SICOM
FINANCIAL SERVICES
A member of the SICOM Group

SICOM Financial Services Ltd

ANNUAL REPORT

2023

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Mission, Shared Values and Objective Statement

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

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

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

Corporate Information

Registered Office	SICOM Building Sir Célicourt Antelme Street, Port Louis, Mauritius Telephone: (230) 203 8420 Fax: (230) 208 0874 Email Address: sfsl@sicom.mu Website: www.sicom.mu
Auditor	**Deloitte**
Directors	**O S Mahadu** (Chairperson) **K G B Obeegadoo** (Mrs) **I Bonomaully** **C Chengabroyan** **A Dreepaul** (as from 26 December 2022) **D K Gopy** **N Ramdewar** (Mrs) **S Reedoy** **S Seeteejory** **P Maharahaje** (Mrs) (up to 27 October 2022)
Company Secretary	**DTOS Ltd**
Senior Executive Officer	**M Chadien**
Deputy Manager	**A Kasenally - Boodoo** (Mrs)
Main Banker	**SBM Bank (Mauritius) Ltd**

Directors' Report

The Directors have the pleasure to submit the twenty third Annual Report of SICOM Financial Services Ltd (the "Company") which includes the audited financial statements for the financial year ended 30 June 2023. The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

Leasing

Investments in finance lease stood at Rs 755.2 million for the financial year ended 30 June 2023 as compared to Rs697.1million for the financial year ended 30 June 2022. The amount of new leases approved amounted to Rs 392.4 million for the year under review as compared to Rs 264.8 million last year. The good performance of the lease segment is mainly due to the enhanced sales/marketing efforts to boost sales and the revamping of the operating lease business.

Personal Loan

Investments in personal loan reached Rs 707.0 million for the year under review compared to Rs 569.9 million last year. An amount of Rs 265.8 million was disbursed compared to Rs 406.5 million last year. Although there was a demand for the product the increase in the Key Rate and inflationary pressures have impacted on clients' disposable income. Hence, the Debt to Income ("DTI") ratio for many clients were on the high side resulting in a total amount of Rs 84.7 million being declined during the year under review.

Deposits

The total deposits of the Company stood at Rs.1.6 billion for the year ended 30 June 2023, compared to Rs 1.9 billion last year, due to the early redemptions of some deposits following the increases in the Key Rate.

Net Interest Income

Net interest income fell from Rs 57.2 million for the financial year ended 30 June 2022 to reach Rs 56.1 million for the year under review. This decrease is mainly due to the early redemption of some investments to finance the cancellation of deposits from customers.

Profitability

Profit before tax stood at Rs 29.7 million for the year ended 30 June 2023 higher than last year's profit before tax of Rs8.2million and exceeding the budgeted amount of Rs 25.8 million. This good performance can be attributed to the positive impact of the lease business and the gain following the sale and restructuration of investments to benefit from higher yields with a marked improvement in the interest margin.

Auditor

Deloitte has been appointed as external auditor of the Company for the year ended 30 June 2023. The remuneration of the auditor for the financial year amounts to Rs 673,050. (2022: Rs 641,000).

The external auditor also acts as tax advisor for the Company and the fees paid in relation to these non-audit services amount to Rs 69,300 for the financial year ended 30 June 2023 (2022: Rs 66,000).

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

Directors

The names of the directors who held office as directors of the Company as 30 June 2023 and the names of those who ceased to hold office as directors of the Company during the year ended 30 June 2023 are disclosed on page 2.

Directors' share interests and service contracts

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

Directors' emoluments

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

Directors' Report (cont'd)

Directors' emoluments (cont'd)

During the year 2022/2023, Directors' fees were paid as follows: Mr O S Mahadu -Rs 489,525, Mrs K G Bhoojedhur-Obeegadoo - Rs 253,350, Mr I Bonomaully - Rs 330,425, Mr C Changabroyan - Rs 409,925, Mrs P Maharahaje - Rs 93,900, Mr S Reedoy - Rs 409,925, Mr S Seeteejory - Rs 393,925 and Mr A Dreepaul - Rs 185,992, respectively. Executive Directors do not receive any fees or emoluments from the Company.

Donations

There were no donations for the year ended 30 June 2023 (2022: Nil)

Corporate Governance

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

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

The directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- the financial statements fairly present the state of affairs of the Company, as at the financial year end, and the results of their operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004 have been adhered to; and
- the financial statements have been prepared on the going concern basis.

Acknowledgements

The Board of Directors would like to thank Mrs P Maharahaje for her contribution to the Board and welcome Mr A Dreepaul who has been appointed as a new member.

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

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

Chairperson | Director | Director

19 September 2023

Management Discussion & Analysis

The Management Discussion and Analysis ("MDA") report has been prepared pursuant to the Bank of Mauritius Guideline on Public Disclosure of Information for the financial year ended 30 June 2023.

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

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

Economic review

Statistics Mauritius has revised upwards its growth estimates for the domestic economy for the calendar year 2022 to 8.8%, compared to a growth rate of 3.4% recorded in 2021. Both saving rates and investment rates improved in 2022 to reach 13.8% (2021: 9.7%) and 19.8% (2021: 19.6%) respectively. Domestic inflation remained elevated in spite of the aggressive domestic Key Rate hikes in 2022 on the back of the sustained global price pressures. The headline inflation rate stood at 10.5% for the twelve months ended 30 June 2023 compared to 8.0% for the corresponding period last year. During the financial year ended 30 June 2023, the MUR oscillated vis-a-vis the main currencies reflecting the fluctuating demand and supply factors, influenced by foreign currency earnings, export earnings and foreign direct investment inflows. The domestic currency finally weakened relative to the USD, the GBP and the EUR and appreciated against the YEN and the ZAR. The domestic bourse declined during the financial year under review, as investors' sentiment turned bearish on the back of the tighter monetary conditions and the uncertain global economic outlook outweighing the improved corporate earnings reports and the positive domestic economic data. The SEMDEX, the SEM-10 and the DEMEX fell by -7.5%, -6.6% and -14.6% respectively. On the global front, the shifts in economic and geopolitical factors and conditions during the financial year ended 30 June 2023 strongly influenced the direction of financial markets. During the first half of the financial year under review, the scattered performances of global stock markets may be explained by concerns surrounding inflationary pressures, global monetary tightening conditions, the ramifications of the war in Ukraine and the recurrence of COVID-19 outbreaks. In the first half of 2023, a rebound in global equity and fixed income markets took place despite aggressive Fed tightening, consecutive quarters of falling corporate profits, the second- and third-largest bank failures in US history, the US federal government's near-default, and amid universal predictions of US and global recessions. Stocks arguably defied expectations with the S&P 500 notching double-digit return, largely explained by the significant rebound of big tech shares and expectations of nearing the end of the US Fed interest hike cycle. During the financial year ended 30 June 2023, the MSCI AC world (+14.4%), the S&P 500 (+17.6%) and the MSCI Europe (+18.6%) recorded strong gains. The MSCI Emerging Markets fell by -1.1%, with contrasting performance of its two biggest constituents: MSCI India (+13.1%) and MSCI China (-18.5%).

Financial performance

Refer to page 3 for a short description of the Company's performance for the financial year ended 30 June.

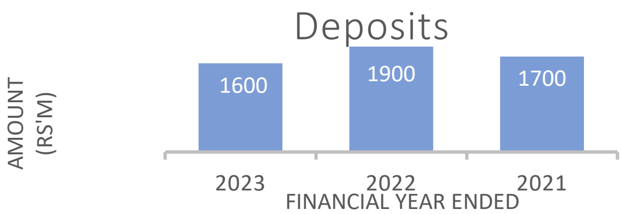
Performance against objectives and outlook

Performance Area	Current year's objective	Current year's performance	Next year's objective
Revenue growth	25.60%	25.88%	16.47%
Interest expense growth	3.97%	-5.45%	41.07%
Operating profit growth	211.85%	263.38%	-4.04%
Productivity	73.16%	67.54%	71.62%
Return on equity	5.51%	6.41%	6.15%
Return on average assets	1.09%	1.30%	1.25%

Financial review

Deposits

The total deposits of the Company stood at Rs 1.6 billion for the year under review compared to Rs 1.9 billion last year, due to the early termination of some deposits following the different hikes in the Key Rate.

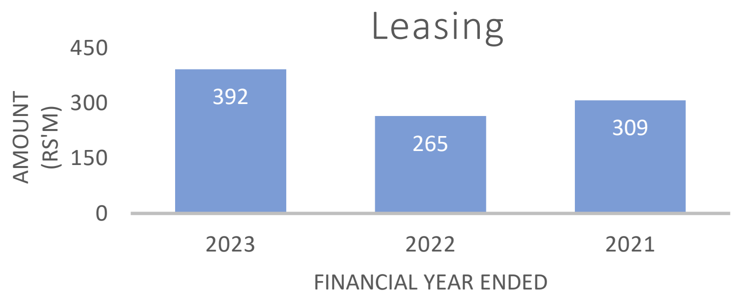


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

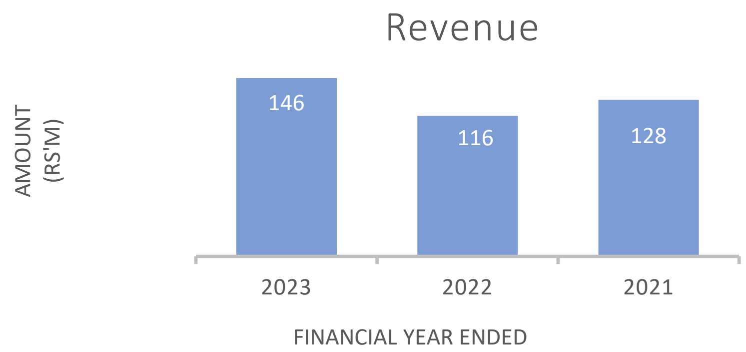
Leases

The amount of lease approved stood at Rs 392.4 million for the financial year ended 30 June 2023 while for last year the amount of lease approved stood at Rs 264.8 million. The good performance in this segment is mainly due to different marketing initiatives and tie up with local car dealers during the year under review and the growth in the operating lease business.



Revenue

Revenue from our Unit Trust activities increased from negative Rs 2.3 million last year to reach Rs 7.9 million for the year under review mainly due to the unrealized gain on financial assets at Fair Value through Profit and Loss. The personal loan business also brought in a substantial increase in revenue from Rs 27.1 million for the financial year ended 30 June 2022 to Rs 45.7 million for the year under review.



Revenue (Rs)	30-June-23	30- June-22	30-June-21
Investment Income	44,416,215	41,009,569	56,647,515
Net Leasing activities	47,941,739	50,229,279	49,924,482
Unit Trust	7,879,661	(2,330,643)	15,267,058
Personal Loan	45,749,732	27,062,782	6,278,986
Total	**145,987,347**	**115,970,987**	**128,118,041**

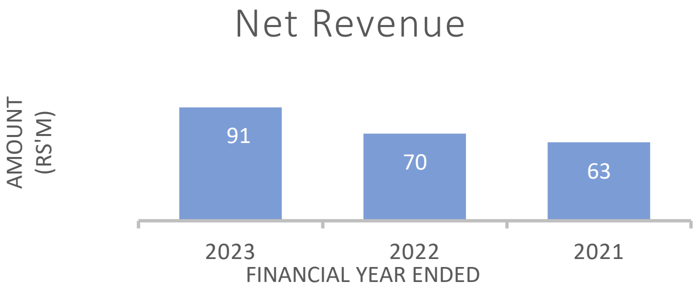
Net Revenue

Net revenue increased from Rs 70.4 million for the financial year ended 30 June 2022 to Rs 91.5 million for the year under review, mainly due to the good performance of the Personal Loan segment.

Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Net Revenue (cont'd)

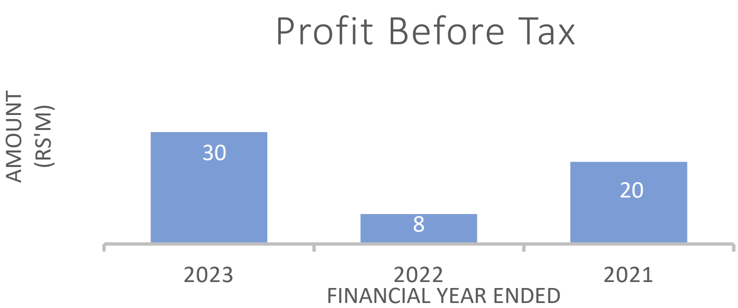


Net Revenue (Rs)	30-June-23	30- June -22	30- June -21
Deposit takings, leasing and personal Loan	83,652,770	72,726,108	47,313,353
Unit Trust	7,879,661	(2,330,643)	15,267,058
Total	**91,532,431**	**70,395,465**	**62,580,411**

Profit Before Tax

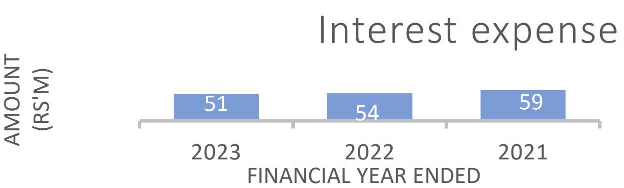
Profit before tax stood at Rs 29.7 million for the year ended 30 June 2023 higher than last year's profit before tax of Rs8.2million and exceeding the budgeted amount of Rs 25.8 million. This good performance can be attributed to the positive impact of the lease business and the gain following the sale and restructuration of investments to benefit from higher yields with a marked improvement in the interest margin.

Operating profit (Rs)	30-June-23	30-June-22	30-June-21
Deposit taking, leasing and personal loans	25,034,733	13,228,063	7,890,062
Unit Trust	4,673,867	(5,052,446)	12,496,202
Total	**29,708,600**	**8,175,617**	**20,386,264**



Interest expense

Interest paid to depositors fell from Rs 53.9 million for the financial year ended 30 June 2022 to Rs 50.9 million for the financial year ended 30 June 2023 due to the early redemptions of some deposits following increase in Key rate.



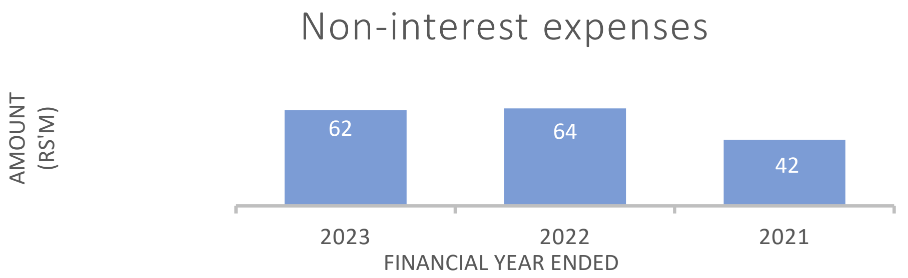
Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Cost Control

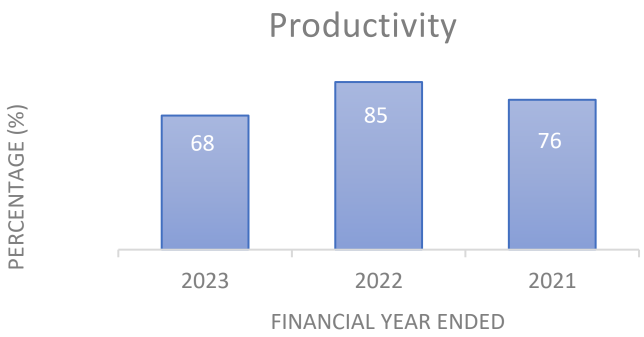
Non-interest expenses decreased slightly from Rs 63.5 million as at 30 June 2022 to Rs 61.6 million for financial year ended 30 June 2023 mainly due to a fall in management fees payable to the Holding Company.

Non- interest expenses (Rs)	30-June-23	30-June-22	30-June-21
Deposit takings, leasing and personal Loan	58,420,541	60,793,595	39,423,291
Unit Trusts	3,205,796	2,721,803	2,770,856
Total	**61,626,337**	**63,515,398**	**42,194,147**



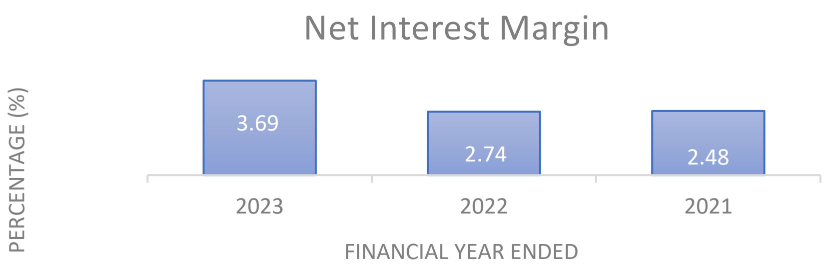
Productivity ratio

The productivity ratio stood at 67.5 % for the year under review. This improvement is mainly due to the increase in revenue.



Net interest margin

Net interest margin improved considerably to reach 3.69% for the year under review due to an increase in net revenue.

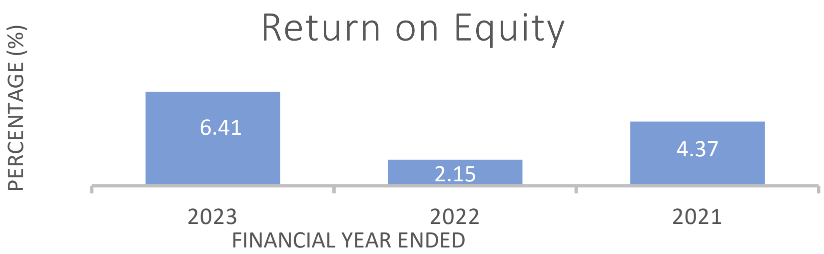


Management Discussion & Analysis (cont'd)

Financial review (cont'd)

Return on equity

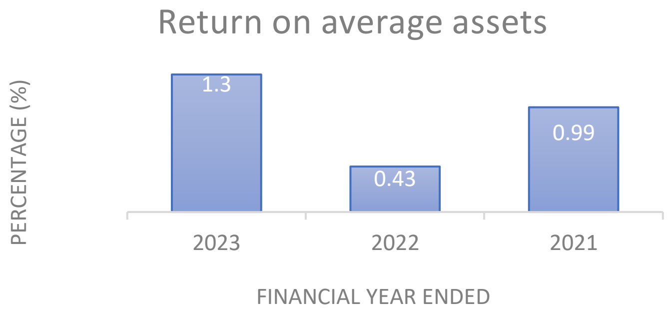
The return on equity for the financial year ended 30 June 2023 stood at 6.41% as compared to 2.15% in 2022.



Year	Return on Equity
30-June-23	6.41%
30-June-22	2.15%
30-June-21	4.37%

Return on average assets

The return on average assets reached 1.30% for the year ended 30 June 2023.



Credit quality

The Company's total non-performing book increased from Rs 22.3 million to Rs 33.6 million at 30 June 2023 due to the growing lease portfolio and the inability of some clients to meet their lease obligations; however stringent measures have been taken to decrease the default amounts. At the same time, the ECL coverage on the non-performing book increased from 17.3% to 20.5%. There were no non-performing assets in the speedy loan book for the current year (2022: Nil). Provisions in respect of this portfolio have been computed in line with IFRS 9 and regulatory requirements.

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

Risk management policies and controls

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

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

Management Discussion & Analysis (cont'd)

Concentration risk

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

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

The Company's six most significant individual credit concentration cases at 30 June 2023 is provided below:

Customer	Category	Net exposure	% of Tier 1 capital
1	Single	Rs 6,185,155	1.53
2	Single	Rs 5,364,421	1.33
3	Single	Rs 4,431,678	1.10
4	Single	Rs 4,361,682	1.08
5	Single	Rs 4,222,026	1.04
6	Single	Rs 3,994,307	0.99

Related party transactions policies and practices

The Company adheres to its Policy on Related Party Transactions as per the *Guideline on Related Party Transactions* issued by the Bank of Mauritius.

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

Reports are filed on a quarterly basis to the Bank of Mauritius. None of the credit facilities granted to related parties were non-performing.

Capital Structure

Shareholding Profile

The ownership of stated capital of the Company at 30 June 2023 is given below:

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

Capital structure

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

- maintain a minimum capital adequacy ratio of 10% which was at **37.7 %** at 30 June 2023, 39.6 % at 30 June 2022 and 43.1 % at 30 June 2021.
- maintain liquid assets equivalent to not less than 10% of deposit liabilities. At 30 June 2023, this ratio stood at **33.0%** (2022:54.8%, 2021: 58.1%).

The capital adequacy of the Company is as follows:

	30 June 2023	30 June 2022	30 June 2021
	Rsm	Rsm	Rsm
Total capital made up of:			
Tier 1 capital	404.6	407.6	409.7
Tier 2 capital	9.1	8.0	6.5
Risk Weighted Assets	2,085	1,050	964.8
Capital adequacy ratio	**37.7%**	**39.6%**	**43.1%**

The Company has complied with all externally imposed requirements during the year ended 30 June 2023.

Statement of corporate governance practices

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

Chairperson | Director | Director

19 September 2023

Annual Compliance Statement in respect of the Bank of Mauritius requirements

Name of Institution: SICOM FINANCIAL SERVICES LTD
Reporting Period: 30 JUNE 2023

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

O S Mahadu
Chairperson of the Board of Directors

19 September 2023

SFSL Corporate Governance Report (the "Report")

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

The Report outlines the framework and principles of the Company's governance structure and outlines the processes and procedures that are in place to ensure effective oversight and accountability with increasing emphasis on transparency, accountability, and social responsibility, and fostering these values. Stakeholders are provided with valuable information on how the Company is managed, policies and procedures are established and its objectives and goals are being met while ensuring compliance with regulatory requirements.

Corporate Governance

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

SFSL enjoys a solid reputation as a well-managed, well-structured reputable and trusted financial services company holding several licences with the following two (2) Collective Investment Schemes under its management:

- SICOM General Fund; and
- SICOM Overseas Diversified Fund;
  which are constituted under the SICOM Unit Trust.

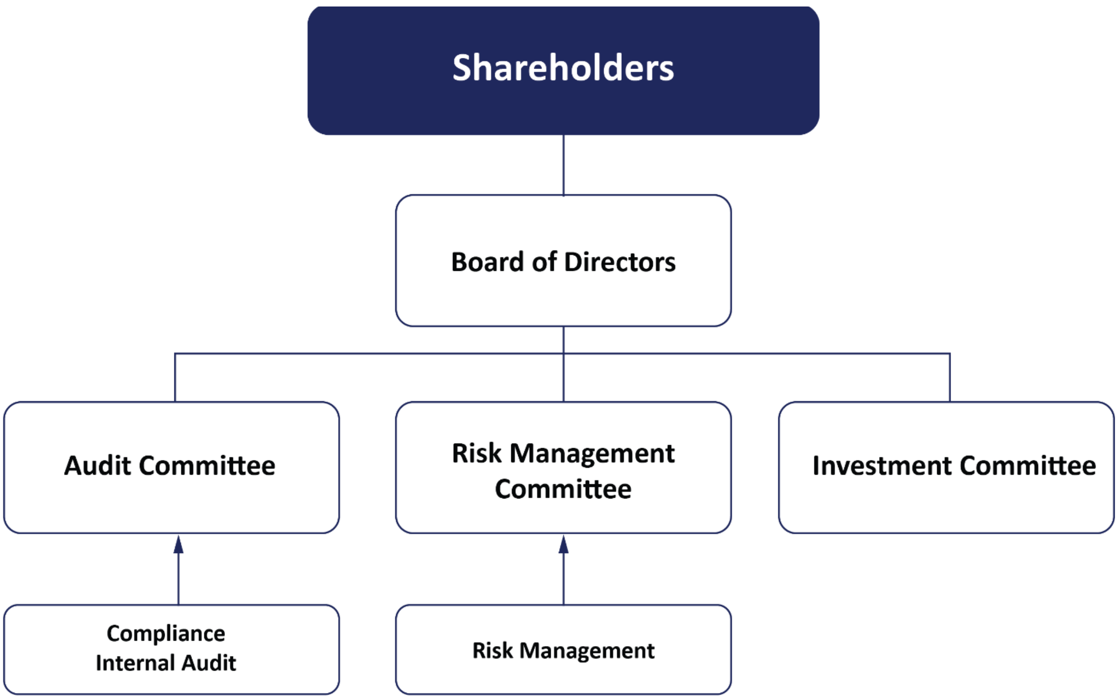
SFSL's Governance Framework

Over the years, SFSL has gained experience and adopted corporate practices which, to a large extent, align with SICOM's governance framework.

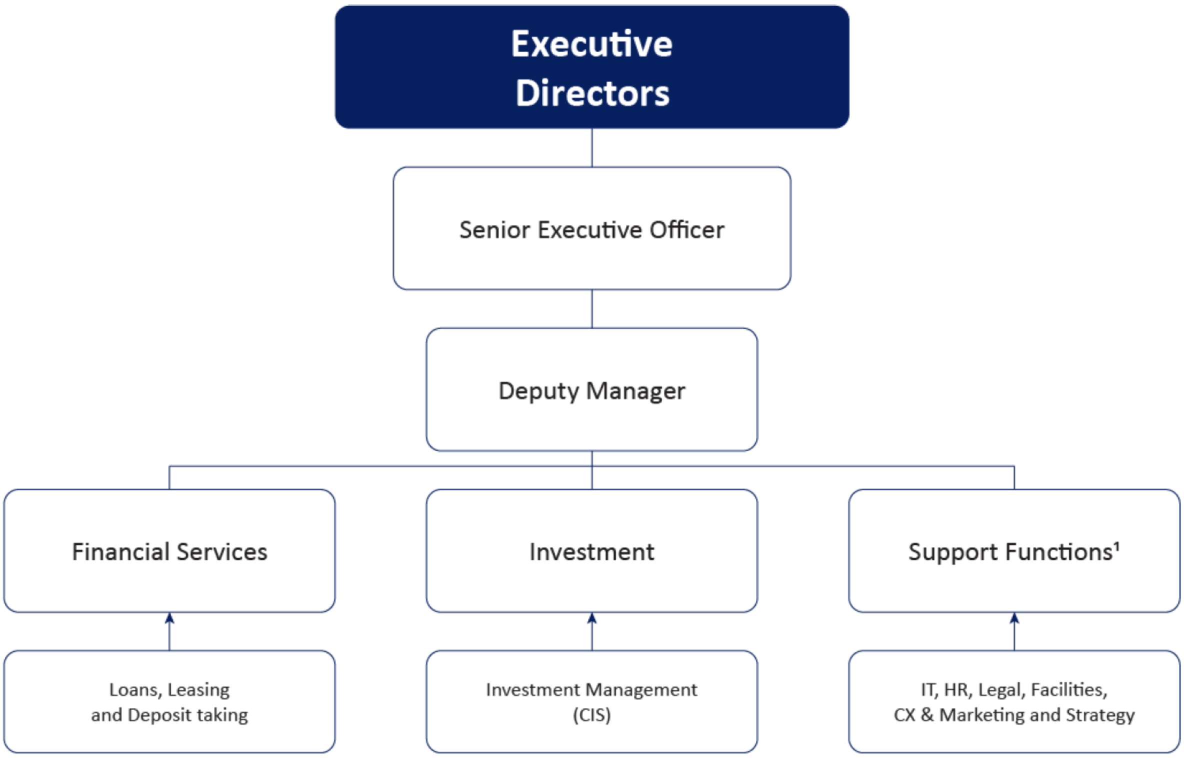
Corporate Governance Infrastructure

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

Board Operating Structure



SFSL Organisation Structure



[1] Support Functions are provided by SFSL's Holding Company, SICOM. Service-level agreements are in place and are reviewed as required.

SFSL's Governance Documents

SFSL's main governance documents, which are summarised below, as well as other corporate governance information, are available for consultation on the Group's corporate website (www.sicom.mu). These documents are reviewed on a regular basis. They not only evidence SFSL's compliance with applicable local laws, but also demonstrate the intent to go beyond the adherence to recommendations, best practices and trends in corporate governance, both at a national and international level. During this financial year, SFSL has thus updated its Risk Management Committee Charter and some of its policies, including the Code of Ethics and Business Conduct for its employees and the appointment of an Ethics Officer at the level of the Holding Company.

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SFSL's Governance Documents (cont'd)

It is to be noted that, during this financial year, the Company has also worked on the following policies, which are in the process of finalisation:

- Climate-Related and Environmental Financial Risk Management Policy; and
- Revised Policy on Related Party Transactions.

Summary of the Main Governance Documents

Constitution	The Amended and Restated Constitution of the Company is dated 10 June 2005 (the Constitution). The Company's Constitution, adopted in conformity with the provisions of the Companies Act 2001, governs the general internal functioning of the Company including, amongst other matters, the rights and obligations of the shareholders.
Board's Charter	The Company's Board Charter sets out the objectives, roles and responsibilities and composition of the Board. The Board Charter is reviewed as and when required.
Code of Ethics for Directors and Code of Ethics and Business Conduct for Employees	The Group's Code of Ethics for Directors and Code of Ethics and Business Conduct for Employees provide the overarching philosophy on its corporate values and standards of behaviours.
Corporate Governance Policy for the Group	The Group's Corporate Governance Policy establishes, along with the Company's Charters and other policies, a framework of good governance practices for the Group.

The Company also has in the place the following governance documents:

- Board Committees' Charters
- Position Statements of the Chairperson of the Board and Board Committees, Group CEO and Company Secretary
- Director Selection and Orientation Policy
- Policy on Related Party Transactions
- Whistleblowing Policy
- Group's Anti-Harassment and Non-Discriminatory Policy
- Group's Equal Opportunity Policy

SICOM Group has adopted a Whistleblowing Policy which is applicable to all its subsidiaries and employees. This policy aims at providing an avenue for employees to raise in good faith, concerns of potential breaches of laws, rules, regulations or compliance. The whistleblowing mechanism is designed to motivate employees to act responsibly to uphold the Group's reputation.

Our Governance Structure

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

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

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

Our Governance Structure (cont'd)

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

- **The Chairperson**

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

- **The Group CEO**

The Group Chief Executive Officer (the **Group CEO**) is at the helm of the SICOM Group and has the authority and responsibility to manage the overall operations and resources of the Group. She acts as the main point of contact between the Board and Management. The other responsibilities of the Group CEO include the development and recommendation to the Board of a long-term vision and strategy for the Group as well as the annual business plans and budgets that support this strategy; execution and implementation of the strategy as decided by the Board; monitoring the Group's performance and keeping the Board appropriately informed; fostering a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity and meets social responsibility objectives and imperatives.

The day-to-day operations of the Company are entrusted to the Senior Executive Officer of the Company, who is assisted by the Deputy Manager.

The profiles of Senior Management/Management team members are available on pages 22 to 23 and on the Group's website.

- **Company Secretary**

The Company Secretary is responsible for the co-ordination of all Board business, including Board agendas, Board papers, minutes and all statutory filings. Appointment and removal of the Company Secretary is subject to Board approval.

DTOS Ltd (DTOS) acts as Company Secretary to the Board and all its underlying Committees.

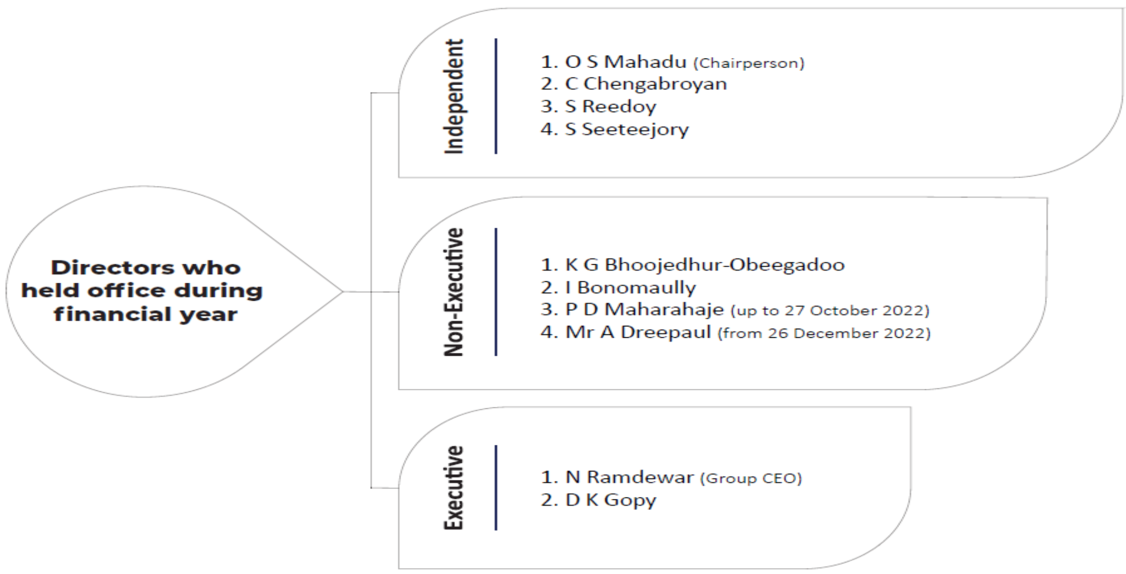
DTOS has been operating in the Mauritian International Financial Centre for the last 30 years. Founded in 1993 and licensed by the FSC, they provide a comprehensive range of professional services including corporate and secretarial services, fund administration and accounting.

DTOS has a substantial and diversified client base that includes Fortune 500 multinationals, private equity firms, global banking institutions, financial powerhouses, institutional investors, family offices and high-net-worth individuals who enjoy a high degree of confidentiality established through Mauritian laws. Headquartered in the Republic of Mauritius with operational offices in the UAE, Kenya and Uganda, as well as representative offices in China, India and France, DTOS provides tailor-made solutions to clients in Mauritius and worldwide.

The position statements of the Chairperson, Group CEO and the Company Secretary are available on the Group's website.

SFSL's Board Members & Management Team

Directors in Office



Profiles of Directors

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

Qualifications & Achievements

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

Background

Oomesh Sharma Mahadu is the Finance Manager of Polytechnics Mauritius Ltd, a skills-based tertiary education institution under the aegis of the Ministry of Education, Tertiary Education, Science and Technology. He also plays a pivotal role in the development and deployment of many strategic initiatives of his organisation and contributes extensively towards the growth of Polytechnics Mauritius Ltd.

Mr Mahadu's diversified professional experience spans over 17 years in fields such as accounting, auditing and financial analysis. He worked more than 8 years in Big 4 Accounting Firms (Deloitte Middle East and EY) both internationally and locally. In addition, he has well-rounded financial expertise in real estate, construction, aviation, education, manufacturing & textiles, financial services, heavy industries, oil & gas, energy, mining, not-for-profit organisations, sports, IT companies, marketing & multimedia and trading in Mauritius and abroad.

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

Qualifications & Achievements

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

Background

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

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

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

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

Qualifications & Achievements

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

Background

Karuna Bhoojedhur-Obeegadoo was appointed Chairperson of the State Insurance Company of Mauritius Ltd in December 2021 after serving on the SICOM Board since 1996. Previously Group Chief Executive Officer of the SICOM Group of Companies until September 2017, she also worked with M&G Reinsurance Company in London (now Swiss Re) and acted as Actuarial Adviser and member of the National Pensions Fund's Investment Committee.

Mrs Bhoojedhur-Obeegadoo is currently a member of the Boards of companies within the SICOM Group. She also sits on the Board, Audit Committee, and Remuneration, Corporate Governance, Ethics and Sustainability Committee of MCB Group Ltd as well as on the Board of MCB Equity Fund Ltd.

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

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

Qualifications & Achievements

- MSc in Finance, University of Mauritius
- Fellow of the Association of Chartered Certified Accountants

Background

Ishwarlall Bonomaully started his career in the former Income Tax Department (now Mauritius Revenue Authority), where he served as an Inspector of Taxes for four years. He also held the position of Accountant at the Management Audit Bureau for a span of 15 years. Throughout his career, he has sat on various Boards of state-owned enterprises with current directorships including Development Bank of Mauritius Ltd, the State Trading Corporation, Industrial Finance Corporation of Mauritius (IFCM) Ltd, State Investment Corporation Ltd and the National Housing Development Co Ltd. Additionally, he chairs the Management Committee of the National Resilience Fund and the National Environment and Climate Change Fund.

Mr Bonomaully presently serves as Ag Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development. He oversees the financial policies, economic development and planning of various sectors including Education, Gender, Sports & Leisure, Labour, Environment, Social Security & Social Integration, Housing, Agro-Industry, Blue Economy, Arts & Culture and Commerce, among others.

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

Qualifications & Achievements

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

Background

Chelven Chengabroyan is a partner at NJC ASSOCIATES, a member firm of IECnet Global. With an extensive career spanning over 17 years in both local and international audit and advisory services, he brings a wealth of experience to his role.

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

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

Qualifications & Achievements

- Master's degree in Applied Economics with specialisation in Banking and Finance, University of Mauritius
- BSc Accounting with Information Systems, University of Mauritius
- Eastern and Southern Africa Anti-Money Laundering Group Assessors Training

Background

Avinash Dreepaul is the Acting Director (Anti-Money Laundering/Combating Financing of Terrorism) at the Ministry of Financial Services and Good Governance. With a career that spans over 15 years, he brings a wealth of experience in the fields of public financial management, auditing and compliance, and information systems.

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

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

Qualifications & Achievements

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

Background

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

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

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

Qualifications & Achievements

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

Background

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

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

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

Qualifications & Achievements

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

Background

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

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

Other Directorships held by Members of the Board

DIRECTORS	OTHER DIRECTORSHIPS
Ishwarlall Bonomaully	▪ Development Bank of Mauritius Ltd ▪ DBM Energy Ltd ▪ Industrial Finance Corporation of Mauritius Ltd ▪ National Housing Development Co Ltd ▪ State Investment Corporation Ltd ▪ New Social Living Development Ltd ▪ Building Society Fund Ltd
Karuna G. Bhoojedhur-Obeegadoo	▪ State Insurance Company of Mauritius Ltd – Non-Executive Director (Chairperson) ▪ SICOM General Insurance Ltd – Non-Executive Director (Chairperson) ▪ SICOM Management Limited – Non-Executive (Chairperson) ▪ SICOM Global Fund Limited – Non-Executive (Chairperson) ▪ MCB Group Limited – Independent Non-Executive Director ▪ MCB Equity Fund Ltd – Non-Executive Director

DIRECTORS	OTHER DIRECTORSHIPS
Nandita Ramdewar	▪ State Insurance Company of Mauritius Ltd – Executive Director ▪ SICOM General Insurance Ltd – Executive Director ▪ SICOM Management Limited – Executive Director ▪ SICOM Global Fund Limited – Executive Director ▪ National Housing Development Co. Ltd – Non-Executive Director
Chelven Chengabroyan	▪ Stairway Property Development Ltd ▪ Lambda Holdings Limited
Dev Kumar Gopy	▪ State Insurance Company of Mauritius Ltd – Executive Director ▪ SICOM Management Limited – Executive Director ▪ Cyber Properties Investment Ltd – Non-Executive Director
Subiraj Reedoy	▪ Hope Foundation Ltd ▪ Ravtech Company Ltd

The other Directors do not hold external directorships.

Management's Profile

Moorganaden (Ruben) CHADIEN
Senior Executive Officer

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

Ameerah KASENALLY-BOODOO
Deputy Manager

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

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

The Structure of the Board and its Committees

- **Board Size and Composition**

The Board of Directors is a unitary Board composed of nine (9) Directors with seven (7) male and two (2) female representatives. There is a judicious mix of Executive, Non-Executive and Independent Directors. The Board is composed of two (2) Executive Directors, three (3) Non-Executive Directors and four (4) Independent Directors, who are all residents of Mauritius. There are no alternate directors on the Board of the Company.

The Board is broad-based and consists of individuals from different backgrounds with the right balance of skills, experience and diversity. The Company complies with the statutory number of Directors and has a Board Charter that is reviewed by the Board as and when required. Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company. Overall, the Board is of opinion that the current number of Directors with their mix of knowledge, skills and experience is adequate to effectively discharge its duties.

The functions and responsibilities of the Chairperson and Group CEO are separate. The Chairperson is a Non-Executive Director and leads the Board, with responsibility for ensuring its proper functioning and effective contribution from each Director. The Chairperson discusses and sets the agenda with the Group CEO and the Company Secretary. The Group CEO has the overall responsibility for managing the operations of the Group and implementing the strategies and policies as decided by the Board.

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

- **Board Meetings**

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

Board meetings are set in advance according to the terms of the Company's Board Charter and Constitution. Board meetings are held at least four times during a financial year. Additional meetings may be convened to consider urgent matters.

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

- **Board Meetings Process**

Start of the Financial Year (FY)	Following consultation with the Group CEO and Chairperson, a draft calendar is prepared for Board Meetings for the coming FY.
Prior to Meetings	Together with the Group CEO and Chairperson, the Company Secretary prepares the agendas. Final agendas are circulated to the Directors in advance of all meetings by the Company Secretary, together with the Board pack.
Board Meetings	Over and above the co-ordination of all Board meetings, the Company Secretary also takes and keeps minutes of all meetings.

- **Information provided to Directors**

The Chairperson, assisted by the Company Secretary, ensures that the Directors are provided with the necessary information, and sufficiently in advance - at least five (5) working days if possible - in order to effectively carry out their responsibilities and adequately prepare for the meetings.

The Company has a process in place whereby Board and Committee papers are shared via a secure online portal.

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

Board Oversight

The Board of Directors

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

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

The members of the Board and their attendance at Board meetings during the reporting period were as follows:

DIRECTORS' ATTENDANCE DURING THEIR PERIOD OF DIRECTORSHIP		
NUMBER OF MEETINGS HELD		4
DIRECTORS	CLASSIFICATION	ATTENDANCE
O S Mahadu	Independent	4 of 4 ● ● ● ●
K G B Obeegadoo	Non-Executive	4 of 4 ● ● ● ●
N Ramdewar	Executive	4 of 4 ● ● ● ●
I Bonomaully	Non-Executive	3 of 4 ● ● ●
C Chengabroyan	Independent	3 of 4 ● ● ●
D K Gopy	Executive	4 of 4 ● ● ● ●
S Reedoy	Independent	4 of 4 ● ● ● ●
S Seeteejory	Independent	4 of 4 ● ● ● ●
A Dreepaul (as from 26 Dec 2022)	Non-Executive	1 of 2 ●
S Seeteejory (up to 27 October 2022)	Independent	1 of 1 ●

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

- Review and Approval of Related Party Transactions on a quarterly basis
- Evaluation of the performance of the Board and its Committees
- Consideration and approval of the Annual Reports, Financial Statements, Letters of Representation and Management Letters and External Auditors Report on Maintainance of Accounting and other records and Internal Control systems
- Consideration of approval of dividend payment for SICOM General Fund and SICOM Overseas Diversified Fund
- Consideration of re-appointment of External Auditors and their fees
- Consideration of revised AML/CFT Manual and Policies
- Approval of Policies
- Consideration of Business Risk Assessments
- Overview of business and financial performance on a quarterly basis
- Bank of Mauritius AML/CFT inspection report
- Report on Compliance Matters
- Consideration of revised Risk Management/Conduct Review Committee Charter
- Consideration of Report from the Audit Committee
- Consideration of Report from the Risk Management Committee
- Report from the Financial Services Commission on AML-CFT inspection for information
- Report from Complaints Coordinator for information
- Consideration of Pre-Tax Profit Forecast and Budget for the year

Board Committees

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

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

The Committees are as follows:

a) Audit Committee;
b) Risk Management/Conduct Review Committee renamed to Risk Management Committee from 28 February 2023; and
c) Investment Committee.

Audit Committee

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

The responsibilities of the Audit Committee include:

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

The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), to discuss the external auditor's remit, any significant or material changes in accounting policies and principles and any issues arising from the external audit. Meetings are also held with the External Auditor by the Board / Board members, without the presence of Management, at least once a year, if required.

The Audit Committee consists of three (3) Independent Directors. During the financial year 2022-2023, the Committee met four (4) times.

Below is a list of members of the Committee:

MEMBERS	CATEGORY
C Chengabroyan S	Independent Director
Reedoy	Independent Director
S Seeteejory	Independent Director

During this period, the Audit Committee discussed and considered the following key areas and made recommendations t o the Board where applicable:

- **Consideration of the Annual Report, Financial Statements, Letters of Representations and Management Letter**
- **Consideration of dividend payment for SICOM General Fund and SICOM Overseas Diversified Fund**
- **Consideration of re-appointment of External Auditors and their fees**
- **Consideration of (i) Compliance Report and (ii) MLRO Report**
- **Consideration of Internal Audit Reports**
- **Consideration of Revised AML/CFT Compliance Manual and Policies.**
- **Consideration of Audit Plan of External Auditor**
- **Consideration of Internal Audit Plan 2023/2024**
- **Consideration of Internal Audit Reports**
- **Consideration of Compliance Plan**

Risk Management/Conduct Review Committee renamed as Risk Management Committee as from 28 February 2023

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

The responsibilities of the Risk Management Committee include:

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

The Risk Management Committee consists of three (3) Independent and one (1) Executive Directors. During the financial year 2022-2023, the Committee met four (4) times.

Below is a list of members of the Committee:

MEMBERS	CATEGORY
S Reedoy	Independent Director
N Ramdewar	Executive Director
C Chengabroyan	Independent Director
S Seeteejory	Independent Director

During this period, the Risk Management Committee discussed and considered the following key areas:
• **Review of Related Party Transactions**
• **Consideration of Risk Reports on a quarterly basis**
• **Consideration of Risk Management Action Plan**

Investment Committee

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

The responsibilities of the Investment Committee:

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

The Investment Committee consists of one (1) Independent Director and three (3) Non-Executive Directors. During the financial year 2022-2023, the Committee met twice.

Below is a list of members of the Committee:

MEMBERS	CATEGORY
K G Bhoojedhur-Obeegadoo (Chairperson)	Independent Director
O S Mahadu	Non-Executive Director
I Bonomaully	Non-Executive Director
A Dreepaul (as from 28 February 2023)	Non-Executive Director
P D Maharahaje (up to 27 October 2022)	Non-Executive Director

- **Key Focus Areas**

During this period, the Investment Committee discussed and considered the following key areas:
• Review of Investments on a half yearly basis

Active Monitoring

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

Appointment of Directors

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

a) Skills, knowledge and expertise;
b) Previous experience;
c) Balance required on the Board, including but not limited to gender and age;
d) Independence (where required); and
e) Any conflict of interest.

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

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

The Induction Process

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

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

Induction Pack
An overview of the Company
Company's Constitution
Board Charter
Charters of the Board's Sub-committees
The Code of Ethics for directors
The Banking Act 2004
The Financial Services Act 2007
Relevant extracts of the Companies Act 2001
Relevant Guidelines of the Bank of Mauritius
The National Code of Corporate Governance for Mauritius (2016)
The latest Annual Report
AML/CFT Compliance Manual

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

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

Directors' Professional Development

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

During the financial year 2022-2023, the Directors received training and followed informational sessions. The main topics covered were AML/CFT and update on Finance (Miscellaneous Provisions Act 2022, review of operations, cybersecurity, Economy and Market Outlook 2023 (Risk and Opportunities) and climate change.

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

Succession Planning

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

As part of the Company's succession plan, the situation at Board and Senior Management levels is regularly assessed and appropriate action is taken to fill gaps where needed.

Directors' Duties, Remuneration and Performance

- **Legal Duties**

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

- **Interest Register**

In accordance with the Companies Act 2001, an interest register is maintained by the Company Secretary and is updated as and when required. Directors have a duty to disclose any interest that they have, including any related party transaction. At the end of each financial year, Directors are requested to fill in a disclosure of interest form.

The interest register may be made available to the Shareholders of the Company upon request to the Company Secretary.

For this reporting period, no conflict of interest has been reported.

- **Related Parties**

The Company adheres to the requirements set out by the Guideline on Related Party Transactions (as amended in May 2022) issued by the Bank of Mauritius and to its Policy on Related Party Transactions established under the said Guideline.

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

- **Access to Information**

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

- **Information, Information Technology and Information Security Governance**

The Group recognises the paramount importance of ensuring the confidentiality, integrity and availability of information. In response to the escalating cybersecurity threats witnessed globally, the Company has made continuous investment in technology to enhance our operational resilience. The Company's commitment to upholding a robust security posture has driven it to actively seek and implement advanced security solutions to effectively counter evolving threats.

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

To further strengthen its security posture, the Company has undertaken a comprehensive cyber maturity reassessment to review and implement additional controls in order to enhance our security readiness. By doing so, the Company has significantly improved our ability to detect and mitigate potential security risks, thereby bolstering our overall security resilience.

In parallel, the Company has recognised the criticality of promoting a culture of cybersecurity awareness among its staff members. To this end, the Company has hosted dedicated awareness sessions to equip its employees with the necessary knowledge and vigilance to identify and address potential security threats. By fostering a security-conscious environment, the Company enhances its collective ability to safeguard our information assets effectively.

- **Assessment and Evaluation of Board Members**

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

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

- **Remuneration**

The Company's underlying remuneration philosophy is to set the appropriate level of remuneration to be able to attract, motivate and retain its personnel and Directors, giving due consideration, as applicable, to laws, guidelines, market rates, views of the Shareholders as well as the Group's strategies and long-term objectives.

The remuneration of the Group's personnel, including its Executive Directors, is covered under the Salary Review which is carried out every 3 years by an independent Salary Commissioner, and the remuneration of its Non-Executive Directors is approved by the Shareholders at the Annual Meeting of Shareholders.

The Company has a Board-approved Remuneration Policy.

The two Executive Directors did not receive any emoluments from the Company. Non-Executive Directors have not received remuneration in the form of options or bonuses associated with organisational performance. The Company does not have any long-term incentive plans in place. Further details on Directors' remuneration are available on page 4 of the Annual Report.

- **Reporting with Integrity**

SFSL is part of the SICOM Group which is a reliable and well-diversified financial services company that is committed to facilitating the economic growth of Mauritius. This is achieved by advocating for its customers' interests while also recognising the importance of sustainability in its strategy and operations. The Group invests customers' funds responsibly and focuses on continuous engagement with all stakeholders to attain service excellence.

SICOM Group acknowledges that its success is not only measured by its financial performance but also on the good functioning of the economic, social and environmental systems within which it operates. Therefore, the Group has taken initiatives in areas such as education, forestation, and going green to shift to a socially inclusive, low-carbon, and resource-efficient growth path.

During the financial year 2022-2023, SICOM Group has reinforced its commitment to sustainability by becoming a signatory to the local network SigneNatir and global networks UN Global Compact and UN Principles of Responsible Investment to benefit from a well-defined sustainability pathway. Projects and initiatives undertaken cover the areas of education (UNSDG 4 - Quality education), forestation (UNSDG 13 - Climate action) and going green (UNSDG 12 - Responsible consumption and production). Additionally, the Group has an enhanced section on how it engages with stakeholders throughout the year, which is available on pages 30 to 33 in this report. The value creation model of the Group is also outlined on page 37, depicting how it uses the six capitals (Financial, Human, Intellectual, Manufactured, Social and Natural) to generate valuable outcomes for its shareholders and other stakeholders.

SFSL's Annual Report, can be accessed on our website at https://www.sicom.mu/en/about/about-sicom

- **Health and Safety**

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

In 2022-2023, SICOM Group has taken several measures to encourage further health and safety implementation. These measures include ongoing enhancement of hygiene measures, regular workplace safety checks, training of first aiders over several sessions during the year and fire drills.

- **Donations**

The Company did not make any political donation during the financial year ended 30 June 2023 (2022 and 2021: Nil).

At the Core: Risk and Culture

Board Opinion

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

Risk Management

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

- setting up a risk management framework;
- overseeing its implementation and subsequent monitoring;
- determining the risk culture;
- providing Management with leadership and guidance;
- ensuring that any person responsible for risk management has the appropriate skills, knowledge, independence and authority; and
- defining the roles and responsibilities of Management.

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

The comprehensive Risk Management Report is available on pages 35 to 40.

Internal Controls

The system of internal controls has been designed to prevent, detect and mitigate significant risks faced by the Company. Such a system provides reasonable assurance against material error, omission, misstatement or loss, and manages risks of failure in operational systems.

The Company maintains proper records to ensure effective operation of its business and compliance with laws and regulations.

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

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

a) a clear organisation structure, including the delegation of appropriate responsibilities to the Board Committees, the Group CEO and Senior Management;
b) reports of the Manager – Internal Audit, and the External Auditor are considered when assessing the effectiveness of internal controls;
c) a comprehensive management information and accounting system is in place to provide reliable financial and operational performance data;
d) a Compliance function is in place at the level of the Holding Company and compliance policies and procedures have been established to ensure compliance with applicable laws, regulations, codes and guidelines; and
e) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Internal Audit function interacts with the Risk Management function on the main risks in the Risk Register and the associated review is included in their Audit Plan to assess the controls included for such risks.

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

Audit

- **Directors' Responsibilities**

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

- **Internal Audit**

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

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

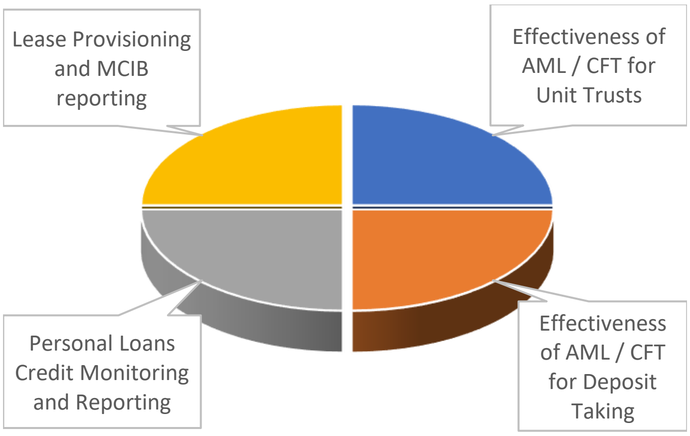
The Internal Audit function is adequately staffed and the members have the necessary qualifications, appropriate tools and experience to carry out their duties and responsibilities. The team has been reinforced with a new recruitment during the year. The function is also committed to its continuous improvement by ensuring training in relevant fields and ongoing professional development for its members. During the financial year ended 30 June 2023, members of the Internal Audit function have had the opportunity to attend several workshops including:

1) AML/CFT risk assessment;
2) transforming the way Internal Audit operates within an organisation; and
3) a cybersecurity Workshop.

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

The annual Internal Audit Plan, which is approved by the Audit Committee, is based on the principles of risk management and aims at ensuring that the scope of work is aligned with the degree of risks attributable to the areas to be audited.

During the financial year 2022-2023, four (4) planned internal audit reviews were carried out and covered the areas depicted in the chart below.



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

Furthermore, a report on the review of the effectiveness of the Institutional Risk Assessment and related internal control systems on AML/CFT for the Deposit-Taking business was submitted to the Bank of Mauritius in November 2022.

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

- **External Audit**

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

The roles and responsibilities of the Audit Committee in the external audit process are set out in the Audit Committee Charter.

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

The Audit Committee reviews the effectiveness and efficiency of the external auditor and assesses the external audit firm annually. The Audit Committee receives feedback from management and assesses the performance of the external auditor, based on its credentials, commitment to timelines, technical competence, continuity of core audit team and succession plans, adhesion to audit plan and overall quality of the audit delivered.

The provision of non-audit services is subject to a tender process so as to ensure that the nature of the non-audit services, if provided by the External Auditor, could not be perceived as impairing their independence on the external audit exercise. Although the external auditor may provide non-audit services to the Company, the objectivity and independence of the external auditor is safeguarded through restrictions on the provisions of these services such as:

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

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

	Company	
	2023	2022
	Rs’000	Rs’000
Statutory audit	673	641
Tax advisory services	69	66

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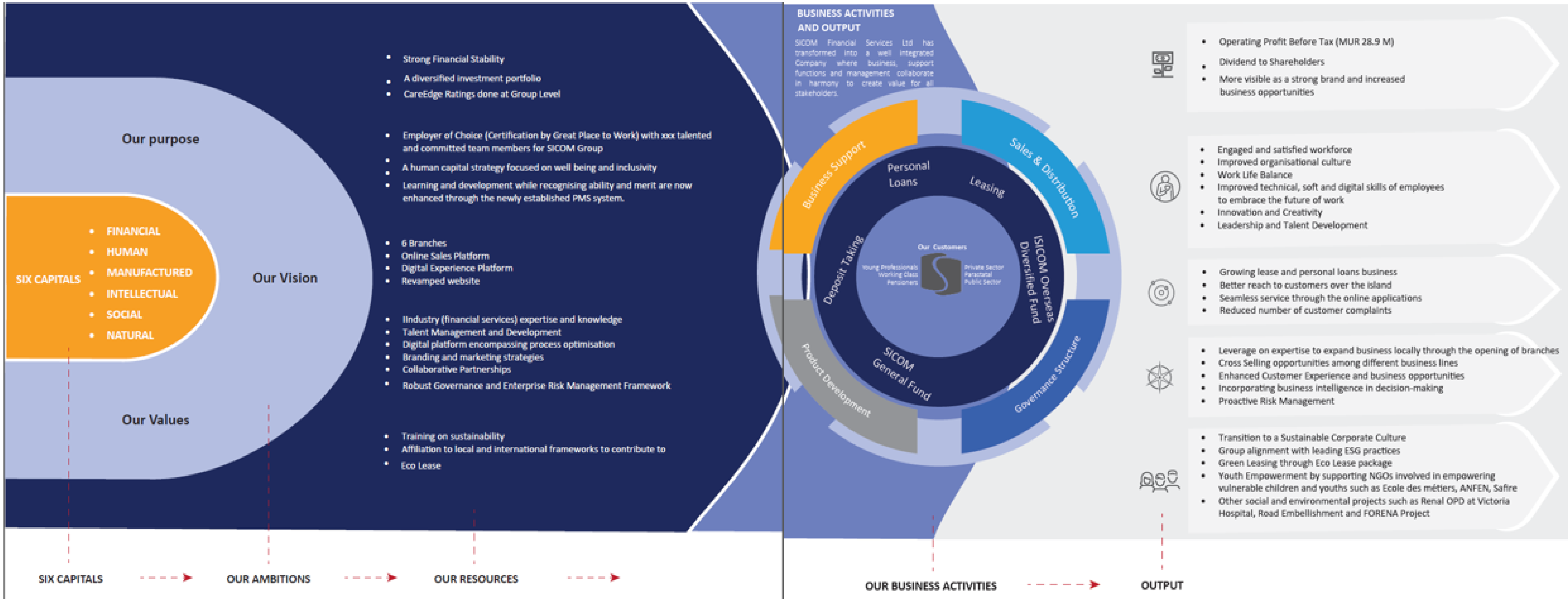
1.1. Relations with Shareholders and Other Key Stakeholders

3.5.1. Value Creation Model

3.5.2. Meeting our Commitments to our Stakeholders

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



Connected to Our Stakeholders

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2022/2023	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Customers (Individual and Corporate) Our customers generate revenue, through the purchase of our products and services. We offer our customers quality advice and fairly priced products to help them meet their needs and achieve their financial goals. Our competitive advantage leverages providing our customers with financial education and inclusion initiatives to encourage saving, investing, credit behaviour and retirement readiness.	Omnichannel experience and ease of use Responsible and appropriate advice Fast and efficient customer service Innovative and flexible product solutions Relief in times of significant financial difficulty	• Enhanced our digital platform channels to drive digital engagement • Provided value for money financial solutions to our customers in a responsible way • Use robotics to simplify our processes, giving back time to customers through reduction in servicing and processing time • Call centre services for greater availability	• Traditional distribution channels (including branches and worksites) • Implementation of customer satisfaction surveys • Online Sales Platform • Media channels • Annual and interim reports • Newsletters • E-mails
Shareholders Our shareholders provinces for our financial capital so that our businesses can compete in their chosen markets and support sustainable growth.	• Strong governance, ethics and transparency • Long-term sustainable financial returns and distributions • Clear strategic direction and consistency in operational execution • Experienced management team • Transparent reporting and disclosures • Strong financial control environment including corporate governance and ethics frameworks	• Strong delivery on our operational objectives • Strategy Validation Exercise • Maintained transparent reporting and disclosures in line with our reporting standards and internal policies and procedures • Frequent updates to the Board about major projects	• Annual General Meeting • Annual Report • Website • Digital Tools • Media Channels

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2022/2023	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Employees Our people are our greatest competitive advantage, and their welfare is our highest priority. We rely on our highly motivated and engaged employees to put our customers first in everything they do and to act as brand custodians, enabling us to execute on our strategic priorities and generate long-term value for our investors.	• Competitive reward structures and benefits • Career growth and development • An inclusive culture that is safe and enabling • Addressing mental health and overall wellness • Flexibility – work/life balance	• Benchmarked rewards to industry and linked to business performance and outcomes • Learning culture and continued professional development are encouraged by way of various schemes that motivate employees to pursue their self-development. • Invested in various employee skills development and mentorship initiatives, including agile and other technical courses • Various Communication channels e.g. SMS, Intranet • Conducted multiple wellness initiatives	• Communication via Intranet, Creation of a Learning Zone • Internal communication • Annual and interim reports
Intermediaries They serve as a crucial link between our customers and us. By establishing relationships with new customers, providing appropriate advice based on their needs, and providing a service to them through a combination of face-to-face and digital channels, they optimise and enhance the customer experience. They play a vital role in attracting new business and in retaining existing customers.	• Ease of doing business • Digital capabilities that enable engagement sales, and servicing • Product and regulatory training • Fair incentives that reward efforts • To be associated with a brand which delivers on its promises	• Improved our digital servicing capabilities, such as tracking tools, and sales and servicing platforms, to drive ease of use of our digital solutions • Provided ongoing training to improve the experience of our intermediaries • Develop sustainable relationships • Digitalisation of the service between SICOM and Intermediaries for SICOM Financial Services Ltd	• Branches and worksites • Digital tools • Agent Awards Night • Annual and interim reports
Business partners (Car dealers, Legal advisors, Consultants, Suppliers)	• Fair payment practices • Comply to terms in Service Level Agreements • Fair tender process • Supplier relationship management	• Timely payment to suppliers and other business partners such as consultants • Develop sustainable relationships • Work as a team with a common goal • Timely communication and consultation	• Digital Tools • Email, Phone call, Letters • Regular Visits

Relations with Shareholders and Other Key Stakeholders

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS in 2022/2023	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Government and Regulators	• Good governance • Compliance with BoM and FSC regulation • Proactively engage with regulators through Trilateral Meetings and inspections • The effectiveness of the control functions	• Maintained our solvency capital at levels above regulatory requirements • Detailed risk management and controls systems and performed a self assessment for Risk and the Compliance function • Focused more on dealing with future pandemics as part of business as usual, with management taking the requisite steps to risk-proof the business • Comply with new laws and create organisation wide awareness	• Direct communication including 'submissions of required report, attendance of meetings
Community We recognise the interdependence between ourselves and the communities we serve. We go beyond our operations and focus on contributing to socio-economic development that is impactful and sustainable to uplift our communities	• Financial education and inclusion • Access to supplier development opportunities • Skills development and employment opportunities • Education support	• Supporting the National Social Inclusion Foundation for CSR projects • Trainees periodically onboarded for short-term training within the organisation • Supported the communities through various initiatives, such as sponsorships related to education, road safety, skills development initiatives etc.	• Media channels • Annual and interim reports • Community projects and campaigns
Environment	• Going Green initiatives • Energy saving initiatives	• IAdherance to BoM Gudeline on Cimate Change • Include more plants and trees within our premises • Installation of LED bulbs in the buildings • Going Paperless • Rain water harvesting for maintenance purposes • Undertake energy audits of buildings • Procurement of energy efficient equipment	• Meeting with the Ministry of Environment, Solid Waste Management and Climate Change representatives for possible environmental projects • Forestation project at Mont Vert

- **Shareholders' Diary**

Details	Date
Financial year end	30 June 2023
Audited Financial Statements (year ended 30 June 2023)	September 2023
Annual Meeting	October 2023
Dividend Payment	November 2023

- **Shareholders' Communication**

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

- **Dividend Policy**

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

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Chairperson

Director

Director

19 September 2023

Risk Management Report

The financial services industry has encountered significant global challenges and uncertainties for the year 2022/2023 and has demonstrated remarkable resilience and adaptivity after the pandemic, aiding people, businesses, and governments in their recovery efforts. However, it is crucial to acknowledge that financial services companies are not exempt from the challenges confronting other sectors. These include geopolitical tensions, such as the war in Ukraine, as well as concerns related to inflation, rising interest rates, supply chain disruptions, the potential for regional or global recession, the heightened cyber risk landscape, and intensifying competition from firms offering expanded financial services.

Simultaneously, fostering a sustainable world is crucial for long-term competitiveness, creating an optimal environment for teams to thrive and promoting the development of a corporate risk culture aligned with sustainable goals. By integrating sustainability into our business practices, we contribute to a better future while enhancing our ability to navigate risks and seize opportunities. This approach also lays the groundwork for long-term rewards for our shareholders, as sustainable companies are more likely to attract investment and generate sustainable returns.

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

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

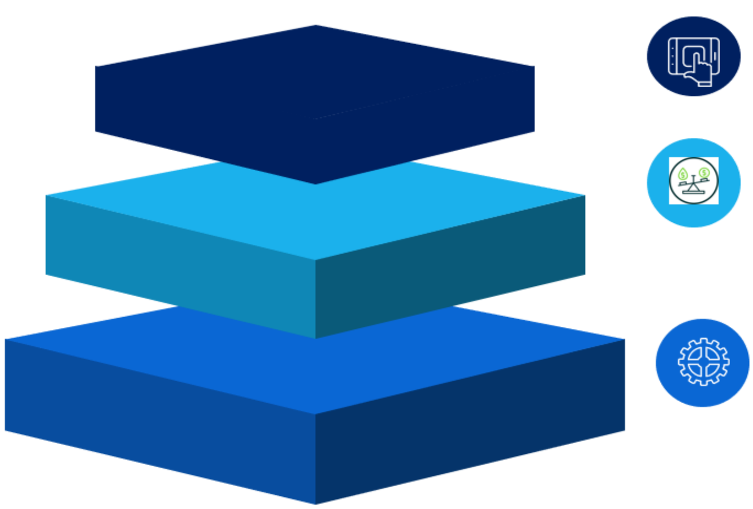
While 2022 was marked by significant post-COVID-19 growth, 2023 was characterised by the aftereffects of the rebound, including supply chain constraints, substantial price increases and the ongoing impact of the war in Ukraine. These factors contributed to the strongest interest rate upcycle witnessed in decades, aimed at combating the rise in inflation both on a global scale and specifically in Mauritius. The depreciation of the Mauritian rupee, coupled with inflationary pressures driven by higher energy and food prices, continued to pose threats to economic revival following the pandemic. However, despite these challenges, the overall COVID-19 recovery surpassed expectations.

The prevailing economic conditions had a direct impact on customer spending, as lower disposable incomes constrain the affordability of financial services and savings products. As a result, reduced customer spending became a significant factor in the market, influencing purchasing behavior and impacting the demand for financial services such as leasing and loans. The rise in interest rates also negatively impacted on the deposit taking business, where large withdrawals were noted subsequent to the rise in interest rate and the Company reacted promptly to revise its interest as a remedial action.

Overarching Risk Objective

The Company recognises that its long-term sustainability is dependent on having sufficient economic capital to meet its liabilities as they fall due, thus protecting its reputation and the integrity of its relationship with customers and other stakeholders.

Our main strategic objectives are:



Maintain Capital Adequacy

The Company seeks to maintain its capital adequacy ratio in line with the Bank of Mauritius guidelines.

Stable/efficient access to Funding & Liquidity

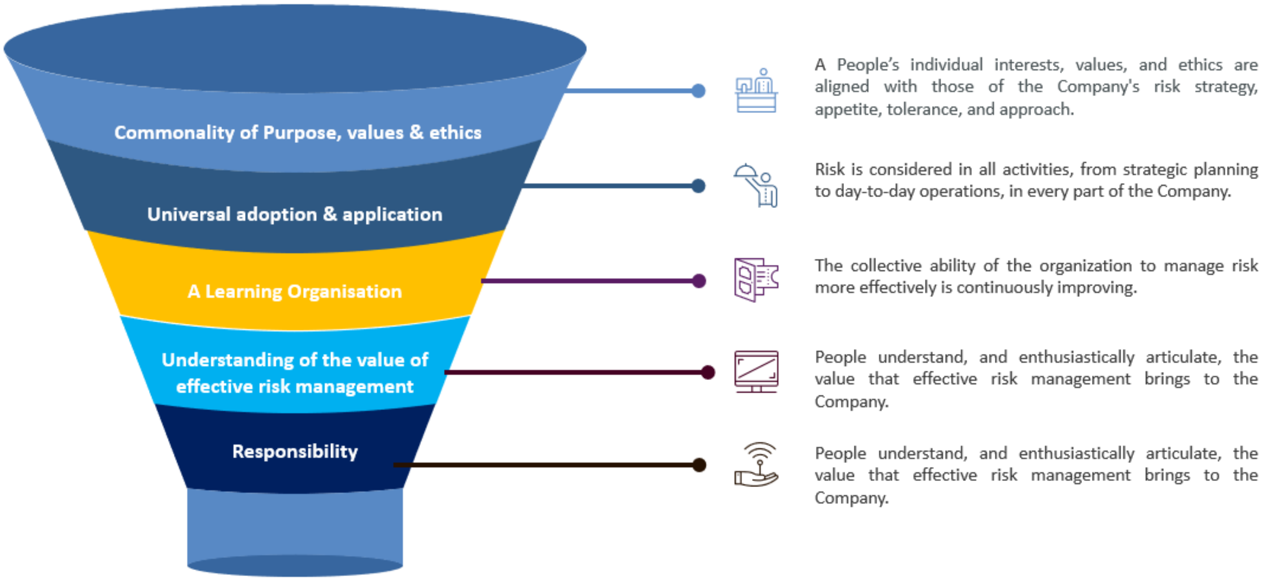
The Company aims to meet both planned & unexpected cash outflow requirements, including those requirements that arise following stress scenarios testing performed on events which could reasonably occur .

Maintain stakeholder confidence

The Company has no appetite for material risks resulting in reputational damage, regulatory or legal censure, poor customer outcomes, fines or prosecutions and other types of non-budgeted operational risk losses associated with the Group's conduct and activities. The Company will maintain a robust and proportionate internal control environment.

Our Risk Culture

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



Reflecting on our Risk Strategy and Roadmap

Enhancing our control framework and bolstering SFSL's resilience on projects such as implementation of the business continuity management (BCM) framework to avoid and mitigate risks associated with disruptions.

As we navigate the complexities of climate change, we aim to mitigate risks, seize opportunities, and contribute to a more resilient and ecologically responsible future. By integrating climate considerations into our core services, we aim to create lasting value for our clients, shareholders, and the planet.

Business Continuity Management Framework

- Full implementation of the BCM Framework.

Climate Change Impact Assessment

- Development of climate scenario analysis and stress testing models.
- Committed to transparency by regularly disclosing our progress toward integrating sustainability and addressing climate-related risks.

Risk Assessment

- Conduct more frequent and rigorous reviews on potential high-risk areas.

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

Our Risk Appetite

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

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

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

Our Risk Governance Framework

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

Our Enterprise Risk Management (ERM) Framework

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

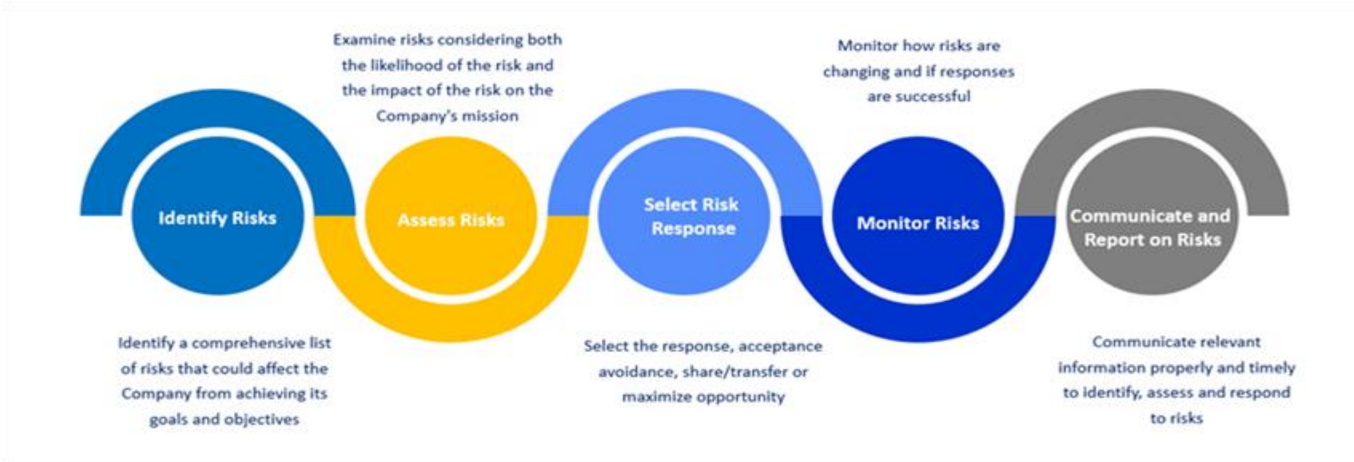
Our Risk Management Process

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

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

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

SFSL has a list of key risks it is willing to take or tolerate in pursuing its strategic objectives and business plans. The Company regularly measures and quantifies risks to which it is exposed, using financial and non- financial metrics.



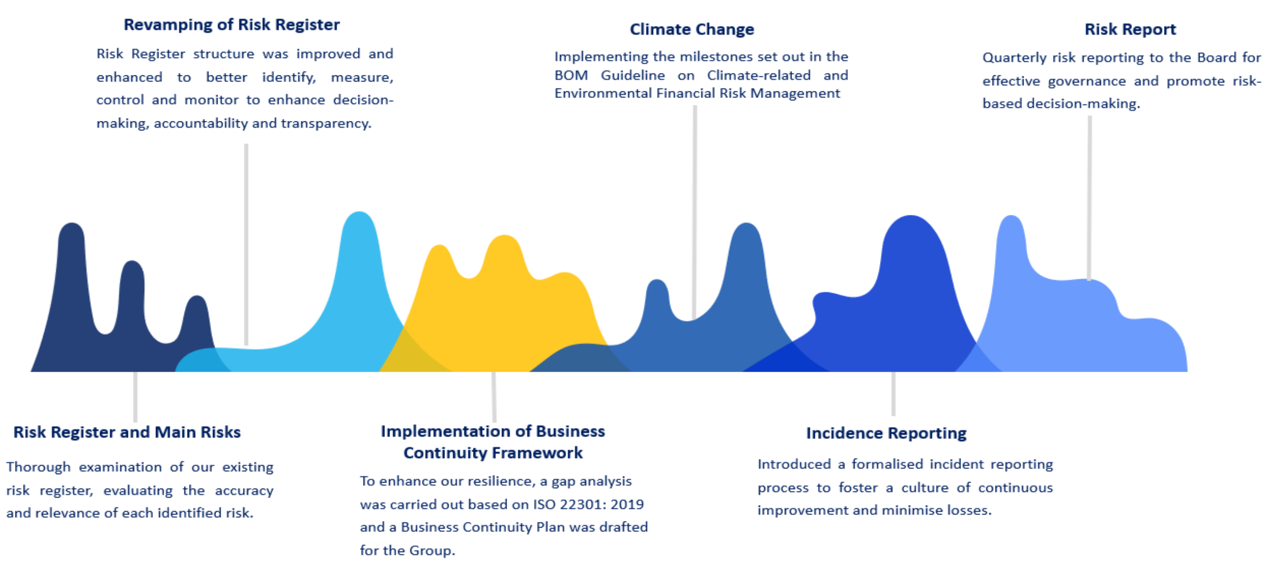
Risk Management Roles and Responsibilities

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

RISK MANAGEMENT COMMITTEE (At Company Level)	INTERNAL RISK COMMITTEE (At Group Level)	CYBER SECURITY COMMITTEE (At Group Level)
• Assists the Board in fulfilling its oversight responsibilities. • Advises the Board on the development and implementation of a ERM Framework. • Monitors and approves all related party transaction issues of the Company. • Ensures that all credit exposures are in line with regulatory limits.	• Reports to the Group's Risk Committee of the Board. • Has an understanding of the key risks to which the Group is exposed and oversees the effective management of these risks. •Reviews the ERM Framework including the Risk Management Strategy and Policies, Risk Appetite Statements and Risk Tolerance Levels.	• Oversees the Group's risk assessment and management processes with regards to Cyber Risks. • Designs the cybersecurity strategy in line with expectations from key stakeholders. • Participates in design and review of security policies and procedures. • Reviews threat intelligence outputs and makes recommendations to the IRC on the organisation's exposure to current and emerging information security threats.

What we achieved

Our achievements in risk management can be explained by several key factors. We have established a strong framework for identifying, assessing, and prioritising risks across all areas of our operations. This systematic approach has allowed us to proactively anticipate potential hazards and develop appropriate mitigation plans well in advance.



Climate Change

Climate change is already having a substantial impact on our daily lives and economic activities. Unfortunately, we find ourselves among the most vulnerable to these effects. Therefore, it is imperative to adapt to climate change and accelerate our efforts to mitigate the driving factors. These challenges may pose significant risks to our financial business operations, products and services. The shift towards a low-carbon and ecologically diverse world requires a fundamental transformation in how we conduct business. In light of this, our strategy beyond 2023 is to prioritize sustainability as a central component of our strategic direction and operational framework.

The Company is implementing the BoM Guideline on Climate-related and Environmental Financial Risk Management by embedding sound governance and risk management frameworks for climate-related and environmental financial risks within existing one to gain a comprehensive understanding of climate-related and environmental risks, enabling us to effectively identify, assess, monitor, and mitigate potential threats.

Moreover, SFSL is aiming to assess the current and future impacts of climate and environmental risks and opportunities on its strategy, business, and financial planning. This assessment will also extend to the Company's engagement with its counterparts and inform various decision-making processes. By diligently evaluating these factors, SFSL can proactively address challenges and capitalize on opportunities presented by climate and environmental considerations, thus fostering long-term sustainability and resilience in its operations.

Emerging Risks

The ongoing transformation of global operational landscapes offers a wide range of possibilities, risks or disturbances for businesses. In order to effectively navigate this uncertain environment, the Company is striving to develop the capacity and approaches to systematically recognize, rank, and address emerging risks and opportunities.

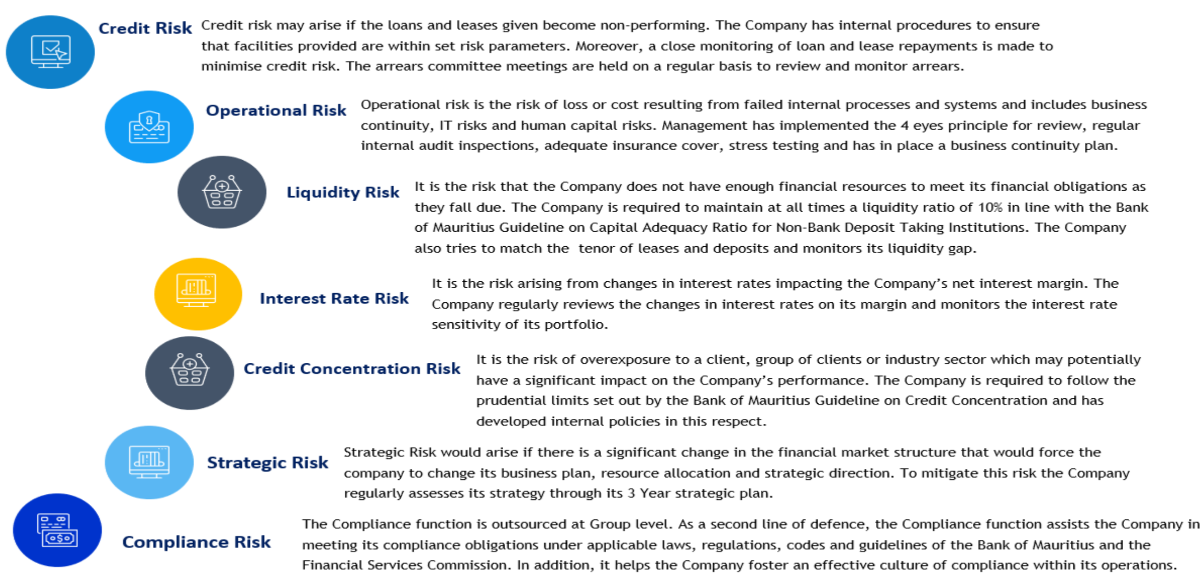
Emerging risks are risks which may newly develop or which already exist and are continuously evolving. Some major threats include supply chain challenges, financial constraints, cyber-attacks, ESG demands, workforce challenges, project risks and regulatory uncertainty. They are characterised by a high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

Managing Risk in Line with our Strategy

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

Management of Key Risks

The main risks which might threaten our business model, future performance, solvency and liquidity positions are:



Business Continuity

In an ever-changing and unpredictable landscape, maintaining a robust and effective business continuity strategy is essential to survive and thrive. The year 2023 witnessed several significant challenges, from global economic uncertainties to unprecedented natural disasters and cyber threats.

SFSL recognises the significance of business continuity as a vital component within its comprehensive management structure, which is dedicated to guaranteeing the sustenance of essential business operations in case of a disturbance or emergency.

Taking this into consideration, the Company is implementing a whole business approach to business continuity management that is appropriate to the nature and scale of its operations. Business continuity management increases resilience to business disruption arising from internal and external events and may reduce the impact on the Group's business operations, reputation, profitability, customers and other stakeholders.

Our Areas of Focus

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

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

- **The continued rise of data privacy concerns and regulations**
  Data privacy has become a major risk for businesses in this modern world. With an increased focus on keeping user data safe, along with rapidly changing regulations from across the globe, it is more important than ever to be aware of how we are interacting with customer data. It is essential to understand the relevant data privacy laws and best practices and be able to adjust risk management protocols accordingly to remain compliant and maintain strong control initiatives.

- **The rise of Artificial Intelligence**
  As more automation is employed to perform operational tasks, with increasing interconnectedness, strong governance is required to ensure that risks (such as security, change management, single person dependency, completeness/accuracy of data) are appropriately managed. In some regions, regulators are prescribing constraining governance which may impact the ease of using these technologies for certain activities.

- **The shift towards proactive risk management strategies**
  Proactive risk mitigation strategies place emphasis on preventive measures and aim to reduce potential risks before they occur through careful decision-making, accurate planning, and effective communication. This shift to pre-emptive risk management strategies is designed to comply with industry norms as well as protect the assets of stakeholders including customers, shareholders and employees. As modern organisations broaden in scope, compliance with security and privacy regulations has become essential for mitigating risks that could lead to major financial losses or other issues. Proactive strategies provide a systematic way for companies to protect themselves against potential threats.

- **Risk Culture**
  We are also working towards strengthening the Risk Culture across the Group. By so doing SFSL can strengthen and adopt a risk-aware culture throughout the entire organisation, driving effective risk management practices.

Chairperson | Director | Director

19 September 2023

Statement of Compliance

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

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

Reporting Period: Year ended 30 June 2023

On behalf of the Board of Directors of SICOM Financial Services Ltd (the Company), we 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 for Mauritius.

Mr Oomesh Sharma MAHADU	Mr Chelven Chengabroyan
Chairperson	**Director**

19 September 2023

Statement of Management Responsibility for Financial Reporting

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

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

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

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

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

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

For and on behalf of the Board of Directors

Chairperson	Director	Director

19 September 2023

Secretary's Certificate

We certify to the best of our knowledge and belief that for the year ended 30 June 2023, the Company has filed with the Registrar of Companies all such returns as are required of the Company under Section 122(d) of the Mauritius Companies Act 2001.

DTOS Ltd
Company Secretary
SICOM Financial Services Ltd

19 September 2023

Deloitte.

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

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SICOM Financial Services Ltd** (the "Company" and the "Public Interest Entity") set out on pages 47 to 118, which comprise the statement of financial position as at 30 June 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for opinion

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

Key audit matters

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

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

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

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

Other information

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

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

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

Responsibilities of directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte.

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Financial Reporting Act 2004

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

Banking Act 2004

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

Use of this report

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

Deloitte

Deloitte

Chartered Accountants

19 September 2023

R. Srinivasa Sa

R. Srinivasa Sankar, FCA

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SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023	2022	2021
ASSETS		Rs.	Rs.	Rs.
Cash and cash equivalents	5	**50,969,311**	249,629,110	221,250,887
Investment securities	6	**169,586,869**	292,239,673	299,186,672
Deposits with financial institutions	7	**375,466,820**	571,406,336	670,014,300
Loans and advances to customers	8	**707,035,845**	569,897,626	312,375,869
Net investment in finance leases	12	**755,215,794**	697,103,005	705,674,304
Assets held for sale	13(b)	**6,135,000**	8,750,000	-
Equipment	9	**39,021,067**	5,544,317	6,759,612
Intangible assets	10	**1,155,243**	1,478,549	1,979,818
Right-of-use assets	11	**12,267,297**	13,739,373	9,679,103
Current tax assets	15(a)	**979,690**	3,289,141	395,220
Deferred tax assets	15(d)	**3,646,374**	4,481,605	-
Other assets	13(a)	**14,861,961**	9,858,265	8,417,717
TOTAL ASSETS		**2,136,341,271**	2,427,417,000	2,235,733,502
EQUITY AND LIABILITIES				
LIABILITIES				
Deposits from customers	14	**1,601,514,322**	1,912,824,781	1,720,301,143
Dividend payable	18	**21,297,528**	8,460,265	14,154,317
Lease liabilities	11	**12,702,584**	13,931,569	10,193,990
Retirement benefit obligations	17	**27,512,000**	23,946,000	17,193,000
Deferred tax liabilities	15(d)	**-**	-	197,894
Other liabilities	16	**9,927,695**	5,948,040	7,302,471
TOTAL LIABILITIES		**1,672,954,129**	1,965,110,655	1,769,342,815
SHAREHOLDERS' EQUITY				
Stated capital	19	**200,000,000**	200,000,000	200,000,000
Retained earnings		**210,937,983**	211,294,095	212,123,095
Other reserves	20	**52,449,159**	51,012,250	54,267,592
TOTAL EQUITY		**463,387,142**	462,306,345	466,390,687
TOTAL EQUITY AND LIABILITIES		**2,136,341,271**	2,427,417,000	2,235,733,502

These financial statements have been authorised and approved for issue by the Board of Directors on 19 SEP 2023
and signed on its behalf by:

Signature	Signature	Signature
Chairperson	Director	Director

The notes on pages 53 to 118 form an integral part of these financial statements.
The independent auditor's report is on pages 44 to 46.

	Notes	2023	2022	2021
		Rs.	Rs.	Rs.
Interest income calculated using the effective interest method	21	**63,507,256**	66,677,309	60,455,192
Interest income on finance lease receivables	21	**43,541,552**	44,429,092	44,820,613
Interest expense	21	**(50,939,841)**	(53,878,375)	(59,547,216)
Net interest income	21	**56,108,967**	57,228,026	45,728,589
Operating lease rental income		**1,921,088**	1,999,073	2,587,104
Fee and commission income		**8,054,071**	4,468,281	4,956,187
Dividend income	22	**2,175,509**	2,463,130	1,461,883
Other income	26	**24,014,886**	4,074,046	2,945,909
Gain on disposal of equipment and repossessed assets		**4,100**	-	31,887
Net gain/(loss) arising on financial assets measured at FVTPL*		**2,768,885**	(8,139,944)	10,859,265
		38,938,539	4,864,586	22,842,235
Operating income		**95,047,506**	62,092,612	68,570,824
Net impairment (losses)/gains on financial assets	23	**(3,712,571)**	9,598,411	(5,990,413)
Fair value loss on repossessed assets	13(b)	**(2,855,745)**	(3,888,687)	-
Personnel expenses	24	**(23,447,517)**	(21,382,452)	(17,434,866)
Other expenses	25	**(31,307,614)**	(33,854,295)	(18,773,228)
Depreciation and amortisation	9,10,11	**(4,015,459)**	(4,548,895)	(4,856,082)
Gain/(loss) on disposal of assets held for sale		**-**	158,923	(1,129,971)
Profit before income tax		**29,708,600**	8,175,617	20,386,264
Income tax (expense)/credit	15(b)	**(4,652,685)**	1,777,636	(3,734,127)
Profit for the year		**25,055,915**	9,953,253	16,652,137

** FVTPL = Fair value through profit or loss*

The notes on pages 53 to 118 form an integral part of these financial statements.
The independent auditor's report is on pages 44 to 46.

	Notes	2023	2022	2021
		Rs.	Rs.	Rs.
Profit for the year		**25,055,915**	9,953,253	16,652,137
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of post employment benefit obligations	17(a)(vi), 17(c)(iv)	**(3,273,000)**	(6,951,000)	2,286,000
Income tax relating to components of other comprehensive income	15(d)(ii)	**556,410**	1,181,670	(388,620)
Fair value gain on investments in equity instruments designated as at FVTOCI	6	**39,000**	192,000	15,000
Other comprehensive income for the year, net of tax		**(2,677,590)**	(5,577,330)	1,912,380
Total comprehensive income for the year		**22,378,325**	4,375,923	18,564,517

** FVTOCI = Fair value through other comprehensive income*

The notes on pages 53 to 118 form an integral part of these financial statements.
The independent auditor's report is on pages 44 to 46.

				Other reserves				
	Notes	Stated capital	Retained earnings	Statutory reserve	Investment revaluation reserve	Actuarial losses reserve	General Banking reserve	Total equity
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2020		200,000,000	212,123,096	57,094,411	(375,000)	(12,605,669)	5,743,649	461,980,487
Profit for the year		-	16,652,137	-	-	-	-	16,652,137
Other comprehensive income for the year		-	-	-	15,000	1,897,380	-	1,912,380
Total comprehensive income for the year		-	16,652,137	-	15,000	1,897,380	-	18,564,517
Dividend to ordinary shareholders	18	-	(14,154,317)	-	-	-	-	(14,154,317)
Transfer to statutory reserve	20	-	(2,497,821)	2,497,821	-	-	-	-
At 30 June 2021		**200,000,000**	**212,123,095**	**59,592,232**	**(360,000)**	**(10,708,289)**	**5,743,649**	**466,390,687**
At 1 July 2021		200,000,000	212,123,095	59,592,232	(360,000)	(10,708,289)	5,743,649	466,390,687
Profit for the year		-	9,953,253	-	-	-	-	9,953,253
Other comprehensive income for the year		-	-	-	192,000	(5,769,330)	-	(5,577,330)
Total comprehensive income for the year		-	9,953,253	-	192,000	(5,769,330)	-	4,375,923
Dividend to ordinary shareholders	18	-	(8,460,265)	-	-	-	-	(8,460,265)
Transfer to statutory reserve	20	-	(1,492,988)	1,492,988	-	-	-	-
Transfer to general banking reserve		-	(829,000)	-	-	-	829,000	-
At 30 June 2022		**200,000,000**	**211,294,095**	**61,085,220**	**(168,000)**	**(16,477,619)**	**6,572,649**	**462,306,345**

The notes on pages 53 to 118 form an integral part of these financial statements.
The independent auditor's report is on pages 44 to 46.

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

				Other reserves				
	Notes	Stated capital	Retained earnings	Statutory reserve	Investment revaluation reserve	Actuarial losses reserve	General Banking reserve	Total equity
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2022		200,000,000	211,294,095	61,085,220	(168,000)	(16,477,619)	6,572,649	462,306,345
Profit for the year		-	25,055,915	-	-	-	-	25,055,915
Other comprehensive income for the year		-	-	-	39,000	(2,716,590)	-	(2,677,590)
Total comprehensive income for the year		-	25,055,915	-	39,000	(2,716,590)	-	22,378,325
Dividend to ordinary shareholders	18	-	(21,297,528)	-	-	-	-	(21,297,528)
Transfer to statutory reserve	20	-	(3,758,387)	3,758,387	-	-	-	-
Transfer to general banking reserve	20	-	(356,112)	-	-	-	356,112	-
At 30 June 2023		**200,000,000**	**210,937,983**	**64,843,607**	**(129,000)**	**(19,194,209)**	**6,928,761**	**463,387,142**

The notes on pages 53 to 118 form an integral part of these financial statements.
The independent auditor's report is on pages 44 to 46.

	2023	2022	2021
	Rs.	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	**29,708,600**	8,175,617	20,386,264
Adjustments for:			
Net impairment losses/(gains) on financial assets	**3,712,571**	(9,598,411)	5,990,413
Interest income	**(107,048,808)**	(111,106,401)	(104,102,547)
Interest expense	**50,939,841**	53,878,375	59,547,216
Dividend income	**(2,175,509)**	(2,463,130)	(1,461,883)
Gain on sale of investment securities	**(8,452,642)**	-	-
Movement in retirement benefit obligations	**1,144,000**	653,000	480,000
Depreciation on equipment	**2,037,597**	1,898,984	2,268,095
Amortisation of intangible assets	**505,786**	1,265,231	1,378,099
Depreciation on right-of-use assets	**1,472,076**	1,384,680	1,209,888
Gain on termination of right-of-use assets	**-**	(579,151)	-
Profit on disposal of equipment	**(179,796)**	-	(31,887)
Fair value loss on repossessed assets	**2,855,745**	3,888,687	-
Net (gain)/loss arising on financial assets measured at FVTPL	**(2,768,885)**	8,139,944	(10,859,265)
Loss/(gain) on disposal of repossessed leased assets	**175,696**	(158,923)	1,129,971
Changes in operating assets and liabilities	**(28,073,728)**	(44,621,498)	(24,065,636)
Increase/(decrease) in other liabilities	**4,100,861**	(1,519,222)	4,041,216
(Increase)/decrease in other assets	**(5,481,412)**	(453,019)	581,773
(Increase)/decrease in net investment in finance leases	**(62,213,575)**	625,091	(51,563,134)
Loans and advances disbursed	**(263,332,125)**	(408,552,000)	(250,808,900)
Proceeds from loans and advances	**129,101,362**	151,877,941	72,261,706
Deposits from customers-net	**(308,985,427)**	201,476,753	13,714,878
Net cash used in operations	**(534,884,044)**	(101,165,954)	(235,838,097)
Interest received	**111,390,820**	202,759,461	82,311,128
Dividend received	**2,413,094**	1,491,283	1,045,817
Interest paid	**(52,669,934)**	(62,216,778)	(58,963,651)
Retirement benefits paid	**(851,000)**	(851,000)	(851,000)
Income tax paid	**(951,593)**	(4,614,114)	(655,935)
Net cash (used in)/generated from operating activities	**(475,552,657)**	35,402,898	(212,951,738)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to deposits with financial institutions	**(500,000,000)**	(600,000,000)	-
Repayment of deposits with financial institutions	**687,954,663**	611,000,000	299,169,100
Purchase of investment securities	**(2,084,357)**	(1,308,108)	(931,042)
Purchase of equipment	**(36,261,154)**	(828,134)	(474,879)
Purchase of intangible assets	**(182,480)**	(763,962)	(724,015)
Proceeds from disposal of equipment	**926,603**	144,445	2,883,781
Proceeds from sale and maturity of investment securities	**136,241,484**	-	-
Disposal of repossessed leased assets	**744,370**	466,200	1,403,500
Net cash generated from investing activities	**287,339,129**	8,710,441	301,326,445
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	**(8,460,265)**	(14,154,317)	(17,317,466)
Repayment of lease liabilities	**(1,986,006)**	(1,580,799)	(1,580,799)
Net cash used in financing activities	**(10,446,271)**	(15,735,116)	(18,898,265)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(198,659,799)**	28,378,223	69,476,442
CASH AND CASH EQUIVALENTS AT 1 JULY	**249,629,110**	221,250,887	151,774,445
CASH AND CASH EQUIVALENTS AT 30 JUNE	**50,969,311**	249,629,110	221,250,887

The notes on pages 53 to 118 form an integral part of these financial statements.
The independent auditor's report is on pages 44 to 46.

1. GENERAL INFORMATION

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

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

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company. The directors have authorised the issue of the financial statements on 19 September 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

2.2 Going concern

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

2.3 Basis of measurement

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of measurement (cont'd)

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

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 *Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS *2 Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of profit or loss and comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual improvements include amendments to the below standards which are applicable to the Company:

- IFRS 9 *Financial Instruments*
  The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16 *Leases*
  The amendment removes the illustration of the reimbursement of leasehold improvements.

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

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of measurement (cont'd)

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

Amendments to IAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB 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 to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of measurement (cont'd)

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

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

2.4 Financial instruments

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

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

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

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

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

2.5 Financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

Specifically:

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

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

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

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

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

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

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

2.6 Debt instruments at amortised cost or at FVTOCI

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Debt instruments at amortised cost or at FVTOCI (cont'd)

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

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

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

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

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

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

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

Financial assets at FVTPL are:

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

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

2.8 Reclassifications

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

During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Reclassifications (cont'd)

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

2.9 Derecognition

Financial assets

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

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

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

Financial liabilities

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

2.10 Modification of financial assets

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Modification of financial assets (cont'd)

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

2.11 Impairment of financial assets

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

- loans and advances to customers;
- debt investment securities;
- lease receivables;
- cash and cash equivalents;
- other assets; and
- loan and lease commitments issued.

No impairment loss is recognised on equity investments.

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

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

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

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

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

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

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

(A) Simplified approach for lease receivables

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

(A) Simplified approach for lease receivables (cont'd)

Computing the Probability of Default ("PD") under the simplified approach:

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

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

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

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

Computing the ECLs

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

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

SICR

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

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

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

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

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

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

Stage classification

Exposures would be classified into three stages as follows:

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

(C) Measuring ECLs under the general approach

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

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

ECL = PD x LGD x EAD

Financial statement line	ECL approach
Cash and cash equivalents Deposits with financial institutions	Credit risk from balances with banks and financial institutions is considered to be negligible since the counterparties are reputed financial institutions with high quality external credit ratings. Based on management's assessment, the ECLs have been computed using a 12-month PD under Stage 1 and LGD under the Basel III recommendations.
Investment securities	Investment securities at amortised cost represent investments made in bonds issued by the Government of Mauritius. The sovereign risk is considered to be negligible. Based on management's assessment, the ECLs have been computed using a 12-month PD under Stage 1 and LGD under the Basel III recommendations.
Loans and advances	The Company has two types of loans, namely staff loans and speedy loans to civil servants, employees of parastatal bodies, state-owned companies, public entities & pensioners of schemes administered by SICOM. The monthly repayment for both the staff and speedy loans is automatically done from the borrowers' monthly salary by "check-off". Given the absence of any default since the set-up of the speedy loan scheme, and the very low levels of arrears, the Bank has applied a hybrid approach for the computation of the ECLs, taking into account the following: • A proxy model whereby management has considered the industry observed ECL as well as the attrition rate in the region for the public sector; • The Basel III prescribed LGDs for unsecured exposures and associated PDs; and • Specific client sectors which management considers to represent higher credit risk for which an additional provisioning has been provided (E.g. gambling).
Other assets	Other assets include receivables from related parties as well as other short- term debtors (e.g. on residual value, registration fees, etc.). Given the history of no write offs and post year end receipts, the entire receivables have been categorised as under Stage 1 and a corresponding ECL computed.

(D) Default

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

(E) Write offs

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

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

The Company is also guided by the requirements set out by the Bank of Mauritius *Guideline on Write Off of Non- Performing Assets* in determining its write off policy.

(F) Modification loss

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

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

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

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

(H) Movement between stages

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

2.12 Financial liabilities

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

2.13 Offsetting financial instruments and transactions

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

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

2.14 Leasing

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessee (cont'd)

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

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessor

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

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

(i) Recognition and initial measurement for finance lease receivables

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

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

(ii) Subsequent measurement

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

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

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

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

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

Operating leases

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leasing (cont'd)

The Company as a lessor (cont'd)

(ii) Subsequent measurement (cont'd)

Operating leases (cont'd)

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

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

2.15 Cash and cash equivalents

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

2.16 Investment securities

Investment securities comprise investments in:

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

2.17 Loans and advances

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

2.18 Equipment

Recognition and measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Equipment (cont'd)

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

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

2.19 Intangible assets

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Intangible assets (cont'd)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.20 Income tax

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

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Current tax and deferred tax for the year

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Income tax (cont'd)

Deferred tax (cont'd)

Other tax exposures

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

2.21 Deposits from customers

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

2.22 Dividends on ordinary shares

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

2.23 Retirement benefit obligations

Defined contribution plan

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

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

Defined benefit plan

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

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

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Retirement benefit obligations (cont'd)

Unfunded benefits

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

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

Remeasurement of the net unfunded liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Company determines the interest expense on the unfunded liability for the period by applying the discount rate used to measure the unfunded obligation at the beginning of the annual period to the unfunded liability, taking into account any changes in the unfunded liability during the period as a result of benefit payments. Interest expense is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements, are recognised immediately in profit or loss.

State Plan

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

Short term and other long-term employee benefits

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

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

2.24 Provisions

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

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

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

2.25 Equity

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

2.27 Foreign currencies

Functional and presentation currency

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

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

2.28 Interest income and expense

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

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

2.29 Income from leasing business

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

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

2.30 Comparatives

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Critical judgements in applying the Company's accounting policies

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

Classification as finance or operating leases

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

Establishing groups of assets with similar credit risk characteristics:

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

Key estimation uncertainty

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

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

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

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

Calculation of loss allowance

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

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

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

Key estimation uncertainty (cont'd)

Calculation of loss allowance

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

If the ECL rates on lease receivables between 1 and 90 days past due had been 5 per cent higher (lower) as of 30 June 2023, the loss allowance on lease receivables would have been Rs 0.01million higher(lower). (2022: Rs 0.1 million) higher(lower).

The impact of a 5 per cent increase/decrease in the ECL rates on the loss allowance of lease receivables between 91 and 180 days as of 30 June 2023 would have been Rs 0.05million higher (lower). (2022: not material). If the ECL rates on lease receivables between 181 and 360 days past due had been 5 per cent higher (lower) as pf 30 June 2023, the loss allowance on lease receivables would have been Rs 0.05 million higher (lower) (2022: Rs 0.02 million) higher(lower).

If the loss rate on the loan book would have been 5% higher as of 30 June 2023, the total impairment provisioning on the loan portfolio would have been Rs 0.05 million higher (2022: Rs 0.05 million).

4. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	At amortised cost	FVTOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 2022				
Financial assets				
Cash and cash equivalents	249,629,110	-	-	249,629,110
Investment securities	250,098,180	852,000	41,289,493	291,472,673
Deposits with financial institutions	571,406,336	-	-	571,406,336
Loans and advances	569,897,626	-	-	569,897,626
Other assets	6,558,981	-	-	6,558,981
Financial liabilities				
Deposits from customers	1,912,824,781	-	-	1,912,824,781
Lease liabilities	13,931,569	-	-	13,931,569
Other liabilities	5,948,040	-	-	5,948,040
Dividend payable	8,460,265	-	-	8,460,265

4. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	At amortised cost	FVTOCI	FVTPL	Total
	Rs	Rs	Rs	Rs
30 June 2021				
Financial assets				
Cash and cash equivalents	221,250,887	-	-	221,250,887
Investment securities	250,405,343	660,000	48,121,329	299,186,672
Deposits with financial institutions	670,014,300	-	-	670,014,300
Loans and advances	312,375,869	-	-	312,375,869
Other assets	4,816,629	-	-	4,816,629
Financial liabilities				
Deposits from customers	1,720,301,143	-	-	1,720,301,143
Lease liabilities	10,193,990	-	-	10,193,990
Other liabilities	7,302,470	-	-	7,302,470
Dividend payable	14,154,317	-	-	14,154,317

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5. CASH AND CASH EQUIVALENTS

	2023	2022	2021
	Rs.	Rs.	Rs.
Cash at bank	**45,220,241**	31,254,786	50,276,907
Call deposits	**5,749,070**	218,374,324	170,973,980
Cash and cash equivalents (current)	**50,969,311**	249,629,110	221,250,887

Call deposits bear interests in the range of 0.00% to 3.04% (2022: 0.00% to 0.75% and 2021: 0.00% to 0.2%) per annum. Management has assessed the impact of the allowance for expected credit losses on cash and cash equivalents as not being material for both the current and prior years.

6. INVESTMENT SECURITIES

	Quoted equity instruments designated at FVTOCI*	**Unquoted equity instruments measured at FVTPL**	**Debt instruments measured at Amortised Cost**	**2023 Total**	2022 Total	2021 Total
	Rs.	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.
At 1 July	**852,000**	**41,289,493**	**250,298,588**	**292,440,081**	299,613,086	288,107,657
Additions	**-**	**2,084,357**	**-**	**2,084,357**	1,308,108	931,042
Redemptions	**-**	**-**	**(127,788,842)**	**(127,788,842)**	-	-
Increase/(decrease) in fair value	**39,000**	**2,768,885**	**-**	**2,807,885**	(7,947,944)	10,874,265
Interest and amortisation of premium /discount	**-**	**-**	**141,509**	**141,509**	(533,169)	(299,878)
At 30 June	**891,000**	**46,142,735**	**122,651,255**	**169,684,990**	292,440,081	299,613,086
Allowance for expected credit losses (Stage 1)	-	-	**(98,121)**	**(98,121)**	(200,408)	(426,414)
	891,000	**46,142,735**	**122,553,134**	**169,586,869**	292,239,673	299,186,672
<u>Remaining term to maturity:</u>						
- Between 1 to 5 years *(Non-Current)*	**-**	**-**	**122,553,134**	**122,553,134**	152,250,446	-
- More than 5 years *(Non-Current)*	**-**	**-**	**-**	**-**	97,847,734	250,405,343
- no fixed term	**891,000**	**46,142,735**	**-**	**47,033,735**	42,141,493	48,781,329
	891,000	**46,142,735**	**122,553,134**	**169,586,869**	292,239,673	299,186,672

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

6. INVESTMENT SECURITIES (CONT'D)

	2023	2022	2021
	Rs.	Rs.	Rs.
Allowance for expected credit losses - Stage 1			
At beginning of the year	**200,408**	426,414	426,924
Release of allowances for expected credit losses	**(102,287)**	(226,006)	(510)
At end of the year	**98,121**	200,408	426,414

Allowances for expected credit losses on investments in government bonds are classified under stage 1 and there was no movement between stages during the years 2023, 2022 and 2021.

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

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

(iii) Debt instruments at amortised cost comprise investments in Government of Mauritius Bonds bearing interests at rates in the range of 5.00% to 8.29% (2022 and 2021: ranging from 5.00% to 8.29%) per annum and maturing between August 2027 and January 2028.

7. DEPOSITS WITH FINANCIAL INSTITUTIONS

These consist of deposits with local banks and other financial institutions for period ranging from one to ten years and with interest at rates in the range of 3.4% to 5.42% (2022: 3.00% to 9.50%, 2021: 3.40% to 10.50%) per annum.

	2023	2022	2021
	Rs	Rs	Rs
Term deposits	**365,000,000**	552,954,663	563,954,703
Accrued interest receivable	**10,889,696**	19,167,813	108,412,883
	375,889,696	572,122,476	672,367,586
Less: allowance for expected credit losses (Stage 1)	**(422,876)**	(716,140)	(2,353,286)
	375,466,820	571,406,336	670,014,300
Remaining term to maturity			
<u>Current</u>			
Over 3 months and up to 6 months	**-**	-	22,033,439
Over 6 months and up to 12 months	**-**	24,271,560	585,954,722
<u>Non-Current</u>			
Over 1 year and up to 5 years	**375,889,696**	547,850,916	64,379,425
	375,889,696	572,122,476	672,367,586
Allowance for expected credit losses - Stage 1			
At beginning of the year	**716,140**	2,353,286	3,517,042
Release of allowances for expected credit losses	**(293,264)**	(1,637,146)	(1,163,756)
At end of the year	**422,876**	716,140	2,353,286

Allowance for expected credit losses on deposits with financial institutions are classified under stage 1 and there was no movement between stages during the years 2023, 2022 and 2021.

8. LOANS AND ADVANCES TO CUSTOMERS

	Note	2023	2022	2021
		Rs.	Rs.	Rs.
Loans and advances to holding company	8.1	-	-	69,970,309
Staff loans	8.2	3,238,018	3,694,307	3,749,117
Speedy loans	8.3	703,797,827	566,203,319	238,656,443
		707,035,845	569,897,626	312,375,869

8.1 Loans and advances to holding company

	2023	2022	2021
	Rs	Rs	Rs
Loans and advances to holding company	-	-	69,977,307
Less: allowance for expected credit losses (Stage 1)	-	-	(6,998)
	-	-	69,970,309
Remaining term to maturity			
Current			
Up to 3 months	-	-	16,910,563
Over 3 months and up to 6 months	-	-	17,293,914
Over 6 months and up to 12 months	-	-	35,772,830
	-	-	69,977,307

The above loans were unsecured and bore interest at the rate of 9.00% p.a. with monthly capital repayments.

	2023	2022	2021
	Rs	Rs	Rs
Allowance for expected credit losses- Stage 1			
At beginning of the year	-	6,998	13,395
Release of impairment allowances for the year	-	(6,998)	(6,397)
At end of the year	-	-	6,998

Allowance for expected credit losses on the loans and advances to holding company were classified under stage 1 and there was no movement between stages in the prior years.

Loans granted to the holding company were categorised under the "Financial and business services" category as per the Bank of Mauritius classification.

8.2 Staff loans

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	3,704,680	3,783,929	1,152,828
Additions	-	700,000	3,678,000
Repayments	(457,570)	(779,249)	(1,046,899)
	3,247,110	3,704,680	3,783,929
Less: allowance for expected credit losses (Stage 1)	(9,092)	(10,373)	(34,812)
At 30 June	3,238,018	3,694,307	3,749,117

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

8.2 Staff loans (Cont'd)

	2023	2022	2021
Allowance for expected credit losses - Stage 1	**Rs.**	Rs.	Rs.
At beginning of the year	**10,373**	34,812	10,606
(Credit)/ charge for the year	**(1,281)**	(24,439)	24,206
At end of the year	**9,092**	10,373	34,812

Allowance for expected credit losses on staff loans are classified under stage 1 and there was no movement between stages during the years 2023, 2022 and 2021.

	2023	2022	2021
	Rs.	Rs.	Rs.
Remaining term of maturity			
Current			
Up to 3 months	**115,447**	113,123	142,109
Over 3 months and up to 6 months	**114,134**	113,965	143,269
Over 6 months and upto 1 year	**230,848**	230,483	290,058
Non-Current			
Over 1 year and up to 5 years	**1,781,839**	1,820,727	1,775,332
Over 5 years	**1,004,842**	1,426,382	1,433,161
	3,247,110	3,704,680	3,783,929

Staff loans bear interest at 2.00% to 4.00% (2022 and 2021: 2.00% to 4.00%) per annum and have repayment terms ranging between three to seven years. These relate principally to loans granted to staff members of the Company. Loans granted to staff members are categorised under the "Personal" category as per the Bank of Mauritius classification.

8.3 Speedy loans

	2023	2022	2021
	Rs	Rs	Rs
Gross amount	**704,698,345**	566,289,058	240,532,597
Less: allowance for expected credit losses (Stage 1)	**(900,518)**	(85,739)	(1,876,154)
At 30 June	**703,797,827**	566,203,319	238,656,443
Remaining term to maturity			
Current			
Up to 3 months	**37,331,977**	23,106,814	9,321,070
Over 3 months and up to 6 months	**29,581,957**	21,296,923	8,067,816
Over 6 months and up to 12 months	**60,155,155**	43,166,524	16,407,441
Non-current			
Over 1 year and up to 5 years	**496,907,174**	367,456,672	141,571,499
Over 5 years	**80,722,082**	111,262,125	65,164,771
	704,698,345	566,289,058	240,532,597

	2023	2022	2021
Allowance for expected credit losses - Stage 1	**Rs.**	Rs.	Rs
At beginning of the year	**85,739**	1,876,154	-
Charge/(Credit) for the year	**814,779**	(1,790,415)	1,876,154
At end of the year	**900,518**	85,739	1,876,154

Speedy loans bear interest at the rate of 5.9% to 8.7% per annum (2022 and 2021: 5.9%) and have repayment terms ranging between one to seven years. These loans are categorised under the "Personal" category as per the Bank of Mauritius classification.

9. EQUIPMENT

	Computer Equipment	Furniture and Fittings	Motor Vehicles	Motor Vehicles under operating lease	Total
COST	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
At 1 July 2020	3,780,844	503,278	512,648	21,331,439	26,128,209
Disposal	-	-	-	(9,791,603)	(9,791,603)
Additions	393,746	81,133	-	-	474,879
At 30 June 2021	4,174,590	584,411	512,648	11,539,836	16,811,485
Disposal	-	-	-	(515,874)	(515,874)
Additions	190,413	637,721	-	-	828,134
At 30 June 2022	4,365,003	1,222,132	512,648	11,023,962	17,123,745
Disposal	-	-	(512,648)	(2,195,191)	(2,707,839)
Additions	-	42,570	-	36,218,584	36,261,154
At 30 June 2023	**4,365,003**	**1,264,702**	**-**	**45,047,355**	**50,677,060**
DEPRECIATION					
At 1 July 2020	3,322,880	342,586	512,648	10,545,373	14,723,487
Disposal	-	-	-	(6,939,709)	(6,939,709)
Charge for the year	192,558	105,724	-	1,969,813	2,268,095
At 30 June 2021	3,515,438	448,310	512,648	5,575,477	10,051,873
Disposal	-	-	-	(371,429)	(371,429)
Charge for the year	281,234	97,773	-	1,519,977	1,898,984
At 30 June 2022	3,796,672	546,083	512,648	6,724,025	11,579,428
Disposal	-	-	(512,648)	(1,448,384)	(1,961,032)
Charge for the year	248,798	130,390		1,658,409	2,037,597
At 30 June 2023	**4,045,470**	**676,473**	**-**	**6,934,050**	**11,655,993**
NET BOOK VALUE					
At 30 June 2021	659,152	136,101	-	5,964,359	6,759,612
At 30 June 2022	568,331	676,049	-	4,299,937	5,544,317
At 30 June 2023	**319,533**	**588,229**	**-**	**38,113,305**	**39,021,067**

The directors have reviewed the carrying value of the equipment of the Company and are of the opinion that at 30 June 2023, the carrying value has not suffered any impairment (2022 and 2021: Nil).

9. EQUIPMENT (CONT'D)

Equipment include motor vehicles leased out under operating leases to third parties, that are expected to generate yield 6.0% to 9.0% (2022 and 2021: 8%) on an ongoing basis. The motor vehicles held have committed lessees up to seven years.

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

	Motor Vehicles		
	2023	2022	2021
	Rs.	Rs.	Rs.
Within one year	**8,387,200**	2,442,067	1,896,033
In the first to the second year	**7,937,100**	2,303,261	1,195,260
In the second to the second year	**6,687,100**	-	1,053,261
In the third to the fourth year	**6,687,100**	-	-
In the fourth to the fifth year	**9,772,043**	-	-
In the fifth to the sixth year	**6,167,016**	-	-
In the sixth to the seventh year	**335,454**	-	-
	45,973,013	4,745,328	4,144,554

10. INTANGIBLE ASSETS

	Computer Software
COST	
At 1 July 2020	13,949,945
Additions	724,015
At 30 June 2021	14,673,960
Additions	763,962
At 30 June 2022	15,437,922
Additions	182,480
At 30 June 2023	**15,620,402**
AMORTISATION	
At 1 July 2020	11,316,043
Charge for the year	1,378,099
At 30 June 2021	12,694,142
Charge for the year	1,265,231
At 30 June 2022	13,959,373
Charge for the year	505,786
At 30 June 2023	**14,465,159**
NET BOOK VALUE	
At 30 June 2021	1,979,818
At 30 June 2022	1,478,549
At 30 June 2023	**1,155,243**

11. RIGHT- OF-USE ASSETS / LEASE LIABILITIES

Right-of-use assets

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

Cost

	2023	2022	2021
	Rs	Rs	Rs
At 1 July	**14,720,757**	12,098,879	12,098,879
Additions	**-**	14,720,757	-
Termination	**-**	(12,098,879)	-
At 30 June	**14,720,757**	14,720,757	12,098,879

Depreciation

	2023	2022	2021
	Rs	Rs	Rs
At 1 July	**981,384**	2,419,776	1,209,888
Charge for the year	**1,472,076**	1,384,680	1,209,888
Termination	**-**	(2,823,072)	-
At 30 June	**2,453,460**	981,384	2,419,776
Net Book Value	**12,267,297**	13,739,373	9,679,103

Lease liabilities

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

	2023	2022	2021
	Rs	Rs	Rs
At 1 July	**13,931,569**	10,193,990	11,173,389
Interest expense	**594,939**	614,713	601,400
Payable	**-**	(162,133)	-
Payments	**(1,823,924)**	(1,580,799)	(1,580,799)
Additions	**-**	14,720,757	-
Termination	**-**	(9,854,959)	-
At 30 June	**12,702,584**	13,931,569	10,193,990

	2023	2022	2021
	Rs	Rs	Rs
Analysed as:			
Current	**1,285,444**	1,228,982	1,039,449
Non-current	**11,417,140**	12,702,587	9,154,541
	12,702,584	13,931,569	10,193,990

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

Lease liabilities (cont'd)

	2023	2022	2021
	Rs	Rs	Rs
Disclosure required by IFRS 16:			
Maturity analysis			
Year 1	**1,285,444**	1,333,913	1,036,449
Year 2	**1,344,497**	1,180,515	1,096,822
Year 3	**1,406,263**	1,344,497	1,160,711
Year 4	**1,470,866**	1,406,263	1,228,322
Year 5	**1,538,438**	1,470,866	1,299,871
Onwards	**5,657,076**	7,195,515	4,371,815
	12,702,584	13,931,569	10,193,990

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:	**2023**	2022	2021
	Rs	Rs	Rs
Depreciation expense of right-of-use assets	**1,472,076**	1,384,680	1,209,888
Interest expense on lease liabilities (Note 21)	**594,939**	614,713	601,400
Gain on termination of rental agreement with Holding Company (Note 26)	**-**	579,151	-

The total cash outflow for leases was Rs 1,986,006 (2022 and 2021: Rs 1,580,799).

12 NET INVESTMENT IN FINANCE LEASES

		2023	2022	2021
		Rs.	Rs.	Rs.
(a)	Gross investment in finance leases	**759,431,162**	698,137,653	712,623,667
	Interest receivable	**3,306,447**	3,232,805	3,218,470
	Investment in finance leases before ECL	**762,737,609**	701,370,458	715,842,137
	Allowance for expected credit losses	**(7,521,815)**	(4,267,453)	(10,167,833)
	Net investment in finance leases	**755,215,794**	697,103,005	705,674,304

12 NET INVESTMENT IN FINANCE LEASES

(b) Gross and net investment in finance leases

	2023	2022	2021
	Rs.	Rs.	Rs.
Gross investment in finance leases:-			
- Within one year	**236,877,636**	216,366,833	199,147,502
- Within 1 and 2 years	**197,353,650**	191,960,009	188,256,846
- Within 2 to 3 years	**168,068,930**	147,564,214	163,498,497
- Within 3 to 4 years	**120,673,284**	115,603,091	115,830,137
- Within 4 to 5 years	**73,180,593**	65,123,419	84,747,457
- More than five years	**53,130,503**	38,545,290	51,995,370
	849,284,596	775,162,856	803,475,809
Less: Unearned finance income	**(104,769,625)**	(88,820,345)	(105,608,727)
	744,514,971	686,342,511	697,867,082
Instalments due	**18,222,638**	15,027,947	17,975,055
Allowance for expected credit losses	**(7,521,815)**	(4,267,453)	(10,167,833)
Present value of minimum lease payments receivable	**755,215,794**	697,103,005	705,674,304
Investment in finance leases before ECL analysed as follows:			
Current	**217,773,504**	197,518,650	182,373,485
Non-Current	**544,964,105**	503,851,808	533,468,652
Total	**762,737,609**	701,370,458	715,842,137

(d) Credit concentration of risk by industry sectors

	2023	2022	2021
	Rs.	Rs.	Rs.
Manufacturing	**5,717,132**	3,212,414	7,713,326
Transport	**14,130,327**	23,335,775	33,326,992
Construction	**5,872,198**	8,951,595	13,484,104
Personal	**687,906,301**	606,270,294	567,661,669
Financial and business services	**8,587,328**	13,935,075	10,550,969
Education	**8,755,089**	5,000,653	6,772,230
Tourism	**4,816,028**	5,268,241	12,016,663
Information, Communication and Technology	**2,644,562**	4,450,194	3,815,252
Others	**16,786,829**	26,678,764	50,333,099
	755,215,794	697,103,005	705,674,304

12 NET INVESTMENT IN FINANCE LEASES (CONT'D)

(e) Allowance for expected credit losses

	ECL on non-performing leases	ECL on performing leases	Total
	Rs	Rs	Rs
At 1 July 2022	**3,855,641**	**411,812**	**4,267,453**
Provision charged for the year	**3,029,443**	**224,919**	**3,254,362**
At 30 June 2023	**6,885,084**	**636,731**	**7,521,815**
At 1 July 2021	9,365,620	802,213	10,167,833
Provision released during the year	(5,509,979)	(390,401)	(5,900,380)
At 30 June 2022	3,855,641	411,812	4,267,453
At 1 July 2020	4,210,605	724,781	4,935,386
Provision charged during the year	5,155,015	77,432	5,232,447
At 30 June 2021	9,365,620	802,213	10,167,833

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

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

Analysis by industry sector

	2023					2022	2021
	Gross leases	In default leases	ECL on performing leases	ECL on non-performing leases	Total allowance for expected credit losses	Total allowance for expected credit losses	Total allowance for expected credit losses
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Manufacturing	5,748,393	-	31,261	-	31,261	38,530	11,779
Transport	14,761,117	2,381,347	5,866	624,924	630,790	639,124	1,203,778
Construction	6,047,267	965,250	16,847	158,222	175,069	98,763	59,234
Personal	694,051,896	28,811,187	562,161	5,583,434	6,145,595	3,480,337	8,308,460
Financial and business services	8,591,795	-	4,467	-	4,467	6,236	57,614
Education	8,755,883	-	794	-	794	820	2,352
Tourism	4,816,145	-	117	-	117	-	473,529
Information, Communication and Technology*	2,644,562	-	-	-	-	1,232	28,094
Others	17,320,551	1,472,315	15,218	518,504	533,722	2,411	22,993
	762,737,609	**33,630,099**	**636,731**	**6,885,084**	**7,521,815**	**4,267,453**	**10,167,833**

** The allowances for expected credit losses for these sectors are nil as a result of collaterisation of the exposures which fully cover the outstanding amounts.*

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

(f) Ageing of past due debt which is impaired

	2023	2022	2021
	Rs.	Rs.	Rs.
1-90 days	**4,248**	398,867	1,135,113
91-180 days	**10,471,444**	3,170,058	6,072,731
181-360 days	**10,218,550**	8,678,626	28,258,466
More than 360 days	**12,935,857**	9,987,307	5,677,757
	33,630,099	22,234,858	41,144,067

Leases are classified as "past-due and impaired", when contractual payments are in arrears for more than 90 days. Leases which are with arrears of 1-90 days are classified as past due but not impaired.

(g) Interest rate profile

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term.The average effective interest rate contracted is **6.39%** (2022: 6.44% and 2021: 6.72%) per annum with interest rates ranging from **4.95%** to **12.5%** (2022: 4.95% to 12.5% and 2021: ranging from 5.00% to 12.5%).

Unguaranteed residual values of assets leased under finance leases at end of reporting date are estimated at **Rs.20,763,765** (2022: Rs.17,482,207 and 2021: Rs.16,713,166).

(h) Ageing analysis (Provision matrix)

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

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

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

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

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

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

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

	Net investment in finance lease					
		Days past due				
30 June 2021	Current	1-90 days	91 -180 days	181- 360 days	>360 days	Total
Expected credit loss rate	0.13%	0.10%	7.09%	23.51%	40.36%	
Estimated total gross carrying amount at default (Rs)	444,693,298	231,139,885	6,072,731	28,258,466	5,677,757	715,842,137
Expected credit losses (Rs)	562,677	239,536	430,713	6,643,178	2,291,729	10,167,833

	Neither past due nor impaired	Past due but not impaired	Impaired	Net Investment in finance lease before impairment	Allowance for expected credit losses	Net Investment in finance lease
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leases	444,693,298	230,004,772	41,144,067	715,842,137	(10,167,833)	705,674,304

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

13(a). OTHER ASSETS

	2023	2022	2021
	Rs.	Rs.	Rs.
Receivables from Group Companies			
Dividend receivable	**2,196,145**	2,433,730	1,461,883
Management fees receivable from SICOM Unit Trusts	**560,783**	816,421	1,526,670
Amount due from subsidiaries of holding company	**546,850**	856,741	648,080
Amount due from Holding Company	**392,935**	215,340	-
	3,696,713	4,322,232	3,636,633
Other financial assets			
Operating lease rental due	**576,455**	509,156	311,831
Others	**1,889,431**	1,732,834	889,088
Less allowance for expected credit losses (stage 1)	**(4,630)**	(5,241)	(20,923)
	2,461,256	2,236,749	1,179,996
Non-financial assets			
Prepayments	**3,232,858**	3,225,209	3,601,088
VAT receivable	**5,471,134**	74,075	-
	8,703,992	3,299,284	3,601,088
	14,861,961	9,858,265	8,417,717
Current	**12,972,530**	7,621,516	7,237,721
Non-Current	**1,889,431**	2,236,749	1,179,996
	14,861,961	9,858,265	8,417,717

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

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

(c) There were no transfers between the ECL stages from 2022 to 2023 (2022 and 2021: Nil)

13(b). ASSET HELD FOR SALE

Assets held for sale consists of repossessed assets which are pending disposal. As management has the intention of disposing all the unsold repossessed assets, these were classified as held-for-sale. Management considers the repossessed assets to meet the criteria set out under IFRS 5. These assets are being carried at the lower of carrying amount and fair value less costs to sell.

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July 2022	**8,750,000**	-	-
Transfer from finance leases	**920,066**	12,945,964	2,533,471
Disposal	**(920,066)**	(307,277)	(2,533,471)
Fees relating to repossessed assets	**240,745**	-	-
Fair value loss recognised in profit or loss	**(2,855,745)**	(3,888,687)	-
Closing balance	**6,135,000**	8,750,000	-

14. DEPOSITS FROM CUSTOMERS

	2023	2022	2021
	Rs.	Rs.	Rs.
Deposits from customers	**1,580,354,918**	1,889,340,011	1,687,863,257
Accrued interest	**21,159,404**	23,484,770	32,437,886
	1,601,514,322	1,912,824,781	1,720,301,143

Time deposits with remaining term to maturity

	2023	2022	2021
	Rs.	Rs.	Rs.
Retail customers			
Current			
Up to 3 months	**58,022,406**	89,849,668	47,058,407
Over 3 months and up to 6 months	**45,761,572**	75,480,301	80,753,408
Over 6 months and up to 12 months	**93,349,297**	94,348,086	178,075,935
Non-Current			
Over 1 year and up to 7 years	**738,370,134**	857,531,890	830,418,372
	935,503,409	1,117,209,945	1,136,306,122
Corporate customers			
Current			
Up to 3 months	**2,383,277**	6,610,326	52,153,847
Over 3 months and up to 6 months	**3,704,885**	44,054,077	226,186,819
Over 6 months and up to 12 months	**9,024,781**	148,524,978	17,011,524
Non-Current			
Over 1 year and up to 5 years	**650,897,970**	596,425,455	288,642,831
	666,010,913	795,614,836	583,995,021
TOTAL	**1,601,514,322**	1,912,824,781	1,720,301,143

The time deposits bear interests at rates ranging from 0.7 % to 5.2% (2022: 0.3 % to 4.5 % and 2021: 0.5% to 4.50%) per annum.

15. TAXATION

Income Tax

Income tax is calculated at the rate of 17% (2022 and 2021: 17%) on the profit for the year as adjusted for income tax purposes.

(a) Current tax assets

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**3,289,141**	395,220	2,910,641
Income tax charge for the year	**(2,877,393)**	(1,516,987)	(2,798,254)
CSR	**(383,651)**	(203,206)	(373,102)
Tax paid	**951,593**	4,614,114	655,935
At 30 June	**979,690**	3,289,141	395,220

15. TAXATION (CONT'D)

(b) Tax expense

	2023	2022	2020
	Rs.	Rs.	Rs.
Current tax expense	**2,877,393**	1,516,987	2,798,254
CSR	**383,651**	203,206	373,102
Underprovision in deferred tax assets in previous year	**-**	(4,592,362)	-
Deferred tax expense	**1,391,641**	1,094,533	562,771
Charge/(Credit) for the year	**4,652,685**	(1,777,636)	3,734,127

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Profit before tax	**29,708,600**	8,175,617	20,386,264
Tax at the rate of 17% (2022 and 2021: 17%)	**5,050,462**	1,389,855	3,465,665
Tax effect of:			
- Exempt income	**(2,277,496)**	400,682	(2,366,102)
- Expenses not deductible for tax purposes	**1,371,307**	2,247,921	2,634,564
- Underprovision of deferred tax assets in previous year	**-**	(4,592,362)	-
- Other temporary differences	**508,412**	(1,223,732)	-
Charge for the year	**4,652,685**	(1,777,636)	3,734,127

(d) Deferred tax assets/(liabilities)

		2023	2022	2021
		Rs.	Rs.	Rs.
(i)	Deferred tax assets	**6,213,483**	4,976,126	722,814
	Deferred tax liabilities	**(2,567,109)**	(494,521)	(920,708)
		3,646,374	4,481,605	(197,894)

(ii) The movement on the deferred income tax account is as follows:

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**4,481,605**	(197,894)	753,498
Underprovision in deferred tax in previous year	**-**	4,592,362	-
Charged to profit or loss (note 15(b))	**(1,391,641)**	(1,094,533)	(562,772)
Credited/(charged) to other comprehensive income	**556,410**	1,181,670	(388,620)
At 30 June	**3,646,374**	4,481,605	(197,894)

15. TAXATION (Cont'd)

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

(iii) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

Deferred tax liabilities	Accelerated tax depreciation
	Rs.
At 1 July 2020	1,294,706
Credited to profit or loss	(373,998)
At 30 June 2021	920,708
Credited to profit or loss	(426,187)
At 30 June 2022	**494,521**
Charged to profit or loss	**2,072,588**
At 30 June 2023	**2,567,109**

Deferred tax assets

	Allowance for expected credit losses	Retirement benefit obligations	Total
	Rs.	**Rs.**	**Rs.**
At 30 June 2020	549,327	1,498,877	2,048,204
Charged to profit or loss	(1,018,370)	81,600	(936,770)
Charged to other comprehensive income	-	(388,620)	(388,620)
At 30 June 2021	(469,043)	1,191,857	722,814
Underprovision in previous year	3,006,079	1,586,283	4,592,362
Charged to profit or loss	(1,631,730)	111,010	(1,520,720)
Credited to other comprehensive income	-	1,181,670	1,181,670
At 30 June 2022	**905,306**	**4,070,820**	**4,976,126**
Credited to profit or loss	**631,137**	**49,810**	**680,947**
Credited to other comprehensive income	**-**	**556,410**	**556,410**
At 30 June 2023	**1,536,443**	**4,677,040**	**6,213,483**

16. OTHER LIABILITIES

	2023	2022	2021
	Rs.	Rs.	Rs.
Current			
Staff costs including pension costs, PAYE and passage benefits	**1,204,357**	1,003,760	712,171
Audit fee	**672,525**	640,500	610,000
Professional fee	**65,559**	65,555	62,438
Other creditors	**-**	-	2,544,482
Amount due to Holding Company	**1,600,421**	-	440,677
Others (including registration and survey fee payable, refunds to clients)	**6,303,982**	4,198,247	2,895,380
Allowance for expected credit losses on undrawn commitments- Stage 1	**80,851**	39,978	37,323
	9,927,695	5,948,040	7,302,471

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

There were no transfers between the ECL stages from 2022 to 2023 (2022 and 2021: Nil).

17. RETIREMENT BENEFIT OBLIGATIONS

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Funded Defined Benefit Obligation	**25,062,000**	21,847,000	15,508,000
Unfunded Defined Benefit Obligation	**2,450,000**	2,099,000	1,685,000
Liability recognised in the statement of financial position	**27,512,000**	23,946,000	17,193,000

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

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

The most recent actuarial valuations of plan assets and the present value of defined benefit obligations were carried out at 30 June 2023 by QED Actuaries & Consultants (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost, were measured using the Projected Unit Credit Method.

(a) Funded Pension benefits

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Present value of funded obligations	**46,842,000**	40,511,000	34,565,000
Fair value of plan assets	**(21,780,000)**	(18,664,000)	(19,057,000)
Liability recognised in the statement of financial position	**25,062,000**	21,847,000	15,508,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**21,847,000**	15,508,000	15,105,000
Profit or loss charge	**2,218,000**	1,665,000	1,296,000
Other comprehensive income charge	**3,129,000**	6,705,000	899,000
Contributions paid	**(2,132,000)**	(2,031,000)	(1,792,000)
At 30 June	**25,062,000**	21,847,000	15,508,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**40,511,000**	34,565,000	28,622,000
Current service cost	**1,019,000**	834,000	708,000
Administrative expenses and risk premiums	**(82,000)**	(74,000)	(105,000)
Interest expense	**2,274,000**	1,904,000	1,193,000
Employee contributions	**512,000**	472,000	418,000
Benefits paid	**(451,000)**	(434,000)	(420,000)
Transfer-in Due	**-**	-	2,319,000
Loss on demographic assumptions	**-**	-	4,417,000
Liability experience loss/(gain)	**1,937,000**	1,972,000	(1,077,000)
Liability loss/(gain) due to change in financial assumption	**1,122,000**	1,272,000	(1,510,000)
At 30 June	**46,842,000**	40,511,000	34,565,000

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Funded Pension benefits (Cont'd)

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

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**18,664,000**	19,057,000	13,517,000
Interest income	**1,075,000**	1,073,000	605,000
Contributions to plan assets	**2,644,000**	2,503,000	2,210,000
Administrative expenses and risk premiums	**(82,000)**	(74,000)	(105,000)
Benefits paid	**(451,000)**	(434,000)	(420,000)
Transfer-in Due	**-**	-	2,319,000
Return on planned assets excluding interest income	**(70,000)**	(3,461,000)	931,000
At 30 June	**21,780,000**	18,664,000	19,057,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Current service cost	**1,019,000**	834,000	708,000
Net interest on net defined benefit liabilities	**1,199,000**	831,000	588,000
Total included in "personnel expenses" (note 24)	**2,218,000**	1,665,000	1,296,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Return on plan assets excluding interest income	**70,000**	3,461,000	(931,000)
Loss on demographic assumptions	**-**	-	4,417,000
Liability experience loss/(gain)	**1,937,000**	1,972,000	(1,077,000)
Liability loss/(gain) due to change in financial assumptions	**1,122,000**	1,272,000	(1,510,000)
Total actuarial losses	**3,129,000**	6,705,000	899,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Distribution of plan assets at end of year			
Loans, Government securities and cash	**12,301,344**	16,237,680	16,579,590
Local equities	**9,363,222**	2,239,680	2,286,840
Property	**115,434**	186,640	190,570
Total	**21,780,000**	18,664,000	19,057,000

(viii) Principal actuarial assumptions at end of period:

	2023	2022	2021
	%	%	%
Discount rate	**6.00**	5.45	5.35
Future long term salary increases	**4.00**	3.75	3.50
Future pension increases	**4.00**	2.75	2.50

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Increase due to 1% decrease in discount rate	**37,891,000**	32,485,000	27,514,000
Decrease due to 1 % increase in discount rate	**58,024,000**	50,627,000	43,519,000
Increase due to 1% increase in salary	**53,061,000**	46,520,000	39,410,000
Decrease due to 1% decrease in salary	**41,445,000**	35,391,000	30,438,000
Increase due to 1% increase in pension	**51,503,000**	44,391,000	38,481,000
Decrease due to 1% decrease in pension	**42,711,000**	37,108,000	31,182,000

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

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

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

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

(xi) The Company expects to pay **Rs.2,183,000** (2022: Rs2,075,000) in contributions to its post-employment benefit plans for the year ending 30 June 2024.

(xii) The weighted average duration of the defined benefit obligation is **16** (2022: 17) years at the end of the reporting

(b) State plan

	2023	2022	2021
	Rs.	Rs.	Rs.
Contributions expensed	**92,728**	95,085	83,908

(c) Unfunded defined benefit plan

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Present value of unfunded obligations	**2,450,000**	2,099,000	1,685,000
Liability recognised in the statement of financial position	**2,450,000**	2,099,000	1,685,000

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**2,099,000**	1,685,000	4,745,000
Profit or loss charge (Note 24)	**207,000**	168,000	125,000
Expense/(income) recognised in other comprehensive income	**144,000**	246,000	(3,185,000)
At 30 June	**2,450,000**	2,099,000	1,685,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**2,099,000**	1,685,000	4,745,000
Current service cost	**88,000**	74,000	66,000
Interest expense	**119,000**	94,000	59,000
Liability loss/(gain) due to change in financial assumption	**144,000**	246,000	(3,185,000)
At 30 June	**2,450,000**	2,099,000	1,685,000

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Liability experience loss/(gain)	**102,000**	173,000	(42,000)
Liability loss/(gain) due to change in financial assumptions	**42,000**	73,000	(3,143,000)
Total actuarial loss/(gain)	**144,000**	246,000	(3,185,000)

(v) Principal actuarial assumptions at end of period:

	2023	2022	2021
	%	%	%
Discount rate	**6.00**	5.45	5.35
Future long term salary increases	**4.00**	3.75	3.50
Future pension increases	**4.00**	2.75	2.50

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

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

18. DIVIDEND PAYABLE

	2023	2022	2021
Current	**Rs.**	Rs.	Rs.
At 1 July	**8,460,265**	14,154,317	17,317,466
Dividend declared	**21,297,528**	8,460,265	14,154,317
	29,757,793	22,614,582	31,471,783
Dividend paid	**(8,460,265)**	(14,154,317)	(17,317,466)
At 30 June	**21,297,528**	8,460,265	14,154,317

A dividend of Rs.1.10 per share (2022: Rs. 0.43 and 2021: Rs. 0.71) representing 85% of the profit after tax in respect of the year ended 30 June 2023 was declared by the directors on 30 June 2023.

19. STATED CAPITAL

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

20. OTHER RESERVES

	2023	2022	2021
	Rs.	Rs.	Rs.
Statutory reserve (note (a) below)	**64,843,607**	61,085,220	59,592,232
Investment revaluation reserve (note (b) below)	**(129,000)**	(168,000)	(360,000)
Actuarial losses reserve (note (c) below)	**(19,194,209)**	(16,477,619)	(10,708,289)
General banking reserve (note (d) below)	**6,928,761**	6,572,649	5,743,649
At 30 June	**52,449,159**	51,012,250	54,267,592

(a) Statutory reserve

Under Section 21 of the Banking Act 2004, any financial institution shall maintain a reserve account and shall, each year, transfer therein a sum equal to not less than 15% of the profit of the year after due provision for income tax until the balance in the Reserve Account is equal to the amount paid as stated capital. An amount of **Rs.3,758,387** was transferred in 2023 (2022: Rs.1,492,988 and 2021: Rs.2,497,821).

(b) Investment revaluation reserve

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

(c) Actuarial losses reserve

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

(d) General banking reserve

General banking reserve relates to amount set aside in respect of impairment in the lease and loan portfolio, in addition to impairment allowances computed under IFRS 9. The Company has been transferring the shortfall between the impairment provisioning computed under IFRS 9 and the minimum provisioning required by the Bank of Mauritius *Guideline on Credit Impairment Measurement and Income Recognition* to the General Banking Reserve, which has been put on hold since March 2020 by the Bank of Mauritius in the context of Covid-19 relief measures.

However, with the gradual easing out of the Covid-19 measures, and the anticipated enforcement of the Guideline in the foreseeable future, management has performed an assessment of the Company's compliance to the provisioning requirements of the Guideline, and has determined it prudent to make an appropriation of **Rs.356,112** from retained earnings to the General Banking Reseve to cater for the expected shortfall at 30 June 2023.

21. NET INTEREST INCOME

	2023	2022	2021
	Rs.	Rs.	Rs.
Interest income			
Cash and cash equivalents	**434,837**	549,650	1,173,000
Investment securities	**10,824,506**	14,174,831	14,408,122
Deposits with financial institutions	**11,792,667**	22,604,748	31,495,664
Loans and advances to holding company	-	3,458,119	9,459,502
Loans and advances to customers	**40,350,456**	25,767,575	3,807,677
Others	**104,790**	122,386	111,227
Total interest income calculated under EIR method	**63,507,256**	66,677,309	60,455,192
Others			
Interest income on lease receivables	**43,541,552**	44,429,092	44,820,613
Total interest income	**107,048,808**	111,106,401	105,275,805
Interest expense			
Deposits from customers	**50,344,902**	53,263,662	58,945,816
Interest expense on lease liabilities	**594,939**	614,713	601,400
Total interest expense	**50,939,841**	53,878,375	59,547,216
Net interest income	**56,108,967**	57,228,026	45,728,589

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

	2023	2022	2021
	Rs.	Rs.	Rs.
Financial assets measured at amortised cost	**63,507,256**	66,677,309	60,455,192
Financial liabilities measured at amortised cost	**50,939,841**	53,878,375	59,547,216

22. DIVIDEND INCOME

	2023	2022	2021
	Rs.	Rs.	Rs.
Financial assets at FVTOCI	**15,900**	45,300	-
Financial assets at FVTPL	**2,159,609**	2,417,830	1,461,883
	2,175,509	2,463,130	1,461,883

23. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS (INCLUDING REVERSALS OF IMPAIRMENT LOSSES)

	2023	2022	2021
	Rs.	Rs.	Rs.
Investment securities (note 6)	**(102,287)**	(226,006)	(510)
Loans and advances to holding company (note 8.1)	-	(6,998)	(6,397)
Other loans (note 8.2)	**(1,281)**	(24,439)	24,206
Loans and advances to customers (note 8.3)	**814,779**	(1,790,415)	1,876,154
Deposits with financial institutions (note 7)	**(293,264)**	(1,637,146)	(1,163,756)
Investment in finance leases (note 12 (e))	**3,254,362**	(5,900,380)	5,232,447
Other financial assets (note 13(a))	**(611)**	(15,682)	474
Allowance on undrawn commitments (note 16)	**40,873**	2,655	27,795
Charge/(Credit) for the year	**3,712,571**	(9,598,411)	5,990,413

24. PERSONNEL EXPENSES

	2023	2022	2021
	Rs.	Rs.	Rs.
Wages and salaries	**12,398,183**	11,396,020	10,071,670
Other payroll costs	**8,531,606**	8,058,347	5,858,035
Pension costs - funded defined benefit plans (note 17(a)(v))	**2,218,000**	1,665,000	1,296,253
Other post retirement benefit (note 17(b))	**92,728**	95,085	83,908
Pension costs - unfunded defined benefit plans (note 17 (c)(ii))	**207,000**	168,000	125,000
	23,447,517	21,382,452	17,434,866

25. OTHER EXPENSES

	2023	2022	2021
	Rs.	Rs.	Rs.
Management fees payable to holding company	**21,099,411**	24,954,186	9,718,000
Directors and secretary fees	**2,691,967**	2,118,552	1,808,344
Licence fees	**2,310,500**	2,310,500	2,310,500
Professional charges	**78,463**	86,659	62,438
Audit fees	**672,525**	640,500	610,000
IT expenses	**118,407**	981,900	1,247,142
Others (including commissions to agent, advertising and insurance)	**4,336,341**	2,761,998	3,016,804
	31,307,614	33,854,295	18,773,228

26. OTHER OPERATING INCOME

	2023	2022	2021
	Rs.	Rs.	Rs.
Management fee income from SICOM Unit Trusts	**2,929,505**	3,340,562	2,929,612
Gain on termination of rental agreement for office space with Holding Company (Note 11)	**-**	579,151	-
Penalty on early termination of deposit from customers	**12,611,077**	-	-
Other miscellaneous income	**21,662**	154,333	16,297
Gain on sale of investment securities	**8,452,642**	-	-
	24,014,886	4,074,046	2,945,909

27. HOLDING COMPANY

The Directors regard the State Insurance Company of Mauritius Ltd, a Company incorporated in Mauritius, as the holding Company.

28. RELATED PARTY DISCLOSURES

This note covers the required disclosures as per IAS 24 and the regulatory requirements set out by the Bank of Mauritius.

(i) Loans and advances to Holding Company

(a) Capital element

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**-**	69,977,307	133,953,235
Repayments	**-**	(69,977,307)	(63,975,928)
At 30 June	**-**	-	69,977,307

The terms of the loans are set out in note 8.

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Interest received/receivable

	2023	2022	2021
	Rs.	Rs.	Rs.
Receivable and received for the year	**-**	3,458,119	9,459,502

(ii) Directors and key management personnel

(a) Capital element - Deposits from customers

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**44,819,687**	45,780,628	45,780,628
Additions	**21,961,350**	13,356,778	-
		-	
	66,781,037	59,137,406	45,780,628
Encashments	**(22,823,850)**	(14,317,719)	-
At 30 June	**43,957,187**	44,819,687	45,780,628

The terms of the deposits from customers are set out in note 14.

(b) Interest payable

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**118,678**	134,746	134,746
Payable for the year	**1,299,075**	1,360,541	1,639,414
	1,417,753	1,495,287	1,774,160
Paid during the year	**(1,306,831)**	(1,376,609)	(1,639,414)
At 30 June	**110,922**	118,678	134,746

(iii) Finance lease to key management personnel

(a) Capital element

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**867,592**	1,126,904	1,767,716
Repayments	**(275,306)**	(259,312)	(640,812)
At 30 June	**592,286**	867,592	1,126,904

(b) Interest receivable

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**-**	-	-
Receivable during the year	**44,566**	60,560	81,171
Received during the year	**(44,566)**	(60,560)	(81,171)
At 30 June	**-**	-	-

The terms of the finance lease are set out in note 12(g).

None of the finance leases to key management personnel was impaired for the current and prior years. These leases carried an immaterial allowance for expected credit losses for both the current and prior years.

Granting of finance leases to key management personnel is subject to the governance process in line with the requirements of the Bank of Mauritius Guideline on Related Party Transactions.

28. RELATED PARTY DISCLOSURES (CONT'D)

(iv) Loans and advances to Director and key Management Personnel

Capital element

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**3,083,710**	1,790,074	410,656
Additions	**-**	1,500,000	1,900,000
Repayments	**(377,704)**	(206,364)	(520,582)
At 30 June	**2,706,006**	3,083,710	1,790,074

Interest receivable

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**4,869**	-	-
Receivable during the year	**127,233**	71,092	49,370
Received during the year	**(132,102)**	(66,223)	(49,370)
At 30 June	-	4,869	-

The terms of the loans are set out in note 8.1.

None of the loans to key management personnel was impaired for the current year. These leases carried an immaterial allowance for expected credit losses for both the current year.

Granting of loans to director and key management personnel is subject to the governance process as required by the Bank of Mauritius through its Guideline on Related Party Transactions.

(v) Rent payable to Holding Company (Recognised under IFRS16)

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**162,083**	-	-
Payable during the year	**1,823,923**	1,742,882	1,580,799
	1,986,006	1,742,882	1,580,799
Paid during the year	**(1,986,006)**	(1,580,799)	(1,580,799)
At 30 June	**-**	162,083	-

The terms of the above expenses are set out in a lease agreement between SICOM Ltd and the Company. The lease liabilities balance at 30 June 2023 is Rs 12,702,584 (Note 11).

(vi) Amount due to Holding Company for capital expenditure and other expenses

	2023	2022	2021
	Rs.	Rs.	Rs.
Payable during the year	**-**	-	440,677
At 30 June	**-**	-	440,677

28. RELATED PARTY DISCLOSURES (CONT'D)

(vii) Management fees from Sicom Unit Trust - Sicom General Fund

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	346,900	942,302	843,677
Receivable for the year	1,858,095	2,105,534	1,813,122
	2,204,995	3,047,836	2,656,799
Received during the year	(2,049,169)	(2,700,936)	(1,714,497)
At 30 June	155,826	346,900	942,302

The terms of the above management fees are set out in a Trust deed between SICOM General Fund and the Company.

(viii) Management fees from Sicom Unit Trust - Sicom Overseas Diversified Fund

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	432,146	584,368	420,109
Receivable for the year	1,071,410	1,235,028	1,116,490
	1,503,556	1,819,396	1,536,599
Received during the year	(1,098,599)	(1,387,250)	(952,231)
At 30 June	404,957	432,146	584,368

(ix) Management fees to Holding Company

	2023	2022	2021
	Rs.	Rs.	Rs.
Payable for the year	21,099,411	24,954,186	9,718,000
	21,099,411	24,954,186	9,718,000
Paid during the year	(19,859,189)	(24,954,186)	(9,718,000)
At 30 June	1,240,222	-	-

The terms of the above expenses are set out in a service level agreement between SICOM Ltd and the Company.

(x) Dividend payable to Holding Company (99% holding)

	2023	2022	2021
	Rs.	Rs.	Rs.
Payable during the year	21,084,552	8,375,662	14,012,774

(xi) Dividend income from Sicom Unit Trust - Sicom General Fund

	2023	2022	2021
	Rs.	Rs.	Rs.
Receivable during the year	1,468,130	1,659,924	836,847

(xii) Dividend income from Sicom Unit Trust - Sicom Overseas Diversified Fund

	2023	2022	2021
	Rs.	Rs.	Rs.
Receivable during the year	691,479	757,906	625,036

28. RELATED PARTY DISCLOSURES (CONT'D)

(xiii) Other transactions with Holding Company

	2023	2022	2021
	Rs.	Rs.	Rs.
Charge for the year	**348,618**	341,281	333,281

(xiv) Investment in Sicom Unit Trust - Sicom General Fund

(a) Number of units

	2023	2022	2021
At 1 July	**1,521,470**	1,481,147	1,444,127
Additions	**98,982**	40,323	37,020
At 30 June	**1,620,452**	1,521,470	1,481,147

(b) Value of units (at cost)

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**17,790,437**	17,107,365	16,613,151
Additions	**1,362,986**	683,072	494,214
At 30 June	**19,153,423**	17,790,437	17,107,365

(c) Market value of units

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July (ex-div)	**21,741,814**	24,157,508	18,903,626
Additions	**1,362,986**	683,072	494,214
Fair value adjustment	**359,356**	(3,098,766)	4,759,668
At 30 June	**23,464,156**	21,741,814	24,157,508

(xv) Investment in Sicom Unit Trust - Sicom Overseas Diversified Fund

(a) Number of units

	2023	2022	2021
At 1 July	**1,333,403**	1,300,262	1,270,218
Additions	**51,971**	33,141	30,044
At 30 June	**1,385,374**	1,333,403	1,300,262

(b) Value of units (at cost)

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July	**14,072,443**	13,447,407	13,010,579
Additions	**721,371**	625,036	436,828
At 30 June	**14,793,814**	14,072,443	13,447,407

28. RELATED PARTY TRANSACTIONS (CONT'D)

(xv) Investment in Sicom Unit Trust - Sicom Overseas Diversified Fund (cont'd)

(c) Market value of units

	2023	2022	2021
	Rs.	Rs.	Rs.
At 1 July (ex-div)	**19,547,679**	23,963,821	17,427,396
Addition	**721,371**	625,036	436,828
Fair value adjustment	**2,409,520**	(5,041,178)	6,099,597
At 30 June	**22,678,570**	19,547,679	23,963,821

(xvi) Compensation of Directors and key management personnel

	2023	2022	2021
	Rs.	Rs.	Rs.
Short term benefits	**10,929,208**	10,131,569	8,321,970
Post employment benefits	**738,000**	1,195,000	321,000

There are no other long term benefits, termination benefits or share based payments for both the current and prior years.

(xvii) Contribution to defined benefit pension plan

	2023	2022	2021
	Rs.	Rs.	Rs.
Contribution	**2,132,000**	2,031,000	1,792,000

(xviii) Sale of Securities to Holding Company

	2023	2022	2021
	Rs.	Rs.	Rs.
Disposal of Held-to-Maturity investments	**125,867,723**	-	-

(ix) Sale of Securities to Sister Company

	2023	2022	2021
	Rs.	Rs.	Rs.
Disposal of Held-to-Maturity investments	**10,373,761**	-	-

(x) Amount receivable from Sister company

	2023	2022	2021
	Rs.	Rs.	Rs.
Receivable for the year	**546,850**	856,741	648,080

The amount outstanding for leases are secured by the underlying leased assets. No guarantees have been given or received.

The ECL for group entities is immaterial for both current and prior years.

29. FINANCIAL RISK MANAGEMENT

29.1 Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Please refer to the relevant disclosures in the Corporate Governance Report and the Risk Management Report within this Annual report.

29.2 Financial risk factors

The Company manages its exposure to market risk (including interest rate risk and price risk), credit risk and liquidity risk through the Risk Management function.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return on risk.

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company manages its exposure to interest rate risk by use of a proper mix in fixed and floating rate borrowings and use of natural hedging.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(i) *Interest rate risk*

The Company is exposed to interest rate fluctuations on the domestic markets. The Company monitors closely interest rate trends and related impact on its income for performance evaluation and better management.

The interest rate profile of the Company at 30 June was:

	2023	2022	2021
	% p.a.	% p.a.	% p.a.
Financial assets			
Net investment in finance leases	**4.95 to 12.50**	4.95 to 12.50	5.00 to 12.50
Balances with local banks	**0.00 to 3.04**	0.00 to 0.75	0.00 to 0.20
Loans to holding company	**-**	9.00	9.00
Staff loans	**2.00 to 4.00**	2.00 to 4.00	2.00 to 4.00
Speedy loans	**5.90 to 8.70**	5.90	5.90
Deposits with financial institutions	**3.40 to 5.42**	3.00 to 9.50	3.40 to 10.50
Government of Mauritius Bonds	**5.00 to 8.29**	5.00 to 8.29	5.00 to 8.29
Financial liabilities			
Deposit from customers	**0.70 to 5.20**	0.30 to 4.50	0.50 to 4.50

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(a) <u>Market risk (cont'd)</u>

(i) *Interest rate risk (Cont'd)*

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	2023		2022		2021	
Change in interest rate	**Impact on Profit before tax**	**Impact on Equity**	Impact on Profit before tax	Impact on Equity	Impact on Profit before tax	Impact on Equity
	Rs.	**Rs.**	Rs.	Rs.	Rs.	Rs.
+5 basis point	**2,674**	**2,273**	108,828	92,504	83,405	70,894
-5 basis points	**(2,674)**	**(2,273)**	(108,828)	(92,504)	(83,405)	(70,894)

The increase or decrease in the interest rate sensitivity is due to fluctuations in bank balances and deposits with financial institutions with floating rates at 30 June 2023 as compared to 30 June 2022 and 30 June 2021.

The interest rate sensitivity analysis excludes Government Securities and fixed deposits and leases which have fixed interest rates and will not be affected by fluctuations in the level of interest rates.

(ii) *Other price risks*

The Company is exposed to equity price risks arising from equity investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

	2023	2022	2021
	Rs	Rs	Rs
Equity	**47,033,735**	42,141,493	48,781,329

The following table details the Company's sensitivity to a 5% and 10% increase/decrease in the prices of securities investments.

	2023	2022	2021
	Rs	Rs	Rs
Increase/decrease of 5% in prices of securities	**2,351,687**	2,107,075	2,439,066
Increase/decrease in net assets/income			
Increase/decrease of 10% in prices of securities	**4,703,374**	4,214,149	4,878,133
Increase/decrease in net assets/income			

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's main income generating activity is lending to customers through loans and leases and therefore credit risk is a principal risk.

Credit risk mainly arises from loans and advances to customers, deposits with financial institutions, net investment in finance leases, investments in debt securities and other receivables. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

Credit risk management

The Company's Risk Management Committee delegated by its Board of Directors is responsible for managing the Company's credit risk by:

a) Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, IFRS and relevant supervisory guidance.

b) Identifying, assessing and measuring credit risk across the Company, from an individual instrument to a portfolio level.

c) Creating credit policies to protect the Company against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

d) Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, etc.

e) Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

f) Developing and maintaining the Company's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

g) Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk on financial instruments in the statement of financial position, before taking into account any collateral held or other credit enhancements, after allowance for impairment where appropriate.

	2023	2022	2021
	Rs.	Rs.	Rs.
Cash and cash equivalents	**50,969,311**	249,629,110	221,250,887
Investment securities at amortised cost	**122,553,134**	250,098,180	250,405,343
Deposits with financial institutions	**375,466,820**	571,406,336	670,014,300
Loans and advances	**707,035,845**	569,897,626	312,375,869
Net investment in finance leases	**755,215,794**	697,103,005	705,674,304
Other assets	**6,157,969**	6,558,981	4,816,629
	2,017,398,873	2,344,693,238	2,164,537,332

Other assets exclude non financial assets such as prepayments and VAT receivable.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Credit quality

The table summarises the loss allowance as of the year end by class of asset:

	2023	2022	2021
	Rs.	Rs.	Rs.
Investment securities (Note 6)	**98,121**	200,408	426,414
Deposits with financial institutions (Note 7)	**422,876**	716,140	2,353,286
Loans and advances (Note 8.2 and 8.3)	**909,610**	96,112	1,917,964
Net investment in finance leases (Note 12)	**7,521,815**	4,267,453	10,167,833
Other assets (Note 13)	**4,630**	5,241	20,923
Undrawn commitments (Note 16)	**80,851**	39,978	37,323
	9,037,903	5,325,332	14,923,743

Investment in finance leases

Refer to notes 12(h) and 8 for the relevant disclosures on the credit quality of the lease book and loan book respectively.

Collateral and other credit enhancments

The Company has a range of policies and practices to mitigate credit risk. Customers to whom leases and loans are granted have to meet the Company's risk appetite criteria and have the right profile to service their credit obligations.

The Company also has banking relationships with only reputed financial institutions with good credit ratings and hence the credit risk on these financial instruments (e.g cash and cash equivalents, deposits with financial institutions) is considered to be negligible. The Company's investment securities are in the bonds issued by the Government of Mauritius, and the sovereign credit risk is considered to be low.

For finance leases, the ownership of leases assets remain with the Company until full settlement of the lease when it is then transferred to the lessee. Collaterals for impaired leases are reviewed by the Company in line with the regulatory provisions and the Company's internal polciies. The fair value of the collaterals are obtained by independent surveyors and factors in the ECL computations for the non-performing book, after taking into account the cost to sell and a haircut based on expected loss on repossession.

As a last resort, the Company would repossess leased assets for impaired exposures, after all other means of remediation and recoveries have been exhausted. Financial assets which are credit impaired and related collaterals held in order to mitigate potential losses are shown below:

	Gross exposure	**Impairment allowance**	**Fair value of collateral held**
	Rs.	**Rs.**	**Rs.**
Credit impaired leases at 30 June			
2023	**33,630,099**	**6,885,084**	**21,644,848**
2022	22,234,858	3,855,641	31,036,530
2021	41,144,067	9,365,620	51,602,450

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled either by delivery of cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and non-derivative financial liabilities. The tables have been drawn up based on the discounted cashflows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The maturity profile of the financial instruments (gross of impairment allowances) is summarised as follows:

AT 30 JUNE 2023	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	50,969,311	-	-	-	-	-	50,969,311
Investment securities							
Investment securities at FVTPL	46,142,735	-	-	-	-	-	46,142,735
Investment securities at FVTOCI	891,000	-	-	-	-	-	891,000
Debt instruments at amortised cost	-	-	-	-	122,651,255	-	122,651,255
	47,033,735	-	-	-	122,651,255	-	169,684,990
Deposits with financial institutions	-	-		-	375,889,696	-	375,889,696
Loans and advances							
Staff loans	-	139,501	137,336	274,672	2,008,259	1,041,697	3,601,465
Speedy loans	-	40,358,585	40,229,869	80,029,079	584,260,016	84,814,146	829,691,695
	-	40,498,086	40,367,205	80,303,751	586,268,275	85,855,843	833,293,160
Net investment in finance leases		61,701,285	59,765,700	115,410,651	559,276,457	53,130,503	849,284,596
Assets held for sale	-	-	-	6,135,000	-	-	6,135,000
Other assets	6,162,599	-	-	-	-	-	6,162,599
Total financial assets	104,165,645	102,199,371	100,132,905	201,849,402	1,644,085,683	138,986,346	2,291,419,352

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2023 (CONT'D)	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities							
Deposits from customers	-	95,521,388	57,345,896	110,235,031	1,454,443,615	92,638,369	1,810,184,299
Other liabilities	9,927,695	-	-	-	-	-	9,927,695
Lease liabilities	-	455,982	455,982	911,964	7,295,712	6,079,760	15,199,400
Dividend payable	-	-	21,297,528	-	-	-	21,297,528
Total financial liabilities	9,927,695	95,977,370	79,099,406	111,146,995	1,461,739,327	98,718,129	1,856,608,922
Undrawn commitments	-	35,524,655	8,953,478	-	-	-	44,478,133
Net liquidity gap	94,237,950	(29,302,654)	12,080,021	90,702,407	182,346,356	40,268,217	390,332,297

AT 30 JUNE 2022	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	249,629,110	-	-	-	-	-	249,629,110
Investment securities							
Investment securities at FVTPL	41,289,493	-	-	-	-	-	41,289,493
Investment securities at FVTOCI	852,000	-	-	-	-	-	852,000
Debt instruments at amortised cost	-	-	-	-	-	250,298,588	250,298,588
	42,141,493	-	-	-	-	250,298,588	292,440,081
Deposits with financial institutions	-	-	-	24,271,560	547,850,916	-	572,122,476

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2022 (CONT'D)	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets (cont'd)							
Loans and advances							
Staff loans	-	140,590	140,590	312,737	2,102,291	1,515,263	4,211,471
Speedy loans		29,263,410	29,224,574	58,054,622	438,560,481	116,019,391	671,122,478
	-	29,404,000	29,365,164	58,367,359	440,662,772	117,534,654	675,333,949
Net Investment in finance leases	-	24,510,522	53,627,078	104,711,181	520,250,733	38,545,290	741,644,804
Asset held for sale	-	8,750,000	-				8,750,000
Other assets	6,558,981	-	-	-	-	-	6,558,981
Total financial assets	298,329,584	62,664,522	82,992,242	187,350,100	1,508,764,421	406,378,532	2,546,479,401
Financial liabilities							
Deposits from customers	-	141,177,768	134,204,122	251,805,933	1,458,949,461	61,166,291	2,047,303,575
Other liabilities	5,948,040	-	-	-	-	-	5,948,040
Lease liabilities		455,982	455,982	911,964	7,295,712	7,903,688	17,023,328
Dividend payable	-	-	8,460,265	-	-	-	8,460,265
Total financial liabilities	5,948,040	141,633,750	143,120,369	252,717,897	1,466,245,173	69,069,979	2,078,735,208
Undrawn commitments	-	23,282,142	13,537,222	-	-	-	36,819,364
Net liquidity gap	292,381,544	(102,251,370)	(73,665,349)	(65,367,797)	42,519,248	337,308,553	430,924,829

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The maturity profile of the financial instruments is summarised as follows:

AT 30 JUNE 2021	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets							
Cash and cash equivalents	221,250,887	-	-	-	-	-	221,250,887
Investment securities							
Investment securities at FVTPL	48,121,329	-	-	-	-	-	48,121,329
Investment securities at FVTOCI	660,000	-	-	-	-	-	660,000
Debt instruments at amortised cost	-	-	-	-	-	250,405,343	250,405,343
	48,781,329	-	-	-	-	250,405,343	299,186,672
Term deposits	-	-	22,550,000	600,000,000	72,061,593	-	694,611,593
Loans and advances							
Holding company	-	18,358,857	18,358,857	36,717,714	-	-	73,435,428
Staff loans	-	170,436	170,436	340,873	2,026,432	1,521,980	4,230,157
Speedy loans		11,438,767	11,438,618	22,789,495	174,280,912	68,785,946	288,733,738
	-	29,968,060	29,967,911	59,848,082	176,307,344	70,307,926	366,399,323
Net investment in finance leases	-	54,224,487	53,200,635	103,416,473	552,321,340	51,995,371	815,158,306
Other assets	4,816,629	-	-	-	-	-	4,816,629
Total financial assets	274,848,845	84,192,547	105,718,546	763,264,555	800,690,277	372,708,640	2,401,423,410

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

AT 30 JUNE 2021 (CONT'D)	On Demand	Within 3 Months	3-6 Months	6-12 Months	1 - 5 Years	Over 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities							
Deposits from customers	-	138,917,349	320,462,800	207,782,380	1,141,404,739	-	1,808,567,268
Other liabilities	7,302,470	-	-	-	-	-	7,302,470
Lease liabilities		395,199	395,199	790,398	6,323,184	6,323,196	14,227,176
Dividend payable	-	-	14,154,317	-	-	-	14,154,317
Total financial liabilities	7,302,470	139,312,548	335,012,316	208,572,778	1,147,727,923	6,323,196	1,844,251,231
Undrawn commitments	-	46,806,316	-	-	-	-	46,806,316
Net liquidity gap	267,546,375	(101,926,317)	(229,293,770)	554,691,777	(347,037,646)	366,385,444	510,365,863

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's assets and liabilities measured at fair values on a recurring basis.

AT 30 JUNE 2023

	Level 1	**Level 2**	**Total**
	Rs.	**Rs.**	**Rs.**
Financial Assets			
Investment securities held at:			
- FVTOCI	**891,000**	**-**	**891,000**
- FVTPL	**-**	**46,142,735**	**46,142,735**
	891,000	**46,142,735**	**47,033,735**

AT 30 JUNE 2022

	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Financial Assets			
Investment securities held at:			
- FVTOCI	852,000	-	852,000
- FVTPL		41,289,493	41,289,493
			-
	852,000	41,289,493	42,141,493

AT 30 JUNE 2021

	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Financial Assets			
Investment securities held at:			
- FVTOCI	660,000	-	660,000
- FVTPL	-	48,121,329	48,121,329
	660,000	48,121,329	48,781,329

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments (Cont'd)

The below table shows the fair value of the Company's financial assets and liablities that are not measured at fair value on a recurring basis (but fair value disclosures are required).These are classified under level 2 based on observable inputs using discounted cash flows. During the year, the Company has made no transfers between the different fair value levels.

	Carrying value			Fair Value		
	2023	2022	2021	**2023**	2022	2021
	Rs.	Rs.	Rs.	**Rs.**	Rs.	Rs.
Financial Assets						
Cash and cash equivalents	**50,969,311**	249,629,110	221,250,887	**50,969,311**	249,629,110	221,250,887
Deposits with financial institutions	**375,466,820**	571,406,336	670,014,300	**372,513,795**	571,406,336	670,014,300
Loans and advances ¤						
-Holding company	**-**	-	69,970,309	**-**	-	69,970,309
-Staff loans	**3,238,018**	3,694,307	3,749,117	**3,238,018**	3,694,307	3,749,117
-Speedy loans	**703,797,827**	566,203,319	238,656,443	**703,797,827**	566,203,319	238,656,443
Net investment in finance lease	**755,215,794**	697,103,005	705,674,304	**755,215,794**	697,103,005	705,674,304
Investment securities						
- Bonds	**122,553,134**	250,098,180	250,405,343	**142,164,391**	250,098,180	250,405,343
Other assets	**6,157,969**	6,558,981	4,816,629	**6,157,969**	6,558,981	4,816,629
Financial Liablities						
Deposit from customers	**1,601,514,322**	1,912,824,781	1,720,301,143	**1,607,202,157**	1,906,916,461	1,710,143,533
Other liablities	**9,927,695**	5,948,040	7,302,471	**9,927,695**	5,948,040	7,302,471
Dividend payable	**21,297,528**	8,460,265	14,154,317	**21,297,528**	8,460,265	14,154,317
Lease liabilities	**12,702,584**	13,931,569	10,193,990	**12,702,584**	13,931,569	10,193,990

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and call deposit to be received on demand.

(ii) Deposits with financial institutions

The estimated fair value of fixed interest bearing deposits with financial institutions not quoted in active market is based on discounted cash flows using interest rates for new deposits with similar maturity.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Fair value of financial instruments (Cont'd)

(iii) Investment in government bonds

The estimated fair value of investment in government bonds represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Deposits from customers

The estimated fair value of fixed interest bearing deposits from customers not quoted in active market is based on discounted cash flows using interest rates for new deposits with similar maturity.

(v) Other loans (including speedy loans) and net investment in finance lease

The carrying amount of loans and finance leases approximate their fair value.

(vi) Other financial assets and liablities

Other assets and liablities are repayable on demand.Their fair values are therefore considered as being equal to their carrying value.

Currency profile

The Company has no financial assets and liabilities in any other currency than Mauritian Rupees.

30. CAPITAL RISK MANAGEMENT

Being an entity regulated by the Bank of Mauritius, the Company is mandated through the Banking Act 2004, to maintain at all times, a minimum share capital of Rs200million with a minimum capital adequacy ratio of 10%. This condition was met for both the current and prior financial years with the capital adequacy ratio of **37.7%** at 30 June 2023 (2022: 39.6% and 2021: 43.1%).

The Company's objectives when managing capital are to comply with the regulatory requirements and to safeguard its ability to continue as a going concern so that it can continue providing returns to its shareholders and benefits to other stakeholders. Through efficient capital management, the Company also endeavours to maintain a strong capital base to support the development of its business.

Refer to page 10 of the Management Discussion and Analysis Document within this Annual Report for more detailed disclosure on the capital structure of the Company.

31. CONTINGENT LIABILITIES

The Company has received a tax assessment from the Mauritius Revenue Authority for an amount of **Rs2,126,421** in relation to the tax year 2018/2019 with respect to adjustments made in connection with interest income following the adoption of IFRS 9 and the deductibility under Section 57 of the Income Tax Act for specific expenses. Based on the advice received from its tax advisor after taking into account all relevant statutory tax pronouncements, the Company has not made any provisions for the liability of Rs2,126,421 in the financial statements, in respect of the above tax assessment, as at 30 June 2023, as it is of the view that no liability will devolve from the tax assessment.

32. COMMITMENTS FOR FUTURE LEASES

At 30 June 2023, the Company had capital commitment of **Rs.44,478,133** (2022: Rs. 36,819,364 and 2021: Rs.46,806,316) in respect of future leases.

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Dividend	Lease liabilities
	Rs	Rs
At 1 July 2021	14,154,317	10,193,990
Movement during the year	-	4,703,666
Movement in interest	-	614,712
Dividend declared for the year	8,460,265	-
Repayment of lease liabilities	-	(1,580,799)
Dividend paid	(14,154,317)	-
At 30 June 2022	8,460,265	13,931,569
Movement in interest	-	757,021
Dividend for the year	21,297,528	-
Repayment of lease liabilities	-	(1,986,006)
Dividend paid	(8,460,265)	-
At 30 June 2023	**21,297,528**	**12,702,584**

34. EVENTS AFTER THE REPORTING PERIOD

There are no events after the end of reporting period which the directors consider may materially affect the financial statements for the year ended 30 June 2023.