive income	**-**	-	(337)	**-**	-	(337)
Net gain from other investment securities	**-**	16	3	**-**	16	3
	3,682	3,154	1,924	**3,599**	3,049	1,880

26. Dividend income

Quoted investments FVOCI	**46**	24	23	**46**	24	23
Quoted investments FVPL	**-**	22	11	**-**	22	11
Unquoted investments FVOCI	**19**	25	2	**19**	25	2
Subsidiary	**-**	-	-	**41**	31	43
	65	71	36	**106**	102	79

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27. Non-interest expense

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(a) Salaries and human resource costs						
Wages and salaries	**4,317**	3,373	2,778	**4,231**	3,306	2,722
Defined benefit plan (note 17(a))	**179**	195	118	**179**	195	118
Defined contribution plan	**222**	218	118	**222**	218	118
Residual retirement gratuities (note 17(b))	**12**	48	14	**12**	48	14
Compulsory social security obligations	**198**	147	141	**190**	147	136
Equity settled share-based payments	**7**	4	16	**7**	4	16
Other personnel expenses	**1,434**	1,043	1,024	**1,428**	1,032	1,019
	6,369	5,028	4,209	**6,269**	4,950	4,143
(b) Other non-interest expense						
Legal and professional fees	**693**	677	435	**635**	634	392
Rent, repairs, maintenance and security costs	**450**	415	349	**438**	407	342
Software licensing and other information technology costs	**1,037**	991	665	**1,036**	932	609
Electricity, water and telephone charges	**376**	322	311	**374**	319	283
Advertising, marketing costs and sponsoring	**328**	229	133	**282**	227	131
Postage, courier and stationery costs	**251**	200	201	**216**	197	199
Insurance costs	**185**	192	164	**177**	187	159
Others	**577**	278	120	**575**	273	128
of which short term leases	***7***	*21*	*8*	***7***	*21*	*8*
of which variable leases	**-**	-	*14*	**-**	-	*14*
	3,897	3,304	2,378	**3,733**	3,176	2,243

28. Net impairment of financial assets

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Net allowances for credit impairment						
Cash and cash equivalents	**(5)**	(1)	(17)	**(1)**	(6)	(17)
Loans and advances						
Loans to and placements with banks	**(457)**	315	217	**(457)**	315	217
Loans and advances to customers	**4,663**	3,721	3,474	**4,514**	3,677	3,448
Investment securities						
Amortised cost	**464**	65	1	**461**	58	(1)
Fair value through other comprehensive income	**-**	(1)	76	**-**	(1)	76
Off balance sheet exposures	**(159)**	(19)	97	**(167)**	(25)	95
	4,506	4,080	3,848	**4,350**	4,018	3,818
Recoveries of advances previously written off	**(1,021)**	(498)	(426)	**(1,021)**	(498)	(426)
	3,485	3,582	3,422	**3,329**	3,520	3,392

29. Income tax expense

(a) The tax charge related to statement of profit or loss is as follows:

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Income tax based on the adjusted profit	**3,200**	2,532	1,305	**3,174**	2,498	1,286
Deferred tax	**(671)**	(590)	(379)	**(669)**	(590)	(377)
Effect of change in tax rate	**(364)**	289	-	**(364)**	289	-
Levy	**1,248**	645	624	**1,248**	645	624
Corporate social responsibility contribution	**144**	98	114	**144**	98	114
Under/(Over) provision in previous years	**13**	1	(1)	**13**	1	(1)
Charge for the year	**3,570**	2,975	1,663	**3,546**	2,941	1,646

The tax on the profits differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before tax	**19,057**	16,045	10,632	**18,992**	15,900	10,594
Less share of profit of associates	**(306)**	(544)	(475)	**(306)**	(544)	(475)
	18,751	15,501	10,157	**18,686**	15,356	10,119
Tax calculated at applicable tax rates	**2,708**	2,216	1,117	**2,687**	2,185	1,108
Effect of change in tax rate	**(364)**	289	-	**(364)**	289	-
Impact of:						
Income not subject to tax	**(1,195)**	(1,153)	(471)	**(1,195)**	(1,153)	(471)
Expenses not deductible for tax purposes	**1,025**	885	286	**1,022**	882	278
Tax credits	**(9)**	(6)	(6)	**(9)**	(6)	(6)
Levy	**1,248**	645	624	**1,248**	645	624
Corporate Social Responsibility contribution	**144**	98	114	**144**	98	114
Under/(Over) provision in previous years	**13**	1	(1)	**13**	1	(1)
Tax charge	**3,570**	2,975	1,663	**3,546**	2,941	1,646

Corporate Social Responsibility (CSR) tax

Corporate Social Responsibility (CSR) tax was legislated by the Government of Mauritius in July 2009. The Bank is entitled to allocate a percentage of its chargeable income of the preceding year to a CSR programme approved by the National Social Inclusion Foundation (formerly known as National CSR Foundation) and the remaining to the Mauritius Revenue Authority.

Applicable tax rates

The applicable tax rate for the Bank is as follows:

- First Rs 1.5 billion of chargeable income at 5%
- Remainder at 15%.

(b) The tax (charge)/credit related to statement of comprehensive income is as follows:

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Remeasurement of defined benefit pension plan and retirement residual gratuities	**141**	(263)	(1,758)	**141**	(263)	(1,758)
Deferred tax (charge)/credit	**(24)**	39	229	**(24)**	39	229
Remeasurement of defined benefit pension plan and retirement residual gratuities, net of deferred tax	**117**	(224)	(1,529)	**117**	(224)	(1,529)

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30. Dividends

	BANK		
	2024	2023	2022
	RS'M	RS'M	RS'M
Dividends in cash			
Opening dividend payable	**2,300**	1,534	2,000
Declared during the year	**5,200**	4,325	3,734
Paid during the year	**(5,000)**	(3,559)	(4,200)
Closing dividend payable	**2,500**	2,300	1,534

31. Earnings per share
Earnings per share is calculated by dividing the profit attributable to the ordinary equity holder of the Group and Bank by the weighted average number of ordinary shares outstanding during the year.

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Profit attributable to ordinary equity holders of the parent	**15,471**	13,044	8,956	**15,446**	12,959	8,948
Weighted average number of ordinary shares (thousands)	**887,960**	887,960	887,960	**887,960**	887,960	887,960
Earnings per share (Rs)	**17.42**	14.69	10.09	**17.39**	14.59	10.08

32. Commitments

(a) Capital commitments

	GROUP & BANK		
	2024	2023	2022
	RS'M	RS'M	RS'M
Expenditure contracted for but not incurred	**199**	197	192
Expenditure approved by the Board but not contracted for	**123**	92	121

(b) Securities pledged
The Bank has pledged Government of Mauritius bonds as collateral for the purpose of overnight facility from the Bank of Mauritius and for repurchase agreement with other financial institutions.

	GROUP & BANK		
	2024	2023	2022
	RS'M	RS'M	RS'M
Government of Mauritius & Bank of Mauritius bonds with Bank of Mauritius	**-**	7,631	7,113
Government of Mauritius & Bank of Mauritius bonds with other financial institutions	**15,191**	37,647	32,620
	15,191	45,278	39,733

33. Related party transactions

	GROUP & BANK					GROUP	BANK
	Ultimate Holding Company*	Holding Company*	Entities in which the Bank holds more than a 10% interest	Directors and Key Management Personnel (including parent)	Enterprises in which Directors and Key Management Personnel have significant interest (including parent)	Entities under common control (including defined benefit plan)	Entities under common control (including defined benefit plan)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cash equivalents, Loans and Advances							
Balances at 30 June 2024	**-**	**-**	**728**	**148**	**159**	**2,187**	**3,167**
Net movements during the year	**(1,617)**	**-**	**94**	**(34)**	**137**	**(364)**	**(375)**
Balances at 30 June 2023	**1,617**	**-**	**634**	**182**	**22**	**2,551**	**3,542**
Net movements during the year	1,617	-	29	(161)	(387)	2	593
Balances at 30 June 2022	-	-	605	343	409	2,549	2,949
Net movements during the year	-	-	34	80	(12)	(567)	(1,305)
Balances at 30 June 2021	-	-	571	263	421	3,116	4,254
Deposits							
Balance at year end:							
30 June 2024	**3,095**	**12**	**77**	**436**	**429**	**6,734**	**6,826**
30 June 2023	1,593	272	28	415	261	5,964	6,032
30 June 2022	1,188	241	59	528	557	5,074	5,830
Amounts due from/(to)							
Balance at year end:							
30 June 2024	**1**	**(2,097)**	**85**	**-**	**-**	**162**	**190**
30 June 2023	1	(1,910)	96	-	-	113	140
30 June 2022	366	(1,534)	88	-	-	138	152
Off Balance sheet items							
Balance at year end:							
30 June 2024	**-**	**-**	**3**	**-**	**29**	**684**	**2,621**
30 June 2023	-	-	3	-	237	498	2,572
30 June 2022	-	-	74	-	195	316	2,625
Interest income							
For the year ended:							
30 June 2024	**28**	**-**	**30**	**5**	**13**	**136**	**222**
30 June 2023	38	-	17	5	1	144	191
30 June 2022	-	-	6	3	14	100	122
Interest expense							
For the year ended:							
30 June 2024	**47**	**-**	**1**	**16**	**1**	**255**	**257**
30 June 2023	7	-	1	8	-	138	147
30 June 2022	-	-	1	2	-	4	4

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33. Related party transactions (Cont'd)

	GROUP & BANK					GROUP	BANK
	Ultimate Holding Company*	Holding Company*	Entities in which the Bank holds more than a 10% interest	Directors and Key Management Personnel (including parent)	Enterprises in which Directors and Key Management Personnel have significant interest (including parent)	Entities under common control (including defined benefit plan)	Entities under common control (including defined benefit plan)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Other income							
For the year ended:							
30 June 2024	**1**	**1**	**426**	**2**	**2**	**120**	**200**
30 June 2023	1	-	399	3	1	72	150
30 June 2022	1	-	371	3	4	70	149
Non-interest expense							
For the year ended:							
30 June 2024	**(1)**	**-**	**-**	**-**	**-**	**(20)**	**(41)**
30 June 2023	(1)	-	-	-	-	4	(16)
30 June 2022	(1)	-	-	-	-	22	10

The related party transactions were carried out under market terms and conditions with the exception of loans to Key Management Personnel who benefited from preferential rates as applicable to staff.

All the loans are performing.

*The Directors regard MCB Investment Holding Limited as its holding company and MCB Group Limited as its ultimate holding company. The figures for 'Amounts due from/(to)' include the Interim Dividend payable to MCB Investment Holding Limited of Rs 2500 M for 2023/2024, Rs 2,300M for 2022/2023 and Rs 1,534M for 2021/2022.

The Bank introduced a Transfer Pricing policy applicable as from 1 January 2021 with its related entities in line with best practice and has gradually migrated to the new policy with support services being mainly categorised as 'low value services'.

The figures for 'Other income' from Ultimate Holding Company, Holding Company and Entities under common control, include (where applicable) dividend income and support services charged to these entities as per the Group's transfer pricing policy.

The figure for 'Entities in which the Bank holds more than 10% interest' includes dividend income and an annual amount in respect of management fees charged to Banque Française Commerciale Océan Indien ('BFCOI').

During the year, 108,186 share options were exercised under the Group Employee Share Option scheme by Key Management Personnel, including Executive Directors amounting to Rs 34M(FY 2022/2023: 50,114 share options for Rs 20M; FY 2021/2022: 88,343 share options for Rs 22M).

Key Management Personnel compensation

	GROUP			BANK		
	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Remuneration and other benefits relating to Key Management Personnel, including Directors, were as follows :						
Salaries and short term employee benefits	**209**	154	135	**192**	139	121
Post employment benefits	**12**	12	9	**12**	12	9
	221	166	144	**204**	151	130

34. Operating segments

The Bank's and Group's Chief Executive Officers, supported by the Board are considered as the Chief Operation Decision Makers (CODM) for the purpose of identifying the reportable segments. The Chief Operation Decision Makers review the Bank's and the Group's performance based on the identified segments which enable management to assess its performance towards meeting its strategic intent of "extending our frontier." Furthermore, internal management reports cover the performance of the domestic and international markets. The Group's reportable segments under IFRS 8 are:

1. Domestic segment - This segment englobes all our banking activities and other financial services offered to customers in Mauritius ranging from deposit taking, provision of loan, card services and other investment products.
2. Foreign segment - This segment relates to the provision of financial services to customers outside Mauritius.
3. Global Business segment - This segment relates to the provision of financial services to customers holding a GBC licence.

GROUP

	DOMESTIC			FOREIGN			GLOBAL BUSINESS		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Reported segment profit or loss information									
Interest income using the effective interest method	**18,668**	14,922	10,079	**23,289**	16,583	6,568	**1,834**	883	366
Interest expense	**(8,189)**	(6,442)	(1,106)	**(12,009)**	(6,799)	(1,696)	**(710)**	(352)	(7)
Net fee and commission income	**2,680**	2,718	2,213	**3,641**	2,888	2,730	**413**	334	322
Dividend income	**46**	27	23	**19**	44	13	**-**	-	-
Operating income	**14,959**	13,078	12,805	**16,315**	14,866	7,714	**2,432**	669	690
Depreciation of property, plant and equipment	**(326)**	(470)	(491)	**(199)**	(100)	(78)	**(16)**	(1)	(3)
Amortisation of intangible assets	**(425)**	(506)	(397)	**(217)**	(119)	(71)	**(21)**	(2)	(3)
Net impairment of financial assets	**(146)**	1,042	146	**(1,409)**	(1,962)	(3,113)	**(1,930)**	(2,662)	(455)
Operating profit/(loss) (adjusted)	**7,597**	6,846	6,670	**11,430**	11,144	3,583	**137**	(2,028)	154
Share of profit of associates	**-**	-	-	**306**	544	475	**-**	-	-
Profit/(Loss) before tax (adjusted)	**7,597**	6,846	6,670	**11,736**	11,688	4,058	**137**	(2,028)	154
Income tax expense (adjusted)	**(2,121)**	(1,705)	(1,282)	**(2,237)**	(1,803)	(731)	**(247)**	(57)	(27)
Profit/(Loss) for the year (adjusted)	**5,476**	5,141	5,388	**9,499**	9,885	3,327	**(110)**	(2,085)	127
Reported segment asset and liabilities information									
Loan and advances to customers	**147,424**	155,852	142,877	**206,621**	159,337	150,137	**28,488**	21,323	19,031
Deposits from customers	**399,197**	344,709	320,058	**148,404**	119,815	102,066	**94,036**	90,565	66,266
Total Assets (adjusted)	**455,919**	400,080	389,681	**416,663**	368,524	281,523			
Total Liabilities (adjusted)	**421,358**	377,939	340,865	**368,819**	317,748	264,276			

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34. Operating segments (Cont'd)

GROUP

Reconciliation of reported profit or loss

	2024	2023	2022
	RS'M	RS'M	RS'M
Total profit or loss for reportable segments	**14,865**	12,941	8,842
Adjustment to pension expense	**(413)**	(461)	(250)
Adjustment for deferred tax	**1,035**	590	377
Profit for the year	**15,487**	13,070	8,969

Reconciliation of assets and liabilities

	2024	2023	2022
	RS'M	RS'M	RS'M
Total assets for reportable segment	**872,582**	768,604	671,204
Deferred tax	**3,740**	2,729	1,825
Post employment benefit asset	**754**	455	-
	877,076	771,788	673,029
Total liabilities for reportable segment	**790,177**	695,687	605,141
Post employment benefit liability	**-**	-	460
	790,177	695,687	605,601

35. Additional disclosures as required by the Bank of Mauritius - Bank

Under the Guideline on Segmental Reporting under a Single Banking Licence Regime, the Bank of Mauritius requires the Bank to disclose its assets and liabilities, income and expenditure into two segments; Segment A (Seg A) and Segment B (Seg B).

Segment B activity is essentially directed to the provision of international financial services that gives rise to "foreign source income".

Segment B assets will generally consist of placements with and advances to foreign financial institutions, notably associates and overseas correspondents, GBL holders and other non-residents.

However, the liabilities employed to support such assets may come from deposits, borrowings and funds deposited by non-residents, GBL holders and residents.

Segment A activity relates to all banking business other than Segment B 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.

Statement of financial position as at 30 June 2024

		2024			2023			2022		
		TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
		RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
	Note									
ASSETS										
Cash and cash equivalents		**90,669**	**30,306**	**60,363**	113,609	54,599	59,010	64,594	54,648	9,946
Derivative financial instruments	35(a)	**2,071**	**156**	**1,915**	1,214	45	1,169	438	200	238
Loans to and placements with banks	35(b)	**13,582**	**-**	**13,582**	14,092	-	14,092	23,934	-	23,934
Loans and advances to customers	35(c)	**375,404**	**147,424**	**227,980**	329,650	155,852	173,798	306,648	142,877	163,771
Investment securities	35(d)	**322,210**	**229,842**	**92,368**	247,405	147,455	99,950	222,823	157,848	64,975
Investment in subsidiaries	35(e)	**121**	**-**	**121**	118	-	118	118	-	118
Investments in associates	35(e)	**5,495**	**-**	**5,495**	6,084	-	6,084	5,569	-	5,569
Intangible assets	35(f)	**2,551**	**2,551**	**-**	2,211	2,211	-	1,896	1,896	-
Property, plant and equipment	35(g)	**5,028**	**5,028**	**-**	5,003	5,003	-	4,951	4,951	-
Deferred tax assets		**3,719**	**600**	**3,119**	2,710	525	2,185	1,804	508	1,296
Post employment benefit asset		**754**	**754**	**-**	455	455	-	-	-	-
Other assets	35(h)	**43,848**	**40,613**	**3,235**	39,061	34,915	4,146	31,742	27,261	4,481
Total assets		**865,452**	**457,274**	**408,178**	761,612	401,060	360,552	664,517	390,189	274,328
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from banks	35(i)	**41,021**	**872**	**40,149**	15,752	240	15,512	11,318	254	11,064
Deposits from customers	35(j)	**634,292**	**399,197**	**235,095**	547,586	344,709	202,877	481,103	320,058	161,045
Derivative financial instruments	35(a)	**1,990**	**87**	**1,903**	1,216	64	1,152	497	163	334
Other borrowed funds	35(k)	**62,529**	**5,740**	**56,789**	84,422	18,740	65,682	92,755	9,961	82,794
Debt securities	35(l)	**14,314**	**-**	**14,314**	13,759	-	13,759	-	-	-
Subordinated liabilities	35(m)	**7,057**	**-**	**7,057**	7,059	-	7,059	684	-	684
Current tax liabilities		**2,697**	**237**	**2,460**	2,872	1,719	1,153	1,148	890	258
Post employment benefit liability		**-**	**-**	**-**	-	-	-	460	460	-
Other liabilities	35(n)	**15,437**	**15,225**	**212**	13,552	12,467	1,085	9,799	9,539	260
Total liabilities		**779,337**	**421,358**	**357,979**	686,218	377,939	308,279	597,764	341,325	256,439
Shareholder's equity										
Stated capital		**8,880**			8,880			8,880		
Retained earnings		**66,975**			56,625			48,161		
Other components of equity		**10,260**			9,889			9,712		
Total equity		**86,115**			75,394			66,753		
Total equity and liabilities		**865,452**			761,612			664,517		
CONTINGENT LIABILITIES (NET)	35(o)	**187,311**	**35,339**	**151,972**	121,559	31,361	90,198	120,441	25,116	95,325

Notes to the financial statements

for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

Statement of profit or loss for the year ended 30 June 2024

		2024			2023			2022		
		TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
		RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
	Note									
Interest income using the effective interest method	35(p)	**42,936**	**18,668**	**24,268**	31,739	14,922	16,817	16,470	10,079	6,391
Interest expense	35(q)	**(20,515)**	**(8,189)**	**(12,326)**	(13,259)	(6,442)	(6,817)	(2,537)	(1,106)	(1,431)
Net interest income		**22,421**	**10,479**	**11,942**	18,480	8,480	10,000	13,933	8,973	4,960
Fee and commission income	35(r)	**9,728**	**4,426**	**5,302**	8,414	4,041	4,373	7,233	3,272	3,961
Fee and commission expense	35(s)	**(3,051)**	**(1,746)**	**(1,305)**	(2,570)	(1,323)	(1,247)	(2,057)	(1,059)	(998)
Net fee and commission income		**6,677**	**2,680**	**3,997**	5,844	2,718	3,126	5,176	2,213	2,963
Net trading income	37(t)	**3,599**	**1,734**	**1,865**	3,049	1,825	1,224	1,880	1,565	315
Net gain/(loss) from equity financial instruments carried at fair value through profit or loss		**476**	**-**	**476**	564	-	564	(291)	-	(291)
Dividend income	37(u)	**106**	**46**	**60**	102	27	75	79	23	56
Other operating income		**112**	**20**	**92**	79	28	51	77	31	46
Loss on disposal of associate		**(241)**	**-**	**(241)**	-	-	-	-	-	-
		4,052	**1,800**	**2,252**	3,794	1,880	1,914	1,745	1,619	126
Operating income		**33,150**	**14,959**	**18,191**	28,118	13,078	15,040	20,854	12,805	8,049
Non-interest expense										
Salaries and human resource costs	37(v)	**(6,269)**	**(4,156)**	**(2,113)**	(4,950)	(3,813)	(1,137)	(4,143)	(3,538)	(605)
Depreciation of property, plant and equipment		**(492)**	**(326)**	**(166)**	(523)	(470)	(53)	(527)	(491)	(36)
Amortisation of intangible assets		**(641)**	**(425)**	**(216)**	(593)	(506)	(87)	(430)	(397)	(33)
Other	37(w)	**(3,733)**	**(2,583)**	**(1,150)**	(3,176)	(2,776)	(400)	(2,243)	(2,021)	(222)
		(11,135)	**(7,490)**	**(3,645)**	(9,242)	(7,565)	(1,677)	(7,343)	(6,447)	(896)
Operating profit before impairment		**22,015**	**7,469**	**14,546**	18,876	5,513	13,363	13,511	6,358	7,153
Net impairment of financial assets	35(x)	**(3,329)**	**(146)**	**(3,183)**	(3,520)	1,042	(4,562)	(3,392)	146	(3,538)
Operating profit		**18,686**	**7,323**	**11,363**	15,356	6,555	8,801	10,119	6,504	3,615
Share of profit of associates		**306**	**-**	**306**	544	-	544	475	-	475
Profit before tax		**18,992**	**7,323**	**11,669**	15,900	6,555	9,345	10,594	6,504	4,090
Income tax expense	35(y)	**(3,546)**	**(2,030)**	**(1,516)**	(2,941)	(1,805)	(1,136)	(1,646)	(1,388)	(258)
Profit for the year		**15,446**	**5,293**	**10,153**	12,959	4,750	8,209	8,948	5,116	3,832

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

Statement of comprehensive income for the year ended 30 June 2024

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Profit for the year	**15,446**	**5,293**	**10,153**	12,959	4,750	8,209	8,948	5,116	3,832
Other comprehensive income:									
Items that will not be reclassified to profit or loss:									
Net fair value gain/(loss) on equity instruments	**31**	**12**	**19**	(38)	(108)	70	124	124	-
Share of other comprehensive income of associates	**12**	**-**	**12**	54	-	54	24	-	24
Remeasurement of defined benefit pension plan, net of deferred tax	**117**	**117**	**-**	(224)	(224)	-	(1,529)	(1,529)	-
	160	**129**	**31**	(208)	(332)	124	(1,381)	(1,405)	24
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations	**152**	**-**	**152**	294	-	294	(360)	-	(360)
Reclassification adjustments on disposal of investments at fair value	**-**	**-**	**-**	-	-	-	7	-	7
Reclassification adjustments on disposal of associate	**192**	**-**	**192**	-	-	-	-	-	-
Net fair value loss on debt instruments	**(29)**	**-**	**(29)**	(79)	(2)	(77)	(23)	(6)	(17)
	315	**-**	**315**	215	(2)	217	(376)	(6)	(370)
Other comprehensive income for the year	**475**	**129**	**346**	7	(334)	341	(1,757)	(1,411)	(346)
Total comprehensive income for the year	**15,921**	**5,422**	**10,499**	12,966	4,416	8,550	7,191	3,705	3,486

Notes to the financial statements
for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(a) Derivative financial instruments

		2024			2023			2022		
		TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
		RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(i)	**Fair value assets**									
	Currency forwards	**125**	**33**	**92**	470	24	446	244	139	105
	Interest rate swaps	**531**	**5**	**526**	266	8	258	44	-	44
	Currency swaps	**176**	**118**	**58**	43	13	30	123	61	62
	Commodities	**993**	**-**	**993**	63	-	63	14	-	14
	Others	**246**	**-**	**246**	372	-	372	13	-	13
		2,071	**156**	**1,915**	1,214	45	1,169	438	200	238
(ii)	**Fair value liabilities**									
	Currency forwards	**106**	**50**	**56**	473	39	434	255	110	145
	Interest rate swaps	**680**	**7**	**673**	627	10	617	64	9	55
	Currency swaps	**123**	**30**	**93**	47	15	32	164	44	120
	Commodities	**993**	**-**	**993**	63	-	63	14	-	14
	Others	**88**	**-**	**88**	6	-	6	-	-	-
		1,990	**87**	**1,903**	1,216	64	1,152	497	163	334

(b) Loans to and placements with banks

		2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
(i)	**Loans to and placements with banks**									
	in Mauritius	**22,612**	**22,612**	**-**	-	-	-	815	815	-
	outside Mauritius	**74,291**	**-**	**74,291**	77,917	-	77,917	34,375	-	34,375
		96,903	**22,612**	**74,291**	77,917	-	77,917	35,190	815	34,375
	Less:									
	Loans and placements with original maturity less than 3 months and included in cash and cash equivalents	**(82,990)**	**(22,612)**	**(60,378)**	(63,037)	-	(63,037)	(10,783)	(815)	(9,968)
		13,913	**-**	**13,913**	14,880	-	14,880	24,407	-	24,407
	Less allowances for credit impairment	**(331)**	**-**	**(331)**	(788)	-	(788)	(473)	-	(473)
		13,582	**-**	**13,582**	14,092	-	14,092	23,934	-	23,934
(ii)	**Remaining term to maturity**									
	Up to 3 months	**6,674**	**-**	**6,674**	8,278	-	8,278	9,077	-	9,077
	Over 3 months and up to 6 months	**1,189**	**-**	**1,189**	2,139	-	2,139	2,752	-	2,752
	Over 6 months and up to 1 year	**5,269**	**-**	**5,269**	-	-	-	8,651	-	8,651
	Over 1 year and up to 5 years	**774**	**-**	**774**	4,463	-	4,463	3,747	-	3,747
	Over 5 years	**7**	**-**	**7**	-	-	-	180	-	180
		13,913	**-**	**13,913**	14,880	-	14,880	24,407	-	24,407

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(b) Loans to and placements with banks (Cont'd)

(iii) Allowances for credit impairment

	Allowances for credit impairment					
	TOTAL	Segment A		Segment B		
	Total	Total	12 months expected credit loss	Total	12 months expected credit loss	Lifetime expected credit loss (credit impaired)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**788**	**-**	**-**	**788**	**788**	**-**
Provision for credit impairment for the year	**325**	**-**	**-**	**325**	**325**	**-**
Provision released during the year	**(105)**	**-**	**-**	**(105)**	**(105)**	**-**
Financial assets that have been derecognised	**(678)**	**-**	**-**	**(678)**	**(678)**	**-**
Changes in models/risk parameters	**1**	**-**	**-**	**1**	**1**	**-**
Provision and interest in suspense at 30 June 2024	**331**	**-**	**-**	**331**	**331**	**-**
At 1 July 2022	473	-	-	473	473	-
Provision for credit impairment for the year	657	-	-	657	657	-
Provision released during the year	(76)	-	-	(76)	(76)	-
Financial assets that have been derecognised	(257)	-	-	(257)	(257)	-
Changes in models/risk parameters	(9)	-	-	(9)	(9)	-
Provision and interest in suspense at 30 June 2023	788	-	-	788	788	-
At 1 July 2021	256	-	-	256	255	1
Provision for credit impairment for the year	239	-	-	239	239	-
Provision released during the year	(46)	-	-	(46)	(45)	(1)
Financial assets that have been derecognised	(113)	-	-	(113)	(113)	-
Changes in models/risk parameters	137	-	-	137	137	-
Provision and interest in suspense at 30 June 2022	473	-	-	473	473	-

Notes to the financial statements
for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(c) Loans and advances to customers

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Retail customers:									
Credit cards	**1,375**	**1,334**	**41**	979	954	25	912	896	16
Mortgages	**40,843**	**39,349**	**1,494**	37,332	36,053	1,279	34,336	33,162	1,174
Other retail loans	**11,223**	**10,703**	**520**	9,976	9,254	722	9,260	8,487	773
Corporate customers	**115,680**	**100,256**	**15,424**	132,670	113,392	19,278	120,129	104,879	15,250
Entities outside Mauritius	**222,335**	**-**	**222,335**	164,981	-	164,981	153,883	-	153,883
	391,456	**151,642**	**239,814**	345,938	159,653	186,285	318,520	147,424	171,096
Less:									
Allowances for credit impairment	**(16,052)**	**(4,218)**	**(11,834)**	(16,288)	(3,801)	(12,487)	(11,872)	(4,547)	(7,325)
	375,404	**147,424**	**227,980**	329,650	155,852	173,798	306,648	142,877	163,771

(i) Remaining term to maturity

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Up to 3 months	**151,371**	**29,129**	**122,242**	129,433	38,314	91,119	127,589	37,117	90,472
Over 3 months and up to 6 months	**12,962**	**3,830**	**9,132**	20,469	12,562	7,907	13,672	3,998	9,674
Over 6 months and up to 1 year	**12,883**	**3,790**	**9,093**	12,948	5,521	7,427	7,731	3,448	4,283
Over 1 year and up to 5 years	**108,210**	**29,366**	**78,844**	86,342	23,296	63,046	84,709	28,643	56,066
Over 5 years	**106,030**	**85,527**	**20,503**	96,746	79,960	16,786	84,819	74,218	10,601
	391,456	**151,642**	**239,814**	345,938	159,653	186,285	318,520	147,424	171,096

(ii) Credit concentration of risk by industry sectors

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Agriculture and fishing	**298**	**298**	**-**	481	481	-	715	715	-
Manufacturing	**545**	**545**	**-**	7,562	7,562	-	9,682	702	8,980
Tourism	**3,737**	**3,146**	**591**	12,401	10,787	1,614	18,145	14,286	3,859
Transport	**1,835**	**110**	**1,725**	2,504	87	2,417	195	103	92
Construction	**8,065**	**8,065**	**-**	6,993	6,993	-	6,361	6,361	-
Financial and business services	**16,774**	**15,088**	**1,686**	13,683	13,683	-	9,308	9,308	-
Traders	**259,493**	**11,575**	**247,918**	216,036	9,609	206,427	261,203	14,657	246,546
of which Petroleum & Energy products	***247,907***	**-**	***247,907***	*189,045*	*33*	*189,012*	*225,849*	-	*225,849*
Global Business Licence holders	**435**	**-**	**435**	8,144	-	8,144	9,626	-	9,626
Others	**9,861**	**1,046**	**8,815**	8,218	907	7,311	8,803	803	8,000
	301,043	**39,873**	**261,170**	276,022	50,109	225,913	324,038	46,935	277,103

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(c) Loans and advances to customers (Cont'd)

(iii) Allowances for credit impairment

	Allowances for credit impairment								
	TOTAL	SEGMENT A				SEGMENT B			
	Total	Total	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**14,173**	**3,389**	**958**	**1,663**	**768**	**10,784**	**1,558**	**2,169**	**7,057**
Exchange adjustment	**168**	**-**	**-**	**-**	**-**	**168**	**-**	**-**	**168**
Transfer to 12 months ECL	**-**	**-**	**256**	**(202)**	**(54)**	**-**	**38**	**(37)**	**(1)**
Transfer to lifetime ECL not credit impaired	**-**	**-**	**(3)**	**7**	**(4)**	**-**	**(1)**	**1**	**-**
Transfer to lifetime ECL credit impaired	**-**	**-**	**(6)**	**(56)**	**62**	**-**	**(5)**	**(360)**	**365**
Provision for credit impairment for the year	**9,828**	**2,579**	**1,062**	**944**	**573**	**7,249**	**1,302**	**444**	**5,503**
Provision released during the year	**(2,304)**	**(1,425)**	**(585)**	**(768)**	**(72)**	**(879)**	**(302)**	**(219)**	**(358)**
Financial assets that have been derecognised	**(2,817)**	**(545)**	**(243)**	**(247)**	**(55)**	**(2,272)**	**(613)**	**(1,129)**	**(530)**
Write offs	**(4,799)**	**(156)**	**-**	**-**	**(156)**	**(4,643)**	**-**	**-**	**(4,643)**
Changes in models/risk parameters	**(193)**	**(55)**	**(45)**	**(10)**	**-**	**(138)**	**(133)**	**(5)**	**-**
At 30 June 2024	**14,056**	**3,787**	**1,394**	**1,331**	**1,062**	**10,269**	**1,844**	**864**	**7,561**
Interest in suspense	**1,996**	**431**	**-**	**-**	**431**	**1,565**	**-**	**-**	**1,565**
Provision and interest in suspense at 30 June 2024	**16,052**	**4,218**	**1,394**	**1,331**	**1,493**	**11,834**	**1,844**	**864**	**9,126**
At 1 July 2022	10,609	4,111	1,892	1,438	781	6,498	1,356	1,601	3,541
Exchange adjustment	82	-	-	-	-	82	-	-	82
Transfer to 12 months ECL	-	(3)	243	(180)	(66)	3	32	(27)	(2)
Transfer to lifetime ECL not credit impaired	-	-	(35)	49	(14)	-	(16)	650	(634)
Transfer to lifetime ECL credit impaired	-	-	(6)	(12)	18	-	(30)	(86)	116
Provision for credit impairment for the year	8,368	2,084	482	1,116	486	6,284	1,174	1,035	4,075
Provision released during the year	(3,471)	(2,178)	(1,319)	(686)	(173)	(1,293)	(521)	(758)	(14)
Financial assets that have been derecognised	(1,036)	(351)	(217)	(57)	(77)	(685)	(346)	(240)	(99)
Write offs	(195)	(187)	-	-	(187)	(8)	-	-	(8)
Changes in models/risk parameters	(184)	(87)	(82)	(5)	-	(97)	(91)	(6)	-
At 30 June 2023	14,173	3,389	958	1,663	768	10,784	1,558	2,169	7,057
Interest in suspense	2,115	412	-	-	412	1,703	-	-	1,703
Provision and interest in suspense at 30 June 2023	16,288	3,801	958	1,663	1,180	12,487	1,558	2,169	8,760
At 1 July 2021	11,173	5,341	1,309	1,923	2,109	5,832	1,368	2,790	1,674
Exchange adjustment	126	-	-	-	-	126	-	-	126
Transfer to 12 months ECL	-	41	739	(547)	(151)	(41)	196	(235)	(2)
Transfer to lifetime ECL not credit impaired	-	1	(26)	95	(68)	(1)	(97)	97	(1)
Transfer to lifetime ECL credit impaired	-	-	(9)	(19)	28	-	-	(1,126)	1,126
Provision for credit impairment for the year	7,056	2,381	1,086	558	737	4,675	684	(58)	4,049
Provision released during the year	(2,559)	(1,798)	(784)	(763)	(251)	(761)	(550)	(167)	(44)
Financial assets that have been derecognised	(1,524)	(462)	(195)	(25)	(242)	(1,062)	(160)	(272)	(630)
Write offs	(4,138)	(1,381)	-	-	(1,381)	(2,757)	-	-	(2,757)
Changes in models/risk parameters	475	(12)	(228)	216	-	487	(85)	572	-
At 30 June 2022	10,609	4,111	1,892	1,438	781	6,498	1,356	1,601	3,541
Interest in suspense	1,263	436	-	-	436	827	-	-	827
Provision and interest in suspense at 30 June 2022	11,872	4,547	1,892	1,438	1,217	7,325	1,356	1,601	4,368

Notes to the financial statements
for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(c) Loans and advances to customers (Cont'd)

(iv) Allowances for credit impairment by industry sectors

	2024					
	Gross amount of loans	Non-performing loans*	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
SEGMENT A						
Agriculture and fishing	4,617	79	39	-	65	104
Manufacturing	9,092	136	26	249	56	331
Tourism	16,705	31	67	535	21	623
Transport	2,624	31	24	27	29	80
Construction	8,847	107	63	211	51	325
Financial and business services	32,182	289	233	190	259	682
Traders	20,158	679	99	99	469	667
of which Petroleum & Energy products	*306*	-	*2*	-	-	*2*
Personal	51,244	819	121	19	385	525
of which credit cards	*1,314*	*37*	*10*	*1*	*34*	*45*
of which housing	*39,349*	*424*	*48*	*6*	*175*	*229*
Professional	481	2	3	-	1	4
Global Business Licence holders	-	-	-	-	-	-
Others	5,692	269	719	1	157	877
Of which Energy and Commodities Asset Backed financing	-	-	-	-	-	-
	151,642	2,442	1,394	1,331	1,493	4,218
SEGMENT B						
Agriculture and fishing	339	-	2	16	-	18
Manufacturing	8,839	1	138	-	1	139
Tourism	8,324	3,176	51	-	2,326	2,377
Transport	6,302	-	53	-	-	53
Construction	6,644	-	19	-	-	19
Financial and business services	30,360	15	287	33	13	333
Traders	129,906	1,758	563	692	1,757	3,012
of which Petroleum & Energy products	*127,603*	*1,755*	*551*	*694*	*1,755*	*3,000*
Personal	2,045	51	5	1	22	28
of which credit cards	*40*	*2*	-	-	*2*	*2*
of which housing	*1,494*	*15*	*2*	*1*	*6*	*9*
Professional	10	1	-	-	1	1
Global Business Licence holders	15,442	4,134	83	122	4,914	5,119
Others	31,603	296	643	-	92	735
Of which Energy and Commodities Asset Backed financing	*15,082*	-	*30*	-	-	*30*
	239,814	9,432	1,844	864	9,126	11,834
TOTAL						
Agriculture and fishing	4,956	79	41	16	65	122
Manufacturing	17,931	137	164	249	57	470
Tourism	25,029	3,207	118	535	2,347	3,000
Transport	8,926	31	77	27	29	133
Construction	15,491	107	82	211	51	344
Financial and business services	62,542	304	520	223	272	1,015
Traders	150,064	2,437	662	791	2,226	3,679
of which Petroleum & Energy products	*127,909*	*1,755*	*553*	*694*	*1,755*	*3,002*
Personal	53,289	870	126	20	407	553
of which credit cards	*1,354*	*39*	*10*	*1*	*36*	*47*
of which housing	*40,843*	*439*	*50*	*7*	*181*	*238*
Professional	491	3	3	-	2	5
Global Business Licence holders	15,442	4,134	83	122	4,914	5,119
Others	37,295	565	1,362	1	249	1,612
Of which Energy and Commodities Asset Backed financing	*15,082*	-	*30*	-	-	*30*
	391,456	11,874	3,238	2,195	10,619	16,052

*Non performing loans exclude interest in suspense.

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(c) Loans and advances to customers (Cont'd)

(iv) Allowances for credit impairment by industry sectors (Cont'd)

	2023					
	Gross amount of loans	Non-performing loans*	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
SEGMENT A						
Agriculture and fishing	7,097	15	92	99	7	198
Manufacturing	9,416	41	54	164	21	239
Tourism	19,860	27	241	420	14	675
Transport	2,585	11	23	12	7	42
Construction	9,518	58	78	105	28	211
Financial and business services	37,774	277	139	224	204	567
Traders	21,259	717	169	52	468	689
of which Petroleum & Energy products	*331*	-	*5*	-	-	*5*
Personal	46,248	809	102	45	336	483
of which credit cards	934	*29*	*9*	*2*	*26*	*37*
of which housing	36,053	*475*	*46*	*20*	*160*	*226*
Professional	295	11	4	1	4	9
Global Business Licence holders	-	-	-	-	-	-
Others	5,601	261	56	540	92	688
Of which Energy and Commodities Asset Backed financing	-	-	-	-	-	-
	159,653	2,227	958	1,662	1,181	3,801
SEGMENT B						
Agriculture and fishing	1,053	618	1	67	897	965
Manufacturing	3,394	-	82	-	1	83
Tourism	8,955	434	136	969	430	1,535
Transport	4,829	-	76	-	-	76
Construction	3,357	-	29	-	-	29
Financial and business services	15,338	13	302	1	12	315
Traders	94,305	2	359	823	2	1,184
of which Petroleum & Energy products	*92,893*	-	*317*	*823*	-	*1,140*
Personal	2,026	40	22	19	21	62
of which credit cards	*25*	*1*	-	*1*	*1*	*2*
of which housing	*1,279*	*36*	*1*	*2*	*18*	*21*
Professional	-	-	-	-	-	-
Global Business Licence holders	23,849	7,285	44	63	6,595	6,702
Others	29,179	1,175	507	228	801	1,536
Of which Energy and Commodities Asset Backed financing	*17,126*	*890*	*74*	*89*	*746*	*909*
	186,285	9,567	1,558	2,170	8,759	12,487
TOTAL						
Agriculture and fishing	8,150	633	93	166	904	1,163
Manufacturing	12,810	41	136	164	22	322
Tourism	28,815	461	377	1,389	444	2,210
Transport	7,414	11	99	12	7	118
Construction	12,875	58	107	105	28	240
Financial and business services	53,112	290	441	225	216	882
Traders	115,564	719	528	875	470	1,873
of which Petroleum & Energy products	*93,224*	-	*322*	*823*	-	*1,145*
Personal	48,274	849	124	64	357	545
of which credit cards	959	*30*	*9*	3	*27*	*39*
of which housing	37,332	*511*	*47*	*22*	*178*	*247*
Professional	295	11	4	1	4	9
Global Business Licence holders	23,849	7,285	44	63	6,595	6,702
Others	34,780	1,436	563	768	893	2,224
Of which Energy and Commodities Asset Backed financing	*17,126*	*890*	*74*	*89*	*746*	*909*
	345,938	11,794	2,516	3,832	9,940	16,288

*Non performing loans exclude interest in suspense.

Notes to the financial statements

for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(c) Loans and advances to customers (Cont'd)

(iv) Allowances for credit impairment by industry sectors (Cont'd)

	2022					
	Gross amount of loans	Non-performing loans*	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total provision
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
SEGMENT A						
Agriculture and fishing	6,125	54	117	111	12	240
Manufacturing	10,444	302	114	207	130	451
Tourism	22,194	125	633	523	36	1,192
Transport	2,804	18	49	1	7	57
Construction	9,756	574	118	17	330	465
Financial and business services	23,173	235	270	166	100	536
Traders	17,161	220	305	26	111	442
of which Petroleum & Energy products	*389*	*16*	*11*	*1*	*16*	*28*
Personal	41,862	864	185	60	354	599
of which credit cards	*852*	*22*	*10*	*1*	*20*	*31*
of which housing	*33,162*	*611*	*92*	*25*	*205*	*322*
Professional	911	82	11	1	57	69
Global Business Licence holders	-	-	-	-	-	-
Others	12,994	113	90	326	80	496
Of which Energy and Commodities Asset Backed financing	-	-	-	-	-	-
	147,424	2,587	1,892	1,438	1,217	4,547
SEGMENT B						
Agriculture and fishing	1,467	610	3	20	428	451
Manufacturing	9,287	1	61	-	1	62
Tourism	10,080	-	254	904	-	1,158
Transport	2,443	-	125	-	-	125
Construction	3,612	-	108	-	-	108
Financial and business services	7,602	12	59	1	11	71
Traders	89,841	842	177	189	640	1,006
of which Petroleum & Energy products	*89,476*	*840*	*162*	*189*	*638*	*989*
Personal	1,874	39	34	5	14	53
of which credit cards	*14*	*1*	-	-	*1*	*1*
of which housing	*1,174*	*32*	*2*	*2*	*7*	*11*
Professional	91	1	1	-	1	2
Global Business Licence holders	16,175	7,414	142	25	3,080	3,247
Others	28,624	878	392	457	193	1,042
Of which Energy and Commodities Asset Backed financing	*16,041*	*807*	*97*	*168*	*183*	*448*
	171,096	9,797	1,356	1,601	4,368	7,325
TOTAL						
Agriculture and fishing	7,592	664	120	131	440	691
Manufacturing	19,731	303	175	207	131	513
Tourism	32,274	125	887	1,427	36	2,350
Transport	5,247	18	174	1	7	182
Construction	13,368	574	226	17	330	573
Financial and business services	30,775	247	329	167	111	607
Traders	107,002	1,062	482	215	751	1,448
of which Petroleum & Energy products	*89,865*	*856*	*173*	*190*	*654*	*1,017*
Personal	43,736	903	219	65	368	652
of which credit cards	*866*	*23*	*10*	*1*	*21*	*32*
of which housing	*34,336*	*643*	*94*	*27*	*212*	*333*
Professional	1,002	83	12	1	58	71
Global Business Licence holders	16,175	7,414	142	25	3,080	3,247
Others	41,618	991	482	783	273	1,538
Of which Energy and Commodities Asset Backed financing	*16,041*	*807*	*97*	*168*	*183*	*448*
	318,520	12,384	3,248	3,039	5,585	11,872

*Non performing loans exclude interest in suspense.

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(d) Investment securities

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Investment in debt securities at amortised cost	**314,019**	**225,385**	**88,634**	241,387	145,078	96,309	216,503	156,182	60,321
Less:									
Allowances for credit impairment on investment in debt securities at amortised cost	**(889)**	**(207)**	**(682)**	(415)	(210)	(205)	(357)	(294)	(63)
	313,130	**225,178**	**87,952**	240,972	144,868	96,104	216,146	155,888	60,258
Investment in debt and equity securities at:									
Fair value through other comprehensive income	**2,166**	**1,179**	**987**	1,936	1,202	734	3,567	1,262	2,305
Fair value through profit or loss	**6,914**	**3,485**	**3,429**	4,497	1,385	3,112	3,110	698	2,412
	322,210	**229,842**	**92,368**	247,405	147,455	99,950	222,823	157,848	64,975

Credit impaired investments at fair value through other comprehensive income amounted to Rs 1M/Provision Rs 1M.
At 30 June 2023 and 2022, there were no credit impaired investments fair valued through other comprehensive income.

(i) Investment in debt securities at amortised cost

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Government of Mauritius & Bank of Mauritius bonds	**133,768**	**133,768**	**-**	106,753	106,753	-	111,658	111,658	-
Treasury bills	**63,330**	**58,582**	**4,748**	33,446	9,912	23,534	20,809	16,327	4,482
Foreign Bonds	**83,886**	**-**	**83,886**	72,775	-	72,775	55,839	-	55,839
Notes	**32,637**	**32,637**	**-**	28,019	28,019	-	27,813	27,813	-
Index linked note	**398**	**398**	**-**	394	394	-	384	384	-
	314,019	**225,385**	**88,634**	241,387	145,078	96,309	216,503	156,182	60,321

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35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(d) Investment securities (Cont'd)

Allowances for credit impairment on investment in debt securities at amortised cost

		Segment A			Segment B			
	TOTAL	TOTAL	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	TOTAL	12 months expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
At 1 July 2023	**415**	**210**	**210**	**-**	**205**	**140**	**65**	**-**
Transfer to lifetime ECL credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**(64)**	**64**
Provision for credit impairment for the year	**631**	**133**	**133**	**-**	**498**	**200**	**-**	**298**
Provision released during the year	**(92)**	**(92)**	**(92)**	**-**	**-**	**-**	**-**	**-**
Financial assets that have been derecognised	**(67)**	**(43)**	**(43)**	**-**	**(24)**	**(23)**	**(1)**	**-**
Changes in models/risk parameters	**(11)**	**(1)**	**(1)**	**-**	**(10)**	**(10)**	**-**	**-**
At 30 June 2024	**876**	**207**	**207**	**-**	**669**	**307**	**-**	**362**
Interest in suspense	**13**	**-**	**-**	**-**	**13**	**-**	**-**	**13**
Provision and interest suspense at 30 June 2024	**889**	**207**	**207**	**-**	**682**	**307**	**-**	**375**
At 1 July 2022	357	294	294	-	63	63	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-	-	(5)	5	-
Provision for credit impairment for the year	370	173	173	-	197	135	62	-
Provision released during the year	(123)	(120)	(120)	-	(3)	-	(3)	-
Financial assets that have been derecognised	(31)	(31)	(31)	-	-	-	-	-
Changes in models/risk parameters	(158)	(106)	(106)	-	(52)	(53)	1	-
At 30 June 2023	415	210	210	-	205	140	65	-
At 1 July 2021	358	337	231	106	21	21	-	-
Transfer to 12 month ECL	-	-	102	(102)	-	-	-	-
Provision for credit impairment for the year	140	83	83	-	57	57	-	-
Provision released during the year	(107)	(94)	(94)	-	(13)	(13)	-	-
Financial assets that have been derecognised	(65)	(65)	(61)	(4)	-	-	-	-
Changes in models/risk parameters	31	33	33	-	(2)	(2)	-	-
At 30 June 2022	357	294	294	-	63	63	-	-

(ii) Investment in debt and equity securities measured at fair value through other comprehensive income by levels

	2024			2023		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Quoted - Level 1						
Official list: shares (equity instrument)	**887**	**887**	**-**	861	861	-
Bonds (debt instrument)	**74**	**73**	**1**	125	124	1
	961	**960**	**1**	986	985	1
Unquoted - Level 2						
Investment fund (debt instrument)	**819**	**-**	**819**	590	-	590
Unquoted - Level 3						
Shares (equity instrument)	**386**	**219**	**167**	360	217	143
	2,166	**1,179**	**987**	1,936	1,202	734

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(d) Investment securities (Cont'd)

(ii) Investment in debt and equity securities measured at fair value through other comprehensive income by levels (Cont'd)

	2022		
	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M
Quoted - Level 1			
Official list: shares (equity instrument)	961	961	-
Bonds (debt instrument)	1,662	103	1,559
	2,623	1,064	1,559
Unquoted - Level 2			
Investment fund (debt instrument)	675	-	675
Unquoted - Level 3			
Shares (equity instrument)	269	198	71
	3,567	1,262	2,305

(iii) Investment in debt and equity securities measured at fair value through profit or loss by levels

	2024			2023		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Quoted - Level 1						
Foreign bonds (debt instrument)	**-**	**-**	**-**	136	-	136
Foreign shares (equity instrument)	**3,429**	**-**	**3,429**	2,976	-	2,976
	3,429	**-**	**3,429**	3,112	-	3,112
Unquoted - Level 2						
Government of Mauritius & Bank of Mauritius bonds (debt instrument)	**1**	**1**	**-**	1,021	1,021	-
Treasury bills (debt instrument)	**3,484**	**3,484**	**-**	364	364	-
	3,485	**3,485**	**-**	1,385	1,385	-
	6,914	**3,485**	**3,429**	4,497	1,385	3,112

	2022		
	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M
Quoted - Level 1			
Foreign bonds (debt instrument)	-	-	-
Foreign shares (equity instrument)	2,412	-	2,412
	2,412	-	2,412
Unquoted - Level 2			
Government of Mauritius & Bank of Mauritius bonds (debt instrument)	196	196	-
Treasury bills (debt instrument)	502	502	-
	698	698	-
	3,110	698	2,412

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35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(e) Investments in subsidiaries and associates

(i) Investments in subsidiaries

The Bank's interest in its subsidiaries is as follows:

			2024			2023			2022		
	Country of incorporation	Holding %	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
			RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
The Mauritius Commercial Bank (Madagascar) S.A	Madagascar	80.00	118	-	118	118	-	118	118	-	118
MCB Nigeria (Representative Office) Ltd	Nigeria	100.00	3	-	3	-	-	-	-	-	-
			121	-	121	118	-	118	118	-	118

(ii) Investments in associates

The Bank's interest in its associates is as follows:

	Country of incorporation	Holding %
Banque Française Commerciale Océan Indien	Reunion	49.99

Movements in investments in associates

	SEGMENT B			
	BFCOI	SG Moçambique	Subordinated loan to BFCOI	TOTAL
	RS'M	RS'M	RS'M	RS'M
At 30 June 2021	4,840	464	516	5,820
Share of profit of associates	400	75	-	475
Exchange differences on translating foreign operations	(388)	28	-	(360)
Share of other movements in associates	24	-	-	24
Net subordinated loan granted to associate	-	-	40	40
Dividend received from associates	(383)	-	-	(383)
Adjustments	-	(4)	(43)	(47)
At 30 June 2022	4,493	563	513	5,569
Share of profit of associates	489	55	-	544
Exchange differences on translating foreign operations	287	7	-	294
Share of other movements in associates	54	-	-	54
Dividend received from associates	(410)	-	-	(410)
Adjustments	-	3	30	33
At 30 June 2023	4,913	628	543	6,084
Share of profit of associates	306	-	-	306
Exchange differences on translating foreign operations	126	26	-	152
Share of other movements in associates	12	-	-	12
Dividend received from associates	(420)	-	-	(420)
Adjustments	-	-	15	15
Disposal of associate	-	(654)	-	(654)
At 30 June 2024	4,937	-	558	5,495

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(f) Intangible assets

	Computer Software	Work in progress	Total
	RS'M	RS'M	RS'M
Cost			
At 1 July 2021	1,582	466	2,048
Additions	83	856	939
Transfer	808	(808)	-
At 30 June 2022	2,473	514	2,987
Additions	13	895	908
Adjustment	675	-	675
Transfer	1,172	(1,172)	-
At 30 June 2023	**4,333**	**237**	**4,570**
Additions	**13**	**979**	**992**
Adjustment	**(13)**	**-**	**(13)**
Transfer	**925**	**(925)**	**-**
At 30 June 2024	**5,258**	**291**	**5,549**
Accumulated Amortisation			
At 1 July 2021	586	-	586
Amortisation adjustment	75	-	75
Charge for the year	430	-	430
At 30 June 2022	1,091	-	1,091
Charge for the year	593	-	593
Adjustment	675	-	675
At 30 June 2023	**2,359**	**-**	**2,359**
Charge for the year	**641**	**-**	**641**
Adjustment	**(2)**	**-**	**(2)**
At 30 June 2024	**2,998**	**-**	**2,998**
Net book value - Segment A			
At 30 June 2024	**2,260**	**291**	**2,551**
At 30 June 2023	1,974	237	2,211
At 30 June 2022	1,382	514	1,896

Intangible assets are classified as non-current assets.

Notes to the financial statements

for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(g) Property, plant and equipment

	Land and buildings	Computer and other equipment	Furniture, fittings and vehicles	Work in progress	Right-of-use Assets (Land and buildings)	Total
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Cost						
At 1 July 2021	4,715	3,388	897	149	240	9,389
Additions	-	204	18	156	167	545
Scrap	-	(130)	(1)	-	-	(131)
Disposals	-	(3)	(9)	-	-	(12)
Cancellation	-	-	-	-	(80)	(80)
Adjustment on re-measurement	-	-	-	-	(1)	(1)
Transfer	63	60	34	(157)	-	-
At 30 June 2022	4,778	3,519	939	148	326	9,710
Additions	14	273	20	178	132	617
Scrap	-	(78)	(1)	-	-	(79)
Disposals	-	(4)	(16)	-	-	(20)
Adjustment on re-measurement	-	-	-	-	(39)	(39)
Adjustment	-	105	-	-	-	105
Transfer	40	72	31	(143)	-	-
At 30 June 2023	**4,832**	**3,887**	**973**	**183**	**419**	**10,294**
Additions	**-**	**219**	**20**	**211**	**57**	**507**
Scrap	**-**	**(150)**	**(1)**	**-**	**-**	**(151)**
Disposals	**-**	**(4)**	**(17)**	**-**	**-**	**(21)**
Adjustment on re-measurement	**-**	**-**	**-**	**-**	**13**	**13**
Adjustment	**-**	**-**	**-**	**-**	**-**	**-**
Transfer	**44**	**83**	**43**	**(170)**	**-**	**-**
At 30 June 2024	**4,876**	**4,035**	**1,018**	**224**	**489**	**10,642**
Accumulated depreciation						
At 1 July 2021	1,086	2,415	573	-	104	4,178
Charge for the year	80	324	59	-	64	527
Depreciation adjustment	-	182	13	-	-	195
Scrap adjustment	-	(130)	-	-	-	(130)
Disposal adjustment	-	(2)	(9)	-	-	(11)
At 30 June 2022	1,166	2,789	636	-	168	4,759
Charge for the year	81	324	58	-	60	523
Scrap adjustment	-	(78)	-	-	-	(78)
Adjustment	-	105	-	-	-	105
Disposal adjustment	-	(4)	(14)	-	-	(18)
At 30 June 2023	**1,247**	**3,136**	**680**	**-**	**228**	**5,291**
Charge for the year	**81**	**287**	**59**	**-**	**65**	**492**
Scrap adjustment	**-**	**(150)**	**(1)**	**-**	**-**	**(151)**
Disposal adjustment	**-**	**(4)**	**(14)**	**-**	**-**	**(18)**
At 30 June 2024	**1,328**	**3,269**	**724**	**-**	**293**	**5,614**
Net book values - Segment A						
At 30 June 2024	**3,548**	**766**	**294**	**224**	**196**	**5,028**
At 30 June 2023	3,585	751	293	183	191	5,003
At 30 June 2022	3,612	730	303	148	158	4,951

Property, plant and equipment are classified as non-current assets.
Following the adoption of IFRS 16, the Bank has presented right-of-use assets within 'property, plant and equipment'.
The leases under Right-of-use Assets consist mainly of rental of space for ATMs and the lease terms are in the range of 1 to 5 years.
Moreover, the Bank does not have the possibility of acquiring the asset at the end of the lease.

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(h) Other assets

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Mandatory balances with Central Bank	**36,696**	**36,696**	**-**	30,639	30,639	-	24,146	24,146	-
Prepayments and other receivables	**1,859**	**1,788**	**71**	1,939	1,499	440	1,880	1,238	642
Credit card clearing	**469**	**469**	**-**	1,162	1,162	-	490	490	-
Non-banking assets acquired in satisfaction of debts*	**105**	**105**	**-**	104	104	-	101	101	-
Impersonal & other accounts	**4,719**	**1,555**	**3,164**	5,217	1,511	3,706	5,125	1,286	3,839
	43,848	**40,613**	**3,235**	39,061	34,915	4,146	31,742	27,261	4,481

* The Bank's policy is to dispose of such assets as soon as the market permits.
All elements under other assets are classified as current assets except 'non-banking assets acquired in satisfaction of debts' and 'impersonal and other accounts'.
Management has assessed the impact of ECLs on the balances as immaterial.

(i) Deposits from banks

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Demand deposits	**11,111**	**872**	**10,239**	7,795	240	7,555	5,205	254	4,951
Money market deposits with remaining term to maturity:									
Up to 3 months	**24,328**	**-**	**24,328**	2,870	-	2,870	4,271	-	4,271
Over 3 months and up to 6 months	**3,754**	**-**	**3,754**	3,893	-	3,893	-	-	-
Over 6 months and up to 1 year	**1,828**	**-**	**1,828**	1,150	-	1,150	1,799	-	1,799
Over 1 year and up to 5 years	**-**	**-**	**-**	44	-	44	43	-	43
	29,910	**-**	**29,910**	7,957	-	7,957	6,113	-	6,113
	41,021	**872**	**40,149**	15,752	240	15,512	11,318	254	11,064
Deposits from banks can be classified as:									
Current	**41,021**	**872**	**40,149**	15,708	240	15,468	11,275	254	11,021
Non-current	**-**	**-**	**-**	44	-	44	43	-	43

Notes to the financial statements
for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(j) Deposits from customers

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(i) Retail customers									
Demand deposits	**54,474**	**37,540**	**16,934**	49,119	33,385	15,734	52,473	34,461	18,012
Savings deposits	**222,170**	**209,945**	**12,225**	195,731	184,940	10,791	185,371	175,279	10,092
Time deposits with remaining term to maturity:									
Up to 3 months	**13,680**	**9,671**	**4,009**	6,410	4,827	1,583	2,487	1,984	503
Over 3 months and up to 6 months	**5,630**	**3,259**	**2,371**	3,803	2,851	952	1,679	1,313	366
Over 6 months and up to 1 year	**8,965**	**5,486**	**3,479**	6,445	4,702	1,743	3,490	2,988	502
Over 1 year and up to 5 years	**13,225**	**11,493**	**1,732**	12,069	9,789	2,280	9,760	8,734	1,026
Over 5 years	**7**	**2**	**5**	30	22	8	6	5	1
	41,507	**29,911**	**11,596**	28,757	22,191	6,566	17,422	15,024	2,398
	318,151	**277,396**	**40,755**	273,607	240,516	33,091	255,266	224,764	30,502
(ii) Corporate customers									
Demand deposits	**207,492**	**95,965**	**111,527**	205,448	83,899	121,549	200,862	83,559	117,303
Savings deposits	**5,433**	**5,420**	**13**	5,452	5,420	32	5,342	5,339	3
Time deposits with remaining term to maturity:									
Up to 3 months	**70,965**	**11,996**	**58,969**	33,943	7,428	26,515	11,903	2,892	9,011
Over 3 months and up to 6 months	**7,663**	**3,797**	**3,866**	7,662	3,441	4,221	2,640	1,004	1,636
Over 6 months and up to 1 year	**15,571**	**3,314**	**12,257**	13,613	1,892	11,721	3,354	1,102	2,252
Over 1 year and up to 5 years	**8,985**	**1,277**	**7,708**	7,710	1,962	5,748	1,631	1,293	338
Over 5 years	**1**	**1**	**-**	-	-	-	1	1	-
	103,185	**20,385**	**82,800**	62,928	14,723	48,205	19,529	6,292	13,237
	316,110	**121,770**	**194,340**	273,828	104,042	169,786	225,733	95,190	130,543
(iii) Government									
Demand deposits	**31**	**31**	**-**	95	95	-	45	45	-
Savings deposits	**-**	**-**	**-**	56	56	-	59	59	-
	31	**31**	**-**	151	151	-	104	104	-
	634,292	**399,197**	**235,095**	547,586	344,709	202,877	481,103	320,058	161,045
Deposits from customers can be classified as:									
Current	**612,074**	**386,424**	**225,650**	527,777	332,936	194,841	469,705	310,025	159,680
Non-current	**22,218**	**12,773**	**9,445**	19,809	11,773	8,036	11,398	10,033	1,365

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(k) Other borrowed funds

(i) Other borrowed funds comprise the following:

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Borrowings from banks:									
in Mauritius	**5,740**	**5,740**	**-**	18,740	18,740	-	9,961	9,961	-
abroad	**56,789**	**-**	**56,789**	65,682	-	65,682	82,794	-	82,794
	62,529	**5,740**	**56,789**	84,422	18,740	65,682	92,755	9,961	82,794

The carrying amounts of other borrowed funds are not materially different from their fair values.

(ii) Remaining term to maturity:

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
On demand or within a period not exceeding 1 year	**4,244**	**922**	**3,322**	37,705	14,104	23,601	24,181	3,207	20,974
Within a period of more than 1 year but not exceeding 3 years	**53,520**	**4,818**	**48,702**	41,800	4,636	37,164	57,962	6,754	51,208
Within a period of more than 3 years	**4,765**	**-**	**4,765**	4,917	-	4,917	10,612	-	10,612
	62,529	**5,740**	**56,789**	84,422	18,740	65,682	92,755	9,961	82,794

(l) Debt securities

Senior unsecured notes

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B
5-year senior unsecured notes maturing in 2028 at a fixed coupon rate of 7.95%	**13,759**	**-**	**13,759**	13,506	-	13,506
Exchange adjustments and others	**555**	**-**	**555**	253	-	253
	14,314	**-**	**14,314**	13,759	-	13,759

(m) Subordinated liabilities

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Opening balance	**7,059**	**-**	**7,059**	684	-	684	875	-	875
Repayment of USD 6M during the year (2023: USD 9M, 2022: USD 5.3M)	**(271)**	**-**	**(271)**	(404)	-	(404)	(225)	-	(225)
USD 147M floating rate unsecured Tier 2 notes maturing on 30 March 2033 at an average interest rate of 5.4% (2023 : 8.6%)	**-**	**-**	**-**	6,689	-	6,689	-	-	-
Exchange adjustments and others	**269**	**-**	**269**	90	-	90	34	-	34
	7,057	**-**	**7,057**	7,059	-	7,059	684	-	684

(n) Other liabilities

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Allowances for credit impairment on off balance sheet exposures	**292**	**167**	**125**	459	275	184	484	283	201
Lease liabilities	**201**	**201**	**-**	200	200	-	163	163	-
Impersonal, other accounts and deferred income	**12,444**	**12,357**	**87**	10,593	9,692	901	7,618	7,559	59
Proposed dividend	**2,500**	**2,500**	**-**	2,300	2,300	-	1,534	1,534	-
	15,437	**15,225**	**212**	13,552	12,467	1,085	9,799	9,539	260

Notes to the financial statements

for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(o) Contingent liabilities

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
(i) Instruments									
Guarantees on account of customers	**55,832**	**27,392**	**28,440**	51,287	23,689	27,598	60,460	16,959	43,501
Letters of credit and other obligations on account of customers (net)	**120,244**	**2,115**	**118,129**	56,528	3,005	53,523	46,320	3,394	42,926
Other contingent items (net)	**2,095**	**204**	**1,891**	1,473	-	1,473	3,537	-	3,537
	178,171	**29,711**	**148,460**	109,288	26,694	82,594	110,317	20,353	89,964
(ii) Commitments									
Loans and other facilities, including undrawn credit facilities	**9,140**	**5,628**	**3,512**	12,260	4,656	7,604	10,124	4,763	5,361
(iii) Tax assessments	**-**	**-**	**-**	11	11	-	-	-	-
	187,311	**35,339**	**151,972**	121,559	31,361	90,198	120,441	25,116	95,325

(p) Interest income using the effective interest method

Loans to and placements with banks	**5,226**	**725**	**4,501**	3,620	309	3,311	649	7	642
Loans and advances to customers	**27,560**	**10,790**	**16,770**	20,882	8,982	11,900	11,375	5,905	5,470
Investments at amortised cost	**10,136**	**7,139**	**2,997**	7,199	5,605	1,594	4,411	4,151	260
Investments at fair value through other comprehensive income	**14**	**14**	**-**	38	26	12	35	16	19
	42,936	**18,668**	**24,268**	31,739	14,922	16,817	16,470	10,079	6,391

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(q) Interest expense

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Deposits from banks	**1,396**	**-**	**1,396**	269	-	269	20	-	20
Deposits from customers	**13,168**	**7,581**	**5,587**	8,093	5,309	2,784	948	867	81
Debt securities	**1,102**	**-**	**1,102**	192	-	192	-	-	-
Subordinated liabilies	**610**	**-**	**610**	177	-	177	26	-	26
Other borrowed funds	**4,225**	**594**	**3,631**	4,511	1,116	3,395	1,536	232	1,304
Lease liabilities	**14**	**14**	**-**	17	17	-	7	7	-
	20,515	**8,189**	**12,326**	13,259	6,442	6,817	2,537	1,106	1,431

(r) Fee and commission income

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Cards and other related fees	**4,250**	**2,718**	**1,532**	3,697	2,439	1,258	2,930	1,991	939
Trade finance fees	**1,781**	**151**	**1,630**	1,283	164	1,119	1,417	96	1,321
Transaction fees	**1,384**	**835**	**549**	1,220	753	467	1,043	591	452
Guarantee fees	**1,338**	**227**	**1,111**	1,319	216	1,103	943	196	747
Loan related	**551**	**218**	**333**	484	242	242	459	204	255
Private banking and wealth management fees	**405**	**273**	**132**	391	221	170	423	190	233
Others	**19**	**4**	**15**	20	6	14	18	4	14
	9,728	**4,426**	**5,302**	8,414	4,041	4,373	7,233	3,272	3,961

(s) Fee and commission expense

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Cards and other related fees	**2,617**	**1,734**	**883**	2,166	1,322	844	1,655	1,059	596
Loan related and trade finance fees	**409**	**2**	**407**	379	-	379	377	-	377
Transaction fees	**25**	**10**	**15**	25	1	24	25	-	25
	3,051	**1,746**	**1,305**	2,570	1,323	1,247	2,057	1,059	998

(t) Net trading income

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Profit from dealing in foreign currencies	**3,121**	**1,443**	**1,678**	2,769	1,592	1,177	1,717	1,347	370
Net gain/(loss) from derivative financial instruments fair valued through profit or loss	**179**	**22**	**157**	55	25	30	243	(9)	252
Net gain from investment securities fair valued through profit or loss	**299**	**269**	**30**	209	207	2	254	225	29
Net loss from investment securities fair valued through other comprehensive income	**-**	**-**	**-**	-	-	-	(337)	-	(337)
Net gain from other investment securities	**-**	**-**	**-**	16	1	15	3	2	1
	3,599	**1,734**	**1,865**	3,049	1,825	1,224	1,880	1,565	315

(u) Dividend income

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Quoted investments FVOCI	**46**	**46**	**-**	24	24	-	23	23	-
Quoted investments FVPL	**-**	**-**	**-**	22	-	22	11	-	11
Unquoted investments FVOCI	**19**	**-**	**19**	25	3	22	2	-	2
Subsidiary	**41**	**-**	**41**	31	-	31	43	-	43
	106	**46**	**60**	102	27	75	79	23	56

Notes to the financial statements
for the year ended 30 June 2024

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(v) Salaries and human resource costs

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Wages and salaries	**4,231**	**2,803**	**1,428**	3,306	2,599	707	2,722	2,341	381
Defined benefit plan	**179**	**119**	**60**	195	113	82	118	76	42
Defined contribution plan	**222**	**147**	**75**	218	131	87	118	76	42
Residual retirement gratuities	**12**	**8**	**4**	48	47	1	14	14	-
Compulsory social security obligations	**190**	**126**	**64**	147	117	30	136	116	20
Equity settled share-based payments	**7**	**7**	**-**	4	4	-	16	16	-
Other personnel expenses	**1,428**	**946**	**482**	1,032	802	230	1,019	899	120
	6,269	**4,156**	**2,113**	4,950	3,813	1,137	4,143	3,538	605

(w) Other non-interest expense

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Legal and professional fees	**635**	**421**	**214**	634	435	199	392	252	140
Rent, repairs, maintenance and security costs	**438**	**290**	**148**	407	366	41	342	322	20
Software licensing and other information technology costs	**1,036**	**726**	**310**	932	910	22	609	599	10
Electricity,water and telephone charges	**374**	**248**	**126**	319	279	40	283	253	30
Advertising, marketing costs and sponsoring	**282**	**187**	**95**	227	140	87	131	97	34
Postage, courier and stationery costs	**216**	**143**	**73**	197	181	16	199	186	13
Insurance costs	**177**	**117**	**60**	187	164	23	159	145	14
Others	**575**	**451**	**124**	273	301	(28)	128	167	(39)
of which short term leases	***7***	***7***	**-**	*21*	*21*	-	*8*	*8*	-
of which variable leases	**-**	**-**	**-**	-	-	-	*14*	*14*	-
	3,733	**2,583**	**1,150**	3,176	2,776	400	2,243	2,021	222

(x) Net impairment of financial assets

The impairment charge related to the Statement of Profit or Loss:

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Allowances for credit impairment:									
Cash and cash equivalents	**(1)**	**11**	**(12)**	(6)	(11)	5	(17)	9	(26)
Loans and advances (net of recoveries)	**3,036**	**246**	**2,790**	3,494	(939)	4,433	3,239	(77)	3,316
Investment securities:									
Amortised cost	**461**	**(3)**	**464**	58	(84)	142	(1)	(43)	42
Fair value through other comprehensive income	**-**	**-**	**-**	(1)	(1)	-	76	(6)	82
Off balance sheet exposures	**(167)**	**(108)**	**(59)**	(25)	(7)	(18)	95	(29)	124
	3,329	**146**	**3,183**	3,520	(1,042)	4,562	3,392	(146)	3,538

35. Additional disclosures as required by the Bank of Mauritius - Bank (Cont'd)

(y) Income tax expense

	2024			2023			2022		
	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B	TOTAL	Segment A	Segment B
	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M	RS'M
Current tax expense									
Current year	**4,566**	**2,101**	**2,465**	3,241	1,431	1,810	2,024	1,277	747
Under/(Over) provision in previous years	**13**	**20**	**(7)**	1	1	-	(1)	5	(6)
	4,579	**2,121**	**2,458**	3,242	1,432	1,810	2,023	1,282	741
Deferred tax	**(669)**	**(20)**	**(649)**	(590)	100	(690)	(377)	106	(483)
Effect of change in tax rate	**(364)**	**(71)**	**(293)**	289	273	16	-	-	-
Charge for the year	**3,546**	**2,030**	**1,516**	2,941	1,805	1,136	1,646	1,388	258

The tax on the profits differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Profit before tax:	**18,992**	**7,323**	**11,669**	15,900	6,555	9,345	10,594	6,504	4,090
Less share of profit of associates	**(306)**	**-**	**(306)**	(544)	-	(544)	(475)	-	(475)
	18,686	**7,323**	**11,363**	15,356	6,555	8,801	10,119	6,504	3,615
Tax calculated at applicable tax rates	**2,687**	**852**	**1,835**	2,185	604	1,581	1,108	479	629
Effect of change in tax rate	**(364)**	**(71)**	**(293)**	289	273	16	-	-	-
Impact of:									
Income not subject to tax	**(1,195)**	**(188)**	**(1,007)**	(1,153)	(58)	(1,095)	(471)	52	(523)
Expenses not deductible for tax purposes	**1,022**	**327**	**695**	882	248	634	278	120	158
Tax credits	**(9)**	**-**	**(9)**	(6)	(6)	-	(6)	(6)	-
Levy	**1,248**	**949**	**299**	645	645	-	624	624	-
Corporate social responsibility contribution	**144**	**141**	**3**	98	98	-	114	114	-
Under/(Over) provision in previous years	**13**	**20**	**(7)**	1	1	-	(1)	5	(6)
Tax charge	**3,546**	**2,030**	**1,516**	2,941	1,805	1,136	1,646	1,388	258

The tax (charge)/credit related to statement of comprehensive income is as follows:

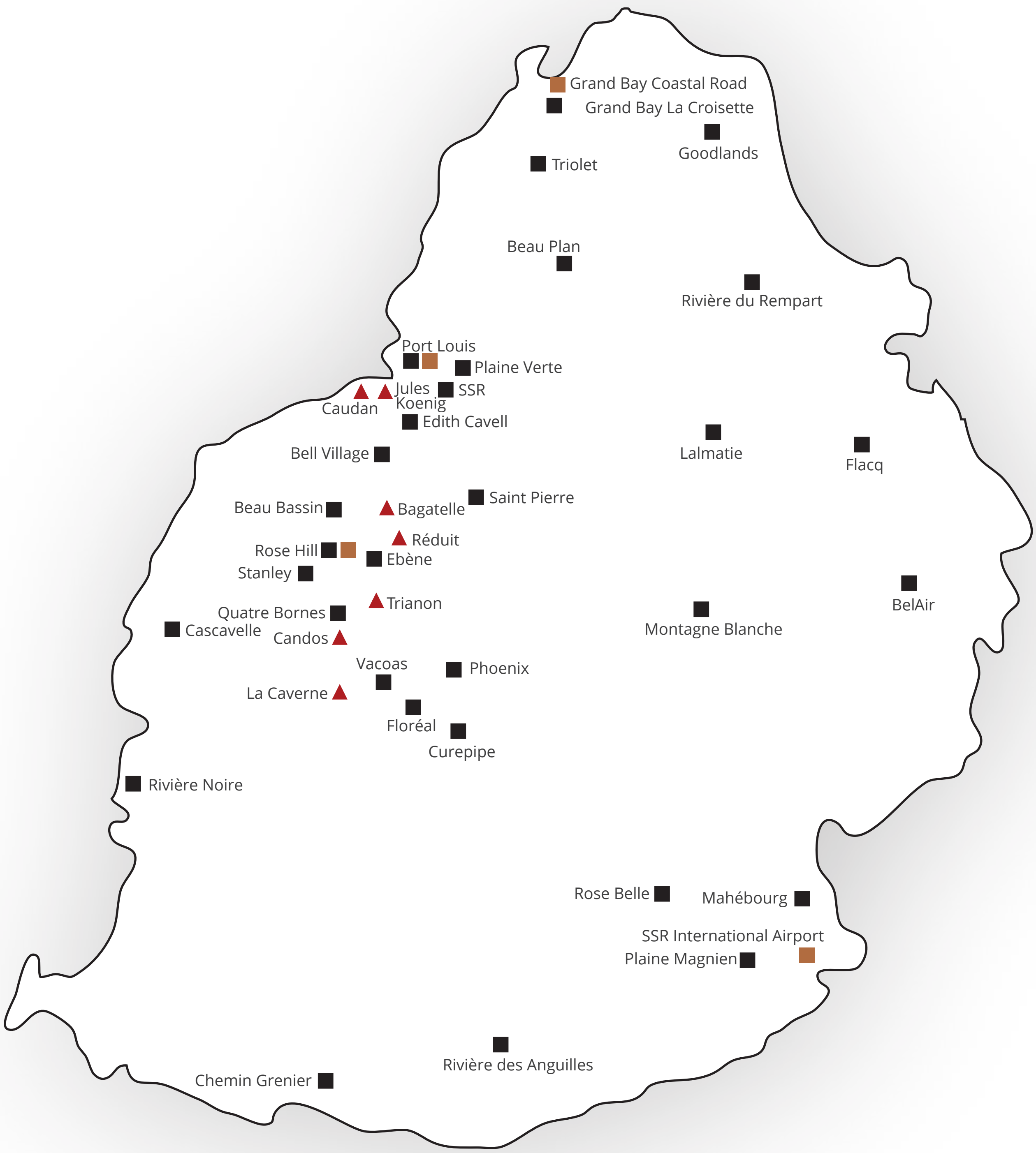
	2024 TOTAL	2024 Segment A	2024 Segment B	2023 TOTAL	2023 Segment A	2023 Segment B	2022 TOTAL	2022 Segment A	2022 Segment B
Remeasurement of defined benefit pension plan and retirement residual gratuities	**141**	**141**	**-**	(263)	(263)	-	(1,758)	(1,758)	-
Deferred tax (charge)/credit	**(24)**	**(24)**	**-**	39	39	-	229	229	-
Remeasurement of defined benefit pension plan and retirement residual gratuities, net of deferred tax	**117**	**117**	**-**	(224)	(224)	-	(1,529)	(1,529)	-

Association Mauricienne des Femmes Chefs d'Entreprise (AMFCE)

The AMFCE, an organisation which empowers women entrepreneurs in Mauritius through mentoring and networking opportunities, has MCB Group's full backing. Since its inception, AMFCE has supported more than 200 women entrepreneurs, leading to their increased business success and professional growth.

Local branch network

Mauritius



REGISTERED ADDRESS

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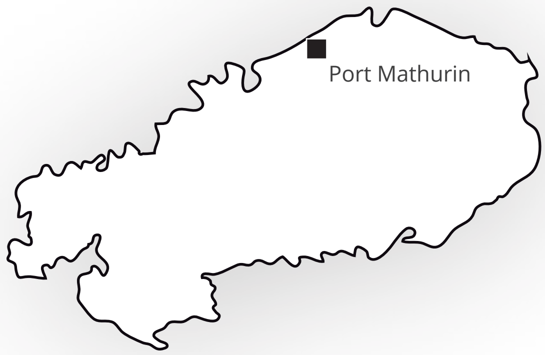
Rodrigues



Branches

Bureaux de change/Forex ATMs

Bank kiosks