#thefuture reimagined

INTEGRATED REPORT

2023

SICOM GROUP

thefuture reimagined

Since our inception in 1975 as the pension administrator for Mauritian parastatal entities, SICOM Group has evolved into a prominent Financial Services Group with a footprint spanning Mauritius, Africa and beyond.

Our 2023 Integrated Annual Report pays tribute to the resilience, commitment and passion of our people and the positive influence that they wield in our achievements.

"The best time to plant a tree was 20 years ago. The second best time is now." - Chinese Proverb

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About Our Report

Forward-Looking Statement

The Board of Directors of SICOM Group (SICOM) is pleased to present its Integrated Annual Report for the year ended 30 June 2023. This year, we are taking another step on the integrated reporting journey with the objective to create a user-friendly document that shares insightful information on our continuing value-creation process. Our theme reflects the recognition of our people as pillars of the organisation's value chain.

This second Integrated Report is part of the approach initiated by SICOM Group since 2022 to strengthen the dialogue with its stakeholders – employees, customers, shareholders, suppliers and society, amongst others. Through this important communication tool, we aim to expand on how SICOM creates value over time.

Feedback

We value stakeholder feedback. Please share your experience of reading this report by contacting us at **communications@sicom.mu**

Board Responsibility

The business and affairs of SICOM Group are managed and directed by, or are under, the direction of the Board of Directors, who acknowledge their responsibility to ensure the integrity of this report.

The preparation and presentation of information in this report are in accordance with the Integrated Reporting framework. Continuous efforts are made to improve the level of reporting, including an independent assessment of key aspects of sustainability reporting and disclosure.

Together with management, and reflecting on the operating context, strategy and value creation model, the Board of Directors believes that this Integrated Report fairly presents all material issues and the integrated performance of the organisation. The Board of Directors also confirms that the Group is in compliance with the provisions of the Companies Act relating to its incorporation and is operating in conformity with its Constitution.

Reporting Frameworks

- Companies Act 2001;
- Insurance Act 2005;
- Bank of Mauritius Act 2004;
- Banking Act 2004;
- Financial Services Act 2007;
- Regulations and Rules for the Financial Industry;
- Code of Corporate Governance 2016;
- International Financial Reporting Standards ("IFRS");
- Integrated Reporting ("IR") Framework; and
- Risk Management Framework

This is a non-exhaustive list.

This year, we have focused our report on the areas we consider most material and relevant to our stakeholders, including Environmental, Social and Governance ("ESG")-related matters.

As part of our commitment to reduce our carbon footprint, this Integrated Report is available on SICOM Group's website: **www.sicom.mu**

Reporting Scope And Boundaries

This report covers the activities of SICOM Group for the period 1 July 2022 to the date of issue. It provides an overview of our strategy, business model, operating context, approach to risk management, governance and activities to create value for the Group.

Assurance

Management and Internal Audit have reviewed the information contained in this report to ensure the accuracy of the reporting, with the Board and its sub-committees providing an oversight role. This report has also been vetted by our External Auditors, Deloitte Mauritius, and they have issued a clean audit opinion.

Materiality

We have assessed which information is to be included in this Integrated Report by applying the principle of materiality. The report focuses on the opportunities and challenges that materially impact on SICOM Group and its ability to consistently deliver value to stakeholders in a sustainable manner.

This Report has been written by taking into consideration how our industry will evolve, and how SICOM Group's market positioning will be. In this respect, our future is now closely knitted to our businesses with quarterly reviewing to ensure alignment with our business model and strategy. Therefore, this Report contains certain forward-looking information and plans of SICOM Group and its current goals and expectations relating to its future financial condition and performance.

By their nature, all forward-looking statements involve inherent risk and uncertainty because they are based on assumptions related to future events and circumstances which are beyond the Group's control. These include economic and business conditions and market related risks such as equity fluctuations, interest rates and inflation. These circumstances could arise from the impact of competition, legislation, policies, actions of regulatory authorities, as well as any uncertain industry changes, pandemics or geopolitical tensions.

List of Abbreviations

AML/CFT	Anti-Money Laundering/ Combatting the Financing of Terrorism
ANFEN	Adolescent Non Formal Education Network
CAGR	Compound Annual Growth Rate
CIS	Collective Investment Scheme
CSR	Corporate Social Responsibility
DMS	Document Management System
DXP	Digital Experience Platform
EoC	Employer of Choice
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
EVP	Employer Value Proposition
FSC	Financial Services Commission
FVTPL	Fair Value Through Profit and Loss
FY	Financial Year
GDP	Gross Domestic Product
IFRS	International Financial Reporting Standards
LED	Light Emitting Diode
MCR	Minimum Capital Requirement
MITD	Mauritius Institute of Training and Development
MQA	Mauritius Qualifications Authority
NGO	Non-Governmental Organisation
ORSA	Own Risk and Solvency Assessment
PIE	Public Interest Entity
RMP	Risk Management Process
ROE	Return on Equity
SDGs	Sustainable Development Goals
SFSL	SICOM Financial Services Ltd
SGIN	SICOM General Insurance Ltd
SGFL	SICOM Global Fund Limited
SICOM	State Insurance Company of Mauritius
SML	SICOM Management Limited
SPPPF	SICOM Pooled Private Pension Fund
UN SDG	United Nations Sustainable Development Goals
VPN	Virtual Private Network

Navigating our Report

Six Capitals

Natural Capital
Human Capital
Intellectual Capital
Financial Capital
Manufactured Capital
Social Capital

Top Risks

Market and Investment
Counterparty Default
Life Underwriting
Operational
Strategic
Environmental

Material Matters

Business Growth and Diversification
Customer Experience and Digitalisation
Employee Engagement and Development
Governance and Risk
ESG

Our Stakeholders

Customers
Community
Employees
Government & Regulators
Intermediaries
Shareholders
Business Partners
Environment

Business Verticals

Life Insurance
General Insurance
Pensions
Investment
Financial Services
Actuarial
Property

Regulatory Changes

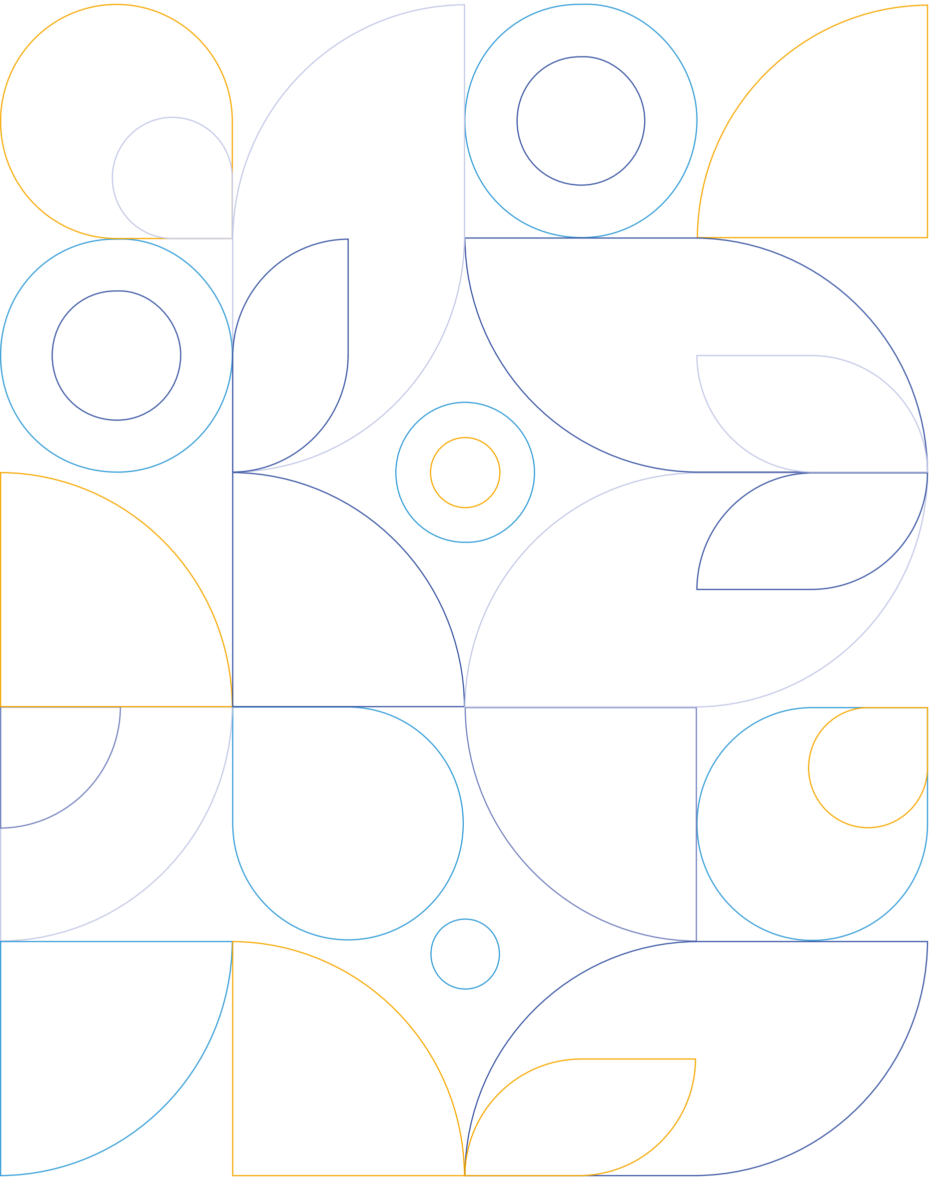
IFRS 17 & Climate Change

As a continuation from the prior year, IFRS 17 as the new international financial reporting standard for the insurance industry, represents the major change to insurance accounting requirements, replacing IFRS 4 Insurance contracts. IFRS 4 has allowed insurers to use different accounting policies to measure similar insurance contracts, while IFRS 17 will have a profound impact on the recording of insurance data as well as on processes, systems and reporting and will provide consistent principles for accounting for insurance contracts across different countries. The date of application is as from 1 January 2023 which will be reflected in SICOM Group's accounts as from the next financial year.

Another regulatory change worth highlighting is the Guideline on Climate-Related and Environmental Financial Risk Management of the Bank of Mauritius ("BoM"), which is being implemented by SFSL. The first disclosures will be made in the financial statements for the year ending 30 June 2024.

Industry Trends

The insurance market in Mauritius is expected to witness steady growth in the coming years. Fitch Solutions has projected an average annual growth rate of around 4.1% from 2022 to 2026, following a slower growth rate of 3.2% in 2021. The non-life segment is expected to be the primary driver, with a growth rate of 2.3% in 2021 and a strong average growth rate of 5.3% per year throughout the forecast period. Conversely, the well-developed life market is expected to exhibit less robust growth. The expansion of the non-life segment will be supported by the already sizable health and personal accident sector.



A summary of the forecasts

- After growing by 4.2% in 2022, life insurance premiums in Mauritius are expected to drop to 3.3% in 2023, reaching MUR 13.5 billion (USD 306.9 million).
- Life premiums are expected to grow at a slower pace over the forecast period, averaging less than 4% per year, and are expected to reach MUR 15.03 billion (USD 414.6 million) by 2026.
- Life premiums will still represent more than half of the entire insurance market, but their share will slightly decrease as other non-life lines become more important.
- Non-life premiums are expected to grow by 5.1% in 2023, with total premiums reaching MUR 12.4 billion (USD 305.8 million).
- Over the medium-term forecast period until 2026, non-life premium growth is projected to average around 5.1% annually, with total premiums of MUR 14.5 billion (USD 401.5 million) in 2026.
- Motor insurance is expected to be the largest category in non-life insurance, although its share is expected to slightly decline from 35.2% in 2022 to 33.2% by 2026, with premiums amounting to MUR 4.8 billion (USD 133.4 million).
- The health and personal accident segment, the second-largest in the non-life market, is expected to experience rapid growth from 32.1% in 2022 to 35.6% in 2026, with premiums reaching MUR 5.1 billion (USD 142.8 million).
- Credit and financial guarantee insurance, which is currently a smaller segment, is expected to experience significant growth. However, only a slight increase is expected in its share of total non-life premiums, from 0.9% in 2022 to 1.1% in 2026.

Evolution of SICOM Group

1975
Setting up of State Insurance Corporation of Mauritius

1978
Launching of General Insurance Fire, Marine & Non-Motor Insurance products

1979
Underwriting of Life Insurance

1980
Underwriting of Motor Insurance

1982
Launch of Housing Loan facilities

1988
Privatisation from State Insurance Corporation of Mauritius to SICOM Ltd

1989
Relocating to SICOM Building, which was amongst the tallest buildings in Port Louis

1999
Incorporation of
SICOM Financial Services Ltd,
SICOM Global Fund Limited and
SICOM Management Limited

2000
Revamping of SICOM's 1st logo through a drawing competition

2008
Launch of Unit Trust

2010
Incorporation of SICOM General Insurance Ltd

2012
Launch of 5 Post Assurance Hubs in Mauritius and 1 in Rodrigues

2013
Property Acquisition, Revamping of SICOM Logo and Launch of SICOM Foundation

2014
1st Edition of SICOM Les Foulées de L'Espoir

2017
Opening of Customer Care Lounge at SICOM Tower, Ebene

2020
Launch of Customer Lounge and Trianon Branch

2021
Launch of Online Sales Platform for Life Insurance

2022
- Strategy plan 2022-2023 launched
- Digital transformation projects on track
- SICOM website revamped and upgraded
- New branches at Curepipe and Flacq
- Increased presence of the SICOM brand

Our Major Achievements

In the financial and insurance sector, SICOM Group stands as a vanguard of creating a seamless work environment that nurtures employee growth and fosters a sense of significance. The recent achievement of the Great Place To Work® ("GPTW") label has positioned the Group as a pioneer among local industry players, attaining recognition as an exceptional workplace.

SICOM Group advocates for the professional advancement of its staff through a meticulously designed structure that promotes a variety of initiatives, notably active community engagement. Integral to the employees' career evolution, these schemes provide recurrent opportunities for enhancing skills. Initiatives such as team-building exercises serve as a cornerstone, fostering unity and amity among our dynamic teams. The GPTW label symbolises a pivotal moment in our relentless quest for ultimate well-being within the work and career environment.

Great Place To Work® Certified MAY 2023-MAY 2024 MU ™

CareEdge RATINGS AFRICA

The SICOM Group values external validation and continuously seeks to achieve the highest standards of practice in its endeavours. In line with this philosophy, the Group underwent a credit rating from CARE Ratings (Africa) Private Ltd, a leading rating agency in the region known for evaluating most of the blue-chip companies in Mauritius.

It is noteworthy to highlight that the SICOM Group boasts a remarkable rating score, a testimony of the high degree of safety regarding the timely servicing of its financial obligations and the low credit risk it carries.

NCCG NATIONAL COMMITTEE ON CORPORATE GOVERNANCE

SICOM also participated in the Corporate Governance Scorecard assessment by the National Committee on Corporate Governance ("NCCG"), reflecting the importance the organisation places on transparency and ethical practices. This is further evidenced in the Corporate Governance section of this Integrated Report.

Our ESG Partnerships

The Group's engagement towards sustainable development is brought forward by its recent pledge to adhere to local and international agreements such as the UN-PRI, UN Global Compact and SigneNatir. Sustainability and ESG initiatives are also high on the company's agenda to reframe SICOM's set of standards for a behavioural pattern that promotes socially conscious endeavours.

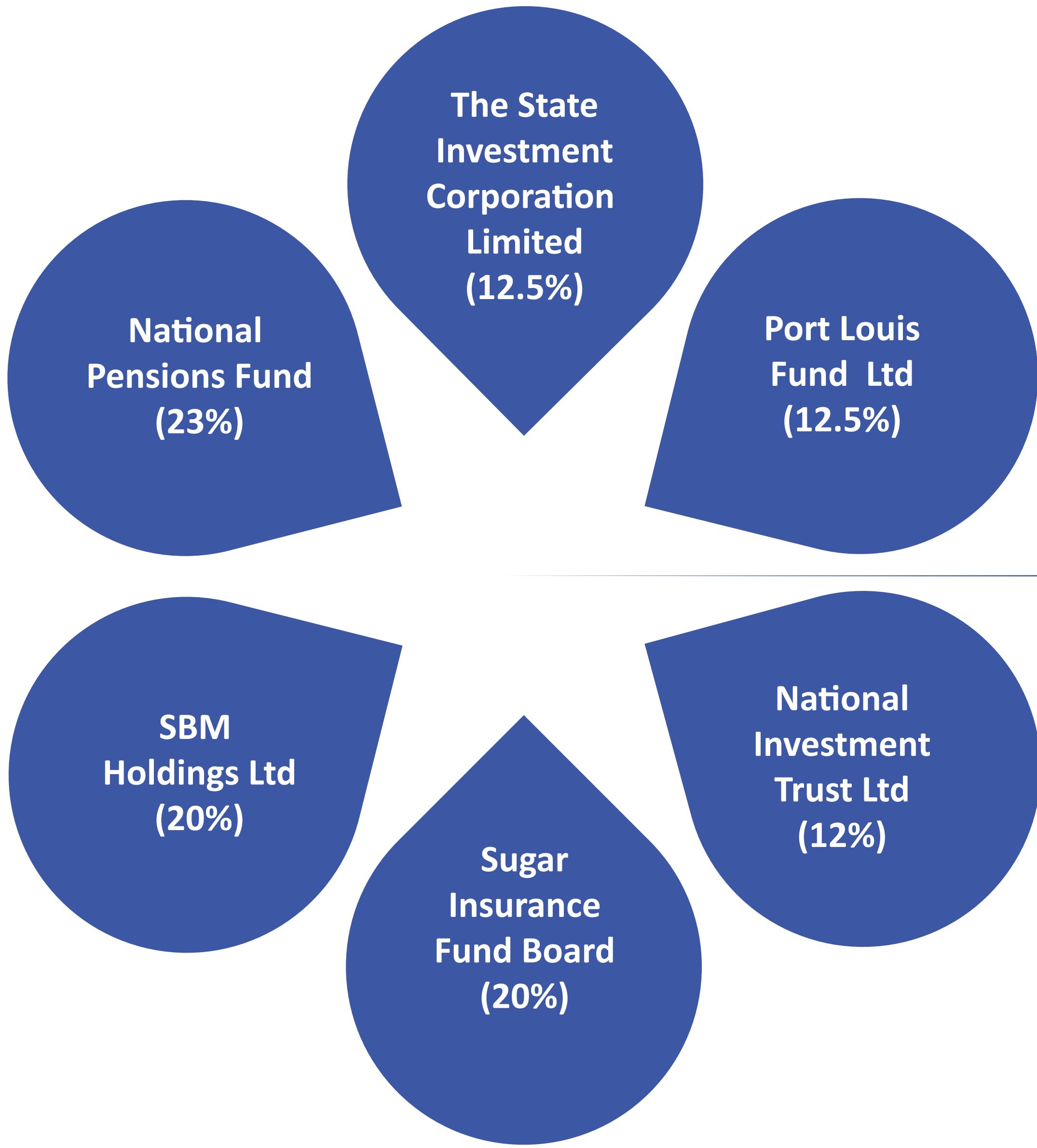
The SDGs embody a global commitment to combat climate change, eliminate poverty and inequality and safeguard public health by 2030. This commitment is realised through 17 distinct objectives that hold universal recognition. Within this framework, we have pinpointed priority SDGs that resonate with our operational focus and local context, seamlessly aligning with the diverse pillars of our sustainability agenda.

We are the first state owned and insurance company to be a member of the UN Global Compact ("UNGC") as part of its initiative to progress in the sustainability journey, effective May 2023. This voluntary initiative serves as a catalyst for businesses and organisations to embrace sustainable practices and principles, propelling us towards heightened social, environmental, and ethical responsibilities. Our dedication lies in aligning with the UNGC Principles that resonate most profoundly with our mission and operations.

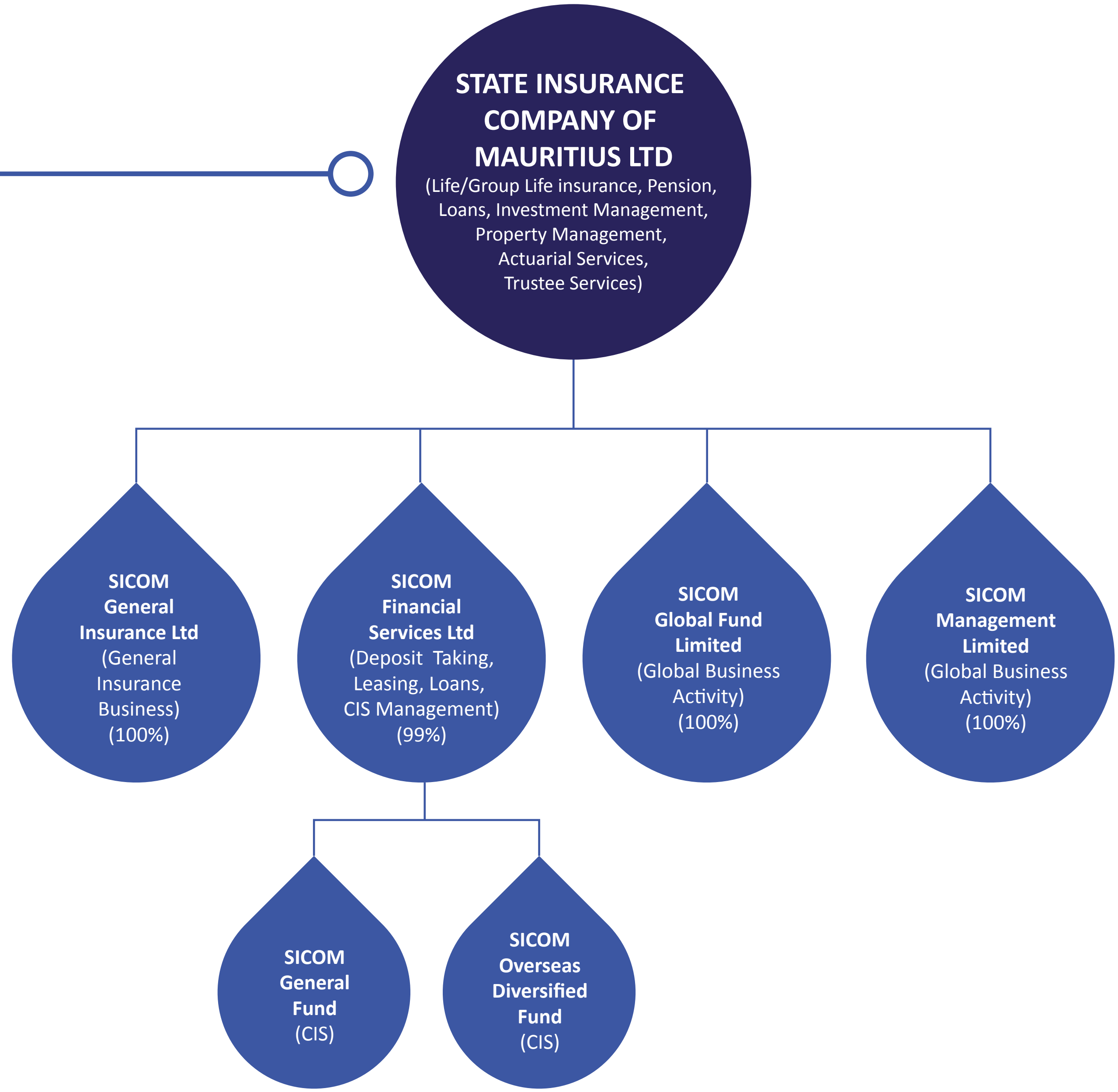
Our commitment extends to the United Nations Principles of Responsible Investment ("UN PRI") as we assume the role of a signatory. We are the first insurance company to be a memebr of the UNPRI, effective June 2023. This global initiative that encourages investment practices aligned with ESG considerations to promote sustainable and responsible financial outcomes. Our unwavering dedication lies in upholding all six guiding principles, a testament to our resolute mission of aligning our investments with sustainable and ethical values.

We have joined SigneNatir, a dynamic community initiative led by Business Mauritius to strengthen our island's dedication to its people and the environment. In collaboration with SigneNatir, Business Mauritius has identified five crucial priority areas, pivotal for the advancement of a sustainable and inclusive Mauritius. Through our affiliation, we are committed to aligning with these areas, fostering positive change, and contributing to our country's progress and well-being.

Shareholding



Group Structure



SICOM Way

Synergy

We believe in the collective potential of everyone within the organisation to achieve exceptional results.
We actively pursue cooperative and innovative approaches to enhance value.
We are a unified team that strives to consistently deliver high-level performance.

Inclusivity

We take pride in our talented people.
We emphasise the power of working together to drive our success.
We embrace diversity and safeguard the values of the SICOM brand.

Customer-Centric

We owe our existence to our valued customers.
We are dedicated to exceeding customer satisfaction.
We place customers at the forefront of all our endeavours.

Opportunity-Driven

We believe in the capabilities of our people.
We invest in the personal development of our team members.
We encourage our people to embrace new opportunities, take on challenges and explore different horizons.

Moral Responsibility

We uphold unwavering integrity and ethics.
We operate in accordance with established standards and rules.
We cultivate a collaborative and professional ethos.

Corporate Information

REGISTERED OFFICE

State Insurance Company of Mauritius Ltd
SICOM Building 1
Sir Célicourt Antelme Street
Port Louis
Mauritius

Telephone: (230) 203 8400
Fax: (230) 208 7662
Email: email@sicom.mu
Website: www.sicom.mu

AUDITORS

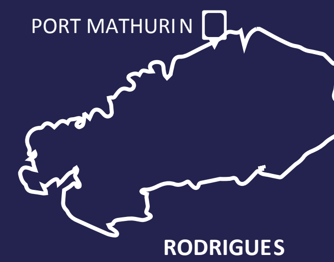
Deloitte Mauritius

CONSULTING ACTUARIES

QED Actuaries & Consultants (Pty)
QED Actuaries & Consultants (Mauritius) Ltd

MAIN BANKERS

Absa Bank (Mauritius) Limited
AfrAsia Bank Limited
Bank One Limited
HSBC (Mauritius) Ltd
MauBank Ltd
Mauritius Commercial Bank Ltd
SBI (Mauritius) Ltd
SBM Bank (Mauritius) Ltd



SICOM Offices

Port Louis (Head Office)
SICOM Building 1, Sir Célicourt Antelme Street,
Port Louis, 11302, Mauritius
203 8400 | email@sicom.mu

Trianon Branch
1st Floor, La City, Trianon
460 1177 | sicomtrianon@sicom.mu

Rose Belle Branch
Plaisance Family Shopping Village, Rose Belle
660 1746 | sicomrosebelle@sicom.mu

Flacq Branch
La Source Commercial Centre, Flacq
203 8550 / 203 8551 | sicom.flacq@sicom.mu

Curepipe Branch
Rue Chateauneuf, Curepipe
203 8540 / 203 8541 | sicom.curepipe@sicom.mu

Flacq Counter*
Flacq District Council Building, Central Flacq
203 8590 / 203 8591

Tamarin Counter
Coeur de Ville, Tamarin
sicom.tamarin@sicom.mu

*For Motor Insurance only

PostAssurance Hubs

Grand Baie
Grand Baie Post Office
Super U Grand Baie, La Salette Road, Grand Baie
268 0496 | sicom.grandbayhub@sicom.mu

Rodrigues
Port Mathurin Post Office
Port Mathurin, Rodrigues
831 2098 | sicomrod@yahoo.com

Chairperson's Review

Karuna G. Bhoojedhur-Obeegadoo
Chairperson

Welcome to the SICOM Integrated Annual Report for the financial year ended 30 June 2023. The Group has achieved yet another year of robust performance on the back of our firm commitment to sustainability and environmental, social, and governance ("ESG") considerations, which reflects our dedication to a prosperous and responsible future.

Global Market Perspective

This year's global insurance outlook focuses on key market realities that have shaped the industry. Firstly, the insurance industry is set to return to growth in 2023-2024, following a slight contraction in global premiums in 2022. However, inflation remains a major concern, impacting nominal premium growth and claims costs in non-life lines.

A silver lining for insurers comes from market hardening and higher interest rates, which are expected to improve results over the medium term. Despite challenges in the global economy, the insurance industry can showcase its value by providing financial resilience. Commercial lines are expected to benefit most from rate hardening, while global personal lines are projected to recover from underperformance.

The significance of climate change, cyber threats, and social and demographic changes, have led to global protection gaps that necessitate new value propositions and solutions, encouraging innovation within the industry.

Overall, the industry stands at a critical juncture, with opportunities for growth and innovation as it navigates through the complexities of the macroeconomic and geopolitical landscape.

Industry Trends

The insurance landscape is undergoing significant transformation due to relentless technological advances, rising consumer expectations and the dissolution of industry boundaries. People are seeking stronger protection and financial security in the face of increasingly severe threats. Insurers need to adapt to changing demands, with consumers prioritising a simple and efficient customer experience.

Digital transformation is a trending area in the insurance industry, with investments in technologies like AI, machine learning, and Internet of Things ("IoT") to improve the customer experience and reduce costs. Collaboration with insurtech companies is rising to develop innovative solutions. Personalised customer experiences, sustainability initiatives and cyber insurance are also significant trends shaping the industry.

Furthermore, demographic shifts, including an ageing population, contribute to the growing demand for insurance products and services.

Strategy 2022-2025

SICOM will celebrate its golden jubilee in 2025 and has established a solid reputation in the local financial sector as a trustworthy and financially strong organisation. Today, the Group provides an engaging work environment with a resilient business model and a strategic aim to focus on customers and new business sectors while leveraging on digitalization to generate long-term value for all stakeholders.

Investment Under Management	Total Assets	Total Revenue	Profit Before Tax
MUR 72.0 bn	**MUR 27.2 bn**	**MUR 5.6 bn**	**MUR 1.9 bn**
(2022: MUR 66.5 bn)	**(2022: MUR 25.8 bn)**	**(2022: MUR 4.0 bn)**	**(2022: MUR 617.5 m)**

We have established strategic pillars that serve as the foundation for our progress namely, Business Growth and Diversification, Customer Experience and Digitalisation, Governance and Risk, Employment Engagement and Development all underpinned by Sustainability and ESG measures. The strategies include growing the top-line, improving customer value through process excellence, strengthening governance and risk management, and engaging employers in personal and business development. Further, we recognise the demanding economic landscape and aim to consolidate existing operations to effectively execute projects while placing sustainability at the core of our business development.

Our People

Talent management is a key component in building our organisation's success, and people remain at the centre of SICOM's ongoing commitment to develop, improve and nurture existing talents while providing the work environments that elevate employee experience and position the company as an employer of choice.

> *"SICOM was rewarded with the prestigious Great Place To Work® Certification"*

SICOM was rewarded with the prestigious Great Place To Work® Certification in May 2023 as a testimony for the quality of work life we provide to our employees and as the highest level of recognition of an organisation's work environment and culture. We rely on our highly motivated and engaged employees to put our customers first in everything that they do and to act as brand custodians, enabling SICOM to execute its strategic priorities and generate long-term value for its investors.

Group's Financial Performance

Looking forward SICOM wants to continue consolidating its foundation and ensuring timely execution of its strategic projects to achieve its long-term ambitions. Over the past year, the SICOM Group has witnessed major developments and positive results that have further strengthened its position in the market.

We are pleased to report a significant improvement in our financial performance for the year that elapsed. SICOM has recorded an increase in revenue to reach MUR 5.6 billion. This 39% increase from last year, is primarily driven by our substantial Gross Premium, totalling MUR 3.9 billion, increase in FVTPL assets of MUR 1.5 billion, interest income MUR 126 million, management fees of MUR 38 million and other operating income of MUR 142 million.

Total assets of the Group increased from MUR 25.8 billion as at 30 June 2022 to reach MUR 27.2 billion as at 30 June 2023. At Group level, Profit before tax including the Life Assurance Fund stood at MUR 1.9 billion for the financial year ended 30 June 2023, higher than the profit of MUR 617.5 million last year.

Nurturing Robust Corporate Governance

Corporate governance holds a prominent place on our corporate agenda and is closely tied to our above-mentioned strategic pillars, ensuring that our strategic direction is aligned with the interests of stakeholders, transparently executed and ethically and responsibly managed. These pillars help achieve SICOM's objectives, leading to the overarching theme of Consolidation, Execution and Sustainability of our organisation. Our commitment to ensuring that our Group conducts itself accountably, fairly and openly in all its dealings underscores our resolute dedication to responsible business practices, generates trust among our shareholders and leads to the creation of shared value while contributing towards the progress of society.

Our dedication to transparency and ethical conduct has been illustrated by our active participation in the Corporate Governance Scorecard assessment conducted by the National Committee on Corporate Governance ("NCCG") during the year. SICOM and its subsidiaries are committed to creating long-term stakeholder value by maintaining high standards of corporate governance and by their commitment in applying and implementing the principles set out in the National Code for Corporate Governance for Mauritius.

During the year, the Directors have attended a total of 28 meetings to discuss matters relating to the affairs of the company across the various board committees in place. Directors are encouraged to remain updated with industry practices, trends and standards and in the financial year 2022-2023, they received training and followed informational sessions on topics such as AML/CFT, the Finance (Miscellaneous Provisions) Act 2022, review of operations, IFRS 17, Own Risk and Solvency Assessment (ORSA), cybersecurity, economy, and market outlook 2023 (risk and opportunities) and on climate change.

The Group has established an efficient and compliant governance framework that continues to evolve in ensuring that the Board and Management coexist together in a harmonious manner. During the year under review, SICOM updated some of its Charters and policies, including the Code of Ethics for its employees, and has appointed an Ethics Officer.

Chairperson's Review

Embracing Sustainability and ESG

Sustainability and ESG factors have become integral to responsible business practices. At SICOM Group, we understand the profound link between corporate success and global well-being. We recognise that our responsibilities extend beyond profits, encompassing the wider consequences of our actions. Sustainability is not a separate initiative but a holistic commitment that permeates our entire organisation. Beyond compliance, our commitment to sustainability embodies our core values, reflects our vision for a resilient future and demonstrates our dedication to positive impacts on the environment, society and stakeholders.

> ***Sustainability is not a separate initiative but a holistic commitment that permeates our entire organisation***

In this year's report, we have decided to take things a step further by including a dedicated section for sustainability. Our Sustainability Report highlights our achievements in the 2022-2023 financial year, acknowledges challenges and outlines our future aspirations. Our dedication stems from the understanding that our actions today will resonate for generations to come and our approach encompasses four key pillars, including environmental, social, workplace and market responsibility.

Our commitment to environmental responsibility is evident through various initiatives, such as the installation of a photovoltaic system at SICOM Tower, energy audits, introduction of green procurement, centralised printing, responsible waste management, acquisition of hybrid vehicles, greening urban landscapes and refurbishment initiatives. We actively engage in social responsibility initiatives, including support for Ecole Technique Saint Joseph, ANFEN, SAFIRE, blood donation drives, contributions to the Renal Outpatient Department at Victoria Hospital and our Christmas Volunteering Programme.

Our commitment to our employees is demonstrated through programmes like Great Place To Work®, staff training, staff welfare, sustainable work practices and our dedication to diversity and inclusivity. In addition to integrated reporting, we also take responsibility in the marketplace seriously by adopting a sustainable investment approach, offering sustainable products, aligning with global regulatory frameworks such as UNGC and UN PRI, and participating in local sustainability initiatives like SigneNatir. Our issuer's rating reflects our commitment to responsible practices.

Embracing sustainability and ESG principles is not just an aspiration but a fundamental part of our identity. It drives our actions, shapes our decisions, and sets the course for a brighter and more sustainable future for all.

Appreciation and Acknowledgements

I wish to extend my heartfelt appreciation and gratitude to all those who have contributed to the success of the SICOM Group throughout the past year.

First and foremost, I want to express my thanks to my fellow Directors, the Management team and dedicated employees for their staunch commitment and hard work. I would also like to acknowledge the valuable contributions of Dr D. Kawol, our outgoing Board member, for his dedication to the affairs of the Group. We welcome Ms M.N. Madhub as our new Board member and look forward to her valuable insights.

Our journey would not have been possible without the continuous support of our loyal customers whose trust in us fuels our determination to deliver long-term value and sustainable growth. Additionally, I extend our gratitude to the Government of Mauritius, the Financial Services Commission, the Bank of Mauritius, Reinsurers, Insurance and Reinsurance Brokers, Investment Managers, Bankers, Insurance Agents and Sales Agents for their unwavering support.

As we move forward, our Group remains steadfast in our commitment to our core principles. We embrace the future and the opportunities it holds for continued progress and positive impact with optimism and enthusiasm.

Thank you all for being part of this exciting journey.

Profiles of Directors

Karuna G. BHOOJEDHUR-OBEEGADOO

Chairperson

Committee Assignments: Corporate Governance, Sustainability and Nomination Committee (Chairperson), Strategy and Investment Committee (Chairperson), Risk Committee (Member) and Human Resource Committee (Member)

Qualifications

• 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 in December 2021after 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.

Nandita RAMDEWAR

Group CEO & Executive Director

Committee Assignments: Human Resource Committee (Member) and Strategy and Investment Committee (Member)

Qualifications

• 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 SICOM Financial Services 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.

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Profiles of Directors

Anandsing ACHARUZ

Independent Director

Committee Assignments: Audit Committee (Chairperson), Strategy and Investment Committee (Member)

Qualifications

• MSc in Financial Economics, University of London

Background

Anandsing Acharuz is presently Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development. He has held various responsibilities and worked on a number of important development issues since joining the public service in 1996. He is responsible for, amongst others, the coordination and preparation of the National Budget and the formulation of policies and measures to ensure effective public finance management.

In view of his responsibilities, Mr Acharuz constantly engages with international organisations on policy measures to address issues and challenges facing the Mauritian economy. He also serves as Director on the Board of a number of public bodies and contributes to their effective financial management.

Chandradeo (Sanjeev) DABEEA

Independent Director

Committee Assignments: Audit Committee (Member) and Risk Committee (Member)

Qualifications

• BA (Hons) Business Accounting, University of Lincolnshire & Humberside (UK)

• MBA (Financial Management), University of Mauritius

• Fellow of the Association of Chartered Certified Accountants

Background

Sanjeev Dabeea has over 25 years of experience in the field of accounting/finance, auditing and procurement. He started his career in an accounting and auditing firm and has occupied management and Head of Department positions with various private, parastatal and public interest entities. He has been the Head of Commercial Department of the State Trading Corporation since August 2020 after serving as Manager/Head of Accounting and Finance of Airports of Mauritius Co. Ltd from June 2009 to August 2020.

Mr Dabeea is registered as a Professional Accountant with the Mauritius Institute of Professional Accountants since January 2007; he is also a member of the Mauritius Institute of Directors since 2010 and of the Institute of Internal Auditors since 2019. He is a past Director of State Property Development Company Limited.

Profiles of Directors

Dev K GOPY

Executive Director

Qualifications

- Diplôme d'Etude Approfondies (DEA) in Finance from Institut d'Administration des Entreprises (IAE), University of Montpellier II, France
- Maîtrise in Financial Management from 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 SICOM Financial Services 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.

Maheswaree Naraini MADHUB

Non-Executive Director

Committee Assignments: Risk Committee (Member) and Corporate Governance, Sustainability and Nomination Committee (Member)

Qualifications

- Diploma in Public Administration and Management, University of Mauritius
- BSc Major in Biochemistry and Botany, Australian National University
- Certificate on "La Bonne Governance et Réforme de l'État", Institut d'Administration Publique/Ecole Nationale d'Administration, France

Background

Maheswaree Madhub is the Senior Chief Executive of the Ministry of Social Integration, Social Security and National Solidarity. She started her career in the public service in 1988 as Assistant Secretary. She has extensive experience in the field, having served in the Ministry of Agriculture and Natural Resources, the Office of the President, the Ministry of Finance and Economic Development, the Prime Minister's Office (External Communications Division and Cabinet Office), the Ministry of Industrial Development, SMEs and Cooperatives, and the Ministry of Housing and Land Use Planning.

Ms Madhub has been the Supervising Officer of the Ministry of Health and Wellness and Ministry of Agro-Industry and Food Security. She also served as Secretary to the Electoral Supervisory Commission and Electoral Boundaries Commission and has acted as Chairperson/Director in a number of statutory bodies and government-owned organisations.

Profiles of Directors (cont'd)

Shakilla Bibi JHUNGEER

Non-Executive Director

Committee Assignments: Audit Committee (Member) and Corporate Governance, Sustainability and Nomination Committee (Member)

Qualifications

• LLM International Law and Criminal Justice, University of East London

Background

Shakilla Jhungeer is a barrister. She attended the Bar Vocational Course (BVC) at the College of Law, London from 2009 to 2010 and was called to the Bar at Lincoln's Inn in 2010 and to the Mauritius Bar on 20 January 2012.

Ms Jhungeer currently serves as Director on the Boards of SBM Holdings Ltd, SBM (Bank) Holdings Ltd, SBM (NBFC) Holdings Ltd, SBM 3S Ltd, SBM Kenya Ltd and Rodrigues Duty Free Paradise Ltd. She was a Board Member of the Independent Commission Against Corruption (ICAC) from February 2015 to October 2019.

Varun Krishn MUNOOSINGH

Independent Director

Committee Assignments: Audit Committee (Member), Corporate Governance, Sustainability and Nomination Committee (Member) and Human Resource Committee (Member)

Qualifications

• BSc (Hons) Economics and Finance, University of Mauritius

• MA Economics, University of Mauritius

Background

Varun Krishn Munoosingh is currently Assistant Permanent Secretary at the Prime Minister's Office, working in the Private Office.

He joined the public service in 2015 as Civil Status Officer. He was appointed Assistant Permanent Secretary in 2017 and was previously posted at the Home Affairs Division of the Prime Minister's Office and the Ministry of Defence and Rodrigues.

Mr Munoosingh is also a past Board Member of SBM Holdings Ltd and the Road Development Authority.

Profiles of Directors

Ushalini SHEWRAJ

Independent Director

Committee Assignments: Corporate Governance, Sustainability and Nomination Committee (Member), Human Resource Committee (Member) and Strategy and Investment Committee (Member)

Qualifications

- Master of Business Administration, University of Mauritius
- MSc in Information Technology, University of Mauritius

Background

Ushalini Shewraj started her career in the public service in 1999 as a Technical Officer at the Ministry of Agriculture. In 2002, she joined the Administrative Cadre and served as Assistant Permanent Secretary, mainly at the Ministry of Information and Communication Technology and the Prime Minister's Office.

She currently occupies the post of Deputy Permanent Secretary at the Ministry of Financial Services and Good Governance. She reckons more than 20 years of experience in Public Administration and Management. During her career, she has served on various Boards and Committees.

Chaitanand (Rishi) JHEENGUN

Non-Executive Director

Committee Assignments: Audit Committee (Member) and Risk Committee (Member)

Qualifications

- Fellow of the Chartered Governance institute UK & Ireland (ICSA)
- Master of Business Administration, Heriot-Watt University, Edinburgh

Background

Chaitanand (Rishi) Jheengun started his career in the public service in 1982 as Customs & Excise Officer at the Customs & Excise Department, Ministry of Finance. He took employment in 1990 with KPMG Peat Marwick and in the same year, joined the Stock Exchange of Mauritius (SEM) as Administrative Officer/ Company Secretary. He was the Group Company Secretary of SEM until 2018. He was Head of the Trading & Market Information Department, Compliance Officer and Money Laundering Officer and member of the Listing Executive Committee of SEM until February 2022.

Mr Jheengun is presently the Company Secretary of the Central Depository & Settlement Co Ltd and Chairman of the Sugar Insurance Fund Board. He is also a member of the ICSA – Mauritius Branch.

Profiles of Directors (cont'd)

Jairaj SONOO, C.S.K.

Non-Executive Director

Committee Assignments: Risk Committee (Chairperson), Human Resource Committee (Chairperson) and Strategy and Investment Committee (Member)

Qualifications

• Master of Business Administration, University of Surrey, UK

Background

Jairaj Sonoo is the Chairman of the State Investment Corporation Limited (SIC), the investment arm of the Government of Mauritius. He is the Group CEO of the National Housing Development Co. Ltd and Executive Director of New Social Living Development Ltd. Mr Sonoo has spent four decades in the banking sector at local and international level, including 38 years in various positions at State Bank of Mauritius Ltd. He served as CEO of SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive of SBM Holdings from November 2014 to September 2015. He was also Chief Executive - Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017.

During his tenure of office within the SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth, merger and acquisition. He also led the acquisition of a Kenyan bank, which marked the milestone for the Group's entry into East Africa. Mr Sonoo holds directorships in various investee companies of the SIC. He is also the Chairman of the Industrial Finance Corporation of Mauritius (IFCM) Ltd.

Group CEO's Review

Nandita Ramdewar
Group Chief Executive Officer

I take pride in SICOM's consistent delivery of its value proposition despite the prevailing market uncertainty. The past year has been both challenging and exciting in our transformational journey to strengthen our position as a leading and innovative Financial Services Group, aiming for new levels of success. Our commitment to growth and diversification remains unwavering, guided by our strategies to ensure a sustainable future and our aspiration to explore emerging business opportunities.

Macroeconomic Impact on our Industry

The IMF’s prognosis for economic growth in Mauritius in 2023 is 4.6%, presenting a promising opportunity for the sector. The domestic economy continues its recovery path and the upturn in the tourism and financial services sectors may lead to a rise in travel insurance and specialised coverage for financial institutions.

Moreover, we remain committed to providing competitive and relevant solutions while managing the impact of inflation on operational costs. The stable and attractive environment for foreign direct investment in Mauritius may also result in opportunities that we are considering.

The debt-to-GDP ratio of Mauritius, under the old definition, was 87.4% in 2022 and is projected to decrease to 78.0% in 2023. In July 2023, Standard & Poor's credit rating for Mauritius stood at BBB- with stable outlook, meaning that the country does not expect significant adverse movement in its rating in the next 12-18 months. Being an International Financial Centre in Africa with an Investment Grade ranking, Mauritius stands apart as one of just two African countries to hold such a rating.

While the projected economic growth in Mauritius opens new avenues in the Financial Services sector and other new sectors we are focusing on, we remain vigilant and adaptable to the evolving macroeconomic landscape.

Our Strategy

We, Management, are currently at the end of year one of SICOM's Group strategy 2022-2025. Four Pillars were identified, with objectives and projects under each pillar, and ESG being defined as the underlying foundation. The strategic projects and initiatives indicate SICOM's intent to balance growth, diversification, and digitalisation.

As such for the year under review, it is noteworthy to highlight that the SICOM Group boasts a remarkable rating score, a testimony of the high degree of safety regarding the timely servicing of its financial obligations and the low credit risk it carries.

We are also pleased to report that the objectives set have been met with major systems implementation and upgrade (Life, Medical, Pensions), the launching of a Mobile application, ESG benchmarking, including UN Global Compact, UN PRI, SigneNatir, and initiating diversification in new sectors like Fintech and Healthcare for the future growth of the company and increasing our investments exposure in high growth regions like India and Africa.

Customer-centric Approach

Delivering exceptional customer service remains at the core of our business. We have introduced a range of new products tailored to meet diverse customer needs. SICOM MaxInvest, combining life insurance with an investment component, and SICOM Unit Trust, provide comprehensive financial solutions that align with customers' long-term goals. SICOM RodCare, our in-patient medical insurance cover specially designed for customers in Rodrigues, reflects our dedication to offering solutions that cater to specific communities.

In our pursuit of accessibility and convenience, we have expanded our network of branches. The launch of a new branch at La Source Commercial Centre and a counter next to National Land Transport Authority office further strengthens our presence in the Flacq region. We have also successfully expanded our presence in the West of the island, positioning us for new opportunities and partnerships.

Our employee training programmes are aimed at enhancing the customer experience. We offered comprehensive Customer Care training to equip our staff with vital skills to understand and anticipate client needs, foster positive relationships and deliver exceptional service.

Employee Engagement and Growth

Obtaining the Great Place to Work® certification has been an important achievement for us and bears testimony to our firm commitment to our employees' well-being and professional growth. This recognition brings about several positive implications, including increased employee satisfaction, reduced turnover, improved customer service and enhanced productivity.

We place a strong focus on employee engagement, ensuring our team feels valued and connected to our mission. Events like the Employee Team Building Day, Music Day and alikes, encourage camaraderie and foster a positive work atmosphere.

> “*We place a strong focus on employee engagement, ensuring our team feels valued and connected to our mission*”

At SICOM, we uphold a culture of teamwork, trust, and respect. We believe in involving our employees in the decision-making process and encourage open feedback to cultivate a sense of ownership and empowerment. In line with our approach to diversity and inclusion, we also embrace and celebrate the uniqueness of our workforce.

Furthermore, our dedication extends to providing competitive benefits and perks to our human capital, as testified by the salary review exercise, recognising their invaluable contributions to our success.

Group CEO's Review

Embracing Digital transformation

The introduction of SICOM MyLink has empowered our customers by putting insurance management at their fingertips. The mobile app allows them to effortlessly handle their insurance policies and claims for more efficient and convenient interactions with us.

The launch of our revamped corporate website in July 2022 marked a significant milestone in enhancing our digital presence and providing an enriched online customer experience. The website serves as a user-friendly platform where customers can access essential information and seamlessly engage with our products and services.

As we continue on our innovation journey, we aim to explore and implement more cutting-edge solutions, providing our customers with innovative ways to connect with us and meet their evolving insurance needs.

Dedicated to Sustainability and ESG Principles

Sustainability lies at the heart of our business ethos and we are proud to uphold our commitment to sustainablility and ESG principles through several impactful initiatives. One such initiative is the SICOM Go Green programme, which fosters our environmental stewardship through actively engaging our employees in generating new ideas and implementing better ways to contribute to a greener and more sustainable future.

Moreover, we have aligned ourselves with prestigious international frameworks, including the UN Global Compact, UN Principles of Responsible Investment and the local sustainability network, SigneNatir. These partnerships demonstrate our leadership in driving collective action towards Sustainable Development Goals and net-zero objectives.

Further details are available in our Sustainability Report (see page 60), which outlines our progress, achievements and ongoing initiatives towards a more sustainable and responsible future.

Looking Ahead

Our Group is dedicated to enhancing its capabilities to navigate and thrive amidst current challenging market conditions. Our focus will be on continually enhancing customer experience.

Additionally, we recognise the significance of our people and their invaluable contributions to our success. We will continue to invest in fostering a resilient and agile workforce capable of adapting to evolving market dynamics.
Sustainability will remain integral to our journey as we explore opportunities to adapt and diversify our business model. Our commitment in this sphere will contribute to our long-term resilience while aligning us with global efforts to address environmental and social challenges.

> “*Sustainability will remain integral to our journey as we explore opportunities to adapt and diversify our business model*”

With unwavering determination, we remain confident in our ability to achieve sustainable growth and deliver value to all our stakeholders in the many years to come.

Appreciation

As we continue to lead and deliver on our 2022-2025 Strategic Plan, I am deeply thankful to our Chairperson and members of the Board of Directors for their valuable insights and support, which have been instrumental in our progress. I also wish to extend my thanks to the Government of Mauritius, our shareholders, pensioners, and other stakeholders for their continuous support and encouragement. My heartfelt appreciation also goes to our customers for their continued partnership and trust.

Above all, I extend my sincere gratitude to my dedicated Management Team and Colleagues, for their hard work and unwavering commitment to the SICOM Group.

Highlights on Financial Performance

Investment

For the financial year ended 30 June 2023, SICOM experienced a healthy financial performance amidst a volatile market backdrop. Despite a tumultuous 2022 marked by global uncertainty, there was a strong rebound in the first half of 2023. Total investments under management surged from MUR 66.5 billion in 2022 to MUR 72.0 billion in 2023. Investment income escalated to MUR 2.5 billion, a substantial increase from the previous year's MUR 2.1 billion.

Life Insurance

The fund value of the Life Assurance Fund reached MUR 14.4 billion which represents an increase of 6.7% as compared to last year. The Group and Individual life businesses ended with a Gross premium figure of MUR 2.4 billion as at June 2023 (MUR 2.7 billion - June 2022). The surplus before tax has increased from MUR 268.0 million to MUR 1.1 billion mainly due to the impact of the positive performance of our overseas investment portfolio. The transfer of surplus to Shareholders' Fund stood at MUR 23.0 million compared to MUR 10.6 million last year.

Group Pensions and Actuarial

The net assets of the Pension Funds reached MUR 46.2 billion as at 30 June 2023 (MUR 42.0 billion - 30 June 2022). The unaudited excess of income over outflows for the year under review was MUR 4.2 billion compared to MUR 1.5 billion last year due to better performance in overseas financial markets. During the year under review, some 65,000 statements of benefits were issued to members of Group Pensions schemes under our administration. SICOM now pays pensions to some 13,000 pensioners amounting to MUR 3.1 billion per annum.

General Insurance

The Gross Earned premium for 2022/23 showed a growth of 9.7% to reach an amount of MUR 1.5 billion (2022: MUR 1.4 billion). All classes of insurance contributed to the increased premium. We also invested in a new medical insurance platform which will allow us to provide more avant-garde solutions to our clients. The Profit before Tax for the financial year reached an amount of MUR 30.0 million, compared to MUR 83.1 million for the previous year. The decrease is mainly attributable to increase in net incurred claims of MUR 158.7 million explained by a rise in motor claims following increase in cost of spare parts caused by the depreciation of the rupee vis-à-vis foreign currencies, monopoly situation of car dealers and significant increases in freight costs.

Financial Services

Profit before Tax stood at MUR 29.7 million for the year ended 30 June 2023, higher than last year's Profit Before Tax of MUR 8.2 million. Net investments in finance lease reached MUR 755.2 million for the financial year ended 30 June 2023 as compared to MUR 697.1 million last year, a net increase of 8.3%. Personal loans business performed well during the year under review, with a total amount of MUR 265.8 million disbursed.

Property

The property business is involved mainly in property development, that is, acquisitions, improving of building and arranging for new ones to be built. Opportunities are actively searched for locally and will be extended to overseas in the near future. Up to now, SICOM has MUR 2.1 billion worth of investment properties. This property business vertical continues to generate a stable yield to the Group.

Senior Management Team

Nandita RAMDEWAR
Group CEO

Dev K Gopy
Chief Investment Officer

Theresa M. Lee Shing Po
Chief Support Officer

Vanisha Pursun
Chief Actuarial Officer

Surendranath Ancharaz (Kiran)
Senior Executive Officer
General Insurance

Pritty Appadoo
Senior Executive Officer
Risk & Support Services

Cheman Baguant
Senior Executive Officer
IT

Atma Beeharry
Senior Executive Officer
CX

Mohammad Fayaz Budaly
Senior Executive Officer
Property, Facilities & Procurement

Moorganaden Chadien (Ruben)
Senior Executive Officer
SFSL & Loans

Lohit K L Cheeneebash (Bobby)
Senior Executive Officer
Life

Vasoodevsing J. Seeroo (Rajeev)
Senior Executive Officer
Actuarial

Chandan (Ashwin) Prayag
Senior Executive Officer
Investment

Hans Sooknah
Senior Executive Officer
Finance

Management Team

Ackbaree Aumerally Arekion
Manager
Human Resources

Jessen Curpanen
Manager - IT

Mahesh Dookhee
Manager
Life

Prithi Mewasingh
Manager
Legal

Ashley Kumar Moti
Manager
Personal lines & Business Development

Mitradev Ramanah
Manager
Group Pensions (Finance & Support)

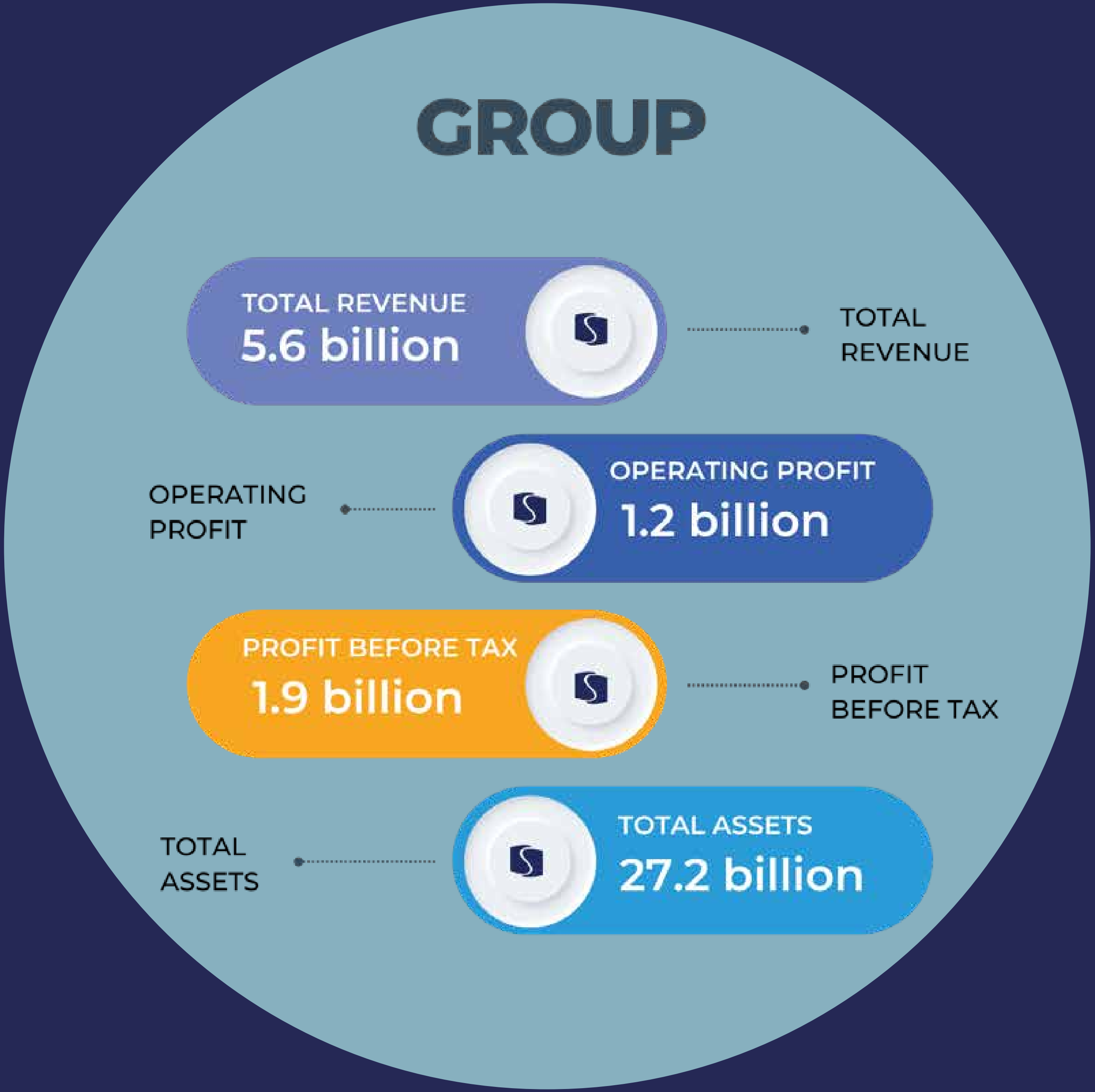
Keswaree Sandhya Seesaha
Manager
Finance

Ashvin Sookenram
Manager
Property and Casualty

Khoosraj Soyjaudah
Manager
Internal Audit

Neermul Suneechur
Manager
Group Pensions (Technical)

Financial Highlights



LIFE

- GROSS PREMIUMS: 2.4 billion — GROSS PREMIUMS
- NET BENEFITS: 1.9 billion — NET BENEFITS
- SURPLUS BEFORE TAX: 1.1 billion — SURPLUS BEFORE TAX
- LIFE ASSURANCE FUND: 14.3 billion — LIFE ASSURANCE FUND

SGIN

- GROSS PREMIUMS: 1.5 billion — PREMIUMS
- NET CLAIMS: 615.4 million — NET CLAIMS
- UNDERWRITING SURPLUS: 237.9 million — UNDERWRITING SURPLUS
- PROFIT BEFORE TAX: 30.0 million — PROFIT BEFORE TAX

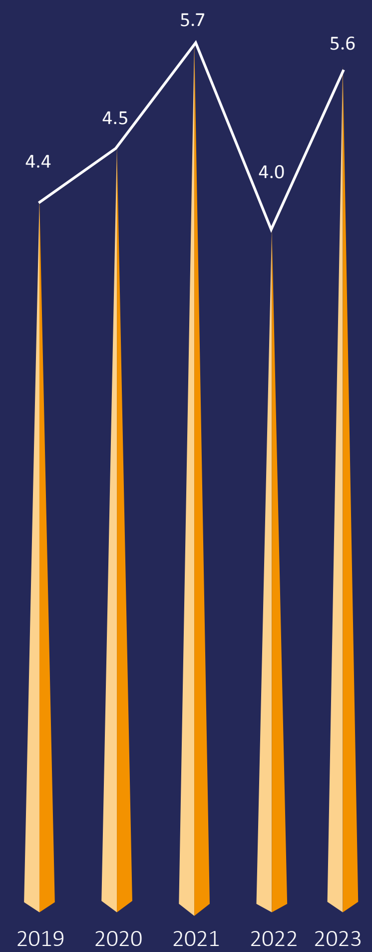
SFSL

- PROFIT BEFORE TAX: 29.7 million — PROFIT BEFORE TAX
- NET INVESTMENT IN FINANCE LEASE: 755.2 million — NET INVESTMENT IN FINANCE LEASE
- INVESTMENT IN PERSONAL LOANS: 707.0 million — INVESTMENT IN PERSONAL LOANS
- DEPOSIT TAKING: 1.6 billion — DEPOSIT TAKING

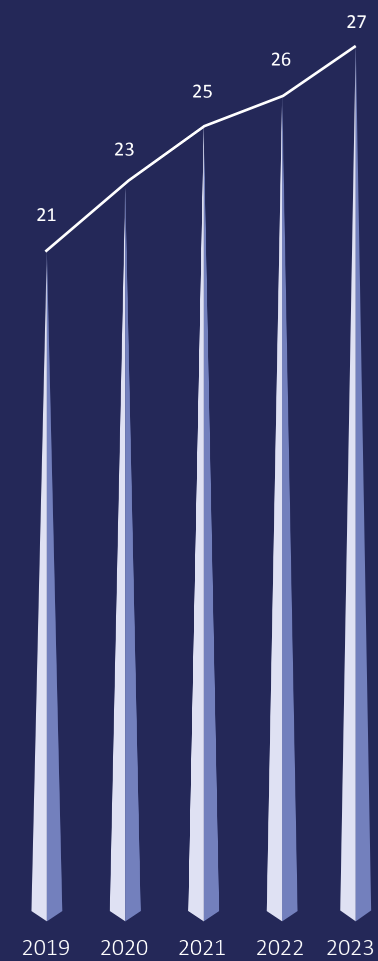
OTHERS

- PROFIT BEFORE TAX: 2.3 billion — SICOM GLOBAL FUND (ALL FUNDS)
- PROFIT BEFORE TAX: 174.0 million — SICOM MANAGEMENT LTD
- NET ASSETS UNDER ADMINISTRATIONS: 46.2 billion — GROUP PENSIONS
- SECURED LOANS: 2.2 billion — SECURED LOANS

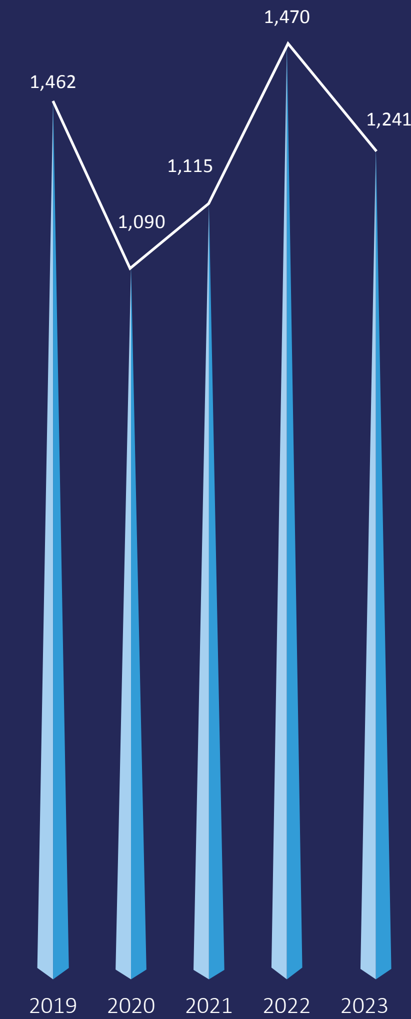
Financial Highlights
(Group)



TOTAL REVENUE
(MUR bn)

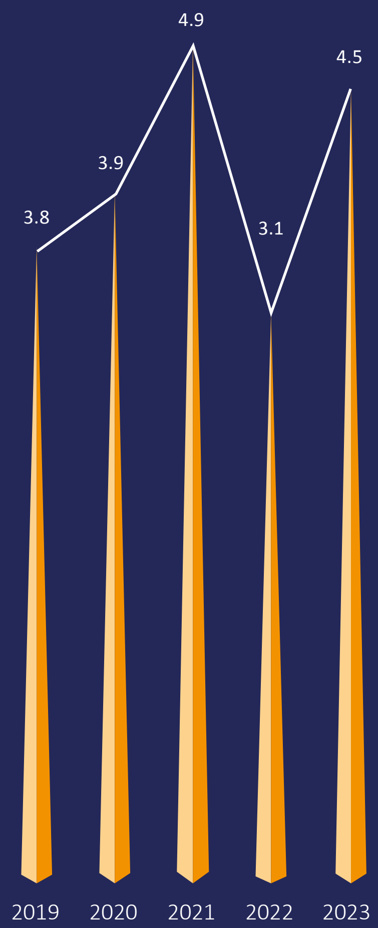


TOTAL ASSETS
(MUR bn)

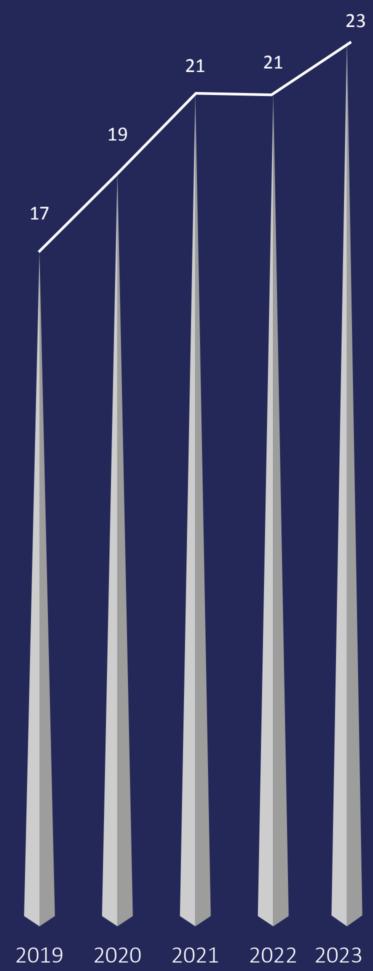


OPERATING PROFIT
(MUR m)

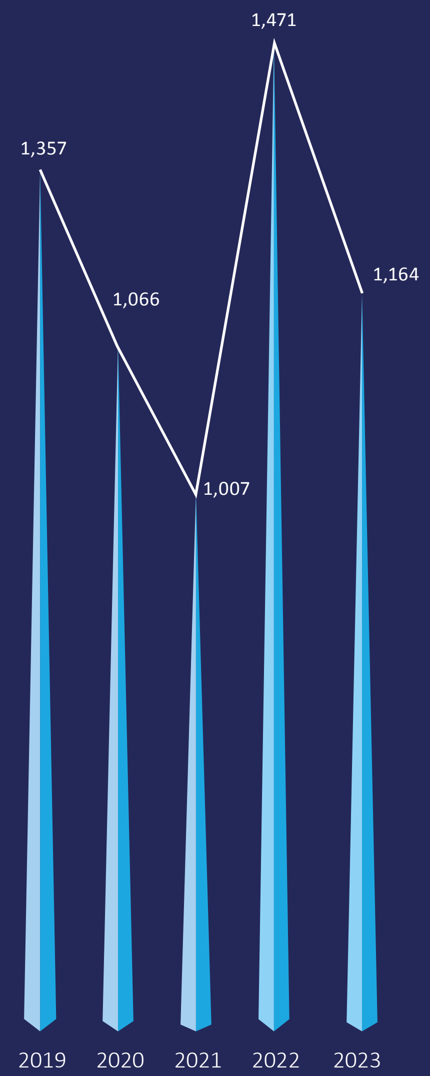
Financial Highlights
(Company)



TOTAL REVENUE
(MUR bn)



TOTAL ASSETS
(MUR bn)



OPERATING PROFIT
(MUR m)


SICOM
GROUP

Strategy at the Core of our Ambition

Our Ambition and Strategic Intent

The following are SICOM strategic pillars with sustainability and ESG as the underlying bedrock.

Sustainability and ESG

- **Business Growth and Diversification**
- **Customer Experience and Digitalisation**
- **Governance and Risk**
- **Employee Engagement and Development**

The key strategic pillars include growing the top line, improving customer value through process excellence, strengthening governance and risk management, engaging employees in personal and business development, and prioritising sustainability and ESG principles. Recognising the demanding economic landscape and evolving stakeholder expectations, our strategy aims to consolidate existing operations, effectively execute projects and initiatives and place sustainability at the core of our business development.

The Strategic Plan 2017-21 served as the bedrock for SICOM's continued development, enabling the Group to navigate through the unforeseen challenges posed by the COVID-19 pandemic and volatile market conditions. Building upon this foundation, we have started the implementation of our Strategic Plan 2022-25 with a resolute focus on "Consolidation, Execution & Sustainability" as overarching theme.

SICOM GROUP

[FY 2017 TO 2021]

Setting the foundation for growth

- Digital Transformation
- Culture Shifts
- Strengthening the Brand
- Customer-Centricity

[FY 2022 TO 2025]

Consolidation, Execution & Sustainability

- Top Line Growth
- Governance and Risk
- Customer Value through Process Excellence
- Employer of Choice
- Environment, Social and Governance initiatives

[FY 2024 AND BEYOND]

SICOM for a better Mauritius

- Investing in new business verticals
- Increased collaboration with regional and international partners
- ESG embedded in the operations
- Physical footprint in Africa

Our Ambition and Strategic Intent

In line with a commitment to driving sustainable growth and value creation, SICOM relies on its strategic pillars which serve as the foundation for 2023-25. By prioritising these key areas, the Group aims to drive expansion, enhance customer experiences, ensure effective governance and risk management, and foster a culture of engagement and development among its employees. Our strategic action plan is underpinned by a firm commitment to sustainability and ESG principles.

Business Growth & Diversification

SICOM is ambitious about growing its customer base and business reach in the untapped market locally. Marketing and business development initiatives have been rolled out to make SICOM as a top-of-mind brand for customers looking for insurance solutions.

With a forward-looking approach, SICOM also aims to further expand its business activities and its presence beyond domestic borders by venturing into new markets and capitalising on global opportunities in order to strengthen its international footprint and make the most of untapped potential. Another area of focus is growing the advisory business, using its expertise and knowledge to provide comprehensive and tailored solutions to clients.

Furthermore, the Group is focused on diversifying its business and leveraging its expertise and resources in the property market to optimise returns and create long-term value for its stakeholders. SICOM remains committed to expanding its presence and capitalising on emerging opportunities such as property acquisitions, land acquisition, and upgrading existing infrastructure.

Customer Experience & Digitalisation

SICOM places great emphasis on enhancing customer service and distribution channels, ensuring that clients receive exceptional support and seamless access to its products and services. Moreover, product development remains a key priority, as SICOM strives to introduce innovative and market-leading offerings to meet evolving customer needs.

SICOM's digital transformation strategy lies at the core of its efforts to drive innovation, foster growth and deliver exceptional customer experiences by embracing embedded Insurance and establishing an API Marketplace. Initiatives under this strategy have enabled the Group to collaborate with strategic partners, fostering a robust ecosystem that promotes mutual growth. They have also unlocked synergistic opportunities.

SICOM aims to expand its customer base by strengthening brand loyalty through enhanced customer interactions. This integrated approach to digital transformation empowers the Group to stay ahead in a rapidly evolving industry and adapt to changing market dynamics.

Furthermore, SICOM recognises the importance of seamless and convenient payment solutions in today's digital landscape. To this end, the Group is actively integrating with the Digital Payments Ecosystem. This will offer alternative payment methods, catering to the preferences of a wide range of customers. By increasing digital adoption and decreasing reliance on traditional payment channels, SICOM can streamline operations and reduce operational costs. Additionally, this integration enhances customer convenience, providing them with flexible and secure payment options.

Moreover, SICOM plans to further capitalise on the transformative power of Data Analytics and Business Intelligence to drive operational excellence, achieve greater efficiency and unlock valuable insights that shape the company's future strategies. By harnessing the potential of data, the Group aims to improve performance visualisation, making it easier to monitor and evaluate key metrics. Through effective communication of insights derived from data analysis, decision-making processes can be enhanced at all levels of the organisation. Additionally, data-driven management dashboards provide a comprehensive view of performance, enabling real-time tracking of key indicators.

Governance & Risk

Recognising the growing significance of Governance and Risk Management in today's digital landscape, SICOM has placed a strong emphasis on bolstering its corporate governance, risk management frameworks, policies and cybersecurity measures.

During the financial year SICOM has participated in the Corporate Governance Scorecard assessment by the National Committee on Corporate Goverance (NCCG) with the aim to maintain strong governance and compliance practices. It also sought external validation from a credit rating agency, CARE Ratings (Africa) Private Ltd, to testify its financial stability, high degree of safety regarding the timely servicing of its financial obligations and the low credit risk it carries.

The Group also developed and implemented new policies that align with industry best practices and regulatory requirements, fostering a culture of security and compliance across the organisation. An enhanced Business Continuity Plan (BCP) is also being implemented according to ISO 22301:2019 to improve overall resilience of the company and help minimise downtime in the event of a disruption. This proactive approach will allow the Group to swiftly address emerging threats, reducing potential disruptions and protecting its digital infrastructure.

SICOM is committed to maintaining cyber maturity controls and continuously adapting to evolving cyber threats. The Group regularly assesses and enhances its security management practices to stay ahead of emerging risks. By remaining vigilant and proactive, SICOM aims to effectively mitigate cybersecurity risks. Following a Cybersecurity Maturity Assessment (as per Federal Financial Institutions Examination Council's Framework), the Group has earmarked a range of initiatives to mitigate cyber threats and ensure the protection of its assets, data and customer information. The Group thus aims to continue fortifying its cybersecurity posture, promptly identifying and neutralising potential threats to safeguard its operations and maintain the trust of its stakeholders.

Employee Engagement & Development

SICOM values the critical role of its Human Resources in driving the organisation's success and growth. As part of its strategy the Group has outlined several key initiatives to strengthen this function and ensure the development and retention of top talent. A primary focus is the embedding of a new Performance Management System ("PMS") platform to enhance a performance-driven culture that promotes transparency, accountability and continuous improvement. By nurturing a positive work environment and investing in the development and well-being of its employees, the Group aims to maintain a highly skilled and engaged talent pool, ensuring continuity and sustained success.

In line with SICOM's commitment to nurturing a pipeline of capable leaders, a Succession Plan roadmap is being devised to outline key positions within the organisation and identify potential successors in order to ensure a smooth transition of leadership and continuity in critical roles.

SICOM provides employees with flexible and accessible training and development opportunities, enabling them to acquire new skills and knowledge to adapt to evolving business requirements. Furthermore, the Group plans to develop a Talent Management Framework to identify and nurture high-potential individuals within the organisation, ensuring a robust pipeline of future leaders.

Lastly, SICOM is committed to continuously support its employees during the transformation to optimise operational efficiency and enhance collaboration across different departments, empowering employees to work more effectively and efficiently.

Sustainability & ESG

SICOM's commitment to Sustainability & ESG initiatives has been further reinforced in financial year 2023 through the signing of three major agreements. The Group has become a signatory of the UN Principles for Responsible Investment ("UN PRI"), an organisation dedicated to promoting environmental and social responsibility among the world's investors, the UN Global Compact and SigneNatir for a sustainable and inclusive Mauritius, a community initiative led by Business Mauritius.

As part of its ESG initiatives, SICOM has been actively contributing to the social and economic development of Mauritius through empowering the youth, promoting sustainable waste management practices and improving access to quality healthcare services.

Furthermore, SICOM is committed to driving positive change in key areas such as energy transition, biodiversity preservation, building vibrant communities, fostering inclusive development and promoting a circular economy.

For a Better Mauritius

Beyond its strategic pillars, the Group recognises the importance of transitioning to cleaner and more sustainable energy sources and is investing in renewable energy projects to contribute to Mauritius' energy transition goals. SICOM is also exploring opportunities in the healthcare sector, aiming to enhance infrastructure and services in alignment with the evolving needs of the community.

Additionally, in line with its commitment to nation-building, SICOM is actively looking for opportunities to invest in the education sector, which aims to provide world-class opportunities and support the development of a skilled workforce. Furthermore, the Group is looking to foster innovation and entrepreneurship and is consistently exploring prospects in the FinTech domain which will help in the growth and development of the financial technology sector in Mauritius.

As part of its expansion plans, SICOM aims to become a reinsurer for Africa, leveraging its expertise and experience to support the insurance industry across the continent. The Group plans to diversify in wealth management services in Mauritius and Africa to cater for the financial needs and aspirations of the aging population.

And Beyond?

In the face of ongoing economic challenges and rapidly evolving market dynamics, SICOM's commitment to executing its strategy with precision and embracing sustainable practices becomes increasingly crucial. By aligning its operations and initiatives with the strategic themes outlined in the Strategy Plan 2022-25, the Group endeavours to thrive in a rapidly changing business landscape, deliver value to its stakeholders, and fulfil its responsibilities as a socially and environmentally conscious organisation.

Looking beyond 2023, the Group remains focused on its growth and diversification journey, aiming to expand its revenue streams through the pursuit of new business verticals. Through innovation and market opportunities, SICOM is ambitious to invest strategically so as to capitalise on emerging sectors and explore collaborations with regional and international partners.

The Group will also continue embedding sustainable processes into its operations, ensuring that responsible business practices are an integral part of its growth trajectory. Additionally, the aim is to establish a physical presence in Africa, leveraging the continent's vast potential and emerging markets to further enhance its reach and impact.

As SICOM progresses, it remains agile, resilient and responsive to evolving market dynamics, while delivering value to its stakeholders.

Value Creation Model

Our Purpose

Our Vision

Our Values

SIX CAPITALS

- FINANCIAL
- HUMAN
- MANUFACTURED
- INTELLECTUAL
- SOCIAL
- NATURAL

Financial

- Strong financial stability (strong liquidity with a diversified portfolio, Assets under Management of MUR 72.0 bn and Total Assets of MUR 27.2 bn)
- A diversified investment portfolio
- Rated by CareEdge Ratings

Human

- Employer of Choice (Certification by Great Place To Work)
- Talented and committed team members
- 54% women in employment
- A human capital strategy focused on well-being and inclusivity
- Learning and development while recognising ability and merit are now enhanced through the newly established PMS system

Manufactured

- Property valued at MUR 2.1 bn
- 6 branches
- Digital Experience Platform
- IT infrastructure worth MUR 123.6 m

Intellectual

- Unique industry (insurance and investment) expertise and knowledge
- Talent management and development
- Digital platform encompassing process optimisation
- Branding and marketing strategies
- Collaborative partnerships
- Data analytics and insights
- Robust governance and enterprise risk management framework

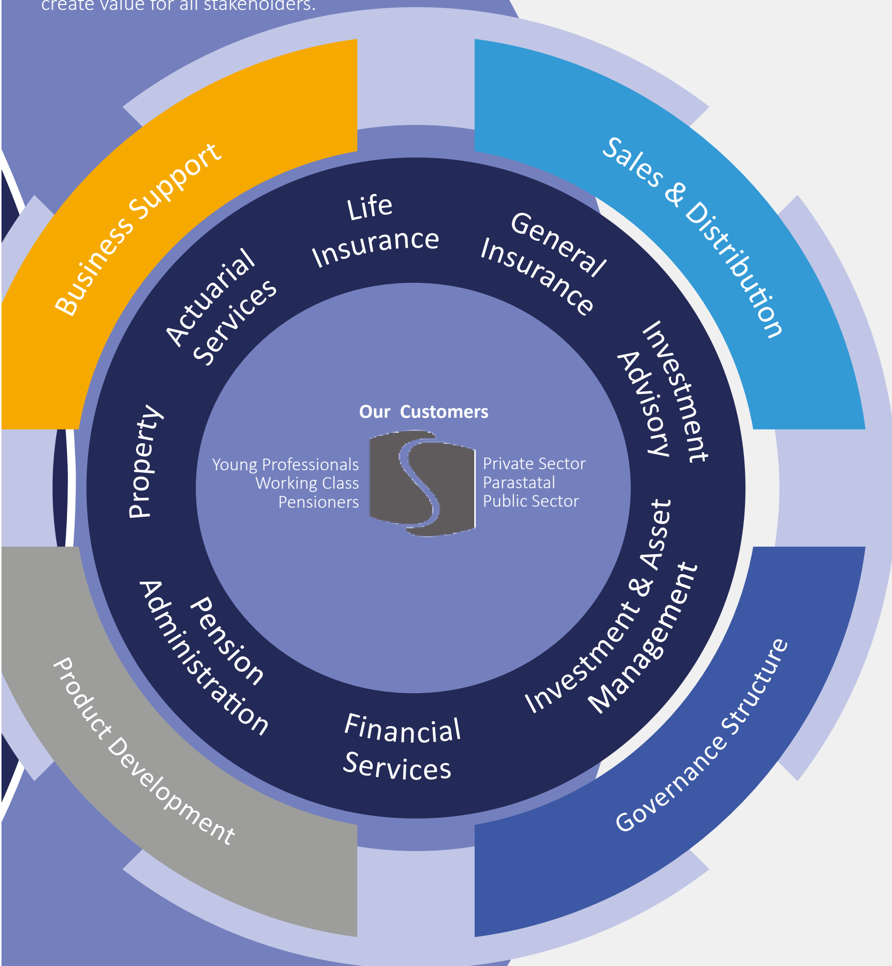
Social and Natural

- Training on sustainability
- Affiliation to local and international frameworks to contribute to UN SDGs and create paths towards net-zero emissions (SigneNatir, UN Global Compact, UN Principles of Responsible Investment)
- ESG-related projects (MUR 2.2 m sponsored)
- Green building initiatives such as inverter air conditioners and LED lights
- Other social and environmental projects such as Renal OPD at Victoria Hospital, road embellishment

SIX CAPITALS → **OUR AMBITIONS** → **OUR RESOURCES** →

BUSINESS ACTIVITIES AND OUTPUT

SICOM Group has transformed into a well-integrated large financial services group where business, support functions and management collaborate in harmony to create value for all stakeholders.



- Profit before Tax (MUR 1.9 bn), return to profitability and market growth
- Dividend to Shareholders and 13% ROI
- More visible as a strong brand and increased business opportunities

- Engaged and satisfied workforce
- Improved organisational culture
- Work-life balance
- Improved technical, soft and digital skills of employees to embrace the future of work
- Innovation and creativity
- Better leaders and higher skilled employees

- Growing property business
- Better reach to customers over the island
- Seamless service across our distribution channels
- Reduced number of customer complaints
- Productivity and costs savings

- Leveraging expertise to expand business locally and in Africa
- Cross-selling opportunities among different business lines
- Enhanced customer experience and business opportunities
- Incorporating business intelligence in decision-making
- Proactive governance and risk management

- A sustainable corporate culture and ESG awareness among employees
- Group strategy aligned with leading ESG practices
- Youth Empowerment by supporting NGOs involved in empowering vulnerable children and youths such as Ecole des Métiers, ANFEN and SAFIRE to support economic and social stability
- Reduced carbon footprint towards achieving net zero objective by 2040
- Recognition as a responsible corporate citizen

OUR BUSINESS ACTIVITIES → **OUTPUT**

Our Digital Milestones

SICOM has been modernising its operations through consistent investment in latest technology to improve efficiency. Digitalisation programmes have been set up to streamline processes, manage risks, reduce turnaround time, automate workflows and document management, robotise routine activities and embrace cloud technologies. Legacy policy applications are gradually being replaced to keep pace with new business demands and services.

December 2017
Launch of SICOM's Customer Portal
General Insurance, Life, Loans, Leasing and Pensions customers' access to their policies

September 2018
New mobile-friendly SICOM website
Revamping of sicom.mu to provide a central, mobile-friendly website

September 2018
Introduction of instant quote functionality
Instant quotation available for Loans, Leasing and Deposit

June 2020
Roll-out of Life Insurance Online Sales Platform
Instant quote, E-proposal, Onboarding, E-payment

August 2020
Launch of Intermediaries Platform for Life
Instant quote, E-proposal, Back office reporting

September 2020
Launch of e-platform for My Speedy Loan
Digital customer onboarding

September 2020
Establishment of Digital Marketing and Communications function

March 2021
Launch of e-platform for Unsecured Loans
Instant quote, Eligibility, E-proposal

June 2021
Launch of e-platform for Motor Insurance
Digital onboarding of Motor Insurance customers and online selling

June 2021
Computerisation of Payroll system
Processing of Pensioners' payroll

September 2021
Launch of e-platform for Medical Insurance
Instant quote, Eligibility, E-proposal

September 2021
Revamp of e-platform for Leasing
Instant quote,
Eligibility,
E-proposal

October 2021
Integration of Robotics for processes across SICOM
Automation of repetitive tasks

January 2022
Surveyor Portal
Back-office reporting

June 2022
Medical Application

December 2022
Life Application

January 2023
Enhanced Customer Portal

April 2023
Mobile App - V1.1
New Platform offering a one-stop portal where customers can access all their information and carry out transactions

June 2023
Online quotes
An integrated solution for General Insurance, Life Insurance, Loans & Leasing.

July 2023
Online Portal
Access to policies and quotes, online application for new products, payment for product purchase and arrears as well as submission of claims and viewing of claims status

September 2023
Loyalty Programme
Issue of membership cards, allocation of points, ordering of gifts/vouchers, tracking of orders and points history

August 2023
Mobile App V2.0
Additional features like mobile payment, viewing of claims status, sending location for claim Submission and enhanced user interface

September 2023
Digital eXperience Platform (DXP)
A unified platform that delivers an omni-channel experience to SICOM customers

November 2023
Agent Portal
A platform allowing for self-registration, issue/viewing of quotes, agent stats and KPIs as well as submission/viewing of claims

Digital Transformation

Digital Payments

To support the company-wide strategy in deploying digital payments and e-services, SICOM has partnered with key players in the payments market to provide a complete range of payment options, such as cards and digital. Customers can now avail of mobile payment facilities through Blink, POP, my.t money and Juice for convenience and an improved payment experience.

This initiative has the advantage of increasing the online payment adoption rate by providing a wider choice to customers and at the same time reducing the cost of operations due to lower service commissions.

Business Applications

SICOM has revamped some of its key applications to sustain the change in business needs and introduction of new products and services. The Life Insurance business has replaced its legacy applications technologies and migrated to a new platform in early July 2023. The Group Pensions systems and General Insurance applications have also been upgraded to cater for new business needs and audit requirements, respectively.

Some business operations are also being consolidated on common systems to ensure standardisation of processes and improved data quality and management across the Group. Centralised customer management and revenue collection systems are being implemented.

The Life Insurance customer process has recently been shifted to a centralised system, and so has revenue collection for housing and policy loans. In addition, the SMS and email gateways have been integrated with these centralised systems to support paperless receipts and different types of digital communication with our customers.

The Support applications are also being renewed to align with changes in the business environment. A new Human Resource Management System, with online features available to staff would soon be operational. Electronic document management services have been extended to the following departments: Financial Services, Pension Administration, Actuarial Services and Facilities. As part of the business continuity initiative, online signature has been extended to the Finance and HR departments.

We strongly believe that a great deal of efficiency is gained by linking our partners, third parties and customers with our internal platforms. In this financial year, we have extended our surveyor portal to accredited garages, allowing them to record repair estimates online. Similarly, new medical portals have been implemented for smooth information exchange with our medical service provider, intermediaries and customers.

Cloud Journey

SICOM started its cloud transformation in 2020 with the implementation of Office 365 and it is well set out on this journey. During financial year 2022-2023, SICOM migrated the surveyor portal to ensure higher availability to third parties. On the technology side, the Group has shifted its IT helpdesk applications to manage all user requests while developing the Office 365 backup solution on the cloud with unlimited storage.

Moreover, SICOM has worked closely with the Ministry of Information Technology, Communication and Innovation on the citizen portal initiatives, more specifically the MoCloud services, to enable contributing members of our Group Pensions to access their annual statements of benefits. This project is part of SICOMs GoGreen initiative to reduce energy consumption and usage of paper.

Innovation

SICOM has also embarked on AI initiatives since 2020 with robotics automation. During this financial year, we have introduced Cognitive Document Processing Automation which leverages AI (Machine Learning, Neural Networks and Natural Language Processing) with OCR/ICR technologies to extract entities from structured and unstructured documents. This solution has been implemented in the Legal and Motor departments and is being further extended to Non-Motor departments.

Security

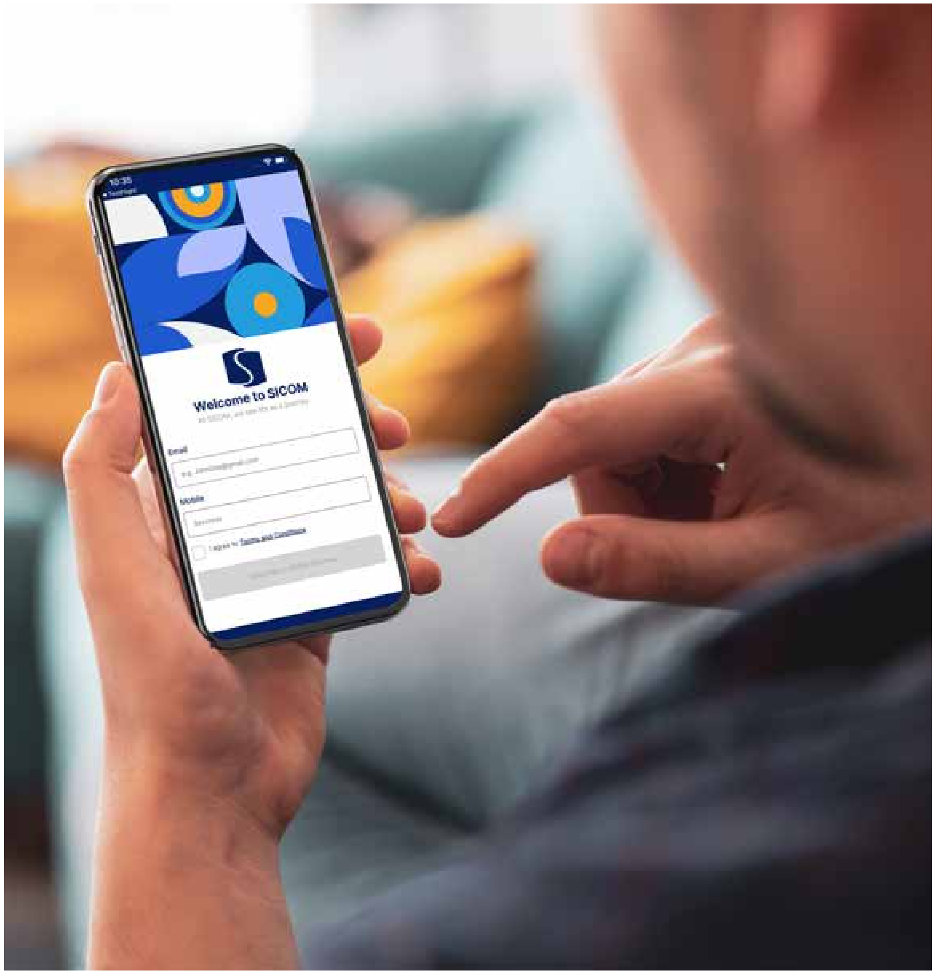
Information security continues to be a key theme in SICOM’s risk management forum, and a number of security concerns have been addressed in the reporting year. The Group conducted a cyber maturity re-assessment and took the necessary steps to achieve the ‘Baseline’ standards. The security policies were revisited and improved the security for endpoints protection. SICOM implemented a Web Access Firewall to protect Internet-facing applications and a Mobile Device Management solution to protect mobile devices. A secured centralised printing solution has also been deployed for monitoring purposes. SICOM conducted several penetration testing have been conducted on the Surveyor and Medical portals. SICOM’s target is to move to an ‘Evolving’ stage to demonstrate its commitment to the Cyber Maturity standards.

Product Development

The shift in consumer behaviour has urged SICOM to address the needs of the market in a different way. The challenge remains to adapt to the new market, which has seen a transition from B-2-C to B-2-Me, requiring personalisation through the development of adaptive and flexible products and services that emotionally connect with the individual.

The launch of a new Unit Link Product, MaxInvest or RodCare Medical Insurance are proven examples of the flexibility shown in adapting our product development strategies to answer the growing needs of our customers and public at large, as well as targeting new audiences.

To reach out to certain targeted segments, through-the-line and below-the-line advertising are being favoured, thus demonstrating the shift from out-of-home to social media & Google advertising, which are yielding awareness and leads to our digital platforms.



Our SICOM Brand

Branding & Communication

During the last few years, the focus has been to promote the SICOM brand to set the SICOM Group on the path towards increased visibility and modernisation of its image.

The financial year under review has witnessed a revamp of our brand through a new modern visual in line with the latest marketplace trends. Two new high-visibility billboards have been on display in Rose Belle and Tamarin respectively for increased brand awareness across a wider geographical coverage, adding up to a total of 8 permanent billboards across the island. The hosting of Open Days on a monthly basis and targeted high-net-worth sponsorship events have further enhanced our brand value and presence by reaching out to a niche and target audience, thus increasing proximity and brand awareness.

A major highlight in line with our objectives of sustaining our brand presence is the wrapping of a Metro Express train. This momentous branding initiative has garnered a wide range of publicity and public relations via all media channels. In addition, SICOM's involvement in the development and airing, in collaboration with the Mauritius Broadcasting Corporation, of a series of 'Eclairage Economique' episodes highlighting the various activities of the Group is another notable milestone in the public relations space.

This coherent branding and communication strategy would yield positive results over the long term by further improving communication with both our internal and external stakeholders, along with increasing the visibility of the Group and enhancing top-of-mind brand recall by promoting an image that is consistent with its stature and performance.

Enhancing the Customer Experience

The year 2022-2023 marked another significant milestone in SICOM's ongoing commitment to enhance the customer service experience and create greater value for all stakeholders. As part of our Strategy Plan 2022-2025, we leveraged customer-centric processes and digital technology to implement a customer experience improvement programme.

With a view to providing a 'One Company, One Customer, One-Experience' approach, a review of all customer engagement processes and communications has been conducted to standardise customer service levels across the Group. New channels and engagement points have been catered for via surveys and social media platforms to promote two-way communication, thus fostering an effective 'Voice of the Customer' strategy.

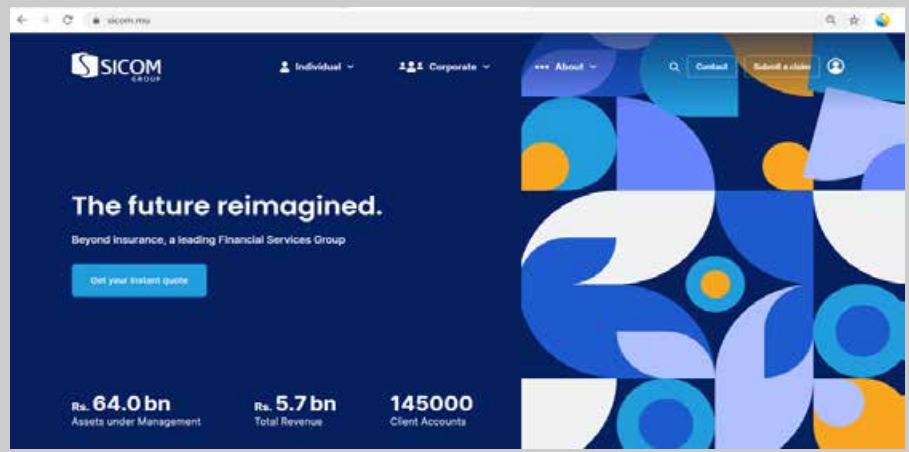
A new customer engagement model through our partnership with a local service provider has significantly supported the transformation of some of our key customer processes. We drew on a pool of dedicated communication professionals with the right expertise and focused on more engagement with our customers to address their growing expectations by delivering efficient and outstanding service. With an average of 65% of leads emerging from digital and social media channels, our local partner has integrated comprehensive lead management processes that have positively impacted our sales strategy during the financial year.

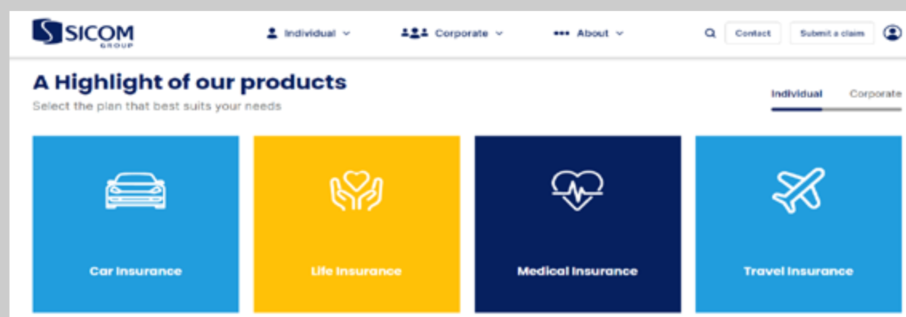
Digital Transformation

SICOM's digital transformation process has also played an integral part in advancing our customer experience improvement agenda. Our digital transformation journey kicked off in July 2022 with the launch of the revamped SICOM website. We took a customer-first and responsive design approach, and used state-of-the-art web development techniques to set out appealing page designs, contents and artwork to improve navigability. Overall the revamped website displays a fresher look and the modern feel of the Group's new visual identity.

In the same vein, the SICOM MyLink mobile application was launched in October 2022 to provide a centralised platform for customers to access our services and to engage with SICOM through an array of e-services. Functionalities such as overview of policies, instant quotes, claim submissions and feedback forms will foster more engagement and promote two-way communication with the audience across a consolidated, modern platform.

With the added facilities and convenience of digital and mobile platforms for customer interactions and engagement there has been a shift in our way of doing business for onboarding, servicing, and claims processing.





Connected to our Stakeholders

The Group is dedicated to addressing all significant concerns that affect stakeholders across its various businesses. This commitment involves making information accessible through different engagement platforms. Managing relationships with stakeholders is of the utmost importance, as is the adherence to effective industry and international governance standards. This approach ensures that the Group can adequately address and respond to the needs and opinions of its stakeholders..

Why are these stakeholders important to us?	What are their concerns/interests?	How did we address their concerns/interests?	Channels used to engage with our stakeholders
Customers (Individual and Corporate) SICOM generates revenue, through customers purchasing our products and services. We offer them quality service and fairly priced products to help them meet their financial needs and obligations. Our competitive advantage leverages on providing our customers with financial education and advice for best financial practice, while encouraging savings, investment, credit behaviour and retirement readiness.	• Omnichannel experience and ease of use • Responsible and appropriate advice • Fast and efficient customer service • Innovative and flexible products and solutions tailored to individual needs • Relief in times of financial difficulty • Access to quality services	• Launched new products and initiatives to enhance our customer proposition • Provided value for money financial solutions to our customers in a responsible way • Used robotics to simplify our processes, reducing our transaction time in servicing and processing client requests • Call centre services for greater availability • Enhanced our digital platform channels to drive digital engagement • New bancassurance partnerships to connect to and serve customers	• Traditional distribution channels (including branches and worksites) • Mobile app • Customer portal • Customer satisfaction surveys • Online sales platform • Media channels • Annual Report • Newsletters • E-mails
Shareholders Our shareholders provide for our financial capital so that our businesses can compete in their chosen markets and support sustainable growth.	• Long-term sustainable financial returns and distributions • Clear strategic direction and consistency in operational execution • Experienced management team • Strong governance, ethics and transparency • Transparent reporting and disclosures • Strong financial control environment including corporate governance and ethics frameworks • Support country's economic development goals	• 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 Meeting • Annual Report • Website • Customer portal • Digital tools • Media channels

Why are these stakeholders important to us?	What are their concerns/interests?	How did we address their concerns/interests?	Channels used to engage with our stakeholders
Employees Our people are our greatest assets and their welfare is of utmost priority. We rely on our highly-motivated and engaged employees to put our customers first in everything that they do and to act as brand custodians, enabling SICOM to execute its strategic priorities and generate long-term value for its investors.	• Competitive reward structures and benefits • Career growth and development opportunities • An inclusive culture that is safe and enabling • Addressing 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 to motivate employees to pursue their self-development. • Invested in various employee skills development and mentorship initiatives, including technical courses • Various communication channels e.g. SMS and Intranet • Conducted wellness initiatives • Participated in Great Place To Work®	• Communication via Intranet, creation of a Learning Zone • Internal communication • Annual Report • Salary review • Performance bonus • Townhall meetings
Intermediaries Intermediaries 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 sales and regulatory training • Fair incentives that reward efforts • Association with a brand that delivers on its promises • Innovative products that suits customer needs	• 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 • Set up trainings on new products • A dedicated salesmen unit to serve intermediaries • Timely processing of commissions • Developed sustainable relationships • Digitalised service between SICOM and Intermediaries for General Insurance	• Branches and worksites • Digital tools • Annual Report • Salesmen Awards ceremony
Business Partners (Reinsurers, Valuers, Car dealers, Legal Advisors, Consultants, Suppliers, Partnering organisations, etc) Our business partners provide the goods and services required for us to carry out our activities. Our positive relationships with them are grounded in shared codes of behaviour and ethics, enabling us to develop strong value propositions for our clients.	• Fair payment practices • Compliance with the terms of Service Level Agreements • Fair tender process • Supplier relationship management • Adapting to their needs and expectations	• Timely payment to suppliers and other business partners such as consultants • Developed sustainable relationships • Worked as a team with a common goal • Timely communication and consultation	• Digital Tools • Email, phone communications, letters • Regular meetings • Annual Report

Connected to our Stakeholders

Why are these stakeholders important to us?	What are their concerns/interests?	How did we address their concerns/interests?	Channels used to engage with our stakeholders
Government and Regulators The Government shapes policies and legislations. These regulations have a significant influence on our business activities and operations. We communicate regularly with regulatory bodies so we can find mutual solutions to major economic, environmental and social challenges, and create an environment conducive to growth, innovation and inclusiveness.	• Good governance • Compliance with regulations • Proactively engage with regulators • Responsible development of insurance sector • The effectiveness of the control functions • Social inclusion	• Monitoring of our solvency capital at levels above regulatory requirements • Stringent risk management and controls systems and regular self-assessment for Actuarial, Risk and the Compliance function • Focused on dealing with future pandemics as part of business as usual, with management taking the requisite steps to risk-proof the business • Complied with new laws and created organisation wide awareness	• Direct communication including submissions of required reports and returns, attendance at solicited meetings, and training updates on attending to complaints and queries.
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	• Supported 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, health, environment embellishment, skills development initiatives etc.	• Media channels • Annual Report • Community projects and campaigns
Environment As a responsible citizen SICOM is committed to operating according to best practices in order to safeguard the interest of the environment and ensure sustainability in all its endeavours. As such, the environment is soon to become our most important stakeholder.	• Sustainable initiatives • Engaging sustainability conscious partners • Applying best ESG practices	• Signatory to UN-PRI, UN Global Compact and Signenatir	• Meeting with relevant stakeholders to environmental projects • Sustainablity sections of Annual Report • Social media channels

SHAREHOLDERS' DIARY

Details	Date
Financial year-end	30 June 2023
Audited Financial Statements (year ended 30 June 2023)	September 2023
Statutory Returns to Financial Services Commission	September 2023
Annual Meeting	October 2023
Dividend Payment	November 2023

SHAREHOLDERS' COMMUNICATION

The Company holds its Annual Meeting of Shareholders with prior notice given to them in line with the provisions of the 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, amongst others.

DIVIDEND POLICY

The Company's objective is to provide value to its shareholders by optimising return on equity. When determining the appropriateness of dividend payout, we consider the underlying cash generated from operations, targeted liquidity and solvency levels to maintain, as well as the Group's overall strategy. The current policy of dividend distribution is a minimum of 25% of the profits after tax of the Company after taking the above into consideration. The Board declared a dividend of MUR 545 per share as at 30 June 2022, which was paid in December 2022.

2022-2023 in Retrospect

Digitalisation

Life Core Software

Invested in a new Life system

Medical Business

Implemented a new platform and insourced the management and operations of the medical schemes

Pension Core Software

Revamped the Pension system for more efficient processes

Digital Experience Platform (DXP)

Set up of a digital experience platform to drive customer digital services

Customer

New Customer Service & Distribution Model

Remodelled customer service and distribution to better reach the different customer segments

People and Performance

Salary Review

Completed the review of the remuneration package of SICOM employees to ensure competitiveness

People and Performance *Continued*

PMS Framework

Embedded a Performance Management System to align employees performance with SICOM's strategy

Statutory Compliance

IFRS 17

Complying with IFRS17 reporting standards

Private Equity as a stepping stone to Regionalisation

African Trade and Development Bank (TDB)

TDB plays a major role in supporting trade and regional development projects.

Indian Private Equity Fund

Capital commitment into a private equity Fund which aims at investing into high-growth companies in India’s mid-market such as EEE, Financial Services, Consumer, software and healthcare sectors.

Inclusive Development

ESG (SAFIRE,ANFEN, Ecole de Metier,etc.)

Sponsorship to various schools empowering the youth through vocational education

Charting Sustainability: A Year of Purposeful Progress

Sustainability Report

Sustainablility and ESG considerations are now woven into the very fabric of responsible business practices, and at SICOM Group, we recognise the profound connection between corporate success and global well-being. As we navigate the challenges and opportunities of the 21st century, our commitment to sustainability transcends basic compliance – it embodies our core values, reflects our vision for a resilient future, and stands as a testament to our dedication to making a positive impact on the environment, society and our stakeholders.

ESG, comprises a trinity of guiding principles and forms the bedrock of our endeavours with sustainability at the cornerstone of our actions, harmonising these principles into the foundation of responsible business. We understand that our responsibilities extend beyond profit margins, encompassing the broader spectrum of consequences of our operations. Sustainability is not a standalone initiative for us, but a holistic commitment that resonates through every facet of our operations.

Acknowledging our role in safeguarding the planet, supporting communities and fostering ethical conduct, SICOM Group views sustainability as a powerful framework that empowers us to effect positive change. Our dedication emanates from a deep-seated understanding that our actions today will reverberate through the generations to come.

In this report, we invite you to delve into our journey—one characterised by growth, transformation, and responsibility. We share our accomplishments for the financial year 2022-2023, acknowledge our challenges, and outline our aspirations for the future. As we reflect on our achievements and chart the course ahead, we invite you to join us in embracing sustainability, not merely as a corporate objective, but as a collective responsibility that we all share.

Pillar 1: Environmental Responsibility

Strategic Goals

Our planet is a shared legacy and we embrace the duty to protect and preserve it. Through innovative practices, resource optimisation and responsible stewardship, we strive to minimise our ecological footprint and champion a greener, more sustainable world.

Completed & Ongoing Projects

- **Installation of 10kW Photovoltaic System at SICOM Tower**
- **Energy Audits**
- **Window Glazing Replacement at Head Office**
- **Transition from Plastic to Glass Water Bottles**
- **Eco-friendly Cleaning**
- **Introduction of Green Procurement**
- **Centralised Printing**
- **Responsible Waste Management**
- **Acquisition of Hybrid Vehicles**
- **Greening Urban Landscapes**
- **Refurbishment Initiatives**

Future Endeavours

- **Sustainable Agriculture Advocacy**
- **Digital Transformation with a Green Touch**

Sustainability Report

In an era where environmental concerns are of paramount importance, SICOM prioritises environmental responsibility as a fundamental pillar of its sustainability agenda. With a commitment to creating a better future for everyone we serve, the Group is dedicated to enhancing its operational efficiency and minimising its ecological footprint. Our ESG roadmap has paved the way for a transformative shift towards more sustainable, efficient, and environmentally friendly buildings. This strategic commitment of reducing our greenhouse gas emissions to achieve carbon neutrality by 2040 yields energy cost savings and minimises our environmental footprint while fostering an improved work environment.

Alignment with SDGs, UNGC and SigneNatir

Principles 7,8,9

Energy Transition, Biodiversity, Circular Economy

Sustainable Energy

In the wake of the World Energy Day, celebrated on 22 October 2022, the SICOM Group strengthened its commitment to sustainable development by equipping the SICOM Tower in Ebene with solar panels. The 10kW photovoltaic system installed on the roof of the building will generate approximately 16kWh of energy annually that will be returned to the national grid of the Central Electricity Board (CEB). This initiative represents direct savings for the tenants.

Elevating Energy Efficiency

SICOM's commitment to sustainability and operational excellence includes energy management initiatives. Recognising the importance of minimising resource consumption and optimising utilisation, SICOM conducted a series of energy audits across its operations. These initiatives play a pivotal role in identifying areas for improvement, enhancing energy efficiency and reducing operational costs. By systematically analysing energy consumption patterns and identifying inefficiencies, SICOM aims to implement targeted solutions aligned with its sustainability goals. This not only contributes to a greener footprint but also reinforces the Group's commitment to responsible resource management.

Redefining Indoor Comfort

A targeted window glazing replacement project has been undertaken on levels 2 and 7 of SICOM's Head Office to improve energy efficiency and occupant well-being. This initiative reflects the Group's commitment to optimising energy usage and improving indoor comfort while aligning with its broader sustainability objectives. Upgrading to high-performance window glazing materials can effectively minimise heat transfer, reduce drafts and enhance natural daylight penetration. By selecting window glazing materials that meet modern sustainability standards, SICOM demonstrates its proactive approach to resource efficiency and greenhouse gas reduction.

Conscious Choices, Sustainable Practices

SICOM's commitment to sustainability remains evident even in meeting spaces, as demonstrated by the recent shift from plastic water bottles to branded glass bottles in its boardrooms. This thoughtful initiative underscores the Group's commitment to reducing single-use plastic consumption and its dedication to promoting environmentally responsible practices in its operations. Replacing plastic water bottles with durable and reusable branded glass bottles contributes to reducing and curtailing the environmental impact of plastic waste.

Embracing Eco-Friendly Cleaning

In the pursuit of eco-conscious practices, SICOM is spearheading a dynamic shift in its cleaning procedures. The Group is taking a bold step towards reducing its ecological impact by replacing traditional cleaning products with bio-products. This environmentally conscious alternative harnesses the power of nature to ensure cleanliness without harming the planet. Furthermore, bio-products not only contribute to a cleaner environment but also create healthier indoor spaces with reduced exposure to harsh chemicals. By choosing them, SICOM is not just cleaning spaces, but the Group is also cultivating a cleaner, healthier, and more sustainable future for all.

Sourcing Sustainably

Introducing the concept of green procurement is a testament to SICOM's dedication to fostering positive change throughout the supply chain. The procurement process is now infused with a sustainability filter as the Group actively seeks suppliers who share its commitment to eco-friendliness, evaluating their practices and products for their environmental impact. The Group is also making a conscious effort to source materials that are renewable, recyclable and adhere to responsible production standards. Additionally, from office appliances to machinery, SICOM is opting for energy-efficient equipment that reduces power consumption and supports sustainable operations.

Print with Purpose

SICOM has introduced a set of measures to contribute to minimising paper waste, reducing energy consumption and promoting responsible resource management. Centralised printing optimises efficiency by consolidating printing tasks, cutting down on unnecessary print jobs and decreasing the consumption of paper and ink cartridges. These environmentally responsible measures not only reduce costs associated with printing supplies but also contributes to a more sustainable workplace.

Responsible Waste Management

The Group has partnered with a recycling company to recycle toners and cartridges, further amplifying its efforts towards sustainability. This collaboration underscores SICOM's efforts to reduce electronic waste and promote environmentally conscious practices within its operations. It is a significant step towards minimising our ecological footprint. E-waste poses a unique challenge due to its hazardous components, and proper recycling helps divert such waste from landfills and incineration, contributing to a cleaner environment.

Sustainability Report

SICOM has also established a collaborative partnership with the NGO Mission Verte to implement a comprehensive waste segregation and recycling initiative at SICOM Tower. This endeavour is geared towards not only promoting effective waste sorting and recycling practices but also increasing awareness about the crucial importance of these actions in preserving the environment.

The Group has joined forces with another company specialised in recycling waste paper and plastic bottles, showcasing its dedication to resource-conscious practices. This sustainable approach to waste management fosters a circular economy that emphasises resource efficiency and environmental responsibility. Recycling these materials not only conserves natural resources but also reduces the strain on landfills and the potential pollution associated with improper disposal.

Through these strategic collaborations, SICOM is actively contributing to a cleaner, greener future while fostering a broader understanding of responsible waste management practices within the community.

Driving Change on Wheels

Our commitment to sustainability extends to the transportation choices we make, as evidenced by the recent acquisitions of a hybrid company vehicles. This move reflects our dedication to act on our carbon footprint and embrace environmentally friendly alternatives. It aligns with SICOM's emission reduction and energy efficiency objectives. Hybrid vehicles combine conventional internal combustion engines with electric propulsion, resulting in lower fuel consumption and reduced greenhouse gas emissions.

Greening Urban Landscapes

SICOM's road embellishment project aligns seamlessly with its commitment to environmental stewardship. By incorporating green spaces, landscaping and aesthetic enhancements along motorways, the Group contributes to the visual appeal of the urban landscape while promoting biodiversity, improving air quality and fostering ecological balance.

Refurbishment Initiatives

SICOM is also engaging in extensive and multifaceted refurbishments initiatives, encompassing air conditioning upgrades and lift replacements at its Head Office, to boost operational efficiency while addressing the pressing challenges of energy efficiency, environmental responsibility and modernisation.

Inverter-type air conditioning units utilising inverter technology, have been installed during refurbishment works across every floor of the SICOM Head Office. Such systems allow air conditioning units to operate at variable speeds, adjusting to the actual cooling demand. This dynamic control results in reduced electricity consumption compared to traditional systems that operate at fixed speeds. This gain in energy efficiency directly contributes to lower energy bills and a reduced carbon footprint.

Lift Replacement – The modernisation of existing lifts significantly contributes to SICOM's sustainability agenda. The new devices incorporate advanced technologies, such as regenerative braking systems and improved energy management. By embracing this innovative solution, overall energy consumption and associated costs are brought down.

Pillar 2: Social Responsibility

Strategic Goals	Completed & Ongoing Projects	Future Endeavours
Our connections to society are profound, and as members of a global community, we are driven to make a positive impact. We contribute to the well-being of our stakeholders and support social initiatives while fostering inclusivity, equality, and diversity.	• Ecole Technique Saint Joseph • ANFEN • SAFIRE • Blood Donation • Renal Outpatient Department at Victoria Hospital • Christmas Volunteering Programme	• Promote good health and well-being • Commit to youth empowerment • Engage in women empowerment

Businesses today are expected to go beyond profit generation and contribute to societal well-being. With sustainability emerging as a crucial aspect of corporate responsibility, SICOM has taken active steps to implement initiatives in support of inclusivity and the betterment of the community. By addressing socio-economic disparities that exist, the Group aims to create a positive and lasting impact on society.

SICOM understands that inclusive growth entails creating an environment where every individual has access to equal opportunities, resources and support systems. The Group recognises the importance of education, housing and empowerment in uplifting communities and driving sustainable development. Several initiatives focusing on these key areas have been designed and implemented to align the Group's business goals/objectives with broader societal needs.

Alignment with SDGs and SigneNatir

Empowering through Education and Opportunity

Education plays a fundamental role in human development, economic growth and social progress. Unbeknownst to many, countless children across the island are impacted by education disruptions stemming from various social problems. Their access to this essential right has also been particularly threatened since the onset of the global health and economic crisis. Many organisations recognise the importance of making a meaningful contribution, especially for those underserved and marginalised youth who would otherwise not have access to formal educational opportunities.

By supporting institutions like Ecole Technique Saint Joseph, ANFEN and SAFIRE, SICOM demonstrates its strong support to non-formal education programmes that provide alternative pathways for low academic achievers and unemployed youth through technical skills development and vocational training. In so doing, the Group can help create more equitable opportunities for them and contribute to the development of a more skilled and diverse workforce.

Ecole Technique Saint Joseph

Ecole Technique Saint Joseph, operating under the aegis of the NGO Movement Social de la Jeunesse Mauricienne, serves as a bridge between traditional education and work pathways. This institution is dedicated to investing in the youth, enhancing their employability and fostering responsible citizenship. By offering out-of-school teenagers a second chance, the school provides opportunities to develop vital technical skills in manual trades. The Group's sponsorship supports the mission of Ecole Technique Saint Joseph, enabling the beneficiaries to acquire essential skills in metal and wood work. This initiative paves the way for a brighter future, empowering them to secure decent employment and contribute positively to society.

ANFEN

The Adolescent Non-Formal Education Network (ANFEN) is an initiative born from a UNICEF's Emergency Fund collaboration to bring together four NGOs in order to address the education gap faced by struggling adolescents. Today, ANFEN comprises a vibrant network of 17 NGOs across Mauritius and Rodrigues, dedicated to providing non-formal education and vocational training to around 1,000 vulnerable teenagers annually. Notably, SICOM provided financial support to the École de Cuisine Aline Leal (ECAL). This culinary school project offers technical and vocational education, promoting the social integration of school dropouts hindered by poverty-related academic challenges. ANFEN's initiatives illuminate paths for marginalised youth, fostering education, skills and a brighter future.

SAFIRE

The Service d'Accompagnement, de Formation, d'Insertion et de Réhabilitation de l'Enfant (SAFIRE) is a dedicated NGO that extends a helping hand to vulnerable street children and youth in Mauritius. With a focus on tailored projects, SAFIRE addresses their unique needs, aiming for positive change. SICOM contributed to the Break Away Home project which establishes a pedagogical farm, providing a haven for rehabilitation and growth for street children and youth. It offers a residential sanctuary, granting respite from challenging surroundings. This initiative not only ensures a safe space but also integrates a pedagogical programme, nurturing essential life skills, societal values and competencies.

Sustainability Report

Wellness for All

Recognising that a healthy community is a thriving community, SICOM actively engages in initiatives that promote wellness, access to healthcare and overall well-being. The Group thus demonstrates its commitment to a sustainable and healthier future for all. By weaving good health and well-being into its fabric of responsibility, SICOM contributes to individual welfare and strengthens the overall resilience and vitality of local communities.

Blood Donation – In September 2022, SICOM partnered with the Blood Donors Association to host a blood donation event. More than a hundred employees heeded the call, embodying the spirit of altruism. Of the participating staff, 75 individuals were able to donate blood, potentially impacting numerous lives through their selfless act. Those who were not able to donate on that occasion were encouraged to return for another session. This event underscores the power of collective generosity in creating a healthier and more resilient society.

Renal Outpatient Department at Victoria Hospital – Responding to a call from the Ministry of Health and Wellness, SICOM took an active part in the setting up of a new Renal Transplant Outpatient Department at Victoria Hospital, Candos. This crucial facility will have a comprehensive range of amenities, including a waiting area, state-of-the-art consultation rooms, functional offices and essential furnishings. This initiative reflects the Group's belief that access to quality healthcare is a fundamental right that should be available to all.

Community Engagement and Inclusivity

While Youth and People Empowerment, along with Good Health & Well-Being remain core themes of SICOM's social responsibility agenda, the Group's dedication to creating positive change does not end there. Central to our ethos is the recognition that community engagement and inclusivity hold significant importance in empowering individuals, uplifting communities and fostering a spirit of togetherness.

Christmas Volunteering Programme – In December 2022, a group of employees from SICOM's various departments visited Dr A.G. Jeetoo Hospital, Port Louis and spent quality time with the children at the Rehabilitation Centre and their parents. By working together towards a common goal of spreading joy and supporting the community, the employees formed stronger bonds and developed a shared sense of purpose. This volunteering programme provided them with an opportunity to give back to the community and engage in a meaningful cause, especially during the festive season.

Pillar 3: Workplace Responsibility

Strategic Goals	Completed & Ongoing Projects	Future Endeavours
Our people are our strength. We are committed to cultivating a workplace that upholds ethical standards, fosters a culture of respect and empowers every individual to thrive and contribute their best.	• Great Place to Work • Staff Training • Staff Welfare • Sustainable Work Practices • Diversity and Inclusivity	• Maintain employee engagement • Maintain Great Place To Work Certification • Promote Good Health and well-being

SICOM's commitment to sustainability extends deep into its core with the aspiration to be more than just an employer. The Group is dedicated to cultivating a workplace that not only thrives professionally but also prioritises employee well-being and growth. As such, SICOM is continuously crafting an environment that reflects its commitment to creating a sustainable workplace and amazing employee experience while elevating its status as an employer of choice.

Alignment with SDGs, UNGC and SigneNatir

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 17 PARTNERSHIPS FOR THE GOALS

Principles 1,2,3,4,5,6

Signe Natir FOR A SUSTAINABLE & INCLUSIVE MAURITIUS

Inclusive Development

Cultivating a Great Place to Work

SICOM isn't just a company; it is a thriving community and a platform for growth and progress. In May 2023, the Group became the first Mauritian insurance company to earn the esteemed Great Place to Work© Certification. This recognition not only highlights SICOM's dedication to excellence but also underscores its commitment to nurturing an exceptional workplace where employees' talents, ideas and energy flourish, driving the organisation's success.

With this certification, the Group eagerly embraces the future with renewed zeal and unwavering dedication to its workforce. The journey ahead involves prioritising the employee experience, cultivating a supportive work environment, pursuing continuous enhancements and providing abundant avenues for personal and professional growth. This milestone fuels SICOM's determination to further champion sustainable employment practices, innovation and employee well-being.

Empowering Through Training

SICOM offers a number of training programmes to its employees throughout the year.

Customer Care Essentials – SICOM places customers at the core of its business, striving to provide quality service. To enhance their satisfaction, loyalty and retention, as well as the brand's reputation and competitive advantage, Customer Care Essentials training programmes have been initiated for both client-facing and non-clerical staff (office attendants, security, maintenance officers, drivers, and receptionists). These programmes focus on refining customer service skills, instilling a thorough understanding of client needs and emphasising effective communication and rapport-building. Through role-playing exercises and real-life scenarios, employees practice in a safe environment, receiving valuable feedback to improve their performance. The objective is to equip them with the necessary skills, knowledge and mindset to consistently exceed customer expectations, contributing to enhanced business performance.

Technical IT Essentials – SICOM provided Microsoft Excel training to 31 employees, enhancing their proficiency and skills in using the software effectively. The programme aimed to deepen participants' understanding of Excel's features and functions, enabling streamlined work processes, improved data analysis, reporting, and increased productivity. Other employees not partaking in the training accessed online tutorials, ensuring flexibility in skills enhancement. This initiative equips staff with valuable capabilities that contribute to enhanced work processes, data-driven decision-making and increased efficiency throughout the organisation.

Grooming and Etiquette – Client-facing employees and frontliners had the opportunity to be a part of a 'Be Your Own Makeup Artist' training programme to learn how to maintain a polished and well-groomed image. They have been able to develop suitable makeup skills for their work environment. The training has also boosted their confidence and created a positive impression on customers given that employees are ambassadors of the Group.

SICOM Graduate Scheme and Internship Programmes – SICOM launched its 3rd Graduate Scheme in September 2022 and received over 100 applications, out of which 12 candidates were onboarded. During the year, the Group also welcomed 41 interns. These initiatives are designed to foster talent development through providing opportunities to gain real-life experience and develop relevant skills. They also serve as a talent pool for full-time positions. SICOM aims to maintain its reputation as a sustainable employer by investing in the development of future professionals, hence ensuring a skilled workforce for the Group's future needs and enhancing employee retention rates.

Staff Welfare

Team-Building Event – In May 2023, SICOM orchestrated a day of exhilaration and camaraderie at Domaine 7 Cascades. The team-building event, co-sponsored by the SICOM Staff Club, underscored the Group's commitment to nurturing a supportive and vibrant work environment with a tapestry of engaging activities that showcased remarkable team spirit. From strategic challenges to heart-pounding competitions, the event pulsated with energy. This fun-packed day held deeper significance as it was a celebration that knit SICOM's workforce together, fostering unity that transcends the confines of office walls.

Healthy Eating Habits – SICOM has introduced a transformative monthly initiative centred on fostering healthy eating habits. At the close of each month, the Group provides employees with a variety of wholesome treats spanning from honey and vegetarian sandwiches to a spectrum of nutritious options like apples, dragon fruit, avocados, peaches, cherries, blueberries and even dried fruits. This initiative meets SICOM's mission to nurturing the health and vitality of its workforce.

Health Screening – The Group conducted a number of health check-up events for employees. The first one focused on non-communicable diseases in order to proactively assess and address potential health concerns. The second event was dedicated to the crucial screening of breast cancer and cervical cancer, highlighting SICOM's commitment to fostering early detection and promoting women's health. These initiatives provide comprehensive health support that extends beyond the conventional boundaries of workplace responsibilities.

In-House Talks – SICOM seeks to enrich employee knowledge and well-being through various in-house talks. Guided by a nutritionist, these sessions delved into a diverse array of topics. The discussions included cultivating healthy eating patterns and lifestyles, exploring the intricate link between food habits and stress management and providing valuable insights into general nutrition. SICOM's talk series extended its focus to address contemporary challenges of modern living. These discussions covered the consequences of a sedentary lifestyle and the complexities associated with hypercholesterolemia. Mental health emerged as a priority, given its importance in today's fast-paced world. A particularly impactful talk centred on mental health and burnout resonated deeply with employees. By inviting subject experts to share their insights, SICOM reinforces its commitment to nurturing a knowledgeable, informed and well-rounded workforce.

Sustainable Work Practices

The implementation of a work-from-home policy highlights SICOM's adaptive approach within the evolving work landscape, seamlessly aligning with the Group's sustainable human resource practices. By encouraging remote work, SICOM curbs the need for daily commuting, effectively reducing greenhouse gas emissions and diminishing fuel consumption. With a decreased on-site workforce, the demand for energy-intensive resources, including lighting, air conditioning and electricity is also substantially minimised. This translates into noteworthy energy conservation and a notable decline in overall energy consumption, aligning SICOM with sustainable energy practices.

Furthermore, the work-from-home policy yields cascading resource efficiencies. Operating a physical office entails paper, office supplies, and utilities consumption, which are significantly mitigated, cutting down waste and preserving valuable materials. Beyond the ecological impact, a flexible work environment fosters enhanced employee well-being and promotes an improved work-life balance.

Fostering Diversity and Inclusivity

SICOM's commitment to workplace responsibility extends to cultivating a diverse and inclusive atmosphere for all employees. The Group takes pride in embracing a rich variety of cultures and traditions, exemplifying its dedication to nurturing a dynamic and harmonious workplace. From Diwali and Easter to Independence Day, Eid, Christmas, and even unconventional celebrations like Halloween, SICOM ensures that a wide array of festivities find a place within its culture.

Sustainability Report

Pillar 4: Marketplace Responsibility

Strategic Goals

Our interactions with partners, clients and competitors are guided by fairness, transparency and integrity. We champion responsible business practices that uphold the highest ethical standards.

Completed & Ongoing Projects

- Adoption of Integrated Reporting
- Sustainable Investment Approach
- Sustainable Product Offering
- Global Regulatory Frameworks (UNGC and UN PRI)
- Local Sustainability Initiative (SigneNatir)
- Issuer's Rating

Future Endeavours

- Talks and training on Sustainability
- Roll out activities with the internal Green Team
- Green products
- Encourage Customers to use our digital channels through our new digital experience platform

In the dynamic landscape of corporate sustainability, SICOM's commitment also encompasses a vital aspect: marketplace responsibility. This crucial dimension reflects the Group's dedication to ethical business practices, fair engagement with stakeholders and the promotion of sustainable product offerings. It showcases our resolve to making a positive impact not only within our immediate sphere but also in the value chain. The Group aims to navigate the marketplace with a compass that aligns profitability with social and environmental considerations, setting a profound example for responsible business conduct.

Alignment with SDGs and UNGC

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

UN GLOBAL COMPACT

Principle 10

Signe Natir

Adoption of Integrated Reporting

SICOM has embraced Integrated Reporting as an alternative to traditional Annual Reports. This strategic move not only highlights a commitment to transparency but also serves as a demonstration of the Group's alignment with ESG objectives. Choosing to adopt the Integrated Reporting framework voluntarily, SICOM integrates financial, environmental, social and governance information into a single comprehensive report to provide stakeholders with a holistic view of its performance and impact. This goes beyond regulatory requirements, illustrating the Group's genuine desire to communicate its ESG efforts transparently.

Sustainable Investment Approach

With a firm belief in the power of conscious investing, SICOM ensures that its investment portfolio aligns with sustainable practices and ESG objectives. This strategic approach highlights the Group's role as a responsible financial entity. Recognising that investments form a significant part of its revenue generation, SICOM places a strong emphasis on selecting initiatives that resonate with its commitment to sustainability. Every investment choice is meticulously evaluated based on its potential impact on the environment, society and ethical governance standards. The Group's conscious investment decisions contribute to the broader efforts in advancing ESG-compliant initiatives. By allocating its financial resources to projects that prioritise environmental protection, social well-being and responsible business practices, SICOM becomes an active participant in driving positive change.

Sustainable Product Offering

Following the launch of the EcoLease in 2022, SICOM continues to chart new territories in sustainable financial solutions. As such, the Group introduced the ECOPlus Green Loan, which combines financial solutions with environmental responsibility. This loan is designed not only to provide individuals with financial assistance but also to empower them to make environmentally conscious choices that align with their aspirations for a greener future.

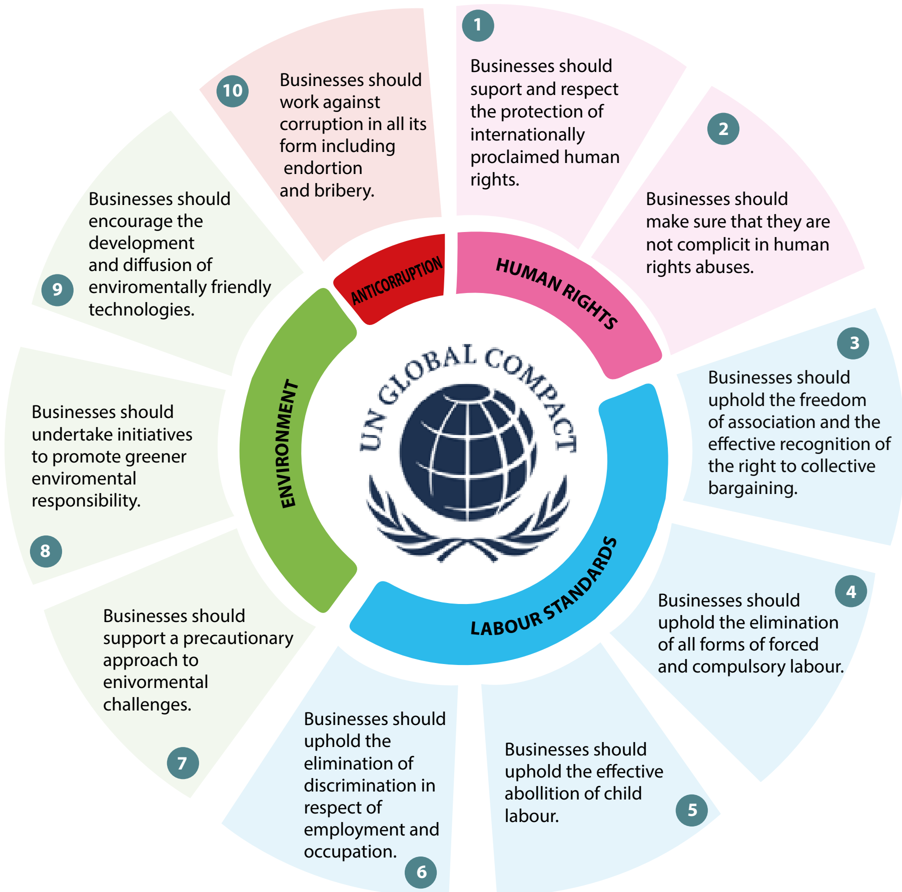
The ECOPlus Green Loan offers financial support for eco-friendly initiatives, including investing in energy-efficient home upgrades, adopting renewable energy solutions or pursuing other environmentally conscious projects. This initiative speaks volumes about SICOM's dedication to pioneering products that cater to both financial needs and the planet's well-being.

Global Regulatory Frameworks

UN Global Compact – SICOM embraced a momentous milestone by becoming a signatory of the UN Global Compact in June 2023. This partnership paves the way for comprehensive integration of environmental, social and governance principles into the Group's operations. Becoming a part of the local network of the UN Global Compact equips us with a wealth of resources, insights and collaborative opportunities that are invaluable in progressing on our ESG journey. This engagement confirms our efforts to align our strategies with global sustainability goals, fostering a positive impact on society and contributing to a more sustainable future. By embracing the UN Global Compact, SICOM showcases its resolve to operate as a responsible corporate citizen, leveraging its influence to drive positive change within the industry and beyond.

Sustainability Report

Signature of major agreements demonstrating SICOM's commitment towards ESG initiatives:



Signatory of:

PRI | Principles for Responsible Investment

PRINCIPLE 1	Incorporate ESG Issues Into Investment Analysis and Decision-Making Process
PRINCIPLE 2	Incorporate ESG Issues Into Ownership Policies and Practices
PRINCIPLE 3	Seek Appropriate Disclosure On ESG Issues
PRINCIPLE 4	Promote Acceptance and Implementaion of the Principles
PRINCIPLE 5	Work Together To Enhance Effective Implementation
PRINCIPLE 6	Report on Implementation Activities and Progress

Signe Natir

FOR A SUSTAINABLE & INCLUSIVE MAURITIUS

BIODIVERSITY

CIRCULAR ECONOMY

ENERGY TRANSITION

INCLUSIVE DEVELOPMENT

VIBRANT COMMUNITIES

UN Principles of Responsible Investment – SICOM proudly became a signatory of the United Nations Principles for Responsible Investment (UN PRI) in June 2023. This strategic milestone positions the Group at the forefront of global sustainability efforts. SICOM's membership in the UN PRI is more than a symbolic gesture; it is a commitment to aligning financial objectives with broader societal and environmental goals. The Group thus solidifies its pledge to contribute to a more sustainable and inclusive global financial landscape.

Local Sustainability Initiative

SigneNatir – SICOM proudly joined the ranks of SigneNaters (SigneNatir signatories) in June 2023. This impactful community initiative led by Business Mauritius is dedicated to fostering a business landscape that respects both people and the environment. SigneNatir serves as a guiding force, empowering businesses to prioritise environmental considerations in every facet of decision-making. Based on 5 strategic pillars, this Pact drives the commitments of participating companies towards creating a sustainable Mauritius. This includes the pursuit of energy transition, embracing circular economy principles, conserving biodiversity, preserving cultural heritage and advocating for inclusive development that upholds fundamental human rights.

Issuer's Rating

SICOM's commitment to transparency and accountability has been recognised through the assignment of an issuer's ratings by CARE Ratings (Africa) Private Limited. This acknowledgement signifies the Group's steadfast dedication to maintaining a robust financial framework and responsible business practices. It is a symbol of our strong financial practices and ability to weather challenges while maintaining a strong position on the market.

Future Endeavours

Cultivating Hope through Agriculture

SICOM is poised to establish transformative partnerships, like the one with FORENA, to further the goal of societal reintegration. By providing opportunities for marginalised individuals, SICOM will continue to contribute to an inclusive and harmonious society.

Empowerment through Skill Development

The launch of SICOM's own Toastmasters Club is on the horizon, offering employees a structured platform to enhance public speaking, communication, and leadership skills. This initiative will empower employees to thrive in various aspects of professional growth.

Sustainable Agriculture Advocacy

Collaborating closely with FAREI, SICOM will actively advocate for biodiversity and sustainable farming practices. This forthcoming endeavour reinforces the Group's dedication to ecological balance and fostering coexistence between agriculture and nature.

Digital Transformation with a Green Touch

As part of its ongoing commitment to sustainability, SICOM is gearing up for a green digital revolution. Initiatives such as utilising Eco fonts and exploring green data centers underline the Group's proactive approach to blending technology with environmental responsibility.

Conclusion

SICOM Group is resolutely committed to weaving sustainability into the very fabric of its operations. Central to this endeavour is the establishment of the SICOM Sustainability Committee (SSC), a pivotal step towards embedding sustainability into the core of our business. The Committee provides valuable insights and expertise to steer us towards responsible decision-making.

A comprehensive SICOM Sustainability Plan is underway through vibrant discussions and collaborations. This blueprint for action will set the trajectory for our sustainability efforts, outlining tangible targets and key performance indicators that will guide us towards our collective vision of a greener, more inclusive and prosperous future.

The SICOM Sustainability Plan symbolises our commitment to minimising our ecological footprint, fostering social well-being, nurturing a supportive workplace and creating lasting value for our stakeholders. As we continue on this transformative journey, we expect the road ahead to be marked by responsible growth, meaningful impact and a legacy of sustainability that will endure for generations to come.

We extend our gratitude to our partners, customers and stakeholders for teaming up with us on this sustainability journey. In particular, we value our employees' considerable contribution and dedication to our business and look forward to continuing to work together as we lead the way towards a better tomorrow – a tomorrow where success is measured not only in financial gains but in the positive impact we create.

Our Business
Our Passion

Investment

- Investment Management
- Collective Investment Scheme Management
- Investment Advisory Services
- Trustee Services

Life Insurance

- Investment & Savings
- Child Education
- Loan Portfolio Protection
- Family Protection Scheme
- Group Assurance
- Group Funeral Plan
- Personal Pension Plan

General Insurance

- Motor
- Home
- Personal Accident
- Travel
- Medical
- Commercial & Industrial Risks
- Engineering & Construction
- Marine & Transportation
- Liability
- Special Risks

Pensions

- Group Pensions Administration
- Investment Services

Actuarial

- Pensions Fund Valuations
- Pension Consultancy Services
- Product Pricing and Design
- Disclosures Under IAS 19

Financial Services

- Deposit Taking
- Loans
- Leasing
- Collective Investment Scheme Management

Property

- Property Management
- Property Development

Our Operating Context

Macroeconomic

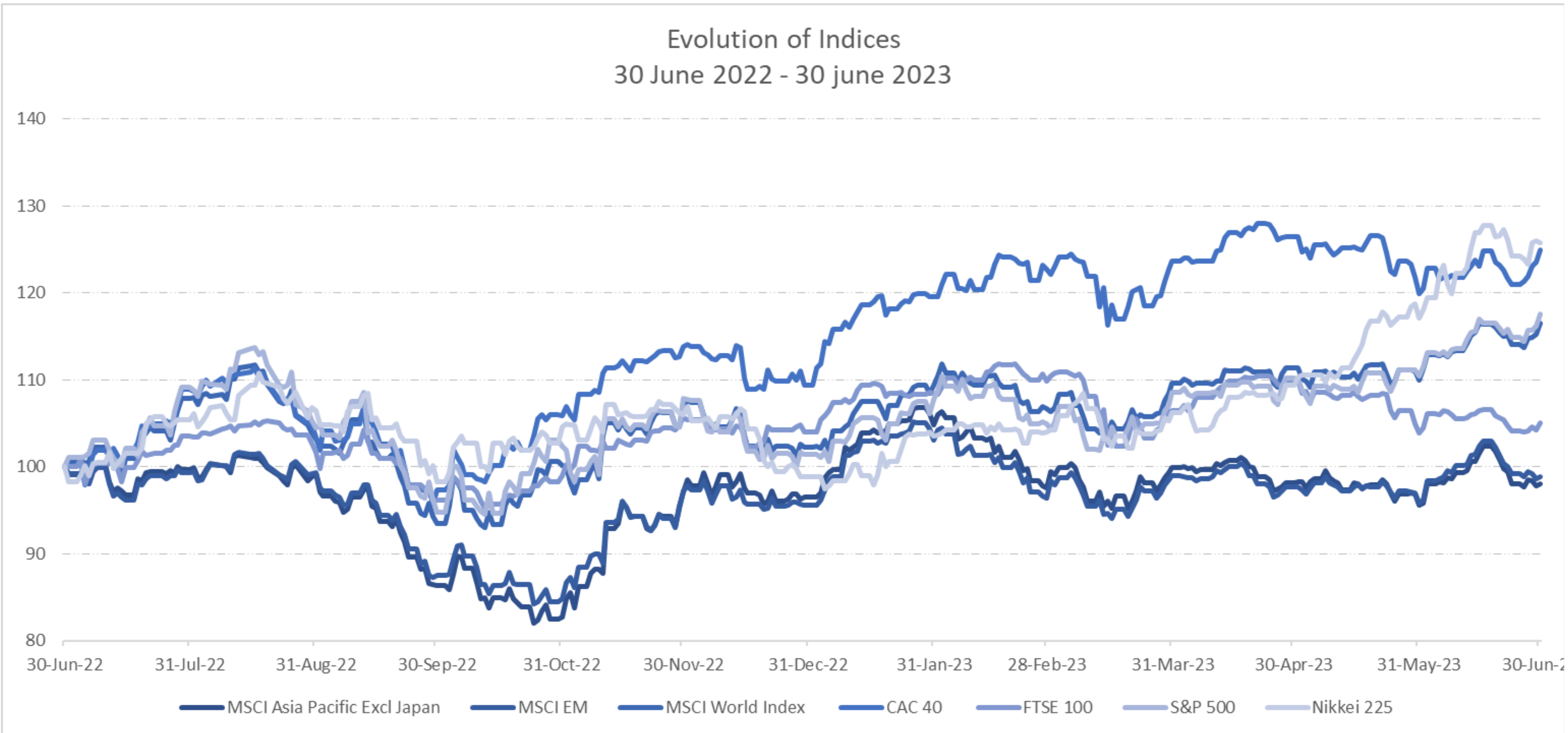
Global

The global economy is on a path to recovery from the challenges posed by both the pandemic and Russia's invasion of Ukraine. However, a number of hurdles may still have to be overcome.

According to the International Monetary Fund (IMF), global growth is projected to reach its lowest point at 2.8% in 2023 before experiencing a modest rise to 3.0% in 2024. This slowdown can be attributed to several factors, including disruptions in the financial sector, high inflation, the ripples of the Russia-Ukraine conflict and the lingering impact of the pandemic. The most significant economic deceleration should occur in developed countries, especially in the Euro Zone and the United Kingdom.

Global inflation is expected to decrease, albeit at a slower pace than initially estimated. The IMF projects a decline from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024. However, consumer prices are expected to rise 0.4 percentage points faster than previously predicted, reaching 7.0% in 2023. It is anticipated that inflation will not return to its target level before 2025. The war in Ukraine poses an additional risk, potentially leading to additional spikes in food and energy prices, exacerbating inflationary pressures. The persistence of core inflation may require further monetary tightening.

To navigate these challenging economic conditions and foster a more resilient world economy, it is crucial to strengthen multilateral cooperation. Collaborative efforts must focus on reinforcing the global financial safety net, mitigating the costs of climate change, and reducing the adverse effects of geoeconomic fragmentation.



Local

While the Mauritian economy is gradually rebounding after the COVID-19 pandemic, the year 2023 presents certain challenges.

The IMF projects a growth rate of 4.6% for the country in 2023, slightly lower than the initial forecast of 5.4%. According to the organisation's latest projections, real GDP growth should reach approximately 5%. Despite the anticipated challenges, the economy is on a recovery trajectory, albeit at a gradual pace.

According to Statistics Mauritius, year-on-year inflation was 7.9% in June 2023, down from 9.6% in June 2022. Headline inflation for the 12 months ending in June 2023 was 10.5% against 8.0% for the corresponding period ending in June 2022. Monitoring inflation trends will remain crucial to ensure price stability and sustainable economic growth in the country.

In terms of public finances and credit rating, the debt-to-GDP ratio, which stood at 87.4% in 2022, is projected to decrease even further to 78.0% in 2023. This indicates successful efforts in containing debt levels and improving fiscal sustainability.

Investments

About

Investment is a vital component of SICOM's business model, serving as a cornerstone for organisational success and plays a pivotal role in defining, implementing and monitoring the goals and strategies of the Group's diverse funds, spanning both domestic and international markets.

Market Overview

The global markets were marked by a prevailing sense of uncertainty in the year 2022, leading to intermittent spells of turbulence. Heightened market volatility was driven by apprehensions regarding inflation, global monetary policy tightening and the geopolitical ramifications of the Russia-Ukraine conflict. Amidst these challenges, the majority of asset classes experienced declines while a positive correlation between fixed income and equity markets persisted.

A notable shift occurred in the initial half of 2023. Global markets exhibited a robust rebound, defying previous uncertainties. This resurgence was bolstered by stronger-than-anticipated global economic growth, propelled by resilient consumer spending on service sectors like travel and hospitality. The year's early months were eventful for financial markets, marked by the surge in tech stocks inspired by artificial intelligence (AI), a decline in commodity prices and transient turbulence in the banking sector.

On the domestic front, the stock market experienced a continued downtrend, coinciding with elevated interest rates. This was driven by the proactive implementation of aggressive Key Rate hikes and the introduction of a new monetary framework by the Bank of Mauritius to improve the effectiveness of the monetary policy and enhance its transmission mechanism.

Value Creation

In terms of value creation, the Investment function has integrated various dimensions of capital into its business model to drive sustainable growth.

Financial capital remains robust, with SICOM effectively managing investments totalling MUR 72.0 billion. Active portfolio management led to a substantial investment income of MUR 2.5 billion, while new investments worth MUR 18.1 billion underscore the Group's commitment to expansion.

Our Human capital comprises a dedicated team of 14 employees who are dedicated to providing exceptional customer service. These professionals possess diverse capabilities, including expertise in Chartered Financial Analysis (CFA), Finance, Investment Management, and Advisory.

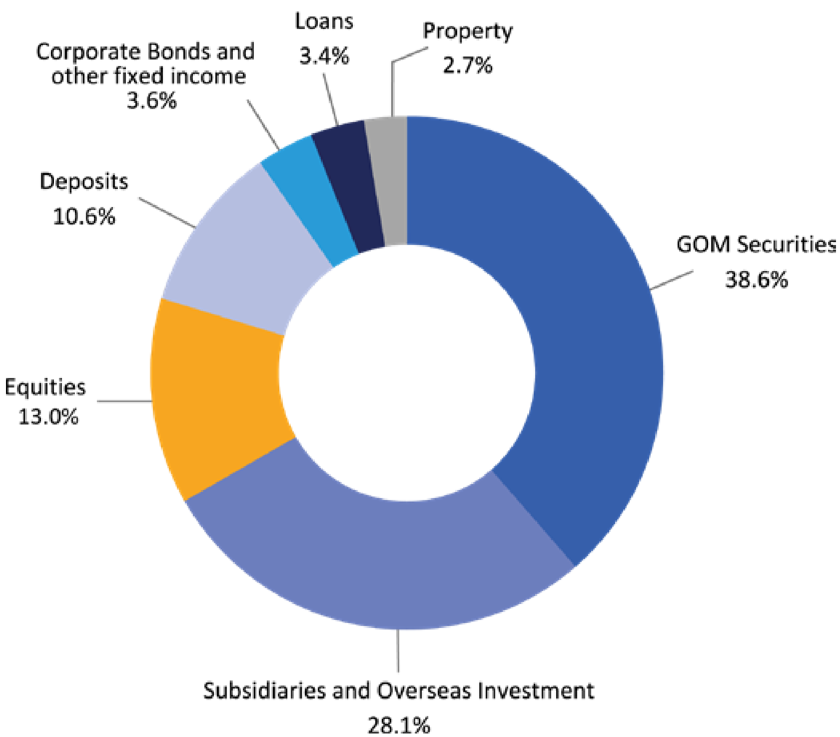
The function's manufactured capital is enhanced through investment software and Robotic Process Automation, bolstering operational efficiency and optimising investment strategies. Intellectual capital encompasses a range of services such as Investment Management and Investment Advisory as well as in-depth market knowledge that enables us to navigate complex financial landscapes effectively.

Performance

Our managed Funds exhibited favourable outcomes driven by strategic decisions and shifting economic dynamics. Amidst these conditions, both overseas and domestic fixed-income investments contributed positively to the performance of our Funds during the financial year. Notably, total investments under management witnessed growth, escalating from MUR 66.5 billion in the preceding year to a commendable MUR 72.0 billion in June 2023.

> **"Our managed Funds exhibited favourable outcomes driven by strategic decisions and shifting economic dynamics"**

As economic recovery gained momentum, dividend declarations by various companies and an upswing in interest rates resulting from recent Key Rate hikes led to enhanced investment income across our diversified Funds. The year under review saw investment income surge to MUR 2.5 billion, a marked 19% improvement compared to MUR 2.1 billion in 2021-2022.



Our commitment to strategic evolution was evident through portfolio consolidation, where high-conviction themes took precedence, supplemented by prudent diversification efforts in the alternatives market.

Outlook

Navigating through a backdrop of economic shifts, our outlook hinges on prudent strategies to balance returns with risk mitigation. Amidst global growth moderation and evolving monetary conditions, we are resolutely committed to global diversification and active management. The pursuit of investment themes, aligning with medium- to long-term goals, stands as a cornerstone to fortify our international portfolio's resilience and value.

> **"The introduction of investment advisory and portfolio management services for institutional clients is a promising development that sets the stage for future growth and momentum in the forthcoming financial year"**

On the domestic front, amidst inflation pressures and tighter monetary policies, our attention gravitates towards yield curve dynamics influenced by Key Rate hikes. The investment landscape witnesses shifts in the allure of fixed-income instruments due to evolving liquidity dynamics. Exploring diversified avenues, including investment property opportunities, presents viable alternatives. Domestic equities' optimism rides on economic revival, underscored by earnings and valuations.

The introduction of investment advisory and portfolio management services for institutional clients through the Investment Adviser (unrestricted) licence of one of the Group's wholly-owned subsidiaries is also a promising development that sets the stage for future growth and momentum in the forthcoming financial year.

Investment (cont'd)

Inputs	Risk	Material Matters Impacted
Financial Capital • Investments under management MUR 72.0 billion • Investment income MUR 2.5 billion • New investments MUR 18.1 billion	Market andInvestment	Business Growth and Diversification
Human Capital • Our 14 engaged employees, delivering on providing excellent service to clients • Capabilities and skills: DEA, CFA, ACCA, MSc, MBusSc and MBA	Operational	Customer Experience and Digitalisation
Manufactured Capital • Investment software • Robotic Process Automation	Market and Investment Strategic Operational	Business Growth and Diversification
Intellectual Capital • Investment Management • Collective Investment Scheme Management • Trustee Services • Investment Advisory Services • Market knowledge	Strategic	Business Growth and Diversification
Social Capital and Natural Capital • Investment in ESG and Impact Funds • Signatory to the UN Principles of Responsible Investment	Strategic	Customer Experience and Digitalisation ESG

Life Insurance

Life Insurance

- Investment & Savings
- Personal Pension Plan
- Child Education
- Loan Portfolio Protection
- Family Protection Scheme
- Group Assurance
- Group Funeral Plan

About

The Life department was established in 1979 and encompasses two main segments: Individual Life and Group Life. The Individual Life business markets and sells policies and personal pension plans, focusing on product development and distribution channel expansion. It provides after-sales service, risk management, and compliance to ensure a well-managed portfolio. In Group Life, we administer the Family Protection Scheme for parastatal and public sector employees, along with Group Life assurance schemes for private organisations, pension funds and credit unions. With a 22% share, the company is the second-largest Life insurer in the market, renowned for its traditional policy offerings. The Group Life segment continues to grow steadily, displaying promising business potential.

Market Overview

The Individual Life business faced significant challenges in 2022-2023, with high inflationary pressure and interest rate volatility impacting customers' disposable income and curbing the savings culture. The market landscape comprises four key players vying for their respective market shares, where the penetration rate for Life policies (excluding Pensions) and Individual Pension stands at 2.0% and 0.5% of GDP respectively. The future prospects of the market indicate a moderate demand for life assurance products. Life assurers continue to face stiff competition from banks offering investment-type products with appealing risk-free returns, particularly attractive to customers seeking security in interest income and capital preservation.

Value Creation

The value creation of our Life Insurance vertical is underpinned by robust financial capital, with Gross Premium reaching MUR 2.4 billion, Net Asset Value standing at MUR 14.4 billion and net profit before tax amounting to MUR 1.1 billion. Our dedicated human capital, consisting of 79 engaged employees and skilled salespersons, plays a pivotal role in delivering excellent customer service and maintaining strong relationships.

> ***Gross Premium reaching MUR 2.4 billion***

In terms of manufactured capital, we have deployed advanced technologies such as the Life System, computerised Group Life System and online sales platforms, along with the implementation of Robotic Process Automation. We also rely on a widespread agents network, strategic alliances with banks and reliable reinsurance partners.

Our intellectual capital encompasses 44 years of experience, a well-established brand reputation and extensive knowledge of the industry, offering unique and competitive product offerings. Embracing social and natural capital, we have taken initiatives to reduce paper transactions, provide digital access to information and introduce the Digital Life Policy. Moreover, we are in the process of implementing a project to grant online access to statements for our valued Group Life members, reinforcing our commitment to innovation and customer-centricity.

Performance

In the financial year ending 30 June 2023, our Individual Life business reached MUR 1.6 billion, while Group Life turnover stood at MUR 721 million. Overall, our combined turnover amounted to a healthy MUR 2.3 billion. The Life fund for the year reached MUR 14.3 billion.

The integration of our Individual and Group Life units proved to be a key achievement, enabling seamless operations and enhanced service delivery. Additionally, the successful replacement of our Core Life Application system streamlined our processes, enhancing efficiency and customer experience.

Our focused efforts in the Individual Life segment resulted in the consolidation of our market share, positioning us as a prominent player in this competitive environment. Notably, our Group Life Premium witnessed a marked increase, further contributing to our overall growth and success.

> **"The integration of our Individual and Group Life units proved to be a key achievement, enabling seamless operations and enhanced service delivery."**

However, we faced certain challenges that impacted our performance. Volatility in interest rates posed uncertainties, potentially influencing customers' preferences for taking on new life policies. High interest rates on loans reduced the demand for loans, affecting the appeal of endowment plans with maturity benefits compared to cheaper decreasing term assurance policies.

Moreover, high inflation rates exerted pressure on the disposable income of our customers and prospects, impacting their willingness to invest in life insurance policies. Attracting and retaining skilled employees and intermediaries also proved challenging in the competitive landscape.

Despite these challenges, our Individual and Group Life operations collectively contributed to a significant percentage of SICOM's revenue, demonstrating the vital role of our Life Insurance vertical in the Group's overall success.

Outlook

The Life Insurance segment has an array of strategic initiatives earmarked for the 2023-2024. The focus lies on boosting the unit-linked product to meet evolving customer demands. SICOM plans to expand its Bancassurance project by enrolling additional banks and strengthening existing collaborations. Ad hoc competitions among salespersons will be introduced to drive performance and motivation. Digital processes and customer communication will be enhanced to improve engagement and satisfaction. Leveraging the online platform and web-based services will be prioritised to boost direct sales. The introduction of an Agency Portal is set to streamline sales and enhance efficiency. Further digitalisation of Group Life activities and exploring untapped potential in this segment are key areas of focus. Additionally, a comprehensive review of existing Individual Life offerings will ensure product relevance and competitiveness.

Life Insurance (Cont'd)

Inputs	Risk	Material Matters Impacted
Financial Capital • Gross Premium MUR 2.4 billion • Net asset value MUR 14.3 billion • Surplus from operations MUR 576.6 million	Market and Investment Life Underwriting Counterparty Default	Business Growth and Diversification
Human Capital • Our 79 engaged employees, delivering on providing excellent service to customers • Our salespersons are also a critical resource to service and maintain customer relationships • Capabilities and skills: Chartered Insurer(CI), actuarial pricing, operations management, reinsurance and business development	Life Underwriting Operational	Customer Experience and Digitalisation
Manufactured Capital • Deployment of Life System • Computerisation of Group Life System • Online Sales platforms • Robotic Process Automation • Agents network • Alliance with banks • Reinsurance partners	Market and Investment Strategic Operational	Business Growth and Diversification Customer Experience and Digitalisation
Intellectual Capital • Number of years in existence - 44 • Brand and know-how of the business • Unique product offerings	Operational	Business Growth and Diversification
Social Capital and Natural Capital • Initiatives to eliminate paper transactions and facilitate access to information digitally • Digital Life Policy • Project to provide online access of statements to Group Life members in the pipeline	Operational	Customer Experience and Digitalisation ESG


SICOM

Group Pensions

Pensions

- Group Pensions Administration
- Investment Services

About

The State Insurance Company of Mauritius Ltd (SICOM) was established in 1975 with the primary purpose of managing pension schemes for Government-owned and statutory bodies. Over the years, the Company has become the leader in the managed Pensions business in Mauritius and is the Pension Fund Administrator for public sector employees, including various Government departments, ministries, statutory bodies, Government-owned organisations, private secondary schools, and local authorities. SICOM also administers pension schemes for private companies.

The Group Pensions vertical has played a crucial role in administering and managing pension funds, thereby contributing significantly to the growth of assets under SICOM's management. The department's performance aligns well with the Group's broader strategy, emphasising revenue growth, digitalisation and environmental, social and governance (ESG) initiatives.

A key competitive advantage of SICOM is its mandate to administer pension funds for all statutory bodies listed under the Statutory Bodies Pension Funds Act. Additionally, all new recruits in the public sector join the Public Sector Defined Contribution Pension Scheme (PPDCPS) administered by SICOM. The Company manages a total of 123 statutory bodies' schemes, 1 PPDCPS and 86 private pension schemes, serving 65,000 members and 13,000 pensioners, with net assets under administration amounting to Rs 46.2 billion as at 30 June 2023.

> **"SICOM is the leader of managed pensions business in Mauritius and is the only Pension Fund Administrator for public sector employees."**

Market Overview

The market for pension fund administration in Mauritius is highly regulated and SICOM holds a dominant position in the sector. In the competitive landscape, marketing group pension schemes to private companies poses challenges due to stringent regulations on minimum contributions and reporting, as well as compulsory pension-related costs like the Contribution Sociale Généralisée (CSG).

The business faces several threats and challenges, including increased competition from other private pension fund administrators, high fluctuation in investment returns due to market volatility and the complexity of pension legislation for members and sponsors. Additionally, pension administration costs are rising due to technology and digitalisation requirements, along with increasing staff welfare costs.

However, prospects for the future seem promising, with the introduction of the Portable Retirement Gratuity Fund driving demand, especially in sectors currently without pension schemes, such as the informal sector.

Value Creation

The Group Pensions department's value creation is driven by its strong financial capital, boasting net assets under administration of MUR 46.2 billion and successfully disbursing retirement benefits amounting to MUR 4.3 billion. During the year ended June 2023, human capital played a vital role, with a team of around 35 professionals equipped with expertise in Pension Administration, Finance and IT.

Manufactured capital includes customer portal services, a document management system and a customer service charter, all contributing to seamless client experiences. Intellectual capital encompasses Group Pensions Administration, representing SICOM's extensive technical knowledge and experience in the field.

In terms of social and natural capital, the focus is on enhancing pensioners' convenience by sending payment advices via email. Additionally, the aim is to foster stronger relationships with sponsors and participants through regular information sharing.

Group Pensions (cont'd)

Performance

SICOM's Group Pensions department showcased impressive results for the financial year to June 2023. Net assets under administration rose by 10% to MUR 46.2 billion from MUR 42.0 billion the previous year. The surplus of income over outflows, excluding unrealised gains, increased to MUR 2.9 billion from MUR 2.7 billion, due to a better performance in overseas financial markets. SICOM now pays annual pensions to some 13,000 pensioners amounting to MUR 3.1 billion.

> **"In line with SICOM's commitment to address its carbon footprint, the Group Pensions department has implemented several initiatives to reduce the use of paper."**

Notably, SICOM achieved several milestones in improving its operations. The successful upgrade of the pension administration software with added features enabled centralised administration of all pension funds. The implementation of a document management system facilitated efficient document management, embracing the Group's digital strategy and reducing logistical and archival risks. Additionally, the upgraded payroll software streamlined processing of payment instructions.

However, key challenges faced by the Company included the difficulty of onboarding new group pension businesses due to existing schemes or preferences for the Portable Retirement Gratuity Fund. Rising pension administration costs, fluctuating investment returns and complex legislation were additional hurdles.

Outlook

The Group Pensions department is committed to enhancing its operations and services. Upgrades to the Pension Administration system with enhanced features will enable quicker processing and generating improved outputs and reports for stakeholders. The implementation of a document management system aims to improve staff efficiency in accessing and retrieving documents, reducing storage space and costs, ensuring better control over sensitive documents and mitigating compliance risks. Additionally, the department is actively promoting environmental sustainability by reducing paper usage through digitalisation, providing soft copies of statements and pensioners' payment advices through encrypted emails. Collaborating with salespersons and brokers, SICOM seeks to maximise opportunities and attract new Group Pensions business.

Group Pensions (Cont'd)

Inputs	Risk	Material Matters Impacted
Financial Capital • Net assets under administration MUR 46.2 billion • Retirement benefits paid MUR 4.3 billion	Market andInvestment	Business Growth and Diversification
Human Capital • Our 35 engaged employees, delivering on providing excellent service to customers • Capabilities and skills: Pension Administration	Operational	Customer Experience and Digitalisation
Manufactured Capital • Customer portal service to provide convenient online services to our clients • Customer service charter	Strategic	Customer Experience and Digitalisation
Intellectual Capital • Group Pensions Administration • Technical knowledge and experience	Strategic	Employee Engagement and Development
Social Capital and Natural Capital • Pensioners Payslips sent by email • Engage more often with sponsors and participants for sharing of information	Strategic Operational	Customer Experience and Digitalisation ESG


SICOM

Actuarial

About

The Actuarial Services department has been in operation since the establishment of SICOM in 1975 and was initially tasked with managing pension schemes for Government and parastatal institutions. Over the years, this vertical has evolved into a premier provider of Actuarial Services, offering a comprehensive range of solutions, including Pension Fund Valuations, Pension Consultancy, Life Fund Valuations, Product Pricing and more. The department plays a pivotal role in overseeing Pension clients and holds the authority as the signatory for Pension Valuation Reports and IAS 19 disclosures.

Market Overview

The actuarial services landscape is characterised by a diverse mix of providers. Large insurance companies maintain internal actuarial teams that cater to the pension funds they manage and their associated sponsoring employers. As a strategic move, some insurance firms have invested in upskilling their teams to handle a portion of the statutory work that was traditionally outsourced to external actuaries, streamlining their operations and enhancing efficiency. Moreover, Mauritius hosts a handful of specialised actuarial consultancy firms that extend their services to local clients and a broader clientele primarily from the African continent.

> **"By strategically insourcing actuarial assignments, the Actuarial Services vertical fosters cost savings on professional fees previously paid to external consultants"**

Value Creation

The Actuarial Services function plays a pivotal role in driving value creation for SICOM. Through pension consultancy work, it generates actuarial fee income that contributes to total revenue. By strategically insourcing actuarial assignments, the vertical fosters cost savings on professional fees previously paid to external consultants. This not only enhances financial efficiency but also ensures greater control over critical processes. Beyond revenue generation and cost optimisation, the Actuarial Services team offers valuable technical support to other business units, extending its expertise across the Group.

Performance

In the fiscal year 2022-2023, our Actuarial Services vertical has made an improved contribution to SICOM's growth and operational efficiency.

Actuarial fee income from pension consultancy work reached Rs 11.9 million, a 13.3% increase from Rs 10.5 million in the previous year. The team conducted 186 actuarial exercises for pension clients, i.e. 13 more than in the previous year, showcasing their proficiency in risk assessment and financial modelling. Their dedication and tailored solutions have further solidified our position as a trusted partner in the pension sector. Actuarial Certificates were also issued for defined contribution pension schemes to ensure sponsors' compliance with the Workers' Rights Act 2019.

The Actuarial Services team successfully performed an in-house interim Life Valuation as of December 2022, with seamless collaboration with the Statutory Actuary. Remarkable progress has also been made in the preliminary work for the implementation of IFRS 17 – Insurance Contracts and comparative financial statements have been prepared to ensure a smooth transition year.

In a strategic move, we successfully insourced actuarial work for the General Insurance business. The year-end 2022 actuarial valuation was conducted in parallel with the Statutory Actuary, streamlining operations and enhancing cost efficiency. Additionally, all actuarial work related to IFRS 17 implementation was executed entirely by our in-house actuarial team.

> **"Actuarial fee income from pension consultancy work recorded a 13.3% increase from the previous year."**

Outlook

SICOM's Actuarial Services vertical remains committed to driving continuous growth and innovation. We will maintain our strategic focus on enhancing existing capabilities and building new capacity to further insource actuarial work, particularly for IFRS 17 implementation and Life Actuarial Valuation. Furthermore, we are exploring new opportunities to expand our reach and impact by offering actuarial services to external, non-SICOM clients. This initiative aims to leverage our expertise and extend our value proposition beyond our existing clientele, contributing to broader market influence and revenue diversification.

Inputs	Risk	Material Matters Impacted
Financial Capital • Generated actuarial fees MUR 11.9 million	Operational Counterparty Default	Business Growth and Diversification
Human Capital • Our 10 engaged employees, delivering on providing excellent service to customers • Capabilities and skills: Actuarial science, Actuarial valuation, Pension valuation, IAS 19	Operational Strategic	Customer Experience and Digitalisation
Intellectual Capital • Actuarial valuation techniques • Implementation of IFRS 17	Life Underwriting Operational Counterparty Default	Business Growth and Diversification
Social Capital and Natural Capital • Actuarial valuation for Pension Funds of Statutory Bodies and Corporate clients • Embedding ESG in Risk when doing valuations	Life Underwriting Operational Counterparty Default	Business Growth and Diversification ESG

General Insurance

General Insurance

- Motor
- Home
- Personal Accident
- Travel
- Medical
- Commercial & Industrial Risks
- Engineering & Construction
- Marine & Transportation
- Liability
- Special Risks

About

The inception of the general insurance business dates back to 1978, and subsequently, in compliance with legal obligations, SICOM established a dedicated subsidiary in 2010. SICOM General Insurance Ltd (SGIN) prioritises profitable growth through prudent underwriting practices, diverse product offerings and efficient customer service. The Company relies on a healthy mix of business across distribution channels and product lines to ensure resilience during business cycles. Focused on customer-centricity, SGIN invests in emerging technologies like digital underwriting and claims management to enhance customer experiences. A robust multilayer reinsurance programme with top-rated reinsurers optimises risk retention at various policy and business levels, ensuring a secure and value-driven approach for all stakeholders.

Market Overview

The global insurance industry is confronting substantial challenges, including economic consequences from geopolitical conflicts, rising inflation, interest rate pressures and climate change. In Mauritius, the general insurance sector has been impacted by increased claims costs, especially in Motor and Medical Insurance. Legislative changes leading to monopolistic conditions in the spare parts business have resulted in an upward trend in cost of claims since January 2023. Despite a significant 20% premium growth rate in 2022 compared to 2021, the industry's underwriting profits have plummeted by 76%, reaching Rs 115.0 million in 2022 compared to Rs 476.1 million in 2021.

Value Creation

SGIN demonstrates a strong financial capital with a Gross Written Premium of MUR 1.6 billion and MUR 30.0 million profit before tax, underlining a robust solvency ratio of 173%. Human capital plays a pivotal role in delivering excellent customer service, with 96 engaged employees and skilled salespersons maintaining critical customer relationships. Their capabilities range from Chartered Insurer certification to underwriting, claims management, reinsurance and business development expertise.

Manufactured capital is evident in SGIN's tech-savvy approach, offering online sales platforms for various insurance products, a Surveyor Portal and Robotic Process Automation. The Company works with dealers, agents, banks and reinsurance partners to expand its reach and capabilities.

While intellectual capital is nurtured through employee know-how, industry expertise and a strong network, social and natural capital is prioritised with digital onboarding, quotes, and information, bolstered by the SICOM MyLink mobile application and paperless initiatives, showcasing SGIN's commitment to a seamless and eco-friendly customer experience.

Performance

The Gross Written Premium for the fiscal year 2022/23 exhibited notable growth, rising by 5% to reach MUR 1.6 billion compared to MUR 1.5 billion in the previous year. All classes of insurance contributed to this increase, with the Motor class showing substantial growth of 15% to reach MUR 643.6 million. Notably, the Liability class recorded the highest premium increase, with a remarkable 24% growth, reaching MUR 306.1 million, primarily fuelled by new corporate accounts.

Profit before tax stood at MUR 30.0 million. SICOM General Insurance Ltd (SGIN) also witnessed a positive trajectory in total assets, experiencing a 5% improvement from MUR 2.5 billion in June 2022 to MUR 2.6 billion in June 2023.

> **"The Gross Written Premium for the fiscal year 2022/23 exhibited notable growth, rising by 5% to reach MUR 1.6 billion."**

SGIN made significant strides in enhancing the customer experience by launching a user-friendly mobile application and portals for Health insurance, improving accessibility and convenience for policyholders. The introduction of AI/Cognitive Technology for claims processing further streamlined operations, leading to greater efficiency.

However, the Company faces several challenges, including the depreciation of MUR and disruption of the supply chain, which resulted in escalating claims costs, impacting profitability. The market also witnessed intense competition, and the reinsurance market hardened. Limited market growth was observed due to a contraction in purchasing power caused by high inflation rates.

Outlook

SGIN is committed to driving growth and innovation. The focus lies in developing financial lines and launching new products in the Medical Insurance portfolio catering to diverse market segments. Reviewing the business operating model and implementing digital initiatives are key steps to optimise operating costs. The Company aims to enhance claims cost control by insourcing claims validation, ensuring greater efficiency and accuracy. Additionally, the establishment of a dedicated Data Analytics Unit will aid in refining pricing models and facilitating the successful launch of new products, bolstering SGIN's competitive edge in the insurance market.

Inputs	Risk	Material Matters Impacted
Financial Capital • Gross Written Premium MUR 1.5 billion • Profit before tax MUR 30 .0 million • Solvency ratio 173%	Market and Investment Counterparty Default	Business Growth and Diversification
Human Capital • Our 107 engaged employees, delivering on providing excellent service to customers • Our salespersons are also a critical resource to service and maintain customer relationships • Capabilities and skills: Chartered Insurer(CI), underwriting, claims and other operations management, reinsurance and business development	Operational Strategic	Customer Experience and Digitalisation
Manufactured Capital • Online sales platforms for home, medical and travel insurance • Surveyor Portal • Robotic Process Automation • Partnership with dealers • Agents network • Alliance with banks • Reinsurance partners	Operational Strategic	Business Growth and Diversification Customer Experience and Digitalisation
Intellectual Capital • Employees know-how • Employees expertise of the business • Networking in the industry	Operational Strategic	Business Growth and Diversification Customer Experience and Digitalisation
Social Capital and Natural Capital • Onboarding, request for quotes and information can now be done digitally • Mobile app • Paperless initiatives	Operational	Customer Experience and Digitalisation ESG

Financial Services

About

SICOM Financial Services Ltd (SFSL) is a public company and a subsidiary of the Group. Incorporated in December 1999 and in operation in April 2000, it is licensed by the Financial Services Commission for lease finance and collective investment scheme management, and by the Bank of Mauritius to conduct deposit-taking and loans businesses.

SFSL has a number of competitive advantages, such as attractive fixed interest rates, a good interest margin as well as leasing services in one place. The Company's key achievements include the SICOM My SpeedyLoan online platform, robotics for interest payments, Eco-Lease packages for hybrid/electric cars, and successful tie-ups with car suppliers.

Looking ahead, SFSL plans to introduce variable rates on leasing and speedy loans, extend deposit-taking terms, reintroduce bundling facilities and increase focus on the operating lease business.

Market Overview

The market in which SFSL operates is highly competitive, facing tough competition from banking institutions. Banks often offer better interest rates on leasing and fixed deposits, backed by aggressive advertising campaigns for greater market visibility. Fluctuations in the Key Rate and inflation rate directly impact the Company, affecting customers' debt-to-income ratio and the leasing and personal loan business. Despite challenges, the rise in Key Rate has opened new investment opportunities, leading to some restructuring for higher yields. Inflation should remain a key macroeconomic indicator influencing SFSL's business. The demand for electric/hybrid cars is also expected to rise continuously, and digitalisation will play a pivotal role in enhancing client convenience and ease of business.

Value Creation

Human capital is a key driver of value, with 15 engaged employees delivering excellent customer service. Their diverse capabilities and skills in accounting, loans management, leasing and collective investment schemes further contribute to SFSL's success.

Manufactured capital involves seamless online platforms for instant quotes, eligibility checks, e-proposals and client onboarding. A loan management software has developed in-house and process robotisation will enhance operational efficiency. The introduction of the SICOM MyLink application also caters to modern customer needs.

Intellectual capital includes employees' knowledge, industry expertise and a comprehensive range of products and services, bolstering SFSL's market standing. Social and natural capital initiatives demonstrate the Company's commitment to sustainability and community engagement. The Eco-Lease packages foster greener solutions while supporting SMEs contributes to inclusive growth. SFSL's introduction of a Climate Risk Policy and Strategy showcases responsible risk management and environmental stewardship.

Performance

As for Financial capital, SFSL demonstrated robust financial performance, with total deposits amounting to MUR 1.6 billion and strategic investments in finance leases and loans totalling MUR 755.2 million and MUR 707.0 million respectively. Profit before tax stands at MUR 29.7 million, for the year ended 30 June 2023, higher than last year's PBT of MUR 8.2 million, reflecting financial stability and growth.

Outlook

SFSL continues its dedication to innovation and research and development. Initiatives include the online onboarding platform for personal loans and leasing, the Eco-Lease packages to promote sustainability and the use of Avanteam software suite for process efficiency.

The Company sees promising future growth prospects amidst market trends and opportunities. The expansion of the Eco-Lease campaign aligns with the rising demand for hybrid/electric cars. To address inflationary pressures impacting customers' debt-to-income ratio, SFSL considers extending loan/lease terms from 7 to 10 years. The effect of the increased Key Rate on low-income individuals prompts a review of the SICOM My SpeedyLoan solution to incorporate minimum wage criteria.

Inputs	Risk	Material Matters Impacted
Financial Capital • Total deposits MUR 1.6 billion • Investments in finance lease MUR 755.2 million • Investment in loans MUR 707.0 million • Profit before tax MUR 29.7 million	Market and Investment	Business Growth and Diversification
Human Capital • Our 14 engaged employees, delivering on providing excellent service to customers • Capabilities and skills: Accounting, Loans Management, Leasing, and Collective Investment Scheme (CIS)	Operational Strategic	Customer Experience and Digitalisation
Manufactured Capital • Online platforms for Instant quote, Eligibility, E-proposal and onboarding new clients • Loan management software developed inhouse	Operational Strategic	Business Growth and Diversification
Intellectual Capital • Employees know-how, and expertise of the business and networking in the industry • Products and services	Strategic	Business Growth and Diversification Employee Engagement and Development
Social Capital and Natural Capital • Promoting eco lease package- Greener solutions • Support SME market	Market and Investment Strategic	Business Growth and Diversification ESG

Loans

About

SICOM has been providing Housing Loans to its life assurance policyholders since 1982. Over the years, the loan offerings have been expanded to include Commercial, Multi-Purpose, Educational, and Fixed Deposit loans to cater to market demands and support business expansion.

Market Overview

The loan business landscape in Mauritius has witnessed intense competition, with commercial banks controlling over 70% of the market. The rising number of lending institutions, coupled with a limited active working population facing increased indebtedness, has led to fierce rivalry among financial institutions. Some commercial banks offer attractive discounts on handling and documentation fees to attract clients for financing new projects or refinancing existing loans. As of December 2022, SICOM held the 5th position among major competitors in individual loans. Housing loans are predominant, with tax incentives and Government schemes driving demand for residential properties. Challenges include a decreasing working population, aggressive competition and uncertainty surrounding changes in the Key Rate. Furthermore, shortcomings in the current loan system need to be addressed.

Value Creation

The value creation of SICOM's Secured Loans vertical extends across multiple dimensions. Socially, we empower eligible income earners to own and build their homes, fostering a sense of security and stability. Intellectually, we offer Educational Loans with moratoriums, enabling qualified applicants to access world-class education and unlock their potential. Emphasising our commitment to the environment, we contribute to green projects by providing affordable interest rates, promoting sustainability and preserving nature for future generations. Through these initiatives, we create lasting value for our clients, communities and the environment.

Performance

Our loans portfolio demonstrated steady growth, increasing from MUR 2.1 billion in the previous year to MUR 2.2 billion in the current financial year. This expansion in our lending activities contributed to a notable rise in total income, reaching MUR 112.8 million compared to MUR 103.3 million in the previous year.

Key achievements in the reporting period include a notable increase in the loans portfolio, surpassing the set target for approved loans, and successfully reducing total arrears according to the set goal. Additionally, the implementation of a workflow solution has enhanced tracking efficiency while promoting paperless practices.

On the downside, the loan business faces challenges, including in competing with the banking sector, especially during drops in the Key Rate. Inflation and decreased purchasing power, along with the general over-indebtedness of the working population, present additional hurdles.

Outlook

Looking ahead, the future prospects of the loan business are influenced by potential changes in the Key Rate. New products, tax incentives and Government refunds under the Home Loan Payment Scheme offer avenues for growth and innovation. The Government's focus on green projects also presents an opportunity for us to provide competitive Eco-Loans. Despite existing challenges, a 5.0% growth in the loans portfolio, a 17.0% increase in sales and an 8.7% rise in gross revenue are anticipated for the upcoming financial year, especially in financing green projects. As we move forward, we will also continue to embrace technology, innovation and customer-centric approaches to drive growth and success.

Inputs	Risk	Material Matters Impacted
Financial Capital • Total loan book of MUR 2.2 billion • High quality loan book with low provision ratio	Market andInvestment	Business Growth and Diversification
Human Capital • 14 engaged staff having served for many years	Operational	Customer Experience and Digitalisation
Manufactured Capital • Seamless loan application process • Loan management software and tools • Cross selling opportunities within the group	Market and Investment Strategic Operational	Business Growth and Diversification
Intellectual Capital • Employee know-how and experience flexible and adapted products and services	Strategic	Business Growth and Diversification
Social Capital and Natural Capital • Promoting Eco-loans	Strategic	Customer Experience and Digitalisation ESG

Facilities

Facilities

About

The Facilities function plays a pivotal role in creating a safe and supportive work environment, fostering collaboration and productivity. We uphold the smooth functioning of all business units by maintaining services and enhancing physical infrastructure. Innovative practices, such as automation and digital platforms like the all-in-one property management software, Buildium drive internal process efficiency.

As part of SICOM's growth strategy, we opened a new outlet at Coeur de Ville Tamarin and upgraded security with alarm systems in branches. Renovation efforts, including modern open office layouts, reflect our commitment to a contemporary work environment.

To ensure staff and customer safety, risk mitigation measures have been implemented, including upgraded firefighting systems and anti-slip flooring. However, challenges like increasing operating expenditure and electricity costs were encountered in the past year.

Value Creation

The Facilities function aims to create value through effective management of the Group's capitals. Cost-cutting measures were implemented, closely monitoring consumables like printing and stationery.

Human capital-related initiatives include engaging staff in the workplace to fosters a safe work environment. Regular safety & health assessments and inductions for new recruits also ensure safety awareness. Additionally, workshops and collaborations with the Ministry of Health and Wellness serve to promote staff well-being.

The introduction of the QuickBooks system improved budget monitoring and reduced human errors. It also contributed to intellectual capital, along with the upgrading of lightning protection to enhance operational efficiency and safeguard IT equipment.

Promoting social welfare, the department collaborated with the Ministry of Health and Wellness to establish a renal transplant outpatient department at Victoria Hospital. Support for poverty reduction includes donations to Dr A.G. Jeetoo Hospital and NGOs, while financial aid is provided for culinary schools and child rehabilitation centres.

Finally, greening motorways with the Ministry of Environment, Solid Waste Management and Climate Change reflects SICOM's environmental commitment. An energy audit and insulation upgrades at SICOM Building 1 are intended to reduce energy consumption. Paperless initiatives and recycling further contribute to sustainable practices and environmental responsibility.

Performance

During the financial year 2022-2023, the Facilities department demonstrated adaptability and strategic planning, ensuring critical projects were executed efficiently and cost-saving measures were implemented.

Significant investments were made in SICOM Building 1, with Rs 33.2 million earmarked for capital expenditure, compared to Rs 21.6 million in the previous year. Key projects executed included the replacement of lifts, installation of split-type inverter air conditioning units and renovation work on the ground floor and levels 2 and 3. An upgrade of the main entrance prioritised safety with anti-slip resistance tiles.

Operational expenditure for SICOM Building 1 amounted to Rs 39.6 million, up by 8.8% from Rs 36.4 million in the prior year. The increase was primarily due to a 62% hike in electricity costs since February 2023, coupled with a 10% rise in security and cleaning contracts due to higher minimum wage and portable retirement gratuity fund contributions.

To optimise costs, the department implemented several measures, including reducing postage and stationery expenses through electronic communication and a paperless office environment. Centralised printers were introduced to minimise excessive printing and paper wastage. Furthermore, lumping service providers' contracts allowed for better pricing negotiation. The new contracts include a service level agreement and the possibility to accommodate future needs, supported by regular evaluations using KPIs.

Outlook

In 2023-2024, the Facilities function remains committed to enhancing sustainability in the work environment. Ongoing renovation efforts will focus on replacing air conditioning units and window glazing while exploring the purchase of a hybrid vehicle to align with SICOM's sustainability initiatives.

Efforts in research, optimisation, innovation and digitalisation will continue to drive our internal process improvements. The enhancement of store and registry modules will add to staff efficiency and reduce errors. All major projects will also undergo extensive in-house research to meet high standards and ensure sustainability.

Upgraded main entrances and the replacement of lifts in SICOM Building 1 with energy-efficient belt and regenerative braking systems are aimed at enhancing passenger comfort and safety. To overcome service provider challenges, a new bid document and KPI-based assessment will ensure performance evaluation before payment. Cost reduction strategies through insourcing and lumped maintenance contracts will further enhance operational efficiency.

Property

About

Property management is a core component of SICOM's Property, Facilities & Procurement department. The vertical actively seeks portfolio diversification opportunities through property acquisition and investment in projects and provides new tenant services. Currently, SICOM owns and manages properties in Port Louis and Ebene valued at MUR 2.1 billion. In the 3-year Strategy Plan 2022-2025, property has been identified as a focus area with high growth potential. Challenges include increasing operating expenditure, regulatory controls, climate change risks, tenant demands and competition for office space. a new customer lounge with all modern facilities to enhance the level of customer experience

Market Overview

The dynamic real estate market is influenced by economic stability and tenant requirements, among others. Recently, the commercial sector has seen significant growth, especially in sustainable office space, mixed-use developments, healthcare and retirement facilities. Côte d'Or has high potential with the launch of the Data Technology Park, making it an attractive investment region for SICOM. Additionally, the Group is seeking partnerships in the property sector to execute projects in emerging fields. In Ebene however, the work-from-home culture has led to decreased demand for office space, posing a challenge to be considered while assessing the market.

Value Creation

SICOM's Property vertical creates value through its financial capital by generating revenue from renting properties on long-term leases to reputable tenants. This rental income serves as a safeguard against inflation fluctuations, aligning with the Group's diversification strategy.

Human capital plays a vital role in ensuring safety and compliance across SICOM properties. Regular training sessions and fire drills are conducted for all buildings to enhance fire safety measures. An effective safety and health programme has been implemented to create a safe environment, reducing the risk of personal injury and property damage while ensuring regulatory compliance.

Manufactured capital is enhanced through the deployment of Buildium, a new digital platform providing tenants with an online portal for maintenance requests. A dedicated help desk officer manages requests promptly, ensuring efficient service delivery and instant feedback to tenants and service providers.

Intellectual capital is embedded in the experience of an in-house team managing more than 25 maintenance contracts and other outsourced services. Their expertise covers all stages of property development, from feasibility to final execution. Risk management measures, including a business continuity plan, are in place to prevent disruptions in property management operations.

Natural capital is prioritised through sustainability initiatives such as photovoltaic panel installations, waste segregation and rainwater harvesting at SICOM Tower. Energy audits are performed to optimise energy consumption, demonstrating the Group's commitment to environmental responsibility and resource efficiency.

Performance

In the fiscal year 2022-2023, the Group's investment properties yielded a total rental income of MUR 90.6 million, representing a drop compared to MUR 91.5 million in the previous financial year. This decline can be attributed primarily to the forfeited rental income for the ground floor, level 1, and level 12 at SICOM Tower.

For the same period, MUR 9.2 million were allocated as capital expenditure for investment properties, which represents an increase from the investment in the previous financial year. Notable projects executed for SICOM Building 1 include the appointment of a consultant for covering the main entrance, refurbishment work for the Ministry of Commerce and Consumer Protection and on level 12, upgrading of building front landscaping and the installation of a rainwater harvesting system. However, some projects, such as fibreglass lining for the water tank and platform in risers with pipe relocation, were not undertaken as funds were reallocated to other projects.

Similarly, for SICOM Building 2, a major project involved upgrading the Marmoran on the building facade. However, the installation of PV panels on the roof was not pursued following a feasibility study citing a high payback period of 24 years and negligible savings of less than 1%.

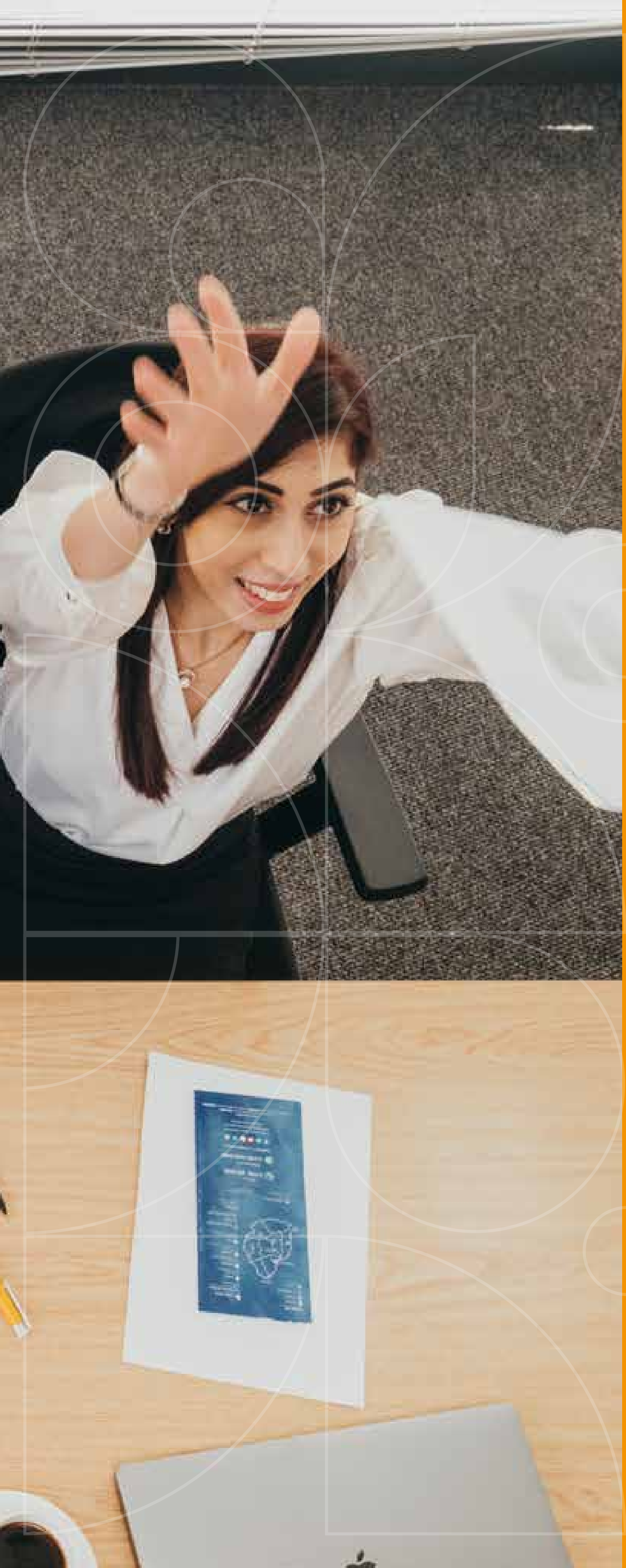
Regarding operational expenditure for investment properties, MUR 20.7 million were allocated in 2022-2023 against MUR 25.9 million in the previous year.

Outlook

In the financial year 2023-2024, the Property vertical's mission will be to increase revenue generation by MUR 1.1 billion through property projects and diversify the existing property portfolio. Following recommendation from consultants, SICOM is set to acquire four floors in AfrAsia Tower, located within the Tribeca Smart City in Trianon, by the end of 2023. Refurbishment projects will also improve the work environment and address the challenge of tenant retention. Key initiatives include upgrading curtain walls for SICOM Building 2 and setting up new infrastructure for the High-Net-Worth department, covering the terrace on the main entrance and upgrading the fire alarm system for SICOM Building 1. Additionally, the CCTV system will be upgraded across all investment properties to prevent data loss.

Inputs	Risk	Material Matters Impacted
Financial Capital • Property worth MUR 2.1 billion owned by SICOM and yielding rental income	Market and Investment Counterparty Default	Business Growth and Diversification
Human Capital • Our 44 engaged employees, delivering on providing excellent service to tenants, for maintenance and for evaluating property opportunities • Capabilities and skills: Engineering, Procurement, Property Management, Property Development and Administration	Operational	Employee Engagement and Development
Manufactured Capital • SICOM currently owns the following: 1. SICOM Building 1 2. SICOM Building 2 3. SICOM Tower 4. SICOM General Insurance Building 5. St James Court (Level 8) 6. Property at Edith Cavell Street	Market and Investment Strategic	Business Growth and Diversification
Intellectual Capital • The know-how, expertise and experience of managing properties • ESG implementation capabilities	Operational	Employee Engagement and Development
Social Capital • Health and safety of employees, tenants, clients and any other stakeholders using our buildings	Operational	ESG
Natural Capital • Green building initiatives undertaken to be as environment-friendly as possible and abide to ESG principles • Green audit completed	Operational Environmental	ESG


SICOM
GROUP



Our People
Our Assets

Human Capital Highlights

373
EMPLOYEES

61%
WOMEN

39%
MEN

LEADERSHIP TEAM

87
MEMBERS

30%
WOMEN

70%
MEN

MUR 2.4m
INVESTED IN TRAINING IN FY 22/23

89 GROUP EMPLOYEES WITH
30+
YEARS OF SERVICE

Human Capital

The People agenda of SICOM is an important pillar of the Group. The strategic objectives to retain talent and future-proof the company are set out as follows:

- Strengthening talent planning and management practice
- Fostering leadership excellence
- Enhancing learning and development
- Enhancing performance management
- Crafting a compelling culture

SICOM embarked upon a transformational journey since the review of its three year strategy plan in 2022. This roadmap complemented the 'new normal' that the pandemic brought in its wake. With the widespread of flexible working hours and digital solutions amidst an increasingly mobile labour market, the HR team was instrumental in designing strategies that are aligned to the vision of the new SICOM.

The Group's vision is to be an 'Employer Of Choice' based on its projected ambitions for its people, who are the Group's source of success. Accordingly the main role of HR is to nurture the personnel amidst an inclusive and performance-driven environment where people are at the centre of business decisions. It aims at building capacity and creating a rewarding and vibrant working place.

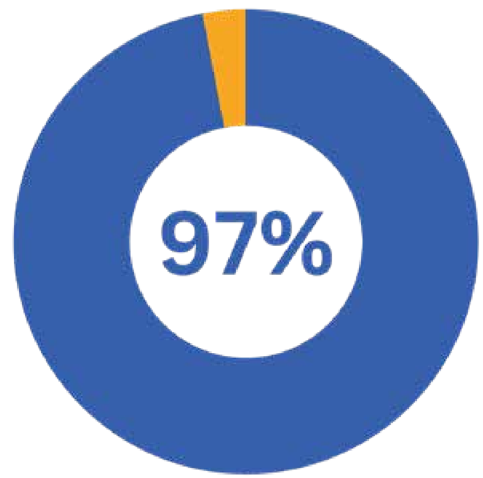
Accordingly, achievements during the year which were worth noting are:

(i) Great Place To Work Certification

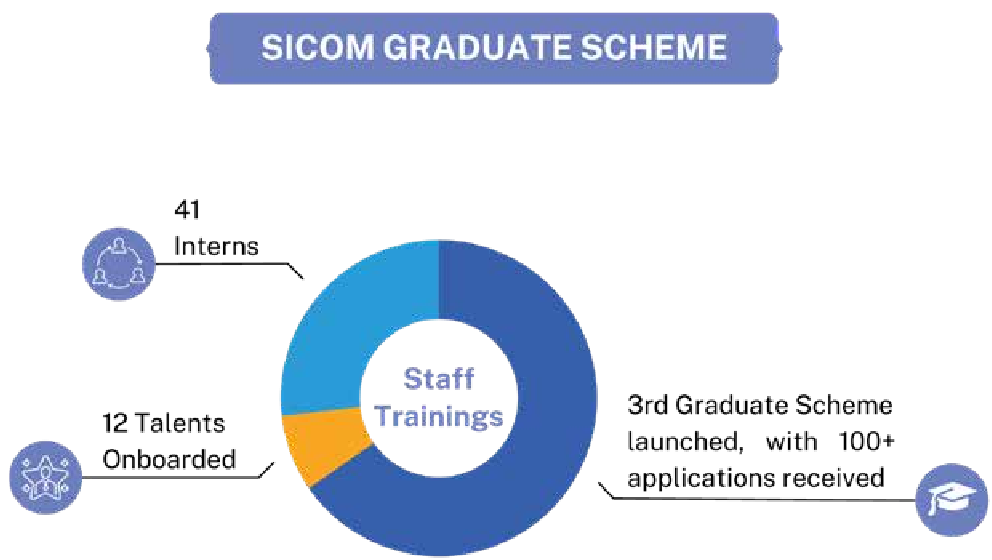
(ii) 97% of workforce received Training other than the mandatory/statutory training such as AML/CFT

(iii) Implementation of an online integrated Performance Management System

(iv) New core HR software enhancing the interface for employee's self-service



97% of workforce received Training



Human Capital

Setting the tone

SICOM's leadership prioritizes supportiveness, encourages a strong results orientation, seeks different perspectives and active problem-solving skills.

To guide organizations successfully, senior leaders have developed this broad range of skills through training and interaction by consultants and specialists in the human resource and professional development domain. These are essential for leading the company, from attracting and retaining talent to making SICOM's culture a competitive advantage.

Leveling up

Talent management is a critical aspect of SICOM's human resource strategy and it includes all the ways that the company bring employees on board, keep them happy and productive, and help them continue to develop their skills over time. The company is also committed to attracting and retaining the best talent in the industry and creating opportunities for employee growth and development.

Significant challenges in the market are the scarcity of local resources in certain technical fields coupled with high employee mobility and costly talent. SICOM requires highly skilled professionals in areas such as IT, cybersecurity, and actuarial science which are limited locally. The demand for skilled professionals in the financial services industry is also high and this implies high turnover rates.

Despite these challenges, SICOM is committed to talent management and recognizes that it is crucial to its success. The company has implemented various initiatives to attract and retain top talent, such as offering competitive compensation packages, providing opportunities for professional development and career advancement, and creating a positive work culture that values employee well-being. By investing in its employees, SICOM ensures that it has a dynamic and skilled workforce that can meet the evolving needs of the business.

During the year, SICOM received over 700 CVs for various positions advertised, during Career Fairs and for its Graduate Scheme. They were carefully screened all the CVs to identify the most suitable candidates for the organisation. The company recognises that attracting and retaining top talent is crucial to its success, and it actively seeks out opportunities to connect with potential candidates and to create a dynamic and diverse workforce.

Recognising our people

SICOM values and recognises contributions, dedication, commitment and achievements of employees and salesmen. It provides competitive remuneration packages and commissions that align with industry standards.

Every three years, SICOM Board appoints a Salary Commissioner to review terms and conditions of service for all business verticals and categories of employees. The last review report showed that the remuneration package is highly competitive with perks such as passage benefits, staff loans, and medical/health insurance plans. The Group offers performance and profitability bonuses to promote employee motivation and engagement. The Board approves a bonus pot for payment of profitability bonus and performance bonus on a yearly basis. Employees who do not meet expectations are placed on a Performance Improvement Plan.

Salesmen Awards is an annual event organised by SICOM to recognise and reward top-performing sales representatives. The event includes a ceremony where awards are presented based on performance metrics. Salesmen Awards create a competitive environment that encourages sales representatives to strive for excellence. They also build camaraderie among the sales team. These awards are an effective way to motivate the sales team to continue achieving great results.

Human Capital

Empowering voices

SICOM Ltd engages with a range of stakeholders, including employees, trade unions, and external bodies such as universities, training institutions, and the Ministry of Labour. SICOM Ltd. SICOM always considers employees' staff concerns and suggestions. It offers various channels to engage with stakeholders, such as an open-door policy and Comite d'Entreprise for employees which is an internal Employer-Employees meeting, regular meetings with trade union, SICOM Employees Trade Union and through professional relationships with external bodies on an ad-hoc basis. The company values stakeholder engagement and recognizes that it is crucial for building strong relationships and achieving mutual goals.

During the year, the company addressed employees' concern regarding career progression by conducting a review exercise. Regular meetings with the trade union, which is primarily focused on employees' work rights and wellbeing, have been organised to consult on matters that impact employees' conditions of service, including health and safety.

Diversity wins

Diversity, equity, and inclusion are three closely linked values held by many organizations that are working to be supportive of different groups of individuals, including people of different races, ethnicities, religions, abilities, genders, and sexual orientations. At SICOM, our HR practices are aligned to the UN Sustainable Development Goals (UN SDGs) as per below.

Diversity, equity & inclusion go beyond employing different types of people at SICOM. It is a moral and corporate responsibility to creating a sense of belonging and organisational justice, that provides an employee with the assurance of fair treatment and opportunity in every aspect of employment. Inclusion is vital for team cohesion, and to empower employees to contribute to business initiatives and outcomes. The HR function ensures that the business strategies permeate into every component of people management by instilling a culture of celebrating differences and sharpening intercultural sensitivity.

Beyond the statutory requirement to comply with Section 13 of the Training and Employment of Disabled Persons Act, SICOM is moreover committed to its inclusive philosophy to onboard resources classified as 'disabled'. Regular exchanges and calls are made with and to the Training Employment of Disabled Persons Board (TEDPB) for referrals for our consideration.

Safety and Wellness first

SICOM places great importance on the health and safety of its employees 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. SICOM also incorporates industry-leading practices to effectively control risks and prevent accidents in the workplace. During the year, the company has taken several measures to encourage further implementation of health and safety practices. These measures include ongoing enhancement of hygiene measures, regular workplace safety checks, comprehensive first aid training sessions throughout the year, and fire drills.

Human Capital

Team Building

Staff Training

Team Building

Talk on healthy lifestyle

Human Capital


Team Building

Kermesse


Townhall Meeting


Breathing Workshop

Human Capital

Moreover, SICOM actively engages in initiatives that promote wellness, access to healthcare, and overall well-being. The Group's commitment to a sustainable and healthier future for all is demonstrated by weaving good health and well-being into its fabric of responsibility. By prioritising health and well-being, SICOM contributes to individual welfare and strengthens the overall resilience and vitality of local communities. Many initiatives were organised in line with this including the Blood Donation initiative, the monthly Heathly Eating Habits awareness day, in-house talk by a nutritionist, talk on mental health, screening – (General check-up, Breast cancer & Cervical cancer), medical screening by Caravane de Sante and a subsidised Gym Facilities under the aegis of Public Officers Welfare Council.

Blood Donation


Gym Facilities


Healthy Eating - Fruit Distribution

Divali - November 2022

Nutritionist Talk on Healthy Eating Habits

Christmas- December 2022

Human Capital

Spring Festival -January 2023


Independence Day -March 2023


Eid Festival - May 2023


Halloween 2023

Team Building - May 2023

Training 2023

Effective Governance: Building Trust Driving Growth

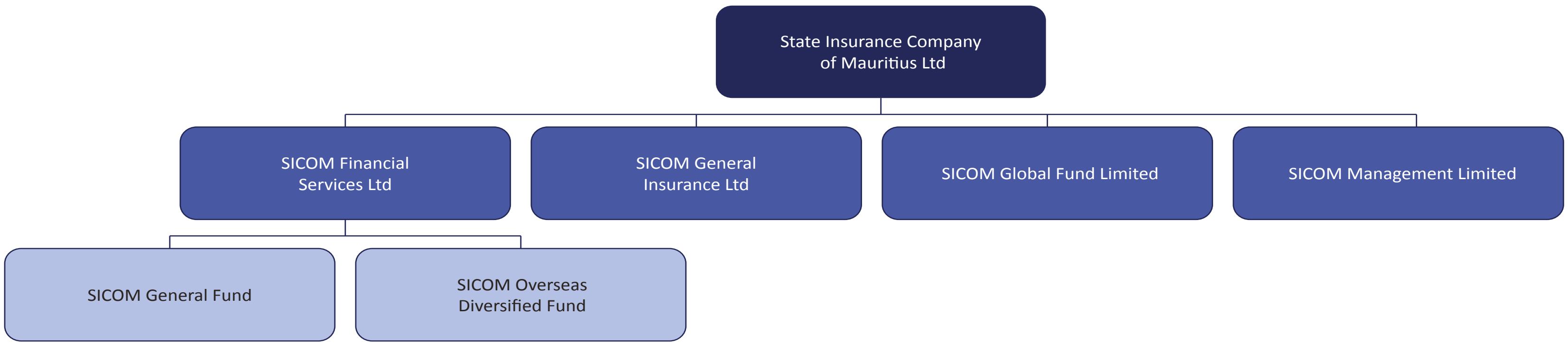
Corporate Governance Report

The State Insurance Company of Mauritius Ltd (the Company or SICOM) was set up as a parastatal body in 1975 and thereafter privatised in 1988. The Company is a public interest entity as defined by the Financial Reporting Act 2004, and has since been operating as a public interest entity as defined by the Financial Reporting Act 2004.

Corporate Governance

SICOM and its subsidiaries (together referred to as the SICOM Group or the Group) are committed to creating long-term stakeholders' value by maintaining high standards of corporate governance and by their unwavering commitment in applying and implementing the eight (8) principles set out in the National Code for Corporate Governance for Mauritius (2016) (the Code), as explained in appropriate sections of the Report.

SICOM Group enjoys a solid reputation as a well-managed, well-structured, reputable and trusted organisation, with 5 Companies and 2 Unit Trusts.



SICOM Group Structure

SICOM Group Governance Framework, an evolution

SICOM Group has gained experience and adopted corporate practices in line with the provisions of the Code over the years. Essentially, the governance operating model adopted by the Group has the potential to increase the effectiveness of the Group by enhancing Management's ability to implement governance and the Board's ability to exercise proper oversight.

This Corporate Governance Report presents the details of how the SICOM Group

(i) has the right governance infrastructure;

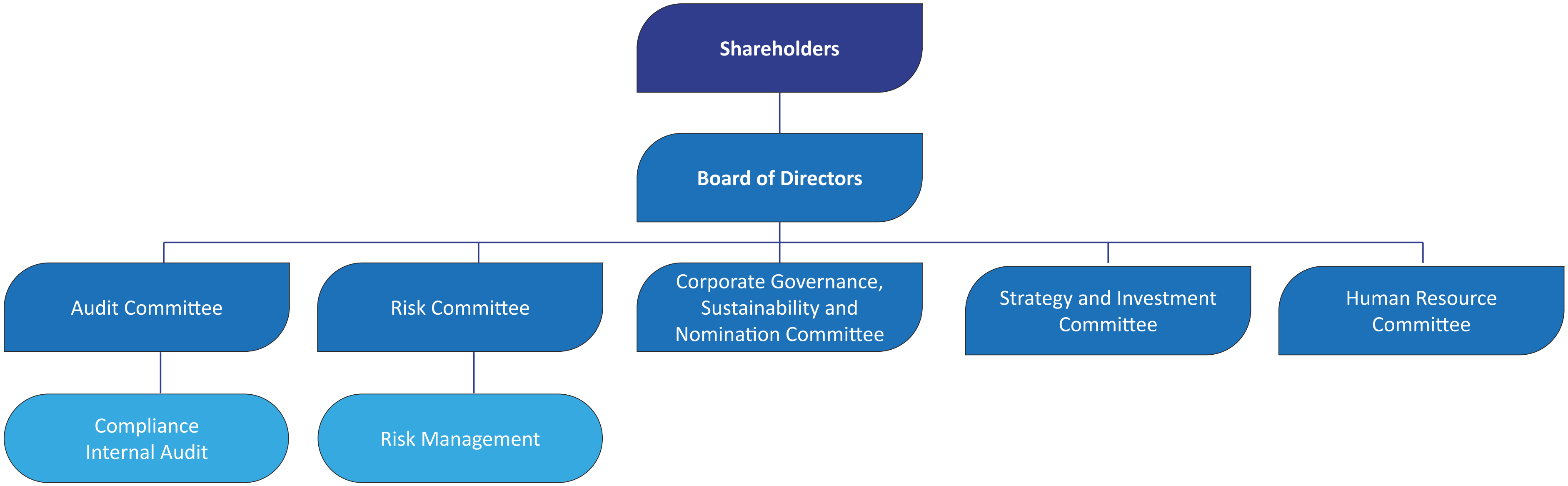
(ii) actively monitors its business model;

(iii) has increased oversight on strategic and governance matters; and

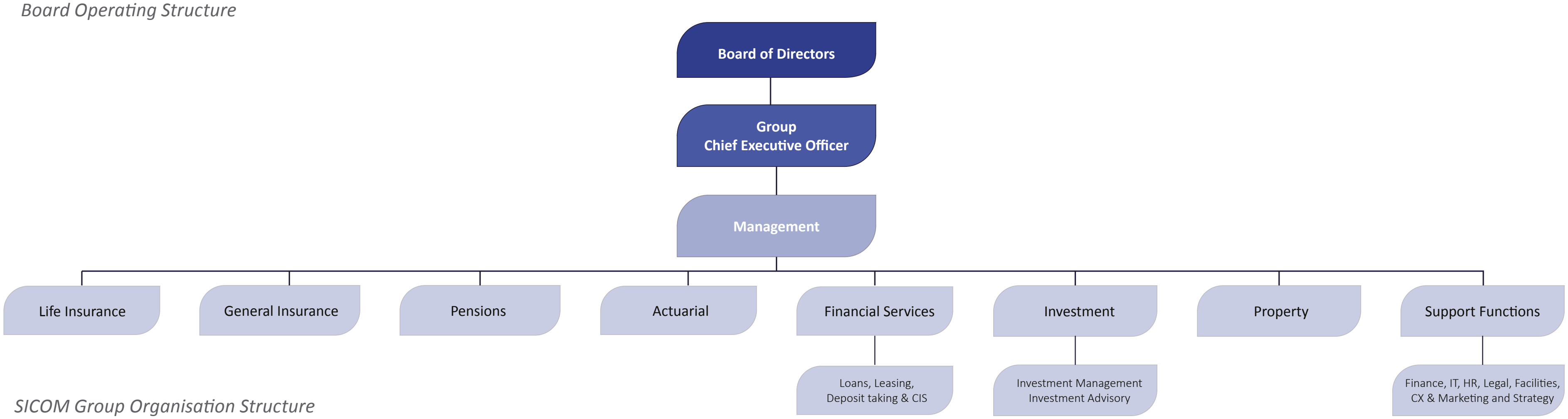
(iv) ensures risk and culture are at the core of the business.

Corporate Governance Infrastructure

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



Board Operating Structure



SICOM Group Organisation Structure

SICOM's Board Policies

SICOM's main governance documents, that 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. These not only evidence the Group's compliance with applicable local laws, but also demonstrate its intent to go beyond the adherence to recommendations, best practices, and trends in corporate governance, both at a national and international level. To that end, the Group has, during this financial year, updated some of its Charters and policies, including the Code of Ethics for its employees, and has appointed an Ethics Officer.

Summary of the main Governance documents

Constitution	The Amended and Restated Constitution of the Company is dated 09 March 2005 (the Constitution); and was further amended on 08 November 2016. 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 Company'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.
Remuneration Policy for Directors and Senior Executives	The Group's Remuneration Policy for Directors and Senior Executives provides a structured basis in determining the remuneration of Board members and Senior Executives of the Group.

The Company also has in 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's Orientation and Induction Process;
- Conflicts of Interest and Policy on Related Party Transactions;
- Anti-Harassment and Non-Discriminatory Policy; and
- Whistleblowing Policy
- Equal Opportunity Policy

Our Governance Structure

SICOM Group's Corporate Governance structure has been established in accordance with the provisions of the Code, national and international practice.

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

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

Board Committees have also been set-up in accordance with the Company's Constitution and recommendations of the Code 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 providing 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 a Non-Executive Director and is seconded in this pivotal role by Executive, Non-Executive, and Independent Non-Executive Directors. She leads the Board, ensuring it is functioning properly and that each Director can make an effective contribution. She remains the spokesperson for the Board.

The Group CEO

The day-to-day operations are entrusted to management under the responsibility of the Group Chief Executive Officer (the Group CEO). The Group CEO has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as decided by the Board. Members of senior management have clearly defined job descriptions and report to the Group CEO.

The profile of the senior management team/management team is on pages **36 to 39** and on the Group's website.

Company Secretary

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

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

DTOS is a leading corporate service provider operating in the Mauritian International Financial Centre for the last 30 years. Founded in 1993 and licensed by the Financial Services Commission, DTOS provides a comprehensive range of professional services including corporate and secretarial services, fund administration and accounting services.

DTOS has a substantial and diversified clients' 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, Uganda, Rwanda (coming soon) and representative offices in China, India and France, DTOS is a leading regional expert providing tailor-made solutions to clients in Mauritius and worldwide.

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

SICOM's Board Members

Directors in Office

Directors who held office during this Reporting year

Independent

1. Mr Anandsing Acharuz
2. Mr Chandradeo Dabeea
3. Mr Varun Krishn Munoosingh
4. Mrs Ushalini Shewraj

Non-Executive

1. Mrs Karuna G Bhoojedhur-Obeegadoo (Chairperson)
2. Mr Chaitanand Jheengun
3. Ms Shakilla Bibi Jhungeer
4. Ms Maheswaree Naraini Madhub (from 10 May 2023)
5. Mr Jairaj Sonoo, C.S.K
6. Dr Dhanandjay Kawol (until 31 March 2023)

Executive

1. Mrs Nandita Ramdewar(Group CEO)
2. Mr Dev Kumar Gopy

Changes to the composition of Company's Board

1. Dr Dhanandjay Kawol (until 31 March 2023)
2. Ms Maheswaree Naraini Madhub (from 10 May 2023)

The profile of directors of the board can be found on pages 22 to 27.

Directors of the Group's Subsidiaries

The Board composition of each subsidiary is shown below, together with the corresponding Chairpersons, sitting on the respective Boards being mentioned.

Subsidiaries	Clusters	Directors
SICOM Financial Services Ltd	Leasing Deposit taking Investment	Oomesh Sharma Mahadu (Chairman) Karuna G Bhoojedhur-Obeegadoo Nandita Ramdewar Dev Kumar Gopy Ishwarlall Bonomaully Avinash Dreepaul Subiraj Reedoy Sarvesh Seeteejory Chelven Chengabroyan
SICOM General Insurance Ltd	General Insurance	Karuna G Bhoojedhur-Obeegadoo (Chairperson) Nandita Ramdewar Surendranath Ancharaz Yasheel Kumar Aukhojee (Dr) Anandjaye Chummun Chandradeo Dabeea Chandrek Dussoye Vinod Kumar Koonjoo José Moonien Dharmanand Ramkallawon
SICOM Management Limited	Investment Advisory Investment Management	Karuna G Bhoojedhur-Obeegadoo (Chairperson) Nandita Ramdewar Dev Kumar Gopy
SICOM Global Fund Limited	Investment	Karuna G Bhoojedhur-Obeegadoo (Chairperson) Nandita Ramdewar

Other Directorships held by Members of the Board

Directors	Other Directorships	Additonal Chair	Additional Committee Responsibilities
Mrs Karuna G Bhoojedhur-Obeegadoo (Chairperson)	• SICOM General Insurance Ltd – Non-Executive Director • SICOM Financial Services Ltd – Non-Executive Director • SICOM Management Limited – Non- Executive Director • SICOM Global Fund Limited – Non- Executive Director • MCB Group Limited (Listed) – Independent Non-Executive Director • MCB Equity Fund Ltd – Non-Executive Director	• SICOM General Insurance Ltd • SICOM Management Limited • SICOM Global Fund Limited	• MCB Group Ltd – Audit Committee (Member), Remuneration, Corporate Governance, Ethics and Sustainability Committee (Member)
Mrs Nandita Ramdewar	• SICOM General Insurance Ltd – Executive Director • SICOM Financial Services Ltd – Executive Director • SICOM Management Limited – Executive Director • SICOM Global Fund Limited – Executive Director • National Housing Development Co. Ltd – Non-Executive Director		• National Housing Development Co. Ltd – Risk and Audit Committee (Chairperson), Corporate Governance Committee (Member)
Mr Anandsing Acharuz	• Mauritius Africa Fund • Maurice Strategie • Central Electricity Board (CEB) • Airports of Mauritius Ltd (AML) • Airport Terminal Operations Ltd (ATOL) • Côte D'Or International Racecourse and Entertainment Complex Ltd (COIREC) • Mauritius Telecom • Pointe Coton Resort Hotel Co Ltd		
Mr Chandradeo Dabeea	• SICOM General Insurance Ltd		
Mr Dev Kumar Gopy	• SICOM Financial Services Ltd • SICOM Management Limited • Cyber Properties Investment Ltd		

Directors	Other Directorships	Additonal Chair	Additional Committee Responsibilities
Ms Shakilla Bibi Jhungeer	• SBM (Holdings) Ltd – Independent Director • SBM (Bank Holdings) Ltd – Non-Executive Director • SBM 3S Ltd - Non-Executive Director • SBM NBFC (Holdings) Ltd - Non-Executive Director • SBM Kenya Ltd - Non-Executive Director • Rodrigues Duty Free Paradise Ltd – Independent Director		• SBM Holdings Ltd – Corporate Governance, Conduct Review & Sustainability Committee (Chairperson), Audit Committee (Member), Nomination and Remuneration Committee (Member)
M N Madhub	• Omnicane Ltd • Ascencia Ltd		• Omicane Limited - Corporate Governance Commitee (Member)
Mr Jairaj Sonoo, C.S.K	• New Social Living Development - Executive • EREIT Management Ltd - • SIC Management Services Co Ltd • SIC Capital Support • SBM (Mauritius) Infrastructure Development Company Ltd • Le VAL Development Co Ltd • The State Investment Corporation Limited • Mauritius Africa Fund Ltd • National Real Estate Ltd • Industrial Finance Corporation of Mauritius (IFCM) Ltd • National Housing Development Co. Ltd - Executive • SIC Development Co Ltd	• EREIT Management Ltd • SIC Management Services Co Ltd • SIC Capital Support Ltd • SBM (Mauritius Infrastructure • Development Company Ltd • Le Val development Co. Ltd • The State Investment Corporation Limited • National Real Estate Ltd • Industrial Finance Corporation Mauritius (IFCM) Ltd • SIC Development Co Ltd	• Industrial Finance Corporation Mauritius (IFCM) Ltd – Investment and Credit Committee (Chairperson)

Board size and composition

The Board of Directors is a unitary Board composed of 11 Directors, out of which there are six (6) male representatives and five (5) female representatives. The Company has a judicious mix of Executive Directors, Non-Executive Directors, and Independent Directors. The Board is composed of 2 Executive Directors, 5 Non-Executive Directors and 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 which 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 and the Group. 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, ensuring it is functioning properly and that each Director is able to make an effective contribution. The Chairperson discusses and sets the agenda with the Group CEO and the Company Secretary. The Group CEO has the overall responsibility of 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 meetings and committee meetings are held throughout the Group.

Board Meetings are set in advance according to the terms of the Company's Board Charter and its Constitution. The Company held six (6) Board meetings during this 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 tentative 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.

28 Total Number of Meetings in 2022/23

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 as far as 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 an online and secured 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. Directors may also have access, at all reasonable times, to members of the Management team for any clarification on board matters.

Board governance during the Covid-19 pandemic

As part of the governance changes brought along by the pandemic, the Board has remained steadfast and continued hosting its meetings online through a secured platform. The Board was kept informed of the continuing Covid-19 related challenges and priorities of the Group.

Board Composition

100% Local Directors

Board Oversight

SICOM Group

SICOM’s Board has a strategic oversight on the activities of the organisation. The key strategic pillars of the Group for the reporting year 2022/2023 are as per below and they help achieve the Group’s objectives, leading to the overarching theme of Consolidation, Execution and Sustainability of the organisation. They are:

- Business Growth & Diversification
- Customer Experience & Digitalisation
- Governance & Risk
- Employee Engagement & Development
- ESG & Sustainability

SICOM ensures that its subsidiaries comply with their obligations and requirements under the Code through its Corporate Governance, Sustainability and Nomination Committee.

The members of the Board and their attendance at Board meetings during this Reporting Period 2022/2023 are as follows:

MEMBERS	ATTENDANCE	
K G Bhoojedhur-Obeegadoo	6/6	● ● ● ● ● ●
N Ramdewar	6/6	● ● ● ● ● ●
A Acharuz	6/6	● ● ● ● ● ●
C Dabeea	6/6	● ● ● ● ● ●
D K Gopy	6/6	● ● ● ● ● ●
C Jheengun	5/6	● ● ● ● ●
S B Jhungeer	5/6	● ● ● ● ●
M.N Madhub[1]	1/1	●
V K Munoosingh	6/6	● ● ● ● ● ●
U Shewraj	5/6	● ● ● ● ●
J Sonoo, C.S.K	6/6	● ● ● ● ● ●
D.Kawol (Dr)[2]	5/5	● ● ● ● ●

Changes to the composition of the Company’s Board during this Reporting Period:
[1] Appointed on 10 May 2023
[2] Up to 31 March 2023

During this Reporting Period, the Board of SICOM examined, discussed and resolved on the matters which are the focus areas requiring increased board oversight:	Risk	Capital Impacted	Material Matter Impacted
• Corporate Governance Matters • Recommend re-appointment of External Auditors • Approval of Annual Reports, including the financial statements • Approval of annual budget • Review of Risk-Related Matters • Strategy Report • Salary Review Report • Dividend payment • AML/CFT Compliance Manual and Policies • Procurement Matters • MLRO and Compliance Reports	Strategic Operational Market & investment Risk	Financial Social	Governance & Risk Business Growth & Diversification

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 of members with a wealth of knowledge and experience in fields relevant to the operations of the Company, including insurance, pensions, actuarial science, finance, legal and business administration.

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

Attendance at Committee Meetings

The Directors who served on the Board Committees and their attendance at meetings during the financial year 2022/2023 are provided in the following table:

Directors	AC	RC	S&IC	CGSNC	HRC
No. of meetings held	**4**	**4**	**4**	**3**	**5**
K G Bhoojedhur-Obeegadoo[1]	-	4 of 4	4of 4	3 of 3	5 of 5
N Ramdewar	-	-	4 of 4	-	5 of 5
A Acharuz	4 of 4	-	4 of 4	-	-
C Dabeea[9]	3 of 4	3 of 4	-	-	-
C Jheengun[7]	4 of 4	4 of 4	-	-	-
S B Jhungeer	4 of 4	-	-	3 of 3	-
M N Madhub [3]		1 of 1	-	-	-
V K Munoosingh[8]	4 of 4	-	-	3 of 3	4 of 5
U Shewraj[10]	-	-	4 of 4	3 of 3	5 of 5
J Sonoo, C.S.K	-	4 of 4	3 of 4	-	5 of 5
D.Kawol (Dr) (until 31 March 2023)		2 of 2		2 of 2	

Changes to the composition of the Company's Board during this Reporting Period:
[1] Chairperson as from 21 December 2021
[2] Up to 21 December 2021
[3] As from 26 June 2023
[4] Up to 31 July 2021
[5] Up to 24 September 2021
[6] Appointed on 27 August 2021
[7] Appointed on 21 October 2021
[8] Appointed on 31 December 2021
[9] Appointed on 17 January 2022
[10] Appointed on 31 December 2021

AC	Audit Committee
RC	Risk Committee
S&IC	Strategy and Investment Committee
CGSNC	Corporate Governance, Sustainability and Nomination Committee
HRC	Human Resource Committee

Audit Committee

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

The Audit Committee consists of 3 Independent Directors and 2 Non-Executive Directors. During the financial year 2022/2023, the Committee met 4 times.

The members of the Committee were:

MEMBERS	CATEGORY
A Acharuz (Chairperson)	Independent Director
C Dabeea (as from 04 February 2022)	Independent Director
C Jheengun (as from 04 February 2022)	Non-Executive Director
S B Jhungeer	Non-Executive Director
V K Munoosingh (as from 04 February 2022)	Independent Director

Key Focus Areas

During this Reporting Period, the Audit Committee discussed and considered the following key areas:	Risk	Capital Impacted	Material Matter Impacted
• Review of Annual Report including the financial statements • Recommend dividend payment to the Board • Re-appointment of External Auditors • Audit Plan of External Auditor • Compliance Plan, MLRO and Compliance Reports • Internal Audit Plan and Reports	Strategic Operational Market & investment Risk	Financial	Governance & Risk

Risk Committee

The Risk Committee assists the Board in fulfilling its oversight responsibilities related to risk management. The Committee provides support to the Board on risk management for the Group and identify the risk areas of the Group's operations to be covered in the scope of the internal and external audits.

The Risk Committee consists of 1 Independent Director and 4 Non-Executive Directors. During the financial year 2022/2023, the Committee met 4 times.

The members of the Committee were:

MEMBERS	CATEGORY
J Sonoo (Chairperson as from 04 February 2022)	Non-Executive Director
K G Bhoojedhur-Obeegadoo (Chairperson up to 04 February 2022)	Non-Executive Director
C Dabeea (as from 04 February 2022)	Independent Director
C Jheengun (as from 04 February 2022)	Non-Executive Director
M N Madhub (as from 26 June 2023)	Non-Executive Director
D.Kawol (Dr) (until 31 March 2023)	Non-Executive Director

Key Focus Areas

During this Reporting Period, the Risk Committee discussed and considered the following key areas:	Risk	Capital Impacted	Material Matter Impacted
• Overview of Enterprise Risk Management (ERM) Framework • Risk Management Framework and ORSA • Asset Liability Management Report and other Actuarial Matters • Risk Committee Plan and Risk Management Plan • Risk Committee Plan and Risk Management Plan • Policies • Business Continuity Implementation • Risk Register • Business Risk Assessment • Cyber Maturity Re-assessment Report • Key Risk Issues	Life underwriting Counterparty Default Operational Market & Investment	Financial Intellectual	Governance & Risk ESG

Strategy and Investment Committee

The Strategy and Investment Committee assists the Board in:

I. discharging its oversight duties with respect to the development of the Group's strategic objectives, identifying new business and overseas expansion opportunities; and

II. reviewing the investment strategy of the different Funds managed by the Company, selecting investments to achieve a reasonable rate of return, while taking into consideration associated risks, and monitoring and reviewing the performance of the different Funds under management.

The Strategy and Investment Committee consists of 2 Independent Directors, 2 Non-Executive Directors and 1 Executive Director. During the financial year 2022/2023, the Committee met 4 times.

The members of the Committee were:

MEMBERS	CATEGORY
K G Bhoojedhur-Obeegadoo (Chairperson as from 04 February 2022)	Non-Executive Director
A Acharuz	Independent Director
N Ramdewar	Executive Director
U Shewraj (as from 24 February 2022)	Independent Director
J Sonoo, C.S.K	Non-Executive Director

Key focus areas

During this Reporting Period, the Strategy and Investment Committee discussed and considered the following key areas:	Risk	Capital Impacted	Material Matter Impacted
• Review of investments • Implementation of Strategy Report • Investment Guidelines • Property Projects	Strategic Market & investment Risk	Financial Intellectual Social	Business Growth Customer Experience ESG

Corporate Governance, Sustainability and Nomination Committee

The Corporate Governance, Sustainability and Nomination Committee advises the Board on all matters related to corporate governance, sustainability and nomination. The Committee also recommends best practices, as applicable, for the Group.

The Corporate Governance, Sustainability and Nomination Committee consists of 2 Independent Directors and 3 Non-Executive Directors. During the financial year 2022/2023, the Committee met 3 times.

The members of the Committee were:

MEMBERS	CATEGORY
K G Bhoojedhur-Obeegadoo (Chairperson)	Non-Executive Director
S B Jhungeer	Non-Executive Director
M N Madhub (as from 26 June 2023)	Non-Executive Director
V K Munoosingh	Independent Director
U Shewraj	Independent Director
D.Kawol (Dr) (until 31 March 2023)	Non-Executive Director

Key focus areas

During this Reporting Period, the Corporate Governance, Sustainability and Nomination Committee discussed and considered the following key areas:	Risk	Capital Impacted	Material Matter Impacted
• Sustainability Projects • Review of Corporate Governance Report • Complaints Coordinator’s Report • Review of Board and Board Sub-Committees Charters • Evaluation of the Performance of the Board and its Committees • Board and Committees calendar and Directors’ Training • Status of Corporate Governance Scorecard • Request from Shareholder • Appointment of Member to Sub-Committees • Code of Ethics and Business Conduct for Employees and the Appointment of an Ethics Officer	Strategic Environmental Operational	Human Social Natural	Governance & Risk ESG Customer Experience

Staff Committee renamed to Human Resource Committee as from 23 September 2022

The primary function of the Human Resource Committee consists in assisting the Board in overseeing the establishment of appropriate human resource strategies and policies within the Group. The Committee reviews the recruitment, selection, remuneration, confirmation and promotion processes.

The Human Resource Committee consists of 2 Independent Directors, 2 Non-Executive Directors and 1 Executive Director. During the financial year 2022/2023, the Committee met 5 times.

The members of the Committee were:

MEMBERS	CATEGORY
J Sonoo, C.S.K (Chairperson)	Non-Executive Director
K G Bhoojedhur-Obeegadoo	Non-Executive Director
N Ramdewar	Executive Director
V K Munoosingh	Independent Director
U Shewraj	Independent Director

Key Focus Areas

During this Reporting Period, the Human Resource Committee discussed and considered the following key areas:	Risk	Capital Impacted	Material Matter Impacted
• Recruitments for the Group • VRS Scheme for the Group • Performance Management Framework	Operational Market & Investment	Human Social Financial	Employee Engagement & Development ESG

Active Monitoring

This section explains how the 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 considers 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.

The Corporate Governance, Sustainability and Nomination Committee is the body responsible to review the profile of prospective Directors and to make recommendations to the Board for approval. Each Director is elected by a separate resolution at the Annual Meeting of Shareholders to hold office until the next Annual Meeting of Shareholders 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 Shareholders can make an addition to the existing Directors subject to the number thereof not exceeding eleven (11).

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 their 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 Insurance Act 2005
The Financial Services Act 2007
Relevant extracts of the Companies Act 2001
The National Code of Corporate Governance for Mauritius
The latest Annual Report
AML/CFT Compliance Manual

The Group CEO and the 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 as directors.

During the financial year 2022/2023, the Directors received trainings and followed informational sessions. The main topics covered were AML/CFT training, and update on finance (Miscellaneous Provisions) Act 2022 review of operations, IFRS 17, Own Risk and Solvency Assessment (ORSA), cybersecurity, economy and market outlook 2023 (risk and opportunities) on climate change.

The Company has already identified some areas and subjects 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 so as to maintain an appropriate balance of knowledge, skills and experience on the Board and within the Company. The Corporate Governance, Sustainability and Nomination Committee has been delegated the task by the Board to consider succession planning for Directors and other Senior Executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed in the future.

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. As such, directors have recently been appointed to replace outgoing ones and Officers at senior management level have been appointed/recruited.

Given the complexity and scope of such an exercise, which will require an in-depth review and benchmarking of SICOM's current Employer Value Proposition, the services of a specialised consultant or firm may be warranted.

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 (as such term is defined in the Company's Conflicts of Interest and Related Party Transactions Policy). 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 year, no conflict of interest has been reported in line with the provisions of the Company's Conflicts of Interest and Related Party Transactions Policy.

Details on related-party transactions are found on pages 280 to 281 of the Integrated Report.

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 cyber security threats witnessed globally, we have made continuous investments in technology to enhance our operational resilience. Our commitment to upholding a robust security posture has driven us to actively seek and implement advanced security solutions to effectively counter evolving threats.

We have 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, we have made these policies and related procedures readily available to all staff members through our intranet platform.

To further strengthen our security posture, we have undertaken a comprehensive cyber maturity re-assessment. Through this assessment, we have reviewed and implemented additional controls to enhance our security readiness. By doing so, we have significantly fortified our ability to detect and mitigate potential security risks, thereby bolstering our overall security resilience.

In parallel, we have recognized the criticality of promoting a culture of cybersecurity awareness among our staff members. To this end, we have organized dedicated awareness sessions that equip our employees with the necessary knowledge and vigilance to identify and address potential security threats. By fostering a security-conscious environment, we enhance our collective ability to safeguard our information assets effectively.

Assessment and evaluation of Board Members

The Group is committed to developing its 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 its individual directors and Chairperson, was conducted during this 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 Chairperson. The evaluation was conducted through the completion of a comprehensive questionnaire. Individual conversation with the directors were also carried out by the Chairperson.

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 the Group CEO. Necessary steps are being taken to tackle the main areas identified for improvement.

Remuneration

The Group'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 Group has a Board-approved Remuneration Policy. Details on Directors' remuneration are found on page 284 of the Integrated Report under Statutory Disclosures (Section 221 of the Companies Act 2001).

Reporting with Integrity

As the Board of SICOM, we acknowledge our responsibility for ensuring the integrity of our Integrated Report 2023. Together with management, we applied our collective mind to the preparation and presentation of information in this report in accordance with International Financial Reporting Standards, the Integrated Reporting <IR> Framework and the Companies Act 2001. The Integrated Reports present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook.

Our Integrated Report, can be accessed on our website at https://www.sicom.mu/en/about/about-sicom

SICOM is a reliable and well-diversed financial services group that is committed to facilitating the economic growth of Mauritius. It achieves this by advocating for its customers' interests while also recognizing the importance of sustainability in its strategy and operations. The group invests customers' funds responsibly and focuses on continuous engagement with all stakeholders to achieve service excellence.

As a responsible insurer, SICOM 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 it operates in. Therefore, the group has taken initiatives in areas such as education, forestation, and going green to ensure that it transforms its growth path to be socially inclusive, low carbon, and resource-efficient.

This year, SICOM has further 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 during the year ended 30 June 2023 can be further explored on pages 48 to 57. They cover areas of education (UNSDG 4-Quality education), forestation (UNSDG 13-Climate Action) and going green initiatives (UNSDG 12-Responsible consumption and production). Additionally, the group has an enhanced section on how it engages with stakeholders throughout the year. The value creation model of the group is also outlined on pages 44 to 45, depicting how it uses the six capitals (financial, Human, Intellectual, manufactured, Social and Natural) to generate valuable outcomes for its shareholders and other stakeholders.

Health and Safety

SICOM Ltd 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. SICOM Ltd incorporates industry best practices to effectively control risks and prevent accidents in the workplace.

In 2022/2023, SICOM 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 Group and the Company did not make any political donation during the financial year 2022/2023.

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 and the Group. The Board has ultimate responsibility for risk management and internal control including:

- Setting up a risk management framework;
- Overseeing the 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 skill, knowledge, independence and authority; and
- Defining the roles and responsibilities of Management.

The Risk 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 Risk Officer. Internal governance structures include a Risk Management function that complies with legislative requirements as specified by the Insurance (Risk Management) Rules 2016.

The Risk Officer has a duty to report to the Board. Independent reviews are also conducted by the External Auditor and the Statutory Actuary on compliance and effectiveness of the risk management framework, respectively. The Company has an obligation to report to the Regulator.

The comprehensive Risk Management Report can be found at pages 129 to 143.

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 and the Group maintain 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 and the Group. 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, Senior Management and to the Heads of Operating Units;

b. Reports of the Manager - Internal Audit, Statutory Actuary 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 under the leadership of the Money Laundering Reporting Officer 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 associated reviews are considered in its Audit Plan to assess the effectiveness of controls to mitigate the risks. The external auditor also carries out a sample review of controls during the financial year end audit exercise.

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 Insurance Act 2005 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 and consulting activity designed to add value by improving the Group’s operations and helping the Group to achieve its objectives. The scope of work of the Internal Audit function is to enable the Group 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 and regularly 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 SICOM Group.

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 internal audit 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 continuous 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. Cybersecurity workshop.

Furthermore, as part of its continual improvement, the internal audit function has earmarked, in its budget for the financial year ending 30 June 2024, the acquisition of an audit software tool to assist in data analysis and exceptions reporting. It would allow scrutiny of the whole database in addition to relying on sample testing of cases. This will in turn contribute to greater efficiency in audit procedures, agile auditing and value added recommendations for improvement in controls and risk management.

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. The internal audit approach and methodology are designed to provide reasonable assurance by focusing on:-

• significant business risks, both internal and external, that can impact the Group's business processes;

• key controls and measures in place and that are aligned with customers' needs and key business objectives;

• continuous improvement of existing processes and information systems to bring performance closer to best practices; and

• regulatory and legal provisions (for e.g., AML/CFT framework, guidelines from regulators, amendments in Finance Act etc.).

Ad-hoc internal audit inspections are also conducted for the purpose of identifying areas for process improvement.

During the financial year 2022/2023, 12 planned internal audit reviews together with 11 ad-hoc audit inspections were carried out and covered the various operational and support functions of the Group. Subsequent to the findings of these audits, appropriate recommendations are made to the Audit Committee and Management to address the issues noted. The Audit Committee regularly monitors the achievements of the Internal Audit function and Management's responsiveness to the recommendations made by the Internal Audit function based on set target dates.

The Audit Committee monitors and reviews the effectiveness of the Company's 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. Section 200 of the Companies Act 2001 provides for the automatic reappointment of auditors applicable for this financial year. 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. The Audit Committee meets with the External Auditor as and when required and at least once a year without management being present to discuss any issues arising from the audit including discussion about critical policies, judgements, and estimates. The Audit Committee approves the external audit plan, evaluates the effectiveness of the external audit process and makes recommendations to the Board, to be approved at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the External Auditor.

All findings and significant issues raised by the external auditor during their audits 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 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.

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

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Statutory audit	5,198	4,951	2,580	2,457
Review of tax computation	401	382	123	117
Other services**	475	435	228	217

** Other services for 2022 and 2023 relate mainly to review as per the Insurance (Risk Management) Rules 2016

Statement of Compliance

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

Name of Public Interest Entity ('PIE'): State Insurance Company of Mauritius Ltd

Reporting Period: Year ended 30 June 2023

On behalf of the Board of Directors of the State Insurance Company of Mauritius 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.

K G BHOOJEDHUR-OBEEGADOO
Chairperson

A ACHARUZ
Director

Date: 25 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 the Companies Act 2001.

DTOS Ltd
Company Secretary
State Insurance Company of Mauritius Ltd

Date: 25 September 2023

Statement of Directors' Responsibilities

The Directors acknowledge responsibility for:

(i) adequate accounting records and maintenance of effective internal control systems,

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year 2022/2023 and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards, and

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgments.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained,

(ii) appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently, and

(iii) International Financial Reporting Standards have been adhered to.

Signed on behalf of the Board of Directors.

K G BHOOJEDHUR-OBEEGADOO	A ACHARUZ
Chairperson	**Director**

Date: 25 September 2023

Navigating Risks: Safeguarding Our Future, Empowering Our Growth

Risk Management

The forces that hindered growth in 2022 persist this year, with inflation eroding household purchasing power, and policy tightening and tighter lending standards by central banks raising cost of borrowing, curtailing the supply of credit and constraining economic activity. The volatile macroeconomic landscape will continue to pose challenges for the financial industry, but there are also areas of potential growth. This year, the global insurance sector is under pressure due to high inflation, increasing interest rates, losses from natural catastrophes and volatility in financial markets. As a response, we anticipate a resurgence in rate hardening. This means that premium rates for policyholders are expected to increase in order to mitigate the risks associated with current economic conditions and market trends.

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 the Group, 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 Group. 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 limited the affordability of insurance and savings products. As a result, reduced customer spending became a significant factor in the market, influencing purchasing behaviour and demand for financial services.

Whlist the global economy is displaying signs of improvement, the upturn remains fragile with notable downside risks. A primary concern is the current level of inflation, which represents a clear risk to both present and future macroeconomic stability. Addressing and bringing inflation back to Central Bank targets should be the top priority for policymakers in order to safeguard economic stability and mitigate the potential negative impacts on various sectors.

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.

Annual Risk Management Framework (RMF) Submission

Submission of key Risk Management deliverables in line with the Insurance (Risk Management) Rules 2016.

Revamping of Risk Register

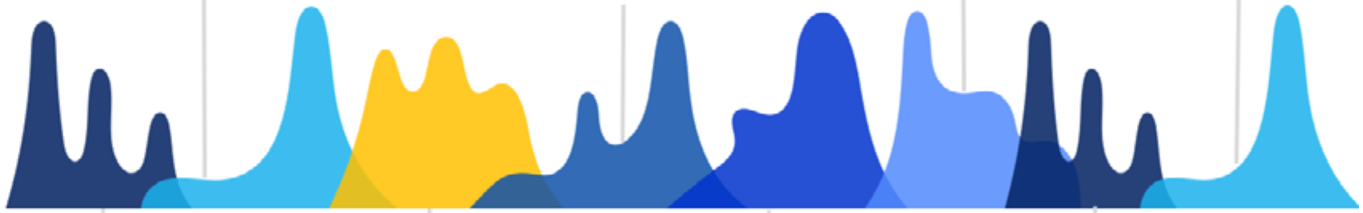
Strengthening of RMF through structured and dynamic risk identification, measurement, control and monitoring to enhance decision-making, accountability, and transparency.

Risk Report

Quarterly risk reporting to the Board for effective governance and promote risk-based decision-making.

Consultancy Services

Provided risk management consultancy services to a parastatal body.



Incidence Reporting

Introduced a formalised incident reporting process to foster a culture of continuous improvement and minimise losses.

Cost Reduction Initiative

Risk Function's skillset was enhanced by appointing a senior resource with an actuarial background, which resulted in cost reduction and long-term cost saving through the insourcing of technical assignments.

Implementation of Business Continuity Framework

To enhance our resilience, a gap analysis was carried out based on ISO 22301: 2019 and a Business Continuity Plan was drafted for the Group.

Risk Review

Conducted reviews on potential high-risk areas identified in the risk register.

Reflecting on our Risk Strategy and Road Map

In the upcoming year, we will primarily emphasise on a number of significant initiatives aimed at enhancing our control framework and bolstering SICOM's resilience relating to projects such as implementation of the Business Continuity Management (BCM) framework to avoid and mitigate risks associated with disruptions.

We will also conduct assessments on high-risk areas to evaluate the effectiveness and suitability of existing control measures in place.

In addition, we will focus on the implementation of policies to provide guidance to achieve corporate objectives and ensure staff protection and financial stability.

Business Continuity Management Framework

- Full implementation of the BCM Framework.

Risk Assessment

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

Implementation of Policies

- Enhancement of RMF through the drafting of additional policies for key risks.

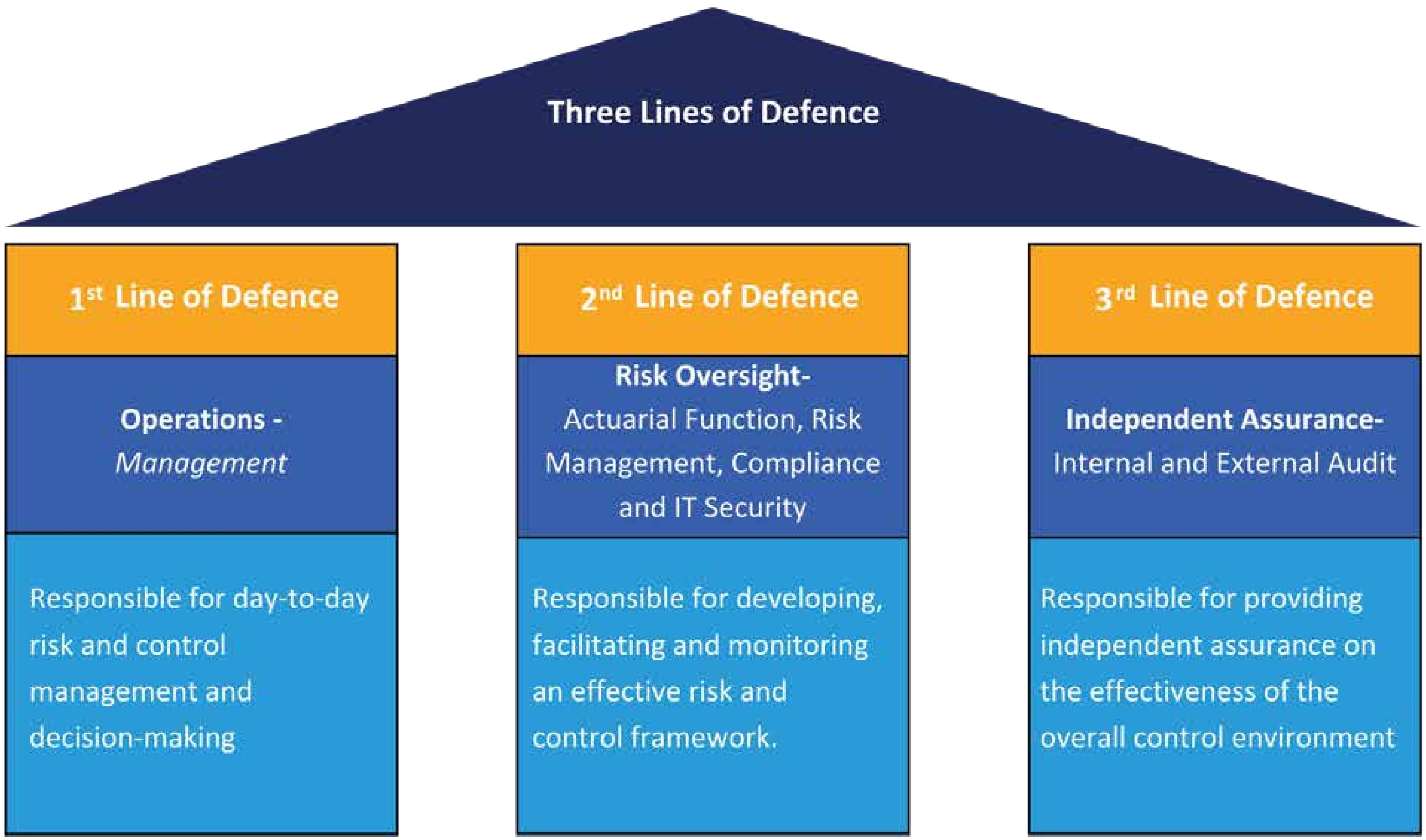
Risk Management (Cont'd)

Managing Risk in line with our strategy

Our Management team, with oversight from the Board and the Risk Committee, is 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 the rest of the business units 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 Group's risk strategy supports business decision-making through the proactive identification, assessment and management of risks.

Our Risk Governance framework

The Risk function has led significant cultural change to drive ownership of risks across the Group. SICOM has a strong risk culture, and a mature and embedded Enterprise Risk Management Framework (ERMF) 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 Group's approach to setting the risk strategy and managing risks threatening the strategic objectives and day-to-day business operations. The Risk Management Framework is designed to manage the Group's risk proactively and enable dynamic risk-based decision-making. Aligned with the three lines of defence model, detailed thereafter, 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 ongoing 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 Group is exposed.

Regulatory Requirements

The Insurance (Risk Management) Rules 2016 (the Rules) issued by the Financial Services Commission (FSC) require insurers registered under the Insurance Act 2005 to establish and at all times maintain a Risk Management Framework. The aim is to effectively develop and implement strategies, policies, procedures and controls to manage material risks. Insurers need to have in place a number of Board-approved elements as part of their ERM Framework:

Risk Management (Cont'd)

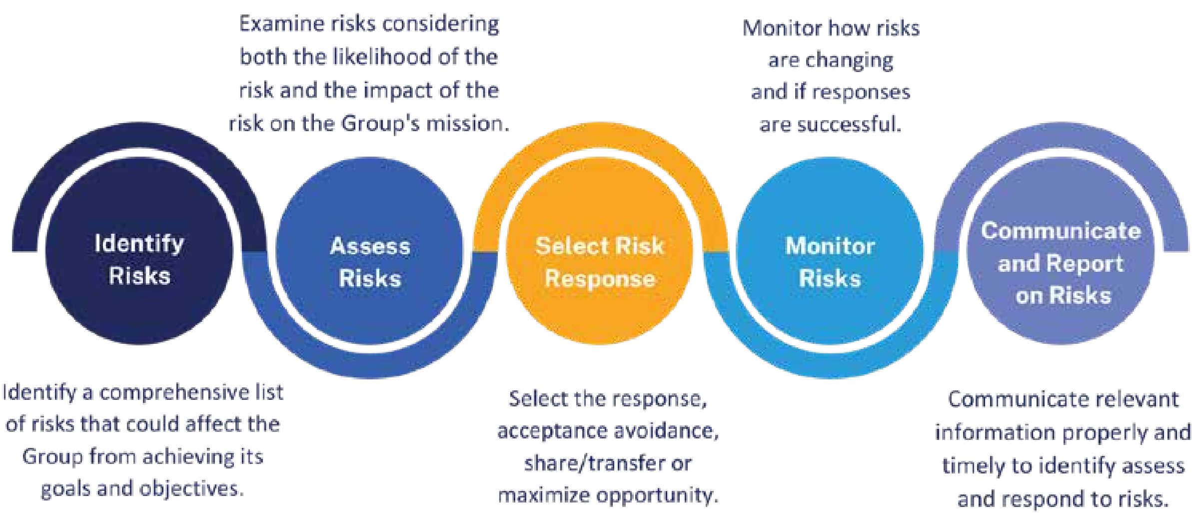
Our Risk Management Process

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 Group's risk exposure.

The risks are identified and classified in a consistent manner across the Company with reference to the Group's Risk Taxonomy. The inherent risks that are identified are then assessed in terms of their probability of occurrence, their financial, operational, regulatory as well as 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 registers.

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



Our Risk Appetite

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

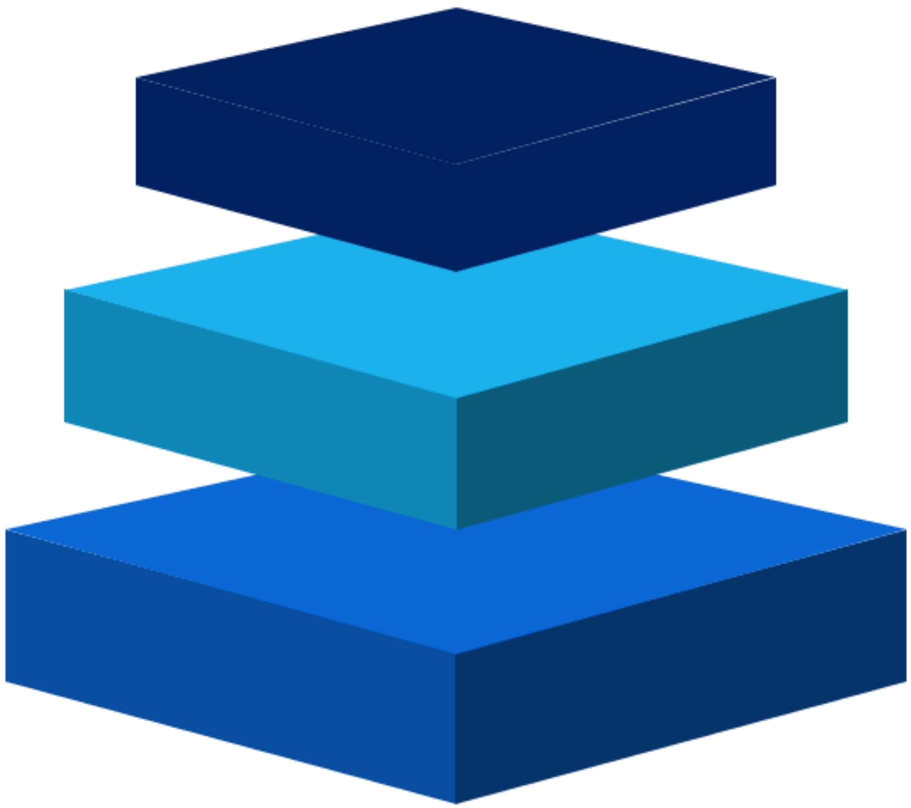
Our risk appetite statements are documented in our Policies and include:

- monitoring whether the business remains within its risk appetite, 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 both forward and backward looking.

We review our risk appetite statements and key risk indicators annually for submission to the FSC.

Overarching Risk Objective

The Group 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 policyholders and other stakeholders. Our strategic objectives are:



Maintain Capital Adequacy

The Group seeks to maintain its solvency margin above the Minimum Capital Requirement (MCR) in line with the Insurance Rules 2007.

Stable/efficient access to Funding & Liquidity

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

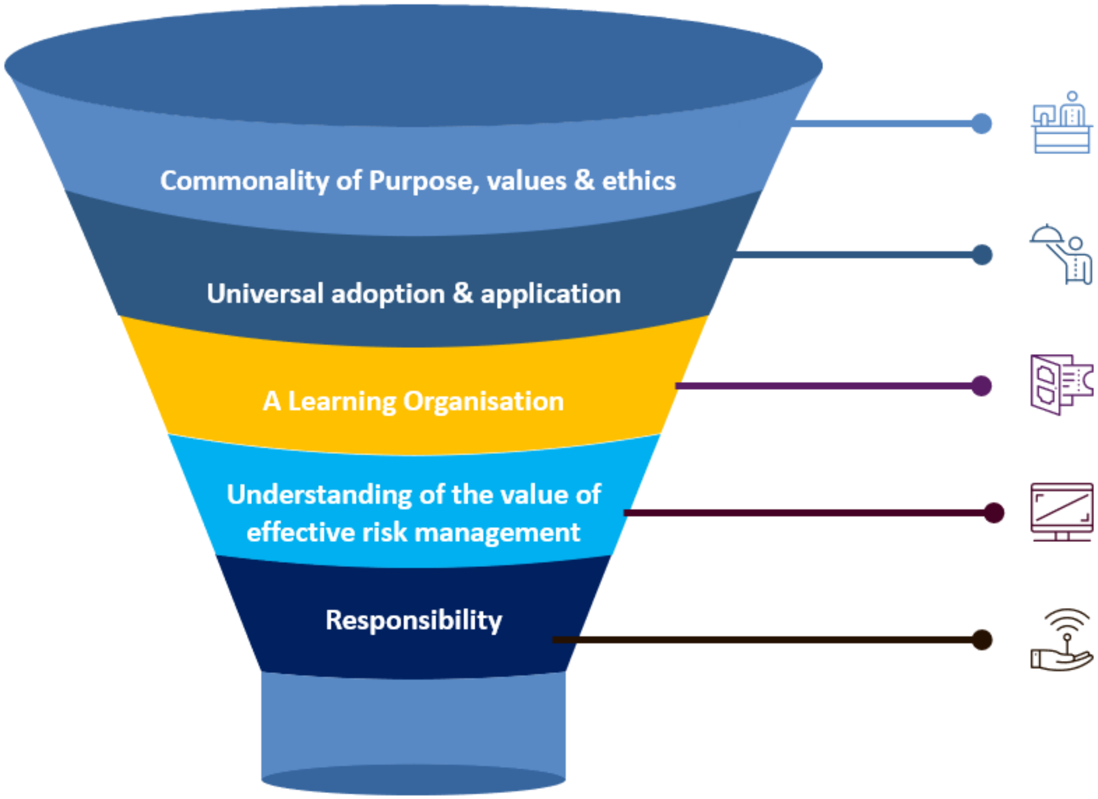
Maintain stakeholder confidence

The Group 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 Group will maintain a robust and proportionate internal control environment.

Risk Management (Cont'd)

Our Risk Culture

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



Employees' individual interests, values, and ethics are aligned with those of the company's risk strategy, appetite, tolerance, and approach.

Risk is considered in all activities, from strategic planning to day-to-day operations, in every part of the company.

The collective ability of the Company to manage risk more effectively is continuously improving.

Employees understand, and enthusiastically articulate, the value that effective risk management brings to the Company.

For building and maintaining a resilient and sustainable Company that can navigate uncertainties and challenges while staying true to its values and purpose.

Risk Management Roles and Responsibilities

The diagram below illustrates SICOM’s risk management structure and key responsibilities. The structure ensures that RMPs are effectively embedded across the Group.

RISK COMMITTEE

- Assists the Board in its oversight responsibilities.
- Reviews and recommends the ERM Policy, Own Risk Solvency Assessment, Risk Appetite and Risk Tolerance Level to the Board for approval.
- Reviews and ensures that Cyber Security risk is managed effectively.
- Considers stress testing and reverse stress testing scenarios and their impact on the Company.
- Reviews current and projected capital and liquidity position risk environment and risk profile relative to appetite.
- Reviews adequacy of insurance coverage, material outsourcing arrangements, the Disaster Recovery Plan and Business Continuity Plan.

INTERNAL RISK COMMITTEE

- Reports to the 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.
- Ensures that the recommendations made by Internal and External Auditors, Statutory Actuary, Regulator and other relevant agencies on matters pertaining to Risk Management are implemented.

CYBER SECURITY COMMITTEE

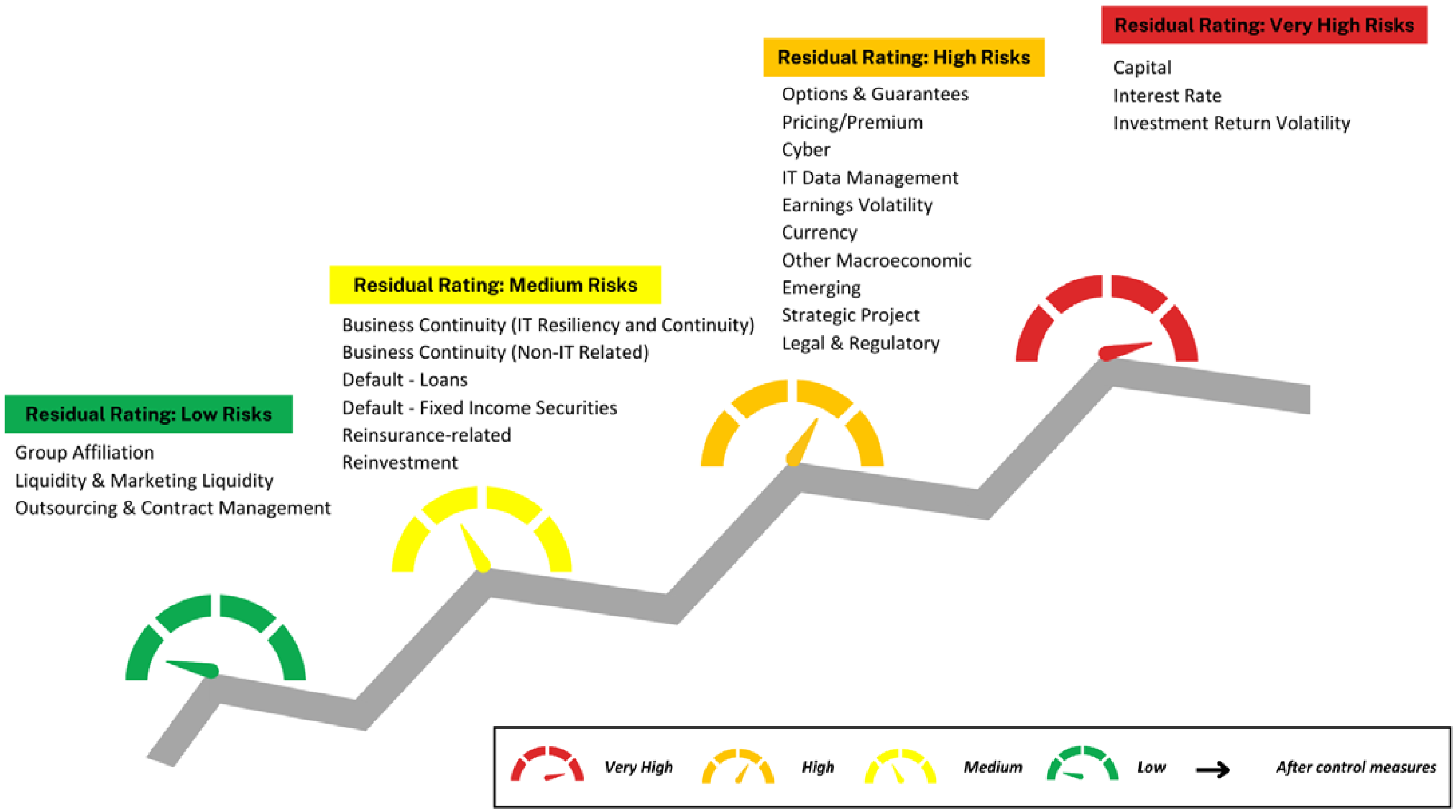
- Oversees the Group’s risk assessment and management processes with regards to Cyber Risks.
- Designs the cybersecurity strategy in line with expectations from key stakeholders.
- Participates in design and review of security policies and procedures.
- Reviews threat intelligence outputs and makes recommendations to the IRC on the organisation's exposure to current and emerging information security threats.

Risk Management (Cont'd)

Management of Key Risks

A consolidated Risk Register is in place, listing all the risks pertaining to the Group (refer to section below). They are assessed on an inherent basis before any controls and on a residual basis after documenting the controls for each of these risks. Following the assessment, a list of main risks is derived and monitored on a quarterly basis. The list of main risks is reviewed on an annual basis and considered and approved by the Risk Committee and Board respectively before being submitted to the Financial Services Commission.

The below diagram shows the residual rating for the list of key risks.



Risk Management - Principal Risks

Market and Investment Risks

RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RISK RATING BEFORE AND AFTER MITIGATION	CAPITAL	MATERIAL MATTER IMPACTED
1. Interest Rate Risk *A change in interest rates results in an increase in liabilities, which is not matched by a corresponding increase in asset values.*	• Diversification of bond maturities. • Through product design, asset and liability duration matching limits impact of interest rate changes. • Management will review the surplus available to absorb the corresponding increase in liabilities. Other remedial measures include reduction in future bonuses	→	Financial	1. Business Growth 2. Governance and Risk
2. Currency Risk *A change in exchange rates reduce the balance sheet value of investments.*	• Overseas investment exposure in line with FSC guidelines. • Rebalancing of portfolio (including disinvestment in foreign denominated investment to reduce exposure) in line with Strategic Asset Allocation which is closely monitored by the Investment Committee.	→	Financial	
3. Investment Return Volatility Risk *Risk that the return on investment of a particular Fund is subject to excessive volatility.*	• Close monitoring of key international and national economic indicators. • Asset mix and concentrations in line with FSC guidelines and Strategic Asset Allocation. • Prioritise a diversified equity portfolio. • Favour blue chips domestic stocks with attractive valuations and stable dividend payers. • Favour Global Funds with underlying investments in high quality global companies. • Dynamic management of equity investments by reducing exposure on specific investments with negative outlook. • Close monitoring of the standard deviation of return of the Fund over time. • Diversify debt instruments in terms of floating and fixed rates.	→	Financial	
4. Reinvestment Risk *A drop in interest rates will result in risk that future cash flows, either coupons or the final return of principal, will need to be reinvested in lower-yielding securities.*	• Continuous monitoring of potential investment opportunities in the market. • Diversifying maturity of instruments.	→	Financial	
5. Liquidity & Market Liquidity Risk *Portfolio not able to cash invested assets to pay out claims/ expenses or other cashflow requirements* *Insufficient capacity in the market to handle transactions at the time when the deal is required without a material impact on the price.*	• Ensure cashflows are sufficient to meet liabilities through Asset-Liability Matching methodology. • Maintain sufficient liquid assets in line with FSC guidelines and standby facilities to meet a prudent estimate of the cash outflows that may arise from contingent events as identified through stress and scenario testing and the annual planning process. • Diversified investments across maturities.	→	Financial	
6. Other Macro Economic Risk *Macroeconomic influences including inflation, unemployment etc. resulting in the reduction of expected yield or value of investments.*	• Risk frameworks considering macroeconomic risk tolerances. • SWOT analysis and re-assessment of the environment.	→	Financial	

Risk Management (Cont'd) - Principal Risks

	RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RISK RATING BEFORE AND AFTER MITIGATION	CAPITAL	MATERIAL MATTER IMPACTED
Counterparty Default Risk	**7. Direct Default & Settlement Risk** *The risk that the Company will not receive cash flows or assets to which it is entitled because a party with which the insurer has bilateral contract defaults on one or more obligations.* *Risk is assessed for investments, loans, life reinsurance.*	• Set credit limits for each material counterparty and actively monitor credit exposures. • Stringent assessment of clients before disbursing loans. • Transaction only with counterparties, including reinsurers with strong financial credentials. • Monitor covenant attached to the bond issues.	→	Financial	1. Business Growth 2. Governance and Risk 3. Customer Experience
Life Underwriting Risks	**8. Options & Guarantees Risk** *Options & Guarantees on policies written bite as a result of lower investment return experience etc. Including the risk of not meeting with-profit policyholder's reasonable expectations. This is also related to the Market risk.*	• Life product quotes are regularly reviewed to reflect prevailing market conditions. • Active asset management to meet targeted investment returns.	→	Financial	1. Business Growth 2. Governance and Risk 3. Customer Experience
	9. Reinsurance-Related Risk Contract errors in the reinsurance treaty. Inadequate reinsurance purchased or reinsurance loss made due to premiums paid consistently higher than claims recovered. This is also related to the Operational risk and Counterparty risk.	• Periodical review of the reinsurance treaty. • Due diligence on reassurance accounts outgo to reassurers.	→	Financial	
	10. Pricing & Premium Risk Loss due to claims and expenses exceed premiums as a result of inadequate expense/mortality/withdrawal etc allowance, economic factors such as inflation leading to unexpected inflation on liability claims, or modelling error.	• Pricing regularly reviewed by Statutory actuary • Regularly profit and experience assessment	→	Financial	

Operational Risks

RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RISK RATING BEFORE AND AFTER MITIGATION	CAPITAL IMPACTED	MATERIAL MATTER IMPACTED
11. Earnings Volatility Risk *Risk that actual Profit Before Tax is subject to excessive volatility.*	• Monitor and manage performance against the Board's approved plan and targets. • Quarterly reporting to Board, in particular high deviations. • Management actions to realign with strategic objectives.	→	Financial	1. Business Growth 2. Governance and Risk 3. Employee Engagement and Development 4. Customer Experience
12. Cyber Risk *A cyber-attack on critical systems or related infrastructure including telecommunication systems results in severe disruption of ICT services or loss of vital organisational records for a prolonged period of time, or results in financial loss.* *A malware infection results in the loss/corruption of data, stolen identities, loss of intellectual property or unavailability of critical systems/services or misuse of information assets to attack third party systems or to communicate inappropriate information.*	• Adopted a cohesive group-wide approach to IT architecture, business resilience and information security. • Mandatory cyber risk training and awareness programs, including phishing simulations. • Upgrades and simplification of our IT infrastructure, as well as incorporating cloud technology. • Continuously adapt and enhance cyber risk monitoring and protection to address changing threats.	→	Financial, Intellectual, Social & Reputational	
13. Business Continuity Risk (IT Resiliency and Continuity) *Loss arising from disruption of business or system failures including hardware and software failures that may arise due to lack of monitoring equipment, lack of backups, missing SLAs etc.*	• Service Level Agreement("SLA") with telecom providers in the event of equipment failure. • Generators & UPS in place for power disruptions. • Offsite IT backups in place. • Annual Disaster Recovery Mock Drill. • Solution to monitor IT Infrastructure has been implemented.	→	Financial, Intellectual, Social & Reputational	
14. Business Continuity Risk (Non-IT Related) *The risk which arises from business disruption and impairment of ability to function properly and the assessment of backup plans that are in place, including but not limited to issues such as premises, data, systems, telephony, or staffing.*	• Back-up of core system is kept offsite. In the immediate term, business can be carried out from the branches. • Work From Home in place, with needed hardware and software access to many staff.	→	Financial, Intellectual, Social & Reputational	
15. IT Data Management Risk *Loss of Customer Data or Confidential Corporate Information leak.* *Inappropriate use of IT systems results in financial fraud, misconduct, legal liability or loss of reputation.*	• Information security awareness program. • Data encryption and firewall protection. • Regular system and process audits.	→	Financial, Intellectual, Social & Reputational	
16. Outsourcing & Contract Management Risk *Outsourcing programs with services providers are not being specified or managed adequately leading to financial, regulatory, and/or reputational impacts, e.g., doctors, IT, security*	• Close monitoring of counterparties through regular surveys and a customer feedback system.	→	Financial	
17. Capital Risk *Risk arising from capital to support business plans, assessing solvency, the output of stress testing and future capital assessment*	• Annual actuarial valuation carried out by Statutory Actuary. • Experience assessment.	→	Financial	

Risk Management (Cont'd) - Principal Risks

Strategic and Environmental Risks

RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RISK RATING BEFORE AND AFTER MITIGATION	CAPITAL IMPACTED	MATERIAL MATTER IMPACTED
18. Group Affiliation Risk *The risk which arises from membership of the Group of companies of SICOM and includes the risk that SICOM may be adversely affected by an occurrence (financial or non-financial) in another group entity.*	• Close monitoring of subsidiaries performance and timely reporting to Board.	→	Financial, Intellectual, Reputational	1. Business Growth
19. Emerging Risk *Risk that certain events/circumstances which have not been identified affect the reputation and financial position of the Group.*	• Routine identification and assessment of emerging risk, and continuously devise strategies for both monitoring and managing these risks. • Develop response plans including contingency plans and fallback plans. • Financial stress testing.	→	Financial, Intellectual, Environmental	2. Governance and Risk
20. Legal & Regulatory Risk *Impact of IFRS17* *Failure to implement IFRS 17 as per timelines and the risk of cost overrun.*	• Tight monitoring in place by Steering Committee. • Review of budget allocation to IFRS 17 cost.	→	Financial, Regulatory, Intellectual, Environmental	3. ESG
21. Strategic Project Risk *Risks arising from major delays to complete strategic projects.*	• Monthly strategic projects monitoring. • Quarterly reporting to the Board.	→	Financial, Intellectual	

Risk Mitigation Strategy Process

In today's dynamic business environment, mitigation strategies play a crucial role in risk management at SICOM, helping to assess the effectiveness of measures in place to reduce potential risks. Our rating process involves both qualitative assessments and quantitative analysis, which are tailored to the specific nature of the risks involved.

The Risk Register undergoes a comprehensive annual review serving as a central source of identified risks within the Group in order to capture relevant information about each risk, including its potential impact and likelihood. During the review process, the registered risks are evaluated on an inherent basis, meaning their potential impact and likelihood are assessed without considering any control measures that may already be in place.

Following the assessment of inherent risks, mitigation strategies are carefully evaluated and enhanced as necessary. Mitigation strategies involve a range of actions and controls that are implemented to reduce the likelihood or impact of risks. These strategies may include process improvements, additional security measures, training programmes or any other measures deemed effective in addressing the identified risks.

Once the mitigation strategies have been reviewed and updated, the risks in the Risk Register are then rated on a residual basis. The residual rating reflects the level of risk that remains after implementing the mitigation strategies. This rating enables stakeholders to gain insight into the effectiveness of the applied controls and the residual risk exposure.

To provide consistent and meaningful ratings, a rating scale consisting of very low, low, medium, high and very high is adopted. This scale allows for a relative comparison of risks based on their residual impact and likelihood. The ratings assigned to the risks provide a clear indication of their significance and enable prioritisation of resources and attention to the most critical areas.

Residual Risks

During the quarterly monitoring process, SICOM evaluates the residual risks by comparing them to the Risk Appetite Statements, monitoring the Key Risk Indicators, and assessing the risk levels against the defined Risk Tolerance Levels. Any breaches or deviations from the desired risk profile are highlighted. In case of breaches, appropriate management actions are implemented to address the issues and bring the risks back within acceptable limits. These actions may include revising control measures, enhancing risk mitigation strategies or making necessary adjustments to operational processes.

Furthermore, quarterly risk reports are prepared to provide a comprehensive overview of the SICOM's risk landscape. These reports include a summary of the residual risks, updates on risk mitigation efforts, key findings from the monitoring process and insights into any emerging risks. These reports are tabled to the Risk Committee for consideration and discussion.

Strategies to address Key Risks

Management plays a proactive role in identifying and implementing risk mitigation strategies that are fitted to the specific risks faced by the Group. These strategies are in line with the scale and nature of SICOM's business objectives and strategic priorities, as well as relevant legal and regulatory frameworks. Key Performance Indicators are utilised to measure the effectiveness of the strategies, and recommendations for improvements are identified to strengthen the mitigation measures. This comprehensive approach enables the Group to proactively manage risks and enhance its resilience in achieving its goals.

Business Planning and Own Risk and Solvency Assessment

Every year, the Board considers the Business Plan (the Plan) and an Own Risk and Solvency Assessment (ORSA) for the Group. The Plan makes certain assumptions regarding future market conditions in which the Group operates. A strategic plan inherently comprises of a series of underlying assumptions which is uncertain in nature and rely on judgement. Each year, the Group's Risk function assesses the Plan and prepares the ORSA report to provide comfort to the Board that the Plan will not jeopardise the sustainability and viability of the Group. The Board has assessed the principal risks to which SICOM is exposed over the duration of the planning cycle. The Group's principal risks, as presented above, were reviewed as part of the preparation of the ORSA and the outlook for those risks over the period covered by the Plan was considered to derive the risk profile of the Group. The Board recognises that, in a Business Plan, uncertainty increases over time and therefore, future outcomes cannot be guaranteed or accurately predicted.
As the Plan and ORSA are used for planning over a timeframe

Risk Management (Cont'd)

of three years, currently to 30 June 2026, this has been selected as the most suitable period for the Board to review the Group's viability.

The Group's Risk Function has carried out an assessment of the risks to the Plan and the dependencies for the latter's success. The ORSA also included the Group's solvency and liquidity position, projected over different stress scenarios over a period of three years.

Stress Testing and Scenario Analysis

As mentioned above, stress testing is a crucial component of the ORSA where risk assumptions are adjusted in SICOM's capital and balance sheet projection models to determine the impact of key risks and their interactions with SICOM's risk appetite measures. The purpose is to enhance understanding by the Board and Management of the Company's risk exposure, the interactions between these risks and the impact these risks can have on the ability to meet business objectives. The stress tests are determined based on the main risks that Management believes are relevant to maintain the sustainability of the Group.

A reverse stress test is also performed to identify the most probable combination of stresses that would result in capital loss and thus threaten SICOM, i.e., a reduction of own funds to below the solvency capital requirement. The purpose of this reverse stress test was to assess the coverage and scope of the internal economic capital model.

Continuous Benchmaking

The SICOM Group values external validation and continuously seeks to achieve the highest standards of practice in its endeavours. In line with this philosophy, the group has engaged in two external validation exercises during the year under review, namely a credit rating from CARE Ratings (Africa) Private Ltd, which is the reference rating agency of the region having rated most of the blue-chip companies in Mauritius, and the Corporate Governance Scorecard journey conducted by the National Committee on Corporate Governance as further detailed in the Corporate Governance section of this Integrated Report.

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.

SICOM 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 comprehensive 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, policyholders and other stakeholders.

Climate Change

The Group's risk assessment would not be complete without evaluating the impact of climate change on the business. 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 consequences and accelerate our efforts to mitigate the driving factors. These challenges may pose significant risks to our financial wellbeing, 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 prioritise sustainability as a central component of our strategic direction and operational framework.

SICOM Group considers addressing climate change as a fundamental responsibility. Through our commitment to carbon footprint reduction, renewable energy adoption, energy efficiency enhancements, sustainable supply chain management, climate resilience, reporting and collaboration, we are actively contributing to the global fight against climate change. We are also embedding climate-related risks in our risk management framework.

The sustainability report section of our Integrated Report further testifies SICOM's engagement towards sustainable development, as the organisation places sustainability at the heart of its decision making.

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, SICOM is striving to develop the capacity and approaches to systematically recognise, 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, cyberattacks, 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 Insurance business lines, investment classes and/or operations.

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 and 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 companies 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, SICOM can strengthen and adopt a risk-aware culture throughout the entire Company, driving effective risk management practices.

Auditor's Report

Beyond insurance, a leading Financial Services Group

Independent auditor’s report to the shareholders

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of State Insurance Company of Mauritius Ltd (the “Company” and the “Public Interest Entity”) and its subsidiaries (the “Group”) set out on pages 168 to 282, which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2023 and of their consolidated and separate financial performance and consolidated and separate 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 Insurance Act 2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants’ 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor’s report to the shareholders

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers and investment in finance leases	
As at 30 June 2023, the Group and the Company reported total gross loans and advances of Rs 2,205m and Rs 1,486m and expected credit loss (ECL) provisions of Rs 18.4m and Rs 17.5m respectively. At 30 June 2023, the Group reported total gross finance lease of Rs 762.7m and Rs 7.5m of expected credit loss provisions. Further details of the loans and advances are set out in Note 13 to the financial statements.	Our procedures included the following: • We observed the oversight and approval of ECL policies by management. • We evaluated the design and implementation of controls over management's processes to calculate the ECL for loans and advances and finance leases. This included the definition of credit stages, the allocation of assets into these stages, data accuracy and completeness and credit monitoring.
Key audit matter	**How our audit addressed the key audit matter**
Impairment of loans and advances to customers and investment in finance leases (Continued)	
Estimating ECL includes the following; - determination of expected losses (including Probability of Default (PD), Loss Given Default LGD)and Exposure At Default (EAD)); - determination of the criteria for SignificantIncrease in Credit Risk (SICR); - classification of the loans and advances in stages 1.2 and 3 based on the policy adopted by the Group and aligned with the requirements of IFRS 9; - relevance of macro-economic factors; - inputs and assumptions used to estimate the recoverable amount of the loans and leases; We have identified the estimation of ECL on loans and advances and investment in finance leases as a key audit matter due to the materiality of the balances and the associated subjective nature of the management's impairment estimation.	With the assistance of our internal specialist, we: • tested the accuracy and completeness of ECL by reperformance. • tested the classification of the loans and advances in stages 1, 2 and 3 and the application of 12 months ECL • for stage 1 and lifetime ECL for stage 2 and stage 3. tested the key inputs and assumptions used in the ECL model. This included assessing the probability of default, loss given default and exposure at default. • assessed the appropriateness of the macro-economic factors used. For loans and advances and leases to customers that were • individually assessed for impairment (Stage 3): Where impairment indicators existed, we evaluated the reasonableness of management's estimated future recoveries in the valuation of collateral held. • We also compared the actual recoveries against previously estimated amounts of future recoveries.

Independent auditor’s report to the shareholders

Key audit matters (Continued)

Key audit matter	**How our audit addressed the key audit matter**
Valuation of Insurance Contract Liabilities - Long term insurance	
The valuation of insurance contract liabilities has been identified as a key audit matter due to the complexity of the actuarial valuation and the significant judgements and estimates used in the valuation of the liabilities. Actuarial assumptions and methodologies involve judgement about future events for which small changes can result in a material impact to the valuation of the insurance contract liabilities. In addition, the valuation of the insurance contract liabilities also depends on the accuracy of the data used in the valuations. The focus areas of our audit in respect to the insurance contract liabilities is linked to the following: • The appropriateness of the actuarial assumptions methodology and models used in the calculation of the liabilities, and • The underlying data used in the valuation of the liabilities.	Our procedures included the following: • We obtained an overall understanding of the respectiveprocesses followed and assumptions applied in thevaluation of the insurance contract liabilities. • We assessed the design and implementation of controls related to the review of the actuarial valuation process. With the assistance of our actuarial specialists, we: • Considered that the valuations are performed by management’s expert and accordingly we assessed their competence and capabilities. We also obtained an understanding of the work performed by the management expert and evaluated the adequacy oftheir work. • Assessed the appropriateness of the valuation methodologies applied and the basis used to value the insurance contract liabilities. This has been evaluated against industry practice and the relevant regulations in place.
The assumptions we considered as significant are as follows: • Mortality • Lapses • Expenses • Interest and inflation	• Challenged the assumptions used in the calculation of the insurance contract liabilities to assess reasonableness thereof. • Considered the solvency position and whether this is in line with the applicable Solvency Rules. In evaluating the integrity and completeness and accuracy of the data used in the actuarial valuation, we: • Agreed the relevant data extractions made to those provided to the external actuary. • Reconciled the data (number of policies, asset valuesand premiums) used by the actuary in valuing the actuarial liabilities to records.
Valuation of Insurance Contract Liabilities - General insurance	
The valuation of insurance contract liabilities involves a high degree of subjectivity and complexity. At 30 June 2023, the Group’s insurance contract liabilities were Rs 786.6m. Among the most significant reserving assumptions for the short term business are the determination of the reserve for claims Incurred But Not Reported (“IBNR”) and the ultimate cost of notified claims. The methodology and methods used can have a material impact on the valuation of insurance contract liabilities. The valuation of insurance contract liabilitie was considered a key audit matter due to the significance of the liabilities to the financial statements and the judgments involved in determining them. Further details of the liabilities are set out in Note 17(b) to the financial statements.	We performed, among others, the following procedures: • Tested the design and operating effectiveness of the Company’s controls over the valuation of insurance contract liabilities. • Tested the accuracy of the data utilised by the Company’s actuary in the valuation computations, against information contained in the accounting and administration systems. • Involved actuarial specialist team members to perform a review of the methodology and assumptions used by the Company’s actuary to compute the reserve for IBNR. The actuary also compared the valuation methods used against generally accepted actuarial practices. • Compared for a sample of claims, amounts reported in the claims systems to source documents. • Compared the claims IBNR reserve to the reports of the Company’s actuary.

Independent auditor’s report to the shareholders

Other information

The directors are responsible for the other information. The other information comprises the directors’ and senior management profile, the Annual Report and the Secretary’s Report as required by the Companies Act 2001, and the Corporate Governance Report, but does not include the consolidated and separate financial statements and our auditor’s report thereon.

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

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

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005 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 consolidated and separate financial statements, the directors are responsible for assessing the Group’s and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group’s and Company’s financial reporting process.

Independent auditor’s report to the shareholders

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the 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 Group’s and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 and its subsidiaries 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.

Independent auditor’s report to the shareholders

Report on other legal and regulatory requirements (Continued)

Insurance Act 2005

The consolidated and separate financial statements have been prepared in the manner and meet the requirements specified in the FSC Rules and Guidelines of the Financial Services Commission.

Financial Reporting Act 2004

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate
Governance 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.

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

Chartered Accountants

29 September 2023

R. Srinivasa Sankar

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Financial Statements

Beyond insurance, a leading Financial Services Group

Statements of Financial Position

At June 2023

	Notes	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
NON-CURRENT ASSETS					
Property, plant and equipment	7	**362,500**	323,584	**288,171**	277,851
Investment properties	8	**1,590,291**	1,577,028	**1,702,266**	1,685,203
Intangible assets	9	**85,446**	80,185	**48,877**	45,017
Investments in subsidiaries	10	**-**	-	**565,628**	565,628
Financial investments:					
- Measured at fair value through other comprehensive	11(a)	**2,407,842**	2,359,725	**2,308,712**	2,262,165
- Measured at fair value through profit or loss	11(b)	**5,701,359**	5,042,440	**6,095,607**	5,221,933
Debt instruments at amortised cost	11(c)	**8,265,488**	7,521,612	**7,022,333**	6,110,632
Loans and advances:					
- Net investment in finance leases	13(a)	**552,797**	511,751	**-**	-
- Mortgage and other loans	13(b)	**1,949,029**	1,754,981	**1,361,519**	1,263,493
Right-of-use assets	14(a)	**82,205**	82,375	**13,893**	12,586
Deferred tax assets	15	**41,024**	33,992	**-**	-
		21,037,981	19,287,673	**19,407,006**	17,444,508
CURRENT ASSETS					
Debt Instruments at amortised cost	11(c)	**3,252,817**	3,012,462	**2,237,172**	2,294,579
Loans and advances:					
- Net investment in finance leases	13(a)	**202,419**	185,352	**-**	-
- Mortgage and other loans	13(b)	**237,025**	185,602	**107,424**	95,420
Insurance and other receivables	16	**1,046,182**	879,581	**429,499**	435,751
Reinsurance assets	17(a)	**625,420**	639,533	**-**	-
Current tax assets	20(a)	**980**	3,290	**-**	-
Bank and cash balances	11(d)	**743,615**	1,617,382	**497,993**	967,715
		6,108,458	6,523,202	**3,272,088**	3,793,465
Assets held for sale	12	**12,488**	15,103	**6,353**	6,353
		6,120,946	6,538,305	**3,278,441**	3,799,818
CURRENT LIABILITIES					
Insurance contract liabilities	17(a)	**1,468,968**	1,335,944	**-**	-
Borrowings	18	**22,903**	23,846	**22,903**	23,846
Lease liabilities	14(b)	**9,595**	8,513	**9,595**	8,513
Trade and other payables	19	**747,859**	680,493	**387,283**	362,100
Current tax liabilities	20(a)	**55,635**	37,034	**50,579**	30,272
Deposits from customers	21	**212,246**	458,867	**-**	-
		2,517,206	2,544,697	**470,360**	424,731
NET CURRENT ASSETS		**3,603,740**	3,993,608	**2,808,081**	3,375,087
		24,641,721	23,281,281	**22,215,087**	20,819,595
CAPITAL AND RESERVES					
Stated capital	22	**70,000**	70,000	**70,000**	70,000
Reserves	23	**7,708,044**	7,314,761	**6,932,151**	6,527,042
Equity attributable to equity **holders of the parent**		**7,778,044**	7,384,761	**7,002,151**	6,597,042
Non-controlling interests		**4,634**	4,623	**-**	-
TOTAL EQUITY		**7,782,678**	7,389,384	**7,002,151**	6,597,042
TECHNICAL PROVISIONS					
Life assurance fund	32	**14,308,557**	13,411,019	**14,308,557**	13,411,019
		14,308,557	13,411,019	**14,308,557**	13,411,019
NON-CURRENT LIABILITIES					
Borrowings	18	**36,047**	36,020	**36,047**	36,020
Lease liabilities	14(b)	**58,292**	57,142	**58,292**	57,142
Deposits from customers	21	**1,389,268**	1,453,958	**-**	-
Deferred tax liabilities	15	**42,592**	33,559	**41,076**	32,043
Employee benefit obligations	24	**1,024,287**	900,199	**768,964**	686,329
		2,550,486	2,480,878	**904,379**	811,534
		24,641,721	23,281,281	**22,215,087**	20,819,595

These financial statements have been approved and authorised for issue by the Board of Directors on 25 September 2023.

K G BHOOJEDHUR-OBEEGADOO
Chairperson

A ACHARUZ
Director

The notes on pages 176 to 282 form an integral part of these financial statements.

Auditor's report on pages 160 to 165

Statements of Profit or Loss

For the Year Ended 30 June 2023

	Notes	Group Shareholders' fund 2023 MUR'000	Life fund 2023 MUR'000	Total 2023 MUR'000	Shareholders' fund 2022 MUR'000	Life fund 2022 MUR'000	Total 2022 MUR'000
Gross premiums	25 & 32	1,546,311	2,351,183	3,897,494	1,409,167	2,747,072	4,156,239
Premiums ceded to reinsurers	25 & 32	(715,635)	(228,465)	(944,100)	(684,014)	(217,026)	(901,040)
Net premium		830,676	2,122,718	2,953,394	725,153	2,530,046	3,255,199
Revenue from contracts with customers	26	660,733	-	660,733	622,937	-	622,937
Interest revenue on financial assets	27	218,336	457,875	676,211	176,087	374,108	550,195
Interest expenses on financial liabilities	30	(56,857)	(310)	(57,167)	(60,078)	(135)	(60,213)
Net interest income		161,479	457,565	619,044	116,009	373,973	489,982
Commission income receivable for reinsurance	25 & 32	123,014	66,362	189,376	113,675	28,762	142,437
Investment and other income							
Other operating income	27	305,299	151,106	456,405	229,148	76,041	305,189
Net gain/(loss) on financial assets at FVTPL	11	201,885	484,734	686,619	(282,449)	(569,973)	(852,422)
Expected credit loss(ECL)/reversal/(charge) on financial assets	31	(3,494)	6,302	2,808	15,381	13,309	28,690
		626,704	708,504	1,335,208	75,755	(451,861)	(376,106)
Total revenue		2,279,592	3,288,787	5,568,379	1,539,854	2,452,158	3,992,012
Gross benefits and claims paid		(760,265)	(1,854,721)	(2,614,986)	(562,850)	(1,821,731)	(2,384,581)
Claims settled from reinsurers		142,609	60,361	202,970	143,272	68,883	212,155
Gross change in contract liabilities		(57,617)	-	(57,617)	(143,440)	-	(143,440)
Change in contract liabilities ceded to reinsurers		59,923	-	59,923	106,330	-	106,330
Net benefits and claims		(615,350)	(1,794,360)	(2,409,710)	(456,688)	(1,752,848)	(2,209,536)
Commission and brokerage fees paid	25 & 32	(100,486)	(64,221)	(164,707)	(100,905)	(67,514)	(168,419)
Other operating and administrative costs	29 & 32	(720,145)	(345,898)	(1,066,043)	(643,383)	(353,128)	(996,511)
Other expenses		(820,631)	(410,119)	(1,230,750)	(744,288)	(420,642)	(1,164,930)
Total benefits, claims and other expenses		(1,435,981)	(2,204,479)	(3,640,460)	(1,200,976)	(2,173,490)	(3,374,466)
Surplus of Shareholders' Funds and Life Assurance Fund		843,611	1,084,308	1,927,919	338,878	278,668	617,546
Transfer of surplus from Life Assurance Fund	28 & 32	22,961	(22,961)	-	10,636	(10,636)	-
PROFIT/SURPLUS BEFORE TAX OF SHAREHOLDERS' FUNDS AND LIFE ASSURANCE FUND		866,572	1,061,347	1,927,919	349,514	268,032	617,546
Taxation	20	(97,904)	27,303	(70,601)	(95,508)	3,062	(92,446)
PROFIT/SURPLUS AFTER TAX OF SHAREHOLDERS' FUNDS AND LIFE ASSURANCE FUND		768,668	1,088,650	1,857,318	254,006	271,094	525,100
Less: Profit attributable to Life Assurance Fund	32			(1,088,650)			(271,094)
PROFIT ATTRIBUTABLE TO THE GROUP FOR THE YEAR				768,668			254,006
Profit for the year attributable to:-							
Equity holders of the parent				768,417			253,906
Non-controlling interests				251			100
				768,668			254,006

The notes on pages 176 to 282 form an integral part of these financial statements.
Auditor's report on pages 160 to 165

Statements of Profit or Loss

For the Year Ended 30 June 2023

	Notes	Company					
		Shareholders' fund 2023 MUR'000	**Life fund 2023 MUR'000**	**Total 2023 MUR'000**	Shareholders' fund 2022 MUR'000	Life fund 2022 MUR'000	Total 2022 MUR'000
Gross premiums	32	**-**	**2,351,183**	**2,351,183**	-	2,747,072	2,747,072
Premiums ceded to reinsurers	32	**-**	**(228,465)**	**(228,465)**	-	(217,026)	(217,026)
Net Premium		**-**	**2,122,718**	**2,122,718**	-	2,530,046	2,530,046
Revenue from contracts with customers	26	**540,247**	**-**	**540,247**	502,178	-	502,178
Interest revenue on financial assets measured at EIR	27	**98,662**	**447,873**	**546,535**	71,491	372,286	443,777
Interest expenses on financial liabilities measured at EIR	30	**(6,069)**	**(310)**	**(6,379)**	(10,138)	(135)	(10,273)
Net interest income		**92,593**	**447,563**	**540,156**	61,353	372,151 -	433,504
Commission income receivable for reinsurance	32	**-**	**66,362**	**66,362**	-	28,762	28,762
Investment and other income							
Other operating income	27	**386,465**	**93,007**	**479,472**	397,342	67,708	465,050
Net gain/(loss) on financial assets at FVTPL	11	**216,543**	**523,241**	**739,784**	(287,265)	(600,423)	(887,688)
Expected credit loss (ECL)/ reversal/(Charge) on financial assets	31	**255**	**6,413**	**6,668**	5,272	13,104	18,376
		603,263	**689,023**	**1,292,286**	115,349	(490,849)	(375,500)
Total revenue		**1,236,103**	**3,259,304**	**4,495,407**	678,880	2,411,348	3,090,228
Gross benefits and claims paid	32	**-**	**(1,854,721)**	**(1,854,721)**	-	(1,821,731)	(1,821,731)
Claims settled from reinsurers	32	**-**	**60,361**	**60,361**	-	68,883	68,883
Net benefits and claims		**-**	**(1,794,360)**	**(1,794,360)**	-	(1,752,848)	(1,752,848)
Commission and brokerage fees paid	32	**-**	**(64,221)**	**(64,221)**	-	(67,514)	(67,514)
Other operating and administrative costs	29 & 32	**(426,931)**	**(305,950)**	**(732,881)**	(373,165)	(312,514)	(685,679)
Other expenses		**(426,931)**	**(370,171)**	**(797,102)**	(373,165)	(380,028)	(753,193)
Total benefits, claims and other expenses		**(426,931)**	**(2,164,531)**	**(2,591,462)**	(373,165)	(2,132,876)	(2,506,041)
Surplus of Shareholders' Fund and Life Assurance Fund		**809,172**	**1,094,773**	**1,903,945**	305,715	278,472	584,187
Transfer of surplus from Life Assurance Fund	28 & 32	**22,961**	**(22,961)**	**-**	10,636	(10,636)	-
Profit/Surplus Before Tax Of Shareholders' Fund And Life Assurance Fund		**832,133**	**1,071,812**	**1,903,945**	316,351	267,836	584,187
Taxation	20	**(80,107)**	**27,303**	**(52,804)**	(77,295)	3,062	(74,233)
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		**752,026**	**1,099,115**	**1,851,141**	239,056	270,898	509,954
Less profit attributable to Life Assurance Fund	32			**(1,099,115)**			(270,898)
Profit Attributable To The Company For The Year				**752,026**			239,056

The notes on pages 176 to 282 form an integral part of these financial statements.
Auditor's report on pages 160 to 165

Statements of Changes of Equity

For the Year Ended 30 June 2023

	Notes	Stated Capital	Retained Earnings	Properties Revaluation Reserve	Investments Revaluation Reserve	Actuarial Lossess	Other Reserve	General Banking Reserve	Translation Reserve	Attributable to Equity Holders Of Parent	Non-Controlling Interests	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Group												
Balance at 1 July 2022		70,000	7,499,025	164,095	(18,872)	(588,355)	61,239	6,573	191,056	7,384,761	4,623	7,389,384
Adjustment (ROU)	23(a)	-	(44,510)	-	-	-	-	-	-	(44,510)	-	(44,510)
										-		-
		70,000	7,454,515	164,095	(18,872)	(588,355)	61,239	6,573	191,056	7,340,251	4,623	7,344,874
Profit for the year		-	768,417	-	-	-	-	-	-	768,417	251	768,668
Transfer of gain on disposal of financial assets at FVOCI		-	4	-	(4)	-	-	-	-	-	-	-
Other comprehensive income for the year		-	-	-	(34,442)	(154,706)	-	-	16,420	(172,728)	(27)	(172,755)
Total comprehensive income for the year		-	768,421	-	(34,446)	(154,706)	-	-	16,420	595,689	224	595,913
Transfer from/(to) reserve	23(f) & (g)	-	(4,114)	-	-	-	3,758	356	-	-	-	-
Dividend	34	-	(157,896)	-	-	-	-	-	-	(157,896)	(213)	(158,109)
Balance at 30 June 2023		70,0000	8,060,926	164,095	(53,318)	(743,061)	64,997	6,929	207,476	7,778,044	4,634	7,782,678
Balance at 1 Jul 2021		70,000	7,384,208	142,381	(42,733)	(520,900)	59,746	5,744	177,232	7,275,678	4,662	7,280,340
Profit of the year		-	253,906	-	-	-	-	-	-	253,906	100	254,006
Adjustment on transfer of Investment properties to Property, plant and equipment		-	897	(897)	-	-	-	-	-	-	-	-
Transfer of loss on disposal of equity financial at FVOCI		-	(1,470)	-	1,470	-	-	-	-	-	-	-
Other comprehensive income for the year		-	-	22,611	22,391	(67,455)	-	-	13,824	(8,629)	(54)	(8,683)
		-										
Total comprehensive income for the year		-	253,333	21,714	23,861	(67,455)	-	-	13,824	245,277	46	245,323
Transfer from/(to) reserve	23(f) & (g)	-	(2,322)	-	-	-	1,493	829	-	-	-	-
Dividend	34	-	(136,194)	-	-	-	-	-	-	(136,194)	(85)	(136,279)
Balance at 30 June 2022		70,000	7,499,025	164,095	(18,872)	(588,355)	61,239	6,573	191,056	7,384,761	4,623	7,389,384

The notes on pages 176 to 282 form an integral part of these financial statements.
Auditor’s report on pages 160 to 165

Statements of Changes in Equity

For The Year Ended 30 June 2023

COMPANY	Notes	Stated Capital MUR'000	Retained Earnings MUR'000	Properties Revaluation Reserve MUR'000	Investments Revaluation Reserve MUR'000	Actuarial Losses MUR'000	Total MUR'000
Balance at 1 July 2022		**70,000**	**6,582,545**	**154,537**	**242,950**	**(452,990)**	**6,597,042**
Adjustment (ROU)	**23(a)**	**-**	**(44,510)**	**-**	**-**	**-**	**(44,510)**
		70,000	**6,538,035**	**154,537**	**242,950**	**(452,990)**	**6,552,532**
Profit for the year		**-**	**752,026**	**-**	**-**	**-**	**752,026**
Other comprehensive income for the year		**-**	**-**	**-**	**(30,913)**	**(113,598)**	**(144,511)**
Transfer of gain on disposal of equity financial at FVOCI		**-**	**4**	**-**	**(4)**	**-**	**-**
Total comprehensive income for the year		**-**	**752,030**	**-**	**(30,917)**	**(113,598)**	**607,515**
Dividend	**34**	**-**	**(157,896)**	**-**	**-**	**-**	**(157,896)**
Balance at 30 June 2023		70,000	7,132,169	154,537	212,033	(566,588)	7,002,151
Balance at 1 July 2021		70,000	6,481,153	141,484	221,797	(410,495)	6,503,939
Profit for the year		-	239,056	-	-	-	239,056
Transfer of loss on disposal of equity financial at FVOCI		-	(1,470)	-	1,470	-	
Other comprehensive income for the year		-	-	13,053	19,683	(42,495)	(9,759)
Total comprehensive income for the year		-	237,586	13,053	21,153	(42,495)	229,297
Dividend	**34**	**-**	**(136,194)**	**-**	**-**	**-**	**(136,194)**
Balance at 30 June 2022		70,000	6,582,545	154,537	242,950	(452,990)	6,597,042

The notes on pages 176 to 282 form an integral part of these financial statements.
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Statement of Other Comprehensive Income

For the Year Ended 30 June 2023

	Notes	Group					
		Shareholders' fund 2023	Life fund 2023	Total 2023	Shareholders' fund 2022	Life fund 2022	Total 2022
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		**768,668**	**1,088,650**	**1,857,318**	254,006	271,094	525,100
Other comprehensive income (OCI):							
Items that may be reclassified subsequently to Profit/loss							
Exchange differences on translation of foreign operations	23(e & h) & 32	**16,420**	**11,010**	**27,430**	13,824	5,219	19,043
Net OCI to be reclassified to profit or loss in subsequent periods		**16,420**	**11,010**	**27,430**	13,824	5,219	19,043
Items that will not be reclassified subsequently to Profit/loss							
Revaluation (losses)/gains on equity instruments at fair value through OCI	23(h)	**(34,442)**	**(99,339)**	**(133,781)**	22,391	174,979	197,370
Remeasurement of defined benefit obligations, net of deferred tax	23(h)	**(154,733)**	**-**	**(154,733)**	(67,509)	-	(67,509)
Gain on revaluation of buildings, net of deferred tax	23(h)	**-**	**-**	**-**	22,611	-	22,611
Net OCI not to be reclassified to profit or loss in subsequent periods		**(189,175)**	**(99,339)**	**(288,514)**	(22,507)	174,979	152,472
Other comprehensive income for the year, net of tax		**(172,755)**	**(88,329)**	**(261,084)**	(8,683)	180,198	171,515
Total Comprehensive Income		**595,913**	**1,000,321**	**1,596,234**	245,323	451,292	696,615
Less: Total comprehensive income attributable to Life Assurance Fund				**(1,000,321)**			(451,292)
Total Comprehensive Income Attributable To The Group For The Year				**595,913**			245,323
Total comprehensive income for the year attributable to:-							
Owners of the parent				**595,689**			245,277
Non-controlling interests				**224**			46
				595,913			245,323

The notes on pages 176 to 282 form an integral part of these financial statements.
Auditor's report on pages 160 to 165

Statement of Other Comprehensive Income

For the Year Ended 30 June 2023

		Company					
	Notes	Shareholders' fund 2023 MUR'000	Life fund 2023 MUR'000	Total 2023 MUR'000	Shareholders' fund 2022 MUR'000	Life fund 2022	Total 2022
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		**752,026**	**1,099,115**	**1,851,141**	239,056	270,898	509,954
Other comprehensive income (OCI):		-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss							
Items that will not be reclassified subsequently to Profit/Loss							
Revaluation (losses)/gains on equity instruments at fair value through OCI	23(h)	**(30,913)**	**(98,794)**	**(129,707)**	19,683	180,391	200,074
Remeasurement of defined benefit obligations	23(h)	**(113,598)**	-	**(113,598)**	(42,495)	-	(42,495)
Gain on revaluation of buildings, net of deferred tax	23(h)	-	-	-	13,053	-	13,053
Items that will not be reclassified subsequently to profit or loss		**(144,511)**	**(98,794)**	**(243,305)**	(9,759)	180,391	170,632
Other comprehensive income for the year, net of tax		**(144,511)**	**(98,794)**	**(243,305)**	(9,759)	180,391	170,632
Total Comprehensive Income		**607,515**	**1,000,321**	**1,607,836**	229,297	451,289	680,586
Less comprehensive income attributable to Life Assurance Fund				**(1,000,321)**			(451,289)
Total Comprehensive Income Attributable To The Company For The Year				**607,515**			229,297

The notes on pages 176 to 282 form an integral part of these financial statements.

Auditor's report on pages 160 to 165

Statements of Cash Flows

For The Year Ended 30 June 2023

	Notes	Group		Company	
		2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Cash Flows From Operating Activities					
Cash generated from operations	35	**440,500**	892,742	**301,135**	627,863
Interest received		**661,781**	638,800	**488,154**	480,734
Dividend received		**144,276**	105,065	**125,601**	119,026
Interest paid		**(58,838)**	(68,351)	**(6,168)**	(10,097)
Income tax paid		**(16,002)**	(15,847)	**(197)**	9,345
Contributions paid		**(144,726)**	(141,363)	**(117,094)**	(114,503)
Net Cash Generated From Operating Activities		**1,026,991**	1,411,046	**791,431**	1,112,368
Cash Flows From Investing Activities					
Purchase of intangible assets	9	**(19,147)**	(54,705)	**(14,650)**	(23,927)
Purchase of property, plant and equipment	7	**(79,876)**	(46,876)	**(43,316)**	(43,138)
Proceeds from disposal of property, plant and equipment		**-**	486	**-**	366
Purchase of financial assets measured at FVOCI, FVTPL and at amortised cost	11 (a)-(c)	**(25,086,169)**	(6,157,010)	**(22,327,457)**	(4,417,485)
Proceeds from disposal or maturity of financial assets measured at FVOCI, FVTPL and at amortised cost	11 (a)-(c)	**24,067,549**	5,991,968	**21,175,557**	3,912,125
Proceeds from disposal of repossessed leased assets		**744**	466	**-**	-
Proceeds from sale of of assets held under operating lease		**927**	144	**-**	-
Proceeds from disposal of foreclosed properties		**-**	568	**-**	568
Mortgage and other loans granted during the year		**(570,750)**	(724,724)	**(306,091)**	(315,552)
Mortgage and other loans repayment received during the year		**330,915**	400,836	**202,508**	316,683
Additions to investment properties	8	**(9,187)**	(5,272)	**(9,301)**	(6,257)
Leases granted during the year		**(309,433)**	(229,448)	**-**	-
Leases repayment received during the year		**246,753**	224,039	**-**	-
Divident receive (from subsidiaries)		**-**	-	**225,483**	198,563
Net Cash Used In Investing Activities		**(1,427,674)**	(599,528)	**(1,097,267)**	(378,054)
Cash Flows From Financing Activities					
Borrowings taken during the year	18	**23,560**	10,309	**23,560**	10,309
Borrowings repaid during the year	18	**(24,476)**	(23,775)	**(24,476)**	(93,752)
Dividend paid	34	**(158,109)**	(136,279)	**(157,896)**	(136,194)
Deposits from customers - net		**(308,985)**	201,477	**-**	-
Payment of principal portion on lease liability		**(5,074)**	(4,026)	**(5,074)**	(4,026)
Net Cash Generated From/(Used In) Financing Activities		**(473,084)**	47,706	**(163,886)**	(223,663)
Net Increase In Cash And Cash Equivalents		**(873,767)**	859,224	**(469,722)**	510,651
Cash And Cash Equivalents At 1 July		**1,617,382**	758,158	**967,715**	457,064
Cash And Cash Equivalents At 30 June		**743,615**	1,617,382	**497,993**	967,715
Cash And Cash Equivalents					
Bank and cash balances		**743,615**	1,617,382	**497,993**	967,715
		743,615	1,617,382	**497,993**	967,715

The notes on pages 176 to 282 form an integral part of these financial statements.
Auditor's report on pages 160 to 165

1. General Information

State Insurance Company of Mauritius Ltd (the "Company") is a public company incorporated in Mauritius. Its registered office is situated at Sir Célicourt Antelme Street, Port-Louis, Mauritius. The Company is mainly engaged in long term insurance business whilst its subsidiaries carry out general insurance business, depository, investment and management activities.

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 financial statements have been prepared under the historical cost convention, except for the following:

i. Land and buildings are measured at fair value;
ii. investment properties are measured at fair value;
iii. financial assets at fair value through profit or loss (FVTPL),
iv. financial assets at fair value through other comprehensive income (FVOCI) and
v. non-current assets held-for-sale are measured at the lower of carrying amount and fair value less cost to sell.

The financial statements are presented in Mauritian Rupees (Rs) and all values are rounded to the nearest thousand (MUR'000), except when otherwise indicated.

As required by IAS 1 Presentation of financial statements and IFRS 4 Insurance Contracts, the Company has disclosed the results of the Life fund on the face of the statement of profit or loss and other comprehensive income such that it will help the users of the financial statements to understand the amounts disclosed in the financial statements that arises from insurance contracts.

The Group has adopted IFRS 9 to all types of financial instruments except for rights and obligations arising under a contract within the scope of IFRS 17 Insurance Contracts.

Statement of compliance

The financial statements of the Group & Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board (IASB) and comply with the Companies Act 2001, Financial Reporting Act 2004 and Insurance Act 2005.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

<u>New and amended IFRS Accounting Standards that are effective for the current year</u>

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 16	IAS 16 - Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
IAS 37	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts—Cost of Fulfilling a Contract

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.2 Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

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

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.

The adoption of the above amendments has not had any material impact on the disclosures or on the amount reported in the financial statements of the Group and Company.

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

• IFRS 17 – Insurance Contracts

None of these Standards listed above will have a material impact on the financial statements of the Group and Company in future periods, except if indicated below:

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 are still assessing the impact on the Group's and Company's financial statements in future periods.

2. Significant Accounting Policies (Continued)

2.2 Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements Disclosure of Accounting Policies

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 are still assessing the impact on the Group's and 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:

• 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 directors are still assessing the impact on the Group's and Company's financial statements in future periods.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment -related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

• The measurement of the present value of future cash flows, incorporating an explicit risk adjustment,
re-measured every reporting period (the fulfilment cash flows)

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

IFRS 17 Insurance Contracts (Continued)

- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policy holder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the Statement of Profit and Loss but are recognised directly on the Statement of financial position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group plans to adopt the new standard on the required effective date.

The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure. The directors are still in the process of assessing the impact of IFRS 17.

2.3 Basis of consolidation

The financial statements comprise the financial statements of the Company and its subsidiaries collectively referred to as the "Group". The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Significant Accounting Policies (Continued)

2.3 Basis of consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Investment in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- **Separate financial statements**

Investment in subsidiaries in the separate financial statements of the Company are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer, net of any impairment. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and carrying amount is recognised in profit or loss.

- **Consolidated financial statements**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest
of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.4 Investment in subsidiaries (Continued)

- **Consolidated financial statements (Continued)**

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.5 Foreign currencies

The individual financial statements of each group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Group financial statements, the results and financial position of each entity are expressed in Mauritian rupees, which is the functional currency of the company, and the presentation currency for the group financial statements. The results of subsidiaries whose functional currency is in a currency other than Mauritian Rupee are retranslated to Mauritian Rupee using the average exchange rates and balances at the reporting date are retranslated using the closing exchange rate.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing at that date. Profits and losses arising on exchange are included in the profit or loss for the year. Translation of non-monetary items, such as equities classified as fair value through other comprehensive income are included in the investment revaluation reserve in equity. For the purpose of presenting consolidated financial statements, the assets and liabilities of subsidiaries denominated in foreign currencies are translated into Mauritian rupees at closing rate of exchange. Income and expense items are translated at the average rates of exchange for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2. Significant Accounting Policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any cumulative impairment loss. Land and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss. Freehold land is not depreciated.

It is the Group's policy to revalue its buildings at least every five years by independent valuers. Any revaluation surplus is credited to the property revaluation reserve, net of tax. Any revaluation decrease is first charged directly against the property revaluation reserve held in respect of the respective asset, and then to the Statements of profit or loss. The directors do not currently intend to make any distribution from the properties revaluation reserve.

Work in progress is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost or revalued amounts of property, plant and equipment over their estimated useful lives on a straight-line basis.

Depreciation is calculated from the month the asset is capitalised.

Depreciation is calculated to write off the cost or revalued amount of the assets on a straight line basis over their estimated useful lives at the following rates:-

Building on leasehold and freehold land	- 1%- 50%
Furniture and fittings	- 7%- 50%
Office equipment	- 10%- 50%
Computer equipment	- 8%- 90%
Motor vehicles- owned	- 20%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within Other operating income in the Statement of profit or loss.

2.7 Investment properties

Properties held to earn rentals or capital appreciation or both and not occupied by the Group are classified as investment properties. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss under Investment and other income (Note 27). Fair values are determined based on the valuation performed by an accredited external, independent valuer.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss under Investment and other income (Note 27) in the year of retirement or disposal.

Transfers made to or from investment properties are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.8 Intangible Assets - Computer Software

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization 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 derecognized.

Computer software

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 3 to 10 years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

The carrying amounts of assets are assessed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's net selling price and its value in use, to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately, unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.10 Investments in subsidiaries

Financial statements of the Company

Investment in subsidiary companies are carried at cost The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to Statement of profit or loss.

2.11 Financial Investments

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) 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 at fair value through profit or loss are recognized immediately in the Statement of profit or loss.

2. Significant Accounting Policies (Continued)

2.11 Financial Investments (Continued)

Initial recognition, classification and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Premiums receivable are recognised and measured under IFRS 4 and are outside the scope of IFRS 9.

In order for a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Debt instruments at fair value through OCI with recycling
- Equity instruments at fair value through OCI with no recycling
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss (FVTPL)

This category has two sub-categories: 'financial assets held for trading and those that are mandatorily classified and measured at fair value through profit or loss'. A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

Financial assets measured as at fair value through profit or loss at inception are those that are:

- Held in internal funds to match insurance liabilities that are linked to the changes in fair value of these assets. The classification of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.11 Financial Investments (Continued)

Initial recognition, classification and measurement (Continued)

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Group's investment strategy is to invest in mutual funds and collective investment schemes and to evaluate them with reference to their fair values. Assets that are part of these portfolios are classified upon initial recognition at fair value through profit or loss. This category includes those financial instruments which are classified as FVTPL because they do not meet SPPI tests.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value. Changes in fair value are recorded in net gain/(loss) on financial assets at fair value through profit or loss.

Equity instrument at fair value through OCI (FVOCI)

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

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case such gains are recorded in OCI. Dividend distribution in kind would fall in that category. Equity instrument at FVOCI are not subject to impairment.

2.12 Loans and Advances

The Group only measures loans and advances to customers at amortised cost if both of the following conditions are met:

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

The Group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process the Group groups its loans and other debt instruments into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1:

  When debt instruments are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 instruments also include facilities where the credit risk has improved and the instrument has been reclassified from Stage 2. The loans characterised as high grade investment are classified in stage 1.

- Stage 2:

  When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 instruments also include facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The loans characterised as standard grade investment are classified in stage 2.

- Stage 3:

  Debt instruments considered credit-impaired and non performing. The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2. Significant Accounting Policies (Continued)

2.12 Loans and Advances (Continued)

The calculation of ECLs

The Group calculates ECLs based on the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

- The Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- The Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- The Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanics of the ECL method are summarised below:

- Stage 1:
  The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

  These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

- Stage 2:
  When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3:
  For instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.12 Loans and Advances (Continued)

Overview of the ECL principles

Forward looking information

In its ECL models, the Group relies on forward looking information as economic inputs which are GDP growth and unemployment rate. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties Valuers.

The Group applied a simplified approach in calculating ECLs on its investments in finance leases. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

2.13 Net investment in finance lease

Amounts due from lessees under finance leases are recorded as investment in finance lease at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. ECL on leases which are identified as non-performing are assessed individually and those identifies as performing are collectively assessed. The Group has created a General Banking Reserve where the difference between the IFRS 9 result and the 1% regulatory requirement has been accounted in there.

2.14 Leases

Group and Company as Lessee

The Group's leasing activities and how these are accounted for are described below.

The Group leases office premises and leasehold rights on land and the rental contract is for fixed periods of 5 years and 30 years respectively but may have renewal option as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of office premises for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

2. Significant Accounting Policies (Continued)

2.14 Leases (Continued)

Group and Company as Lessee (Continued)

Under IFRS 16, assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the Company under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the lease for the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Group as a lessee

Right-of-Use assets

The Group recognises Right-of-Use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Rights-of-Use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Rights-of-Use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised Rights-of-Use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Rights-of-Use assets are subject to impairment.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Short-term leases and low value assets

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

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.14 Leases (Continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.15 Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. Significant Accounting Policies (Continued)

2.15 Deferred Taxation(Continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and liability separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

Deferred income taxes are calculated on all temporary differences under the liability method.

2.16 Other assets and other receivables

Other assets and other receivables are those that have fixed or determinable payments and that are not quoted in an active market and classified as financial assets at amortised cost. They are measured at amortised cost, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. Before accepting any new customer, the technical department assesses the credit quality of the customer and defines the terms and credit limits accordingly and the premium receivable balance is considered impaired if the balance is due more than 1 year and/or there are evidence that the credit worthiness has deteriorated.

2.17 Insurance Liabilities and Reinsurance Assets

Insurance contracts issued by the Group that are short term insurance contracts are classified under the following classes of business: motor, accident & health, engineering, liability, property, transportation, guarantee and miscellaneous. These contracts provide compensation following damage to or loss of property, goods, equipment, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the events insured against.

Reinsurance contracts for the Group's short term insurance business

Reinsurance contracts entered into by the Group for its short-term insurance business are either of proportional or non-proportional type. Under a proportional treaty, the premiums and claims are apportioned between the Group and the reinsurer in agreed proportions. Proportional reinsurance may be either in the form of a quota share whereby the proportion of each risk reinsured is fixed, or in the form of surplus whereby the Group can retain a part of a risk within a fixed limit, and the reinsurer accepts part of the risk as a multiple of the Group's retention.

Under the non-proportional type of reinsurance, the Group uses the Excess of Loss treaty whereby in consideration for a premium, the reinsurer agrees to pay claims in excess of a specified amount (the retention), up to a specified maximum amount.

Reinsurance contracts for the Group's short term insurance business (Continued)

The Group reinsures either on a treaty basis, with all risks falling within the treaty terms, conditions and limits being reinsured automatically, or on a facultative basis.

Under facultative reinsurance, risks are offered to the reinsurer on an individual basis and can be accepted or rejected by the reinsurer.

Short-term balances due from reinsurers are classified within accounts receivable and amounts that are dependent on the expected claims and benefits arising under the related reinsurance contracts are classified under reinsurance assets.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Any gains and losses on buying reinsurance contracts are recognised immediately in profit or loss and are not subject to amortisation.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.17 Insurance Liabilities and Reinsurance Assets (Continued)

Reinsurance assets are reviewed for impairment. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. If reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognises that impairment loss in profit or loss.

Claims expenses and outstanding claims provisions

Claims expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to policy holders or third parties. Outstanding claims provision represents the estimated ultimate cost of settling all claims admitted or intimated but not yet settled at the end of the reporting period, and provisions for claims incurred but not reported (IBNR). The outstanding claims includes related expenses. The Group does not discount its liabilities for unpaid claims. Significant delays can be expected in the notification and settlement of certain claims, especially in respect of liability class of business, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims. Outstanding claims provisions are not discounted and include an allowance for expected future recoveries. Recoveries include non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts.

Incurred but not reported claims (IBNR)

IBNR calculation is calculated on an actuarial method which consists of the projection of incurred but not reported claims based on the claims reporting delay pattern for the Group over the last ten years.

Provision for unearned premiums

The provision for unearned premiums represents the portion of premiums written on insurance contracts relating to periods of insurance risks subsequent to the reporting date. It is calculated on the inception basis of the 365th method. The movement on the provision is taken to profit or loss in order for revenue to be recognised over the period of the risk. The provision is derecognized when the contract expires, is discharged or cancelled.

2.18 Equity instruments issued by the Group

Classification

Equity instruments are classified as equity in accordance with the substance of the contractual arrangement.

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 Group and Company are recorded at the proceeds received, net of direct issue costs.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown in current liabilities in the statements of financial position. The Carrying amount of these assets is approximately equal to their fair value. Cash and Cash Equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position.

2. Significant Accounting Policies (Continued)

2.20 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

2.21 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in case of financial liabilities at amortised cost, directly attributable transaction costs.

The Group's financial liabilities include borrowings, trade and other payables, deposits from customers and bank overdrafts.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.22 Taxation

Income tax

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

Corporate social responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Group is required for all its companies domiciled in Mauritius to allocate 2% of its chargeable income of the preceding financial year to government approved CSR NGOs. As from July 2017, following amendments to the Finance Act 2017, the Group is now required as from 01 January 2017 to 31 December 2018 to remit to the Director General at least 50% of the CSR contribution. After 01 January 2019, the Group is required to remit to the Director General at least 75% of the CSR contribution. This is recorded as part of income tax expense.

The applicable income tax rate in Mauritius is 15% (2022 :15%). An additional charge of 2% (2022 :2%) is applicable in respect of Corporate Social Responsibility.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.23 Deposits from Customers

Deposits from customers are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or expired.

2.24 Stated Capital

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 Group and Company are recorded at the proceeds received, net of direct issue costs.

2.25 Employee Benefit Obligations

(i) Defined Contribution Plan

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

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

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

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

(iii) Unfunded benefits

In addition to the Defined Benefit (DB) Plan SICOM also provides benefits outside the pension funds to members of the DB funds.

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 Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employee Benefit Obligations (Continued)

(iii) Unfunded benefits (Continued)

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.

(iv) State plan

Contributions to the National Pension Scheme plan are expensed to the profit or loss in the period in which they fall due.

2.26 Assets Held for Sale

The Group 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 (disposal group), excluding finance costs and income tax expense. Foreclosed properties represent seized assets acquired through auction at the Master's Bar as a result of default by client. The loan is derecognised at the value the properties acquired by the Company and the foreclosed properties are initially recognised at the consideration paid. Intention of management is to sell those assets once required conditions relating to the sale have been completed.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. An exception to the one-year requirement is applied in the situation where at the date an entity commits itself to a plan to sell a non-current asset it reasonably expects that others (not a buyer) will impose conditions on the transfer of the asset that will extend the period required to complete the sale, and:

(i) Actions necessary to respond to those conditions cannot be initiated until after a firm purchase commitment is obtained, and

(ii) A firm purchase commitment is highly probable within one year.

The assets are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statements of financial position.

2.27 Interest Expenses on Financial Liabilities not measured at FVTPL

Finance costs represent interests on borrowings and are accrued using the EIR method.

2.28 Life Assurance Funds

At each reporting date the amount of the liabilities of the Life assurance fund is established. A portion of the surplus or deficit between the value of the assets and the value of the liabilities is transferred to profit or loss. Assumptions used in the valuation basis are reviewed periodically and any changes in estimates are reflected in profit or loss as they occur.

The valuation bases used for the major classes of contract liabilities are as follows:

For individual and Company market-related life business, the liability is taken as the market value of the underlying assets plus a provision for risk benefits of one year's risk premiums.

For conventional endowment business, and non-profit annuities, the liability is taken as the difference between the discounted value of future benefit payments and the discounted value of future premium receipts.

For pure life risk business, a risk provision of one year's risk premium is held.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.28 Life Assurance Funds (Continued)

Provision is made in the policyholders' liabilities under insurance contracts for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date. Outstanding claims and benefit payments are stated gross of reinsurance.

The results and balances of SICOM Global Fund Ltd is consolidated in the Life Fund for the investment made by the Life Fund in SICOM Global Fund Ltd.

2.29 Gross Revenue

(i) *Revenue recognition*

Long term insurance

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Short term insurance

Premiums earned

Premium written is accounted for policies incepting in the financial year. Provision for unearned premium has been made and represents the proportion of premium written in the year, which relates to the unexpired terms of policies in force at the reporting date, calculated on the basis of the 365th method.

Reinsurance Premiums

Gross outward reinsurance premiums on life contracts are recognised as an expense on the earlier of the date when premiums are payable or policy becomes effective.

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

2. Significant Accounting Policies (Continued)

2.29 Gross Revenue (Continued)

(i) *Revenue recognition (Continued)*

Investment and other income

Investment income comprises of dividend and interest for the year. Dividend income is accounted when the right for payment is established. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods. Commission income is accounted for the earned terms of policies in force during the financial year, calculated on the basis of the 365th method. The portion representing the unexpired terms of policies in force at the reporting date has been accounted as deferred acquisition costs payables.

Other income

Rental income and commission are accounted on accrual basis.

2.30 Revenue from Contracts with Customers

The Company provides actuarial services, management services, administration and investment management services to entities within the group and pension funds under administration. Revenue from contract with customers is recognised when control of the services are transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

Services transferred over time

The Company recognises revenue from these services over-time because customer simultaneously receives and consumes the benefits provided by the Group.

Services transferred at a point in time

Revenue from such services is recognised at a point in time, generally upon delivery of the service.

2.31 Insurance contracts

(i) Insurance contracts - classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

Insurance risk is transferred when the Group agrees to compensate a policy-holder if a specified uncertain event adversely affects the policyholder. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Notes to the Financial Statements

For The Year Ended 30 June 2023

2. Significant Accounting Policies (Continued)

2.31 Insurance contracts (Continued)

(i) Insurance contracts – classification (Continued)

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Some insurance contracts contain a Discretionary Participating Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

The Group considers that virtually all its short term and long term products are insurance contracts.
Insurance contracts issued by the Group are classified within the following main categories:

(a) Short term insurance contracts

Short term insurance contracts are in respect of the following classes of business: motor, accident & health, engineering, liability, property, transportation, guarantee and miscellaneous. These contracts provide compensation following damage to or loss of property, goods, equipment, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the events insured against.

(b) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (i.e. death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in future is recorded once the first premium under such a contract has been recognised. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at each valuation date based on an analysis of recent experience modified by expectation of future trends. The best estimate assumptions are adjusted to include a margin for prudence.

(c) Long-term insurance contracts without fixed terms and with DPF

These contracts contain a DPF which entitles the contract holder in supplement to a guaranteed amount, a contractual right to receive additional profit or bonuses. The size of the profit or bonuses as well as the timing of the payments is however at the discretion of the Group. The Group has an obligation to eventually pay to contract holder up to 90% (2020:90%) of the DPF eligible surplus (i.e., all interest and realised gains and losses arising from the assets backing these contracts). The remaining 10% (2020:10%) accrues to the shareholders. Any portion of the DPF eligible surplus that is not declared as a profit or bonus is retained as a liability under the Life Assurance Fund, until declared and credited to contract holders in future periods. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at end of the reporting date are held within insurance contract liabilities.

(d) Unit-linked insurance contracts

These contracts include an embedded derivative which links payments to contract holders to amounts invested in unitised funds. The liability in respect of unit linked contracts is equal to the sum of the current unit values and a reserve calculated as the present value of the expected future claims and expenses less the present value of expected future charges and release of unit reserves. The resultant liability is subject to a minimum of the current surrender value on a per policy basis. Assumptions as to future expenses, investment returns, mortality, morbidity, and persistency are best estimate in nature and are based on the results of recent analyses of the Group’s operating experience.

2.32 Liability adequacy test

Short-term insurance

At the end of each reporting period, the Group reviews its unexpired risks and carries out a liability adequacy test for any overall excess of expected claims over unearned premiums using the current best estimates of future cash flows under its contracts after taking into account the investment returns expected to arise on assets backing such liabilities. Any deficiency is immediately charged to profit or loss and a provision is established for losses arising from liability adequacy test (the unexpired risk provision).

2. Significant Accounting Policies (Continued)

2.32 Liability adequacy test

Long-term insurance

The Group's Actuary reviews the adequacy of insurance liabilities for long term contracts on an annual basis and ensures that provisions made by the Group are adequate. Any deficiency is recognised in the Life Assurance Fund.

2.33 Dividend Paid

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared. The liability is extinguished when actual payments are made to the shareholders.

2.34 Related Party Disclosures

Parties are considered to be related if one party has control, joint control or exercise significant influence over the other party or is a member of the key management personnel of the other party.

3. Management Of Financial And Insurance Risks

The primary objective of the Company's Enterprise Risk Management Framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has set up an Enterprise Risk Management Framework required under the Insurance (Risk Management) Rules 2016 made by the Financial Services Commission under section 130 of the Insurance Act and section 93 of the Financial Services Act 2007.

The Enterprise Risk Management Framework includes the following components:

a) A Risk Appetite Statement;

b) A Risk Management Strategy;

c) A three-year rolling business plan;

d) An Own Risk Solvency Assessment (ORSA) Framework;

e) The liquidity policy;

f) A designated risk management function; and

g) Description of the responsibilities, roles and reporting lines within the insurer for the management of material risks.

A detailed description of the Enterprise Risk Management Framework is disclosed hereunder and in the Integrated Report.

The Group has established a risk management function with clear terms of reference from the board of directors and the Risk and Audit Committee. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors in line with the Three Lines of Defence Model. Lastly, an Enterprise Risk Management Framework and Policy which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place.

The board of directors approves the Company's risk management policies and meets as and when required to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern and also comply with applicable laws and regulations.

Notes to the Financial Statements

For The Year Ended 30 June 2023

3. Management Of Financial And Insurance Risks (Continued)

Capital management (Continued)

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 30 June 2023 and 2022.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Under the Insurance (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for general business is the sum of capital required for the statement of financial position as per Rule 6, capital required for investment above concentration limit as per Rule 7, capital required for policy liabilities as per Rule 8, capital required for catastrophes as per Rule 9 and capital required for reinsurance ceded under Rule 10.

Under the Insurance (Long-Term Insurance Business Solvency) Rules 2007, the minimum capital requirement for long-term business is determined by the actuary, which is the higher of:

(a) a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission to ensure that the company remains solvent; or

(b) the higher of:

an amount of Rs 25 million; or

an amount representing 13 weeks' operating financial services, with operating expenses as defined and reported in the annual statutory return submitted to the Financial Services Commission.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Financial Services Commission (FSC). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Group's capital management policy for its insurance is to hold sufficient capital to cover the statutory requirements based on the FSC directives, including any additional amounts required by the regulator.

For the years ended 30 June 2023 and 30 June 2022, the Group and Company have satisfied the minimum capital requirements.

The capital structure of the subsidiary (SICOM Financial Services Ltd) consists of stated capital, reserves and retained earnings. The subsidiary has to comply with the Banking Act 2004 in respect of both its stated capital and reserves. As at 30 June 2023 and 30 June 2022, the legislative requirement has been met for both stated capital and reserves. The subsidiary manages its capital with an aim to maximise return to its shareholders.

3. Management Of Financial And Insurance Risks (Continued)

Capital management (Continued)

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

4. **Insurance Risks**

Insurance risk is transferred when an insurer agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. By the very nature of an insurance contract, the risk is random and therefore unpredictable.

The main risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits are greater than estimated.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Also, the Group makes use of reinsurance arrangements to reduce exposure to risk.

The Group purchases reinsurance as part of its risk mitigation programme, Reinsurance ceded is placed on both a treaty and facultative basis. Amount recoverable from reinsurers are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligation to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

A key risk for the Group is that the proceeds from its assets will not be sufficient to fund the obligations arising from its insurance. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (i.e., subrogation).

Notes to the Financial Statements

For The Year Ended 30 June 2023

4. **Insurance Risks (Continued)**

(a) Short-term insurance

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, cyclone, flooding, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

The Group's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Group has in place underwriting criteria to ensure that the risks accepted are as per acceptance guidelines. Where relevant, the Group may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

Reinsurance arrangements under treaties and facultative basis mitigate the severity of claims as risk retained is predetermined.

(b) Long-term insurance

For long-term insurance contracts, where the insured event is death, the most significant factors that could impact on insurance claims are diseases like heart problems, diabetes, high blood pressures or changes in lifestyle, resulting in higher and earlier claims being submitted to the Group. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The liabilities in terms of insurance contracts are based on recommendations of the Group's Actuary.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Group manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Group balances death risk and survival risk across its portfolio. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants.

The Group has defined retention limits on all lives insured and reinsures the excess of the insured benefit over its retention limit.

4. Insurance Risks (Continued)

4.1.1 **Concentration of insurance risk**

(a) Short-term insurance

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

Group 2023					
Class of Business	No of claims	Expected run off assumptions	Gross	Reinsurance of liabilities	Net
			MUR'000	MUR'000	MUR'000
Motor	7,883	1	375,723	131,498	244,225
Property	155	2	87,338	76,103	11,235
Transport	9	2	50,158	50,152	6
Engineering	54	4	48,559	46,792	1,767
Accident & Health	35,458	8	66,200	43,130	23,070
Liability	499	7	65,855	51,444	14,411
Miscellaneous	99	2	31,626	28,980	2,646
Incurred but not reported (IBNR)			61,133	31,502	29,631
	44,157		786,592	459,601	326,991

Group 2022					
Class of Business	No of claims	Expected run off assumptions	Gross	Reinsurance of liabilities	Net
			MUR'000	MUR'000	MUR'000
Motor	6,453	1	278,193	32,606	245,587
Property	164	2	102,612	87,438	15,174
Transport	11	3	75,456	74,948	508
Engineering	43	4	50,612	49,430	1,182
Accident & Health	37,081	9	83,385	51,493	31,892
Liability	635	7	58,709	51,084	7,625
Miscellaneous	40	4	26,612	25,681	931
Incurred but not reported (IBNR)	-		53,396	26,998	26,398
	44,427		728,975	399,678	329,297

On the basis of the Group's claims history, assumptions have been made regarding the number of years for claims to run-off completely. The previous table include the run-off assumptions made for each class of business.

The Group manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Notes to the Financial Statements

For The Year Ended 30 June 2023

4. Insurance Risks (Continued)

4.1.1 **Concentration of insurance risk (Continued)**

(b) Long-term Insurance

The tables below present the concentration of insured benefits across bands of insured benefits per individual life assured. Management have assessed that the sum assured is an appropriate measure of concentration of insurance risk as the Company is exposed to an obligation representing the sum assured should an insured event occurs.

	Group and Company			
Benefits assured per life assured as at 30 June 2023	Before Reinsurance		After Reinsurance (Retained)	
MUR'000	MUR'000	%	MUR'000	%
0 –100	557,172	2	557,172	3
100 – 200	1,875,094	7	1,875,094	11
200 – 300	2,113,536	8	2,113,536	12
300 – 400	1,557,410	6	1,557,410	9
400 +	20,640,002	77	11,220,802	65
TOTAL	26,743,214	100	17,324,014	100

	Group and Company			
Benefits assured per life assured as at 30 June 2022	Before Reinsurance		After Reinsurance (Retained)	
MUR'000	MUR'000	%	MUR'000	%
0 –100	584,143	2	584,143	3
100 – 200	1,957,296	8	1,957,296	11
200 – 300	2,129,813	8	2,129,813	12
300 – 400	1,548,948	6	1,548,948	10
400 +	19,519,723	76	11,181,647	64
TOTAL	25,739,923	100	17,401,847	100

The following table for annuity insurance contracts illustrates the concentration of risk based on bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment as at financial years ended 30 June 2022 and 30 June 2021. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

(b) Long-term Insurance (Continued)

	Group and Company	
Annuity payable per annum per life assured as at 30 June 2023	**Total annuities payable per annum**	
MUR'000	MUR'000	%
0 – 10	1,014	0.30
10 – 20	3,328	1.00
20 – 50	30,061	8.98
50 – 100	73,858	22.07
100 – 150	52,684	15.75
More than 150	173,641	51.90
Total	334,586	100.00

	Group and Company	
Annuity payable per annum per life assured as at 30 June 2022	**Total annuities payable per annum**	
MUR'000	MUR'000	%
0 – 10	953	0.3
10 – 20	3,170	1.1
20 – 50	28,600	9.4
50 – 100	68,480	22.6
100 – 150	45,341	15.0
More than 150	156,557	51.6
Total	303,101	100.0

With regards to Group Assurances the Total Sum Assured is Rs’000 64,637,900 (2022: Rs’000 55,812,768) and the Sum Assured retained is Rs’000 31,156,770 (2022: Rs’000 30,606,166).

4. Insurance Risk (Continued)

4.1.2 **Sources of uncertainty**

(a) Short–term insurance

Most claims on short term insurance contracts are payable on a claims-occurrence basis. Under claims occurrence basis, the Group is liable for insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims may be settled over a long period of time and a significant element of the claims provision relates to incurred but not reported claims (IBNR).

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Group ensures that claims provisions are determined using the best information available of claims settlement patterns, court awards and forecast inflation. However, given the uncertainty in determining claims provision, it is likely that the final claim settlement will differ from the original liability estimate.

The Group has ensured that liabilities as stated in the statements of financial position are adequate.

		Group 2023			
2023	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
		MUR'000	MUR'000	MUR'000	MUR'000
Average claim cost	10%	72,546	42,810	29,736	24,681
2022	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
		MUR'000	MUR'000	MUR'000	MUR'000
Average claim cost	10%	67,558	37,268	30,290	25,141

Notes to the Financial Statements

For The Year Ended 30 June 2023

4. Insurance Risk (Continued)

4.1.2 Sources of uncertainty (Continued)

(b) Long-term insurance

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holders' behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Group's experience.

The Group manages long term insurance risks through its underwriting strategy and reinsurance arrangements. Management ensures that risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is included in the Group's underwriting procedures, with premiums, varied to reflect the health condition and family medical history of the applicant. Insurance risk may also be affected by the contract holder's behaviour whereby he/she may decide to amend terms or terminate the contract or exercise a guaranteed annuity option.

The Group has a predetermined retention limit on any single life insured and the Group reinsures the excess of the insured benefit above the retention limit.

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

Mortality and morbidity rates

Assumptions are based on standard industry and mortality tables adjusted for the Mauritius context, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

4. Insurance Risk (Continued)

4.1.2 Sources of uncertainty (Continued)

(b) Long-term insurance(Continued)

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross figures. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

The following table presents the sensitivity of the value of insurance liabilities disclosed to movements in assumptions used in the estimation of insurance liabilities.

The table below indicated the level of the respective variables that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration of the variable.

Group and Company				
Life –GPV Sensitivities test				
	2023		2022	
	Liability	Difference	Liability	Difference
Variables	MUR'000	%	MUR'000	%
Actual reserve	13,729,214	-	13,496,181	-
Interest rate less 1%	17,357,616	26.4	16,092,689	19.2
Mortality plus 10%	14,300,289	4.2	13,592,589	0.7
Lapse plus 10%	13,813,245	0.6	13,387,294	(0.8)
Expenses plus 10%	14,164,765	3.2	13,882,575	2.9
Inflation plus 1%	14,820,997	8	14,429,932	6.9

Notes to the Financial Statements

For The Year Ended 30 June 2023

4. Insurance Risk (Continued)

4.1.3 **Reinsurance strategy**

Reinsurance purchases are reviewed annually to verify that the levels of protection being bought reflect any development in exposure and risk appetite of the Group. The Group is exposed to risks of default by reinsurers in respect of their share of reinsurance liabilities and there may be disputes in contract workings, especially on facultative reinsurance placements. To minimise the reinsurance credit exposure, reinsurance is placed with top-rated and/or credit-worthy Reinsurers who meet the Group's counterparty security requirements and the Group regularly monitors its exposure.

4.1.4 **Claims development table**

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year-ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

4. Insurance Risk (Continued)

4.1.4 Claims development table (Gross basis excluding Group Medical Scheme) (Continued)

Financial Year of Loss	Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	**MUR'000**
At end of loss year	631,814	99,827	136,251	143,200	125,471	169,878	180,405	232,158	278,761	335,011	429,679	454,280	457,953	**516,329**	**4,191,017**
One year later	254,922	57,091	22,367	20,259	12,383	36,876	26,102	37,093	64,821	81,847	65,036	66,839	151,569		**897,205**
Two years later	30,870	2,119	2,373	21,228	7,661	(827)	12,351	129,260	(6,610)	2,996	703	856			**203,430**
Three years later	14,966	220	(1,571)	66,804	462	(974)	(2,060)	1,073	51,410	(1,325)	(2,725)				**126,280**
Four years later	9,096	3,979	1,847	6,518	(122)	(259)	13,007	(552)	(739)	3,128					**35,903**
Five years later	3,322	2,381	1,441	1,401	817	(1,015)	2,907	(3,325)	899						**8,828**
Six years later	5,150	611	1,887	7,017	(65)	(284)	838	1,151							**16,305**
Seven years later	3,189	835	(143)	(3,334)	491	(523)	(225)								**290**
Eight years later	648	269	861	9,657	1,830	1,406									**14,671**
Nine years later	2,298	1,520	79	93	179										**4,169**
Ten years later	1,448	519	72	494											**2,553**
Eleven years later	(7,852)	272	(467)												**(8,047)**
Twelve years later	(102)	37													**(65)**
Thirten years later	334														**334**
Fourteen year later	(174)														**(174)**
Fifteen year later	19														**19**
Total claims paid	**949,948**	**169,680**	**164,997**	**273,337**	**149,107**	**204,278**	**233,325**	**396,858**	**388,992**	**421,657**	**492,693**	**521,975**	**609,522**	**516,329**	**5,492,698**
Undiscounted reserves	**5,707**	**(273)**	**2,316**	**11,323**	**2,797**	**25,484**	**5,437**	**6,646**	**10,417**	**7,491**	**14,074**	**93,556**	**71,089**	**180,199**	**436,265**
Outstanding Reported	5,707	(273)	2,316	11,323	2,427	25,484	4,650	6,645	4,363	7,123	12,907	92,732	65,464	141,764	**382,632**
IBNR Reserve	-	-	-	-	370	0	788	1	6,053	369	1,167	824	5,625	38,436	**53,633**

Notes to the Financial Statements

For The Year Ended 30 June 2023

4. Insurance Risk (Continued)

4.1.4 Claims development table (Net basis excluding Group Medical Scheme) (Continued)

	Financial Year of Loss Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	**MUR'000**
At end of loss year	398,010	90,264	114,359	126,195	121,347	156,174	173,726	200,002	232,760	263,299	274,984	335,925	363,789	**450,633**	**3,301,469**
One year later	71,579	8,775	4,420	2,282	3,973	14,858	20,004	23,559	30,966	37,087	28,794	36,030	94,567		**376,893**
Two years later	(2,130)	1,735	23	1,705	(3,241)	(2,566)	(4,234)	(7,470)	(9,929)	(8,752)	(8,804)	(11,620)			**(55,283)**
Three years later	5,791	207	(2,184)	5,019	415	(995)	(2,535)	(3,936)	(7,569)	(6,201)	(5,521)				**(17,508)**
Four years later	2,253	3,125	1,134	5,825	(791)	(298)	12,032	(4,468)	(1,153)	(1,367)					**16,292**
Five years later	3,302	2,381	574	920	1,052	(1,023)	(10,326)	(3,325)	720						**(5,724)**
Six years later	4,257	56	1,838	6,865	(65)	(284)	358	1,151							**14,178**
Seven years later	2,518	834	139	(22,918)	491	(523)	(225)								**(19,684)**
Eight years later	(848)	269	(6)	(2,857)	1,830	1,403									**(210)**
Nine years later	2,298	1,521	(41)	(77)	179										**3,879**
Ten years later	616	(173)	144	494											**1,081**
Eleven years later	(291)	272	(467)												**(487)**
Twelve years later	(2,611)	37													**(2,574)**
Thirteen years later	152														**152**
Fourteen year later	(174)														**(174)**
Fifteen year later	19														**19**
Current Claims paid to date	484,741	109,303	119,932	123,454	125,189	166,746	188,801	205,513	245,795	284,066	289,454	360,335	458,357	**450,633**	**3,612,318**
IBNR	-	-	-	651	370	342	148	(0)	156	9	937	8	558	**18,951**	**22,130**
Outstanding Reported	1,719	(355)	1,395	(2,901)	2,409	593	(3,901)	957	(1,690)	3,054	9,258	1,358	(6,995)	**74,039**	**78,940**
Net Liability	1,719	(355)	1,395	(2,250)	2,779	935	(3,753)	957	(1,534)	3,063	10,195	1,366	(6,437)	**92,990**	**101,070**

5. Financial Risks Factors

The Group is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. The most important components of this financial risk are market risks (including foreign currency risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The main risks to which the Group is exposed are as follows:

5.1 Market risks

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are foreign currency risk, interest rate risk and equity price risk.

The Group manages these positions within an asset liability management framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts.

The principal technique of the Group's assets and liabilities management is to match assets to liabilities arising from insurance by reference to the type of benefits payable to policyholders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

(i) **Foreign currency risk**

The Group's financial instruments which are exposed to foreign currency risks consist mainly of deposits, insurance and other receivables and overseas investments. Management monitors the Group's currency position on a regular basis. The carrying amounts of the Group's financial assets and liabilities at the reporting date are as follows:

Other financial assets, Fixed Deposits & Cash Deposits (Short-term & Long Term)

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
USD	6,327,494	5,578,268	5,911,852	5,122,444
GBP	274,484	257,228	-	-
EUR	44,561	9,538	-	-
MUR	17,493,257	17,176,385	14,058,869	13,454,508
	24,139,796	23,021,419	19,970,721	18,576,952

Short-term and long-term financial liabilities including payables, loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
USD	190,618	206,502	-	-
MUR	2,217,705	2,653,181	446,233	421,966
	2,408,323	2,859,683	446,233	421,966

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.1 Market risks (Continued)

(i) **Foreign currency risk (Continued)**

Net exposure

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
USD	6,136,876	5,371,766	5,911,852	5,122,444
GBP	274,484	257,228	-	-
EUR	44,561	9,538	-	-
MUR	15,275,552	14,523,204	13,612,636	13,032,542
	21,731,473	20,161,736	19,524,488	18,154,986

Consequently, the Group and Company are exposed to risks that the exchange rate relative to these currencies may change in a manner which has an effect on the reported value of that portion of the Group and Company's assets which are denominated in currencies other than the Mauritian Rupee. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at year end for a 5% change in foreign currency rates. The following table details the sensitivity to a 5% increase or decrease of the USD, GBP and EUR against the Rupee.

		Group			
		2023		2022	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
USD	5%	306,844	306,844	268,588	268,588
	-5%	(306,844)	(306,844)	(268,588)	(268,588)
GBP	5%	13,724	13,724	12,861	12,861
	-5%	(13,724)	(13,724)	(12,861)	(12,861)
EUR	5%	2,288	2,288	477	477
	-5%	(2,228)	(2,228)	(477)	(477)

		Company			
		2023		2022	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
USD	5%	295,593	295,593	256,122	256,122
	-5%	(295,593)	(295,593)	(256,122)	(256,122)

5. Financial Risks Factors (Continued)

5.1 Market risks (Continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or the future cash flows related to financial instruments will change due to a change in interest rate. The risk is also that there will be insufficient funds to fund the guaranteed payable amount especially under long term life assurance contracts. Under short-term insurance contracts liabilities are not directly sensitive to the level of market interest rates as they are contractually non- interest bearing; except in the case of bodily injury claims which are settled over long periods. Fluctuations in interest rates however impact on returns on financial instruments. This is closely monitored by management through a well-diversified portfolio of fixed income securities and equity securities.

The interest rate profile was:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Finacial assets	**% p.a**	**% p.a**	**% p.a**	**% p.a**
Treasury Notes	**1.60 – 2.02**	1.60 – 4.48	**1.60 – 2.02**	0.67 – 0.87
Treasury Bills	**4.45 – 4.73**	0.67 – 0.87	**4.45 – 4.73**	1.60 – 4.48
Government Bonds**	**3.77 – 13.61**	3.21 – 11.75	**3.77 – 13.61**	3.21 - 11.75
Mortgage & other loans	**2.00 – 14.00**	2.00 – 12.00	**2.00 – 14.00**	2.00 - 12.00
Net Investment in finance leases	**4.95 – 12.50**	4.95 – 12.50	-	-
Term deposits (excluding foreign currency Deposits)	**2.48 – 5.40**	2.48 – 3.35	**2.48 – 5.40**	2.48 – 3.35
Corporate Bond - Local				
MUR – Fixed	**2.70 - 6.00**	2.70 – 6.50	**2.70 - 6.00**	2.70 – 6.50
MUR - Floating	**Key rate +**	Key rate +	**Key rate +**	Key rate +
	(0.95 – 2.05)	(0.65 – 2.05)	**(0.95 – 2.05)**	(0.65 – 2.05)
Foreign currency term deposits				
USD	**4.10 – 5.45**	0.75 – 2.68	**4.55 – 5.45**	1.55 – 2.68
Foreign currency call deposits				
USD	**0.00 – 0.5**	0.00 – 0.02	-	0.00 – 0.02
GBP	**0.00 – 0.5**	0.02	-	0.02
EUR	**0.00 - 0.5**	0.01	-	0.01
Local Call deposits	**0.00 – 3.60**	0.00 – 0.75	**0.00 - 3.60**	0.00 – 0.75
Financial liabilities				
At amortised cost				
Deposit	**0.70 – 5.20**	0.30 – 4.50	-	-
Borrowings	**1.85 – 4.50**	3.50 – 4.65	**1.85 – 4.50**	3.50 – 4.65

** Included under Government Bonds is BOM Certificate which carries interest at a floating rate of 4.60% (Key rate + 0.1%) maturing on 20 April 2024.

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.1 Market risks (Continued)

(ii) Interest rate risk

The Group is exposed to interest rate fluctuations on the international and domestic markets. The Group monitors closely interest rate trends and related impact on investment income for performance evaluation and better management.

The interest rate profile was:

	Group	Company
	30-Jun-23	30-Jun-23
	Interest receivable	Interest receivable
	MUR'000	MUR'000
MUR (Call deposits)	17,811	15,627
USD (Call deposits)	21	-
MUR (Floating rate BOM Certificate)	1,207	1,089
MUR (Floating rate Government Bonds)	49,885	49,885
MUR (Floating rate Corporate Bonds)	14,260	11,319
	83,184	77,920

	Group	Company
	30-Jun-22	30-Jun-22
	Interest receivable	Interest receivable
	MUR'000	MUR'000
MUR ((Floating rate fixed deposits))	2,360	1,604
MUR (Call deposits)	7	-
USD (Call deposits)	2	-
MUR (Floating rate Government Bonds)	27,288	27,288
MUR (Floating rate Corporate Bonds)	10,441	8,327
	40,098	37,219

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impacts on profit before tax and equity.

	Group			
	2023		2022	
Changes in interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
+ 50 basis points	4,159	4,159	2,005	2,005
+ 50 basis points	(4,159)	(4,159)	(2,005)	(2,005)

5. Financial Risks Factors (Continued)

1.1 **Market risks (continued)**

(ii) **Interest rate risk (continued)**

	Company			
	2023		2022	
Changes in interest rate	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
+ 50 basis points	3,896	3,896	1,861	1,861
+ 50 basis points	(3,896)	(3,896)	(1,861)	(1,861)

The increase or decrease in the interest rate sensitivity is due to fluctuations in the interest rates of foreign and local currency.

Government securities, foreign currency term deposits, local currency fixed deposits and local corporate bonds which have fixed interest rates and thus will not be affected by fluctuations in the level of interest rates, have not been considered.

The following table details the Group's and Company's sensitivity to a 50 basis points increase/decrease of the rate of interest on mortgage loans which are subject to floating rate of interest.

	Group and Company			
	2023		2022	
Changes in interest rate	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
+ 50 basis points	3,717	3,717	3,731	3,731
+ 50 basis points	(3,717)	(3,717)	(3,731)	(3,731)

(iii) **Price risk**

Price risk is the risk that the value of financial instruments will fluctuate as a result of change in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded on the market. The Group's price policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each industry sector and markets.

The price risk arises on the financial instruments held at fair value through other comprehensive income and at fair value through profit or loss.

The maximum risk resulting from securities investments is determined by the fair value of the financial instruments. The Group's overall market positions are monitored on a regular basis.

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.1 Market risks (continued)

(iii) **Price risk (continued)**

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Quoted				
Financial Investments - FVTPL	**2,449**	15,042	**2,449**	10,284
Financial Investments - FVOCI	**2,105,058**	2,065,018	**2,005,952**	1,967,476
Total	**2,107,507**	2,080,060	**2,008,401**	1,977,760

The following table details the Group's and Company's sensitivity to a 5% increase/ decrease in the prices of securities investments.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Increase/ decrease of 5% in prices of securities				
Increase/decrease in other comprehensive income and equity	**105,253**	103,251	**100,298**	98,374
Increase/decrease in profit or loss	**122**	752	**122**	514

5.2 Credit risk

Credit risk is a risk that a counterparty will be unable to pay an amount in full when due. The Group's credit risk is primarily attributable to its reinsurance assets, mortgage and other loans, finance lease receivables, insurance and other receivables, fixed deposits, cash and short term deposits and investment in debt securities. The amounts presented in the statements of financial position are net of allowances for credit losses, estimated by management based on prior experience and the current economic environment.

The Group provides secured advances to clients and there is credit risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to deal with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Appraisals are systematically carried out for any application and we also have a credit committee which continuously monitors and controls the Group's exposure to credit risk.

The carrying amount of mortgage loans recorded in the financial statements, which is net of expected credit losses, represents the Group's maximum exposure to credit risk taking account of the value of collateral obtained.

When financial assets are impaired by credit losses, the Group records the impairment in a separate account rather than directly reducing the carrying amount of the assets.

Probability of Default – PD estimation process

The PD estimation depends on the type of instruments the Group has in its portfolio. These are discussed below:

5. Financial Risks Factors (Continued)

5.2 Credit risks (continued)

Probability of Default – PD estimation process (continued)

- **Government Bonds, corporate bonds, Treasury Bills, Short and Long-Term Deposits**

The Group's government bonds, corporate bonds, treasury bills and short & long-term deposits comprise of instruments issued by the Bank of Mauritius, financial and non-financial institutions. For these relationships, the Group's credit risk/investment department analyses publicly available information such as financial information and other external data, e.g., the rating of Moody's and S&P. The PD is derived using a transition matrix to convert the ratings into PDs.

- **Mortgage and Other Loans**

For mortgage and other loans, the borrowers are assessed by specialised credit risk employees of the Group. The PD estimation on the Group's mortgage and other loans are based using a transition matrix in assessing the Group exposure to default from customers based on the age profile of its customer base.

Exposure at Default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the reporting date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group's model.

Loss Given Default

For corporate financial instruments, LGD values are assessed at least every year by accounts managers and reviewed and approved by the Group's specialised credit risk/investment department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

Further recent data and forward looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial statements. The forward looking information has not provided any correlation with the Group's situation and thus not taken into account. However, the Group built a refined model for the forward looking information and incorporated same in the current models.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Since last year, the Group had reassessed the key economic factors used in its ECL model, the PD and LGD were revised to reflect the current customer behaviour.

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.2 Credit risks (continued)

Grouping financial assets measured on an individual or collective basis

The Group measures the ECL on an individual assets basis for all its financial assets subject to ECL.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are for mortgage, other loans and leases. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In its normal course of business, the Group can physically repossess properties or other assets in its portfolio, but undertakes to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

Net investment in finance leases

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e by sectors). 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 forecasts of future economic conditions.

The provision matrix is initially based on the Group historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward looking information. For instance, if 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, the assessment of correlation between historical observed default rates, forecast economic conditions. The Group's historical loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. For all finance leases, the Group retains ownership of the leased assets. The concentration of its lease portfolio is as disclosed in note 13(a).

The table below shows the maximum exposure to credit risk.

	Group		Company	
Financial assets	**2023**	**2022**	**2023**	**2022**
	MUR'000	MUR'000	MUR'000	MUR'000
Measured at FVTPL	5,701,359	5,042,440	6,095,607	5,221,933
Measured at FVOCI	2,407,842	2,359,725	2,308,712	2,262,165
Financial assets at amortised cost:				
Debt instruments at amortised cost	11,518,305	10,534,074	9,259,505	8,405,211
Finance Lease receivables	755,216	697,103	-	-
Mortgage and other Loans	2,186,054	1,940,583	1,468,943	1,358,913
Insurance and other receivables*	201,985	190,579	339,961	361,015
Reinsurance assets	625,420	639,533	-	-
Bank and cash balances	743,615	1,617,382	497,993	967,715
	24,139,796	23,021,419	19,970,721	18,576,952

* Excludes sundry deposits, deferred expenses and prepayments.

The fair value of the collateral of loans has been disclosed in Note 13(b) of the Financial Statements.

5. Financial Risks Factors (Continued)

5.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial assets.

The Group is exposed to daily payments of benefits to clients and to repayment of financial liabilities.

The Group's liquidity position is monitored on a regular basis. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and financial liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Group							
At 30 June 2023							
	1 to 3 months	**3 months to 1 year**	**1 to 5 years**	**>5 years**	**On demand**	**No stated maturity**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Financial liabilities							
Deposit from Customers	95,521	167,581	1,454,444	92,638	-	-	1,810,184
Borrowings	11,403	11,482	39,149	-	-	-	62,034
Lease Liability	4,905	9,578	45,487	604,121	-	-	664,091
Trade and other payables	188,520	286,973	-	-	174,698	97,668	747,859
Insurance liabilities	-	-	-	-	-	786,592	786,592
Life assurance fund	1,016,255	824,367	3,104,761	3,533,879	6,974	5,822,321	14,308,557
Total liabilities	**1,316,604**	**1,299,981**	**4,643,841**	**4,230,638**	**181,672**	**6,706,581**	**18,379,317**

Notes to the Financial Statements

For The Year Ended 30 June 2023

5 **Financial Risks Factors (Continued)**

5.3 **Liquidity risk (Continued)**

Company							
At 30 June 2023							
	1 to 3 months	**3 months to 1 year**	**1 to 5 years**	**>5 years**	**On Demand**	**No stated maturity**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Financial liabilities							
Borrowings	11,403	11,482	39,149	-	-	-	62,034
Lease Liability	4,905	9,578	45,487	604,121	-	-	664,091
Trade and other payables	83,668	205,957	-	-	-	97,658	387,283
Life assurance fund	1,016,255	824,367	3,104,761	3,533,879	6,974	5,822,321	14,308,557
Total liabilities	**1,116,231**	**1,051,384**	**3,189,397**	**4,138,000**	**6,974**	**5,919,979**	**15,421,965**

Group							
At 30 June 2022							
	1 to 3 months	**3 months to 1 year**	**1 to 5 years**	**>5 years**	**On demand**	**No stated maturity**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Financial liabilities							
Deposit from customers	141,178	**386,010**	1,458,949	61,166	-	-	2,047,303
Borrowings	8,964	**15,275**	36,216	-	-	-	60,455
Lease Liability	4,641	**7,746**	45,862	611,689	-	-	669,938
Trade and other payables	214,099	**250,337**	-	-	146,777	69,280	680,493
Insurance liabilities	-	-	-	-	-	728,975	728,975
Life assurance fund	1,051,007	1,292,763	2,221,302	3,586,827	-	5,259,120	13,411,019
Total liabilities	**1,419,889**	**1,952,131**	**3,762,329**	**4,259,682**	**146,777**	**6,057,375**	**17,598,183**

5 Financial Risks Factors (Continued)

5.3 Liquidity risk (Continued)

Company						
At 30 June 2022						
	1 to 3 months	**3 months to 1 year**	**1 to 5 years**	**>5 years**	**No stated maturity**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Financial liabilities						
Borrowings	8,954	15,275	36,216	-	-	60,455
Lease Liability	4,641	7,746	45,862	611,689	-	669,938
Trade and other payables	90,301	202,519	-	-	69,280	362,100
Life assurance fund	1,051,007	1,292,763	2,221,302	3,586,827	5,259,120	13,411,019
Total liabilities	**1,154,903**	**1,518,303**	**2,303,380**	**4,198,516**	**5,328,400**	**14,503,502**

Note 17(a) Insurance contract liabilities at Group level are outstanding claims where Significant delays can be expected in the notification and settlement of these claims and the ultimate cost of which cannot be known with certainty at the end of the reporting period. Given the uncertainty involved in timing of repayment of these liabilities, the Group's normal operation cycle is not clearly identifiable. Consequently, the insurance contract liabilities have been disclosed as current under 'Not Stated' maturity. The estimated run off period of the claims outstanding by class of business is as disclosed in note 4.1.1 (a).

5.4 Fair value measurements recognised in the statements of financial position

The carrying amounts of receivables, short term bank deposits, cash at bank and in hand, amount payable to reinsurers, trade and other payables approximate their fair values either because they are measured at fair value or because of the short term nature.

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).

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position

The carrying amounts of receivables, short term bank deposits, cash at bank and in hand, amount payable to reinsurers, trade and other payables approximate their fair values either because they are measured at fair value or because of the short term nature.

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).

There has been no transfers between the fair value hierarchy levels.

The following table presents the Group's financial assets measured at fair values on a recurring basis. The fair value disclosure for investment properties and property, plant and equipment are included in note 8 and note 7 respectively. This note provides information and how the Group determines fair value of various assets and liabilities.

	Group 2023			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVTPL				
Quoted Investment in Exchange Traded Funds/Preference shares	2,449	-	-	2,449
Unquoted Investment in CIS/Mutual Funds	-	5,698,910	-	5,698,910
Total	2,449	5,698,910	-	5,701,359

	Company 2023			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVTPL				
Quoted Investment in Exchange Traded Funds/Preference shares	2,449			2,449
Unquoted Investment in CIS/Mutual Funds	-	6,093,158	-	6,093,158
Total	2,449	6,093,158	-	6,095,607

	Group 2023			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVOCI				
Quoted Equities	2,105,058	-	-	2,105,058
Unquoted Equities	-	-	302,784	302,784
Total	2,105,058	-	302,784	2,407,842

	Company 2023			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVOCI				
Quoted Equities	2,005,952	-	-	2,005,952
Unquoted Equities	-	-	302,760	302,760
Total	2,005,952	-	302,760	2,308,712

The valuation approach and the observable input for the level 2 investments is the Net Asset Value per share.

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued)

	Group 2022			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVTPL				
Quoted Investment in Exchange Traded Funds/Preference shares	15,042	-	-	15,042
Unquoted Investment in CIS/Mutual Funds	-	5,027,398	-	5,027,398
Total	15,042	5,027,398	-	5,042,440

	Group 2022			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVOCI				
Quoted Equities	2,065,018	-	-	2,065,018
Unquoted Equities	-	-	294,707	294,707
Total	2,065,018	-	294,707	2,359,725

	Company 2022			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVTPL				
Quoted Investment in Exchange Traded Funds/Preference shares	10,284	-	-	10,284
Unquoted Investment in CIS/Mutual Funds	-	5,211,649	-	5,211,649
Total	10,284	5,211,649	-	5,221,933

	Company 2022			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVOCI				
Quoted Equities	1,967,476	-	-	1,967,476
Unquoted Equities	-	-	294,689	294,689
Total	1,967,476	-	294,689	2,262,165

Reconciliation of Level 3 fair value measurements of financial assets

	Group		Company	
	2023	2022	2023	2022
	Unquoted Equities	Unquoted Equities	Unquoted Equities	Unquoted Equities
	MUR'000	MUR'000	MUR'000	MUR'000
Opening Balance	294,707	318,941	294,689	318,924
Fair Value adjustments	8,077	(24,234)	8,071	(24,235)
Closing Balance	302,784	294,707	302,760	294,689

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued)

The following table shows the valuation techniques used in the determination of fair values in level 3 of the hierarchy as well as key unobservable inputs in the valuation model.

Group at 30 June 2023					
Type	Fair value as at 30 June 2023	Valuation approach	Key observable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	Rs,000				
Financial Services	221,509	Comparable price multiples	Discount due to lack of marketability and due to smaller size compared with peers	20% - 65%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 23.63 million in fair value
Real estate and others	78,346	Net asset value	Discount due to lack of marketability	30% - 70%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 5.73 million in fair value
			Fluctuation in net asset value	0% - 0%	A 5% increase/decrease in Net asset value will lead to an increase/decrease of Rs 3.92 million in fair value
Leisure	2,929	Comparable price multiples	Discount due to lack of marketability and due to smaller size compared with peers	35%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 0.22 million in fair value

The following table shows the valuation techniques used in the determination of fair values in level 3 of the hierarchy as well as key unobservable inputs in the valuation model.

Group at 30 June 2022					
Type	Fair value as at 30 June 2022	Valuation approach	Key observable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	Rs,000				
Financial Services	220,593	Comparable price multiples	Discount due to lack of marketability	20% - 65%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 23.6 million in fair value
Real estate and others	73,968	Net asset value	Discount due to lack of marketability	30% - 70%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 5.4 million in fair value
			Fluctuation in net asset value	0% - 0%	A 5% increase/decrease in Net asset value will lead to an increase/decrease of Rs 3.7 million in fair value
Leisure	127	Comparable Discount due	Discount due to lack of marketability and due to smaller size compared with peers	35%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 0.01 million in fair value

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued).

Company at 30 June 2023					
Type	Fair value as at 30 June 2023	Valuation approach	Key observable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	Rs,000				
Financial Services	221,509	Comparable price multiples	Discount due to lack of marketability and due to smaller size compared with peers	20% - 65%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 23.63 million in fair value
Real estate and others	78,346	Net asset value	Discount due to lack of marketability	30% - 70%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 5.73 million in fair value
			Fluctuation in net asset value	0% - 0%	A 5% increase/decrease in Net asset value will lead to an increase/decrease of Rs 3.92 million in fair value
Leisure	2,905	Comparable price multiples	Discount due to lack of marketability and due to smaller size compared with peers	35%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 0.22 million in fair value

Company at 30 June 2022					
Type	Fair value as at 30 June 2022	Valuation approach	Key observable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	Rs,000				
Financial Services	220,593	Comparable price multiples	Discount due to lack of marketability	20% - 65%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 23.6 million in fair value
Real estate and others	73,968	Net asset value	Discount due to lack of marketability	30% - 70%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 5.4 million in fair value
			Fluctuation in net asset value	0% - 0%	A 5% increase/decrease in Net asset value will lead to an increase/decrease of Rs 3.7 million in fair value
Leisure	127	Comparable Discount due	Discount due to lack of marketability and due to smaller size compared with peers	35%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 0.01 million in fair value

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. All financial assets measured on a fair value basis have been classified as level 1 or level 2 in the fair value hierarchy.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The fair value of the instruments classified as Level 1 was derived from quoted prices for that financial instrument. The fair value of the instruments classified as Level 2 was based on observable inputs (for example floating market rate and government bond yields). There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in current year or in prior year.

Notes to the Financial Statements

For The Year Ended 30 June 2023

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Group						
	Fair value hierarchy - 2023 & 2022	Valuation approach	Observable input	Carrying amount		Fair Value	
				2023	2022	**2023**	2022
Loans and receivables:				**MUR'000**	MUR'000	**MUR'000**	MUR'000
Mortgage Loans and other loans	Level 2	DCF	Floating market rate	**2,186,054**	1,940,583	**2,641,487**	2,281,832
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	**8,133,177**	8,451,018	**8,241,235**	8,944,720
Fixed deposits				**3,385,128**	2,083,056	**3,353,996**	2,098,630
Finance lease	Level 2	DCF	Fixed market rate	**755,216**	697,103	**755,216**	697,103
Financial assets at amortised cost				**14,459,575**	13,171,760	**14,991,934**	14,022,285

	Company						
	Fair value hierarchy - 2023 & 2022	Valuation approach	Observable input	Carrying amount		Fair Value	
				2023	2022	**2023**	2022
Loans and receivables:				**MUR'000**	MUR'000	**MUR'000**	MUR'000
Mortgage Loans and other loans	Level 2	DCF	Floating market rate	**1,468,943**	1,358,913	**1,924,376**	1,700,162
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	**7,215,750**	7,460,185	**7,310,417**	7,916,352
Fixed deposits				**2,043,755**	945,026	**2,022,349**	945,419
Financial assets at amortised cost				**10,728,448**	9,764,124	**11,257,142**	10,561,933

6. Critical Accounting Estimates And Key Sources Of Estimation Uncertainty

In applying the Group'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.

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 Group'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 Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Deferred tax on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxes on investment properties.

Impairment of investment in subsidiaries

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The recoverable amount of a CGU is determined based on the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows are extrapolated using the estimated growth rates. Management does not expect the growth rate to exceed the long term average growth rate in which the CGU operates. Management believes that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Management have reviewed the carrying amount of the investment in subsidiaries at the end of the reporting period.

Impairment of Loans and Advances

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

The Group's internal credit grading model, which assigns PDs to the individual grades;

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs;

Notes to the Financial Statements

For The Year Ended 30 June 2023

6. **Critical Accounting Estimates And Key Sources Of Estimation Uncertainty (Continued)**

Critical judgements in applying the Group's accounting policies (Continued)

Impairment of Loans and Advances

- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on Probability of default, Exposure at Default and Loss Given Default;

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Refer to Note 5.2 Credit risks for reassessment of key economic factors used by the Group in the ECL model.

In relation to credit impaired facilities, the Group determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers and proceeds from realisation of collaterals.

Revaluation of building on leasehold land and investment properties

The Group measures its building on leasehold land and freehold land at revalued amounts with changes in fair value being recognised in profit or loss and other comprehensive Income. The Group engaged an independent professional valuer to determine the fair value. These estimates have been derived using the market comparison and income approaches. The actual amount of the building on leasehold land and investment properties could therefore differ significantly from the estimates in the future.

The determined fair values of the building on leasehold land and investment properties are most sensitive to the price per square metre. The key assumptions used to determine the fair value of the building and investment properties, are further explained in Note 7.

Valuation of short term insurance contract liabilities

The uncertainty inherent in the financial statements of the Group arises mainly in respect of insurance liabilities, which include outstanding claims provision (including IBNR). In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Group applies estimation techniques to determine the appropriate provisions.

These estimates are described below:

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Group's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain – Ladder and Cape Cod. For each class of business, the decision to use a Chain - ladder and Cape Cod approach was made based on the observed claims development to date. A rule of thumb was applied: for loss years where observed claims development was less than 75% the cape cod method was used on the basis that the observed claims are not felt to be credible enough on their own to form the basis of an estimate; for loss years where observed claims development was more than 75% the chain ladder method was used.

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

Notes to the Financial Statements

For The Year Ended 30 June 2023

6. **Critical Accounting Estimates And Key Sources Of Estimation Uncertainty (Continued)**

Valuation of short term insurance contract liabilities (Continued)

Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Group adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

Recoverable amount on insurance and other receivables

In preparing those financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.

Reinsurance

The Group is exposed to disputes on, and defects in, contract wordings and the possibility of default of its Reinsurers. The Group monitors the financial strength of its Reinsurers. Allowance will be made in the financial statements for non-recoverability in case of Reinsurer's default.

Valuation of employee benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

Valuation of life insurance contract liabilities

The liability for life insurance contracts with DPF is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on the Ultimate Table (UK) which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insured risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

Notes to the Financial Statements

For The Year Ended 30 June 2023

7. Property, Plant And Equipment

Cost Or Valuation	Building on freehold land MUR'000	Building on leasehold hand MUR'000	Furniture & fittings MUR'000	Office equipment MUR'000	Computer equipment MUR'000	Motor vehicles MUR'000	Motor vehicles under operating lease MUR'000	Total MUR'000
At 1 July 2021	11,186	294,663	59,483	45,886	72,376	4,821	11,539	499,954
Additions	-	17,394	3,536	2,182	17,809	5,955	-	46,876
Balance transferred to Investment properties	(11,186)	-	-	-	-	-	-	(11,186)
Transfer of freehold building from Investment Properties	12,893	-	-	-	-	-	-	12,893
Transfer to Investment properties (Note 8)	-	(21,741)	-	-	-	-	-	(21,741)
Transfer to revaluation reserve	378	(40,737)	-	-	-	-	-	(40,359)
Disposals/scrapped	-	-	(351)	(1,352)	(4,618)	(998)	(516)	(7,835)
At 30 June 2022	13,271	249,579	62,668	46,716	85,567	9,778	11,023	478,602
At 1 July 2022	13,271	249,579	62,668	46,716	85,567	9,778	11,023	478,602
Additions	154	22,502	1,591	1,013	17,022	1,377	36,217	79,876
Disposals/scrapped	-	-	-	(55)	(2,053)	-	(2,195)	(4,303)
At 30 June 2023	13,425	272,081	64,259	47,674	100,536	11,155	45,045	554,175
DEPRECIATION								
At 1 July 2021	448	49,880	54,066	39,970	41,851	2,375	5,575	194,165
Charge for the year								
Life fund	-	-	539	469	2,836	166	-	4,010
Shareholders' funds	860	14,546	1,523	1,290	8,679	675	-	27,573
Rented under operating lease	-	-	-	-	-	-	1,520	1,520
Balance transferred to Investment properties	(448)	-	-	-	-	-	-	(448)
Transfer to Investment properties (Note 8)	-	(282)	-	-	-	-	-	(282)
Transfer to revaluation reserve	(860)	(64,144)	-	-	-	-	-	(65,004)
Disposals/scrapped	-	-	(248)	(1,184)	(4,089)	(624)	(371)	(6,516)
At 30 June 2022	-	-	55,880	40,545	49,277	2,592	6,724	155,018
At 1 July 2022	-	-	55,880	40,545	49,277	2,592	6,724	155,018
Charge for the year								
Life fund	-	-	-	-	2,425	-	-	2,425
Shareholders' funds	-	21,380	1,740	2,180	9,801	999	-	36,100
Rented under operating lease	-	-	-	-	-	-	1,658	1,658
Disposals/scrapped	-	-	-	(55)	(2,023)	-	(1,448)	(3,526)
At 30 June 2023	-	21,380	57,620	42,670	59,480	3,591	6,934	191,675
CARRYING AMOUNT								
At 30 June 2023	**13,425**	**250,701**	**6,639**	**5,004**	**41,056**	**7,564**	**38,111**	**362,500**
At 30 June 2022	13,271	249,579	6,788	6,171	36,290	7,186	4,299	323,584

7. Property, Plant And Equipment (Continued)

(b) Company

	Building on freehold land MUR'000	Building on leasehold land MUR'000	Furniture & fittings MUR'000	Office equipment MUR'000	Computer equipment MUR'000	Motor vehicles MUR'000	Total MUR'000
COST OR VALUATION							
At 1 July 2021	-	265,325	55,740	45,205	60,912	4,308	431,490
Additions	-	16,407	2,687	2,007	16,082	5,955	43,138
Transfer to Investment properties (Note 8)		**(21,741)**	**-**	**-**	**-**	**-**	**(21,741)**
Transfer of building on freehold land from Investment Properties (Note 8)	12,893	-	-	-	-	-	12,893
Transfer to revaluation reserve	378	(45,262)	-	-		-	(44,884)
Disposals/scrapped	-	-	-	(1,352)	(3,244)	(998)	(5,594)
At 30 June 2022	13,271	214,729	58,427	45,860	73,750	9,265	415,302
At 1 July 2022	13,271	214,729	58,427	45,860	73,750	9,265	415,302
Additions	154	22,388	1,564	919	16,914	1,377	43,316
Disposals/scrapped	-	-	-	(55)	-	-	(55)
At 30 June 2023	13,425	237,117	59,991	46,724	90,664	10,642	458,563
At 1 July 2021	-	48,041	52,192	39,635	34,459	1,863	176,190
Charge for the year							
Life fund	-	-	539	469	2,836	166	4,010
Shareholders' funds	860	11,994	1,021	1,205	6,915	675	22,670
Transfer to Investment properties (Note 8)	-	(282)	-	-	-	-	(282)
Transfer to revaluation reserve	(860)	(59,753)	-	-	-	-	(60,613)
Disposals/scrapped	-	-	-	(1,184)	(2,716)	(624)	(4,524)
At 30 June 2022	-	-	53,752	40,125	41,494	2,080	137,451
At 1 July 2022	-	-	53,752	40,125	41,494	2,080	137,451
Charge for the year							
Life fund	-	-	-	-	2,425	-	2,425
Shareholders' funds	-	17,777	1,412	1,956	8,427	999	30,571
Disposals/scrapped	-	-	-	(55)	-	-	(55)
At 30 June 2023	-	17,777	55,164	42,026	52,346	3,079	170,392
CARRYING AMOUNT							
At 30 June 2023	**13,425**	**219,340**	**4,827**	**4,698**	**38,318**	**7,563**	**288,171**
At 30 June 2022	13,271	214,729	4,675	5,735	32,256	7,185	277,851

Out of the depreciation charge of **RS'000 30,571** (2022: MUR'000 22,670) on the Shareholders' Funds for the year, an amount of **RS'000 2,421** (2022: MUR'000 3,474) has been recharged as support cost to SICOM General Insurance Ltd.

(c) The Group's Property, plant and equipment include motor vehicles under operating lease to third parties that are expected to generate a yield of **6.0% to 9.0%** (30 June 2022: 8.0%) on an ongoing basis. The motor vehicles held have committed lessees up to seven years.

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

	Motor vehicles under operating lease	
	2023	**2022**
	MUR'000	**MUR'000**
Within one year	**8,387**	**2,442**
In the first to the second year	**37,586**	**2,303**
	45,973	**4,745**

Notes to the Financial Statements

For The Year Ended 30 June 2023

7. Property, Plant And Equipment (Continued)

(d) The building on leasehold land and freehold building were revalued in June 2022 by Mr N Jeetun MSc, MRICS, PMAPI, MMIS, Chartered Valuation Surveyor. The surplus on revaluation has been credited to property revaluation reserve and adjusted for deferred taxation.

Had the buildings been accounted at historical cost less accumulated depreciation, the carrying amount would have been **Rs'000 129,936** (2022 : Rs'000 117,519).

Details of the Group's buildings measured at fair value and information about the fair value hierarchy as at 30 June 2023 and 30 June 2022 are as follows:

	Group		Company	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
	Level 3	Level 3	Level 3	Level 3
Building on leasehold land	250,701	249,579	219,340	214,729
Building on freehold land	13,425	13,271	13,425	13,271
	264,126	262,850	232,765	228,000

Buildings amounting to **Rs 264.1** million (2022: Rs 262.9 million) for the Group and **Rs 232.7** million (2022: Rs 228.0 million) for the Company are classified as level 3 in the fair value hierarchy. The movement for the building on leasehold land and freehold building is given in the note 7(a) and 7(b) for the Group and Company.

The fair values of the building on leasehold land and freehold building were derived using the sales comparative method of valuation. The Comparative method is based on comparison of prices paid for similar properties within close vicinity of the site and adjusted to reflect the characteristics of the subject property, at the relevant date. The most significant input into this valuation approach is the market value of similar sites within close vicinity of the subject property. The fair value of the building was determined using the price range of Rs 44,000 per square metre (2022: Rs 44,000 per square metre) based on independent valuation carried out during the financial year 2022.

Description of the valuation technique used and key inputs to the valuation of freehold and leasehold building:

Group	Valuation technique	Significant unobservable inputs	2023	2022	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	2023	2022
Freehold and leasehold building	Comparative method	Estimate sales price per square metre	Rs44	Rs44	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 10,736,000	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 10,736,000

Company	Valuation technique	Significant unobservable inputs	2023	2022	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	2023	2022
Freehold and leasehold building	Comparative method	Estimate sales price per square metre	Rs 44	Rs 44	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 10,736,000	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 10,736,000

8. Investment Properties

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**1,577,028**	1,515,779	**1,685,203**	1,635,048
Additions	**9,187**	5,272	**9,301**	6,257
Transfer from Property, plant and equipment (Note 7)	**-**	21,459	**-**	21,459
Transfer to Property, plant and equipment (Note 7)	**-**	-	**-**	(12,893)
Adjustment (ROU)	**(44,510)**	-	**(44,510)**	-
Fair value gain (note 27)	**48,586**	34,518	**52,272**	35,332
At 30 June	**1,590,291**	1,577,028	**1,702,266**	1,685,203

Rental income generated amounted to Rs 90,578,857 (2022: Rs 91,505,698) for the Group and Rs 95,924,425 (2022: Rs 96,851,266) for the Company. The direct operating expenses incurred during the year for the Group and the Company amounted to Rs 20,711,857 (2022: Rs 25,927,725).

The transfer from investment properties of Rs 12,893,000 in respect of previous year (June 2022) was effected because of the change in use where the transferred property does no longer meet the definition of Investment property.
The transfer to Investment properties of Rs 21,459,000 (June 2022) was effected because of the change in use where the transferred property was no longer owner-occupied and is now earning rental from third parties.

There is no restriction on realisability of investment properties or the remittance of income and proceeds of sale.

Details of the Group's and the Company's land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	Group		Company	
	2023	2022	**2023**	2022
Level 3	MUR'000	MUR'000	MUR'000	MUR'000
Right of use (ROU) of leasehold land	**63,540**	62,305	**137,816**	135,631
Land	**51,500**	50,000	**51,500**	50,000
Buildings	**1,475,251**	1,464,723	**1,512,950**	1,499,572
	1,590,291	1,577,028	**1,702,266**	1,685,203

The fair value of land and buildings has been arrived on the basis of valuations carried during the year by Mr N Jeetun MSc, MRICS, PMAPI, MMIS, Chartered Valuation Surveyor, using the market comparison approach and investment approach. The comparative method is based on comparison of prices paid for similar properties within close vicinity of the site and adjusted to reflect the characteristics of the subject property, at the relevant date. The most significant input into this valuation approach is the market value of similar sites within close vicinity of the subject property. There has been no change in valuation technique during the year for these properties. For the investment property for which the investment approach was used, the net annual rent has been capitalised at an all risk yield of 6.25% to reflect the higher risk of the property investment.

The Group & Company rent leasehold land on which it has office buildings. One of the leases has a remaining lease term of 16 years with an extension period of 60 years. The other lease has a remaining period of 47 years.

The fair value of the buildings was determined using prices in the range of **Rs 56,000** per square metre to **Rs 69,000** per square metre (2022: Rs 51,000 - Rs 70,000); and ranges from **Rs 5,600 to Rs 94,000** per square metre for land (2022: Rs 56,000- Rs 92,000).

Notes to the Financial Statements

For The Year Ended 30 June 2023

8. Investment Properties (Continued)

Description of the valuation technique used and key inputs to the valuation of properties:

Group	Valuation technique	Significant unobservable inputs	2023	2022	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	**2023**	2022
Freehold and leasehold building	Comparative method	Estimate sales price per square metre	**Rs 56 - Rs 69**	Rs 51 - Rs 70	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 72,241,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 71,720,000
Freehold and leasehold building Land	Comparative method	Estimate sales price per square metre	**Rs 6 - Rs 94**	Rs 56 - Rs 92	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 4,862,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 2,500,000
Right of use of assets	Comparative and investment method	Estimate sales price per square metre	**Rs2**	Rs 8	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 890,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 3,115,000

Company	Valuation technique	Significant unobservable inputs	2023	2022	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	**2023**	2022
Freehold and leasehold building	Comparative and investment method	Estimate sales price per square metre	**Rs55 - Rs 69**	Rs 51 - Rs 70	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 75,648,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 74,979,000
Freehold and leasehold building Land	Comparative and investment method	Estimate sales price per square metre	**Rs 6 - Rs 94**	Rs 56 - Rs 92	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 6,857,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 4,448,000
Right of use of assets	Comparative and investment method	Estimate sales price per square metre	**Rs 2 - Rs 50**	Rs 8 - Rs 105	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 2,609,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs 6,734,000

9. Intangible Assets

Computer Software	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cost				
At 1 July	**151,866**	98,351	**90,946**	68,209
Additions	**19,147**	54,705	**14,650**	23,927
Disposals/scrapped	**(3,028)**	(1,190)	**(1,956)**	(1,190)
At 30 June	**167,985**	151,866	**103,640**	90,946
Amortisation				
At 1 July	**71,681**	61,155	**45,929**	38,003
Charge for the year				
Life Fund	**2,383**	2,349	**2,383**	2,349
Shareholders' Fund	**11,373**	9,231	**8,281**	6,631
Disposals/scrapped	**(2,898)**	(1,054)	**(1,830)**	(1,054)
At 30 June	**82,539**	71,681	**54,763**	45,929
Carrying Amount	**85,446**	80,185	**48,877**	45,017

Out of the Company depreciation charge of **Rs'000 8,281** (2022: Rs'000 6,631) on the Shareholders' Funds for the year, an amount of **Rs'000 2,379** (2022: Rs'000 1,179) has been recharged as support cost to SICOM General Insurance Ltd.

Notes to the Financial Statements

For The Year Ended 30 June 2023

10. Investments In Subsidiaries

(a) Unquoted investments at cost

	COMPANY	
	2023	2022
	MUR'000	MUR'000
Investment in equity of subsidiaries	**224,003**	224,003
Interest in subsidiaries - subordinated loan (note (c))	**341,625**	341,625
At 30 June	**565,628**	565,628

Management have made their annual assessment for impairment on the Company's investments in subsidiaries and based on their assessment they have determined that there were no indications of impairment. The investments in subsidiaries were stated at their carrying amount.

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The subsidiaries have the same reporting date as the holding company.

Details of investments:

Name of subsidiaries	Principal activity	Classes of Shares	Country of incorporation & operation	% Holding 2023	% Holding 2022
SICOM Financial Services Ltd	Depository, investment business, leasing and loan activities	Ordinary	Mauritius	99	99
SICOM Management Limited	Investment and management	Ordinary	Mauritius	100	100
SICOM Global Fund Limited	Investment in overseas securities	Management	Mauritius	100	100
SICOM General Insurance Ltd	General insurance business	Ordinary	Mauritius	100	100

The 1% held by non controlling interests in SICOM Financial Services Ltd was determined as not material and consequently no additional disclosures were given in these financial statements.

(c) Subordinated loan

Pursuant to the Insurance Act 2005 which provides that an insurance company cannot transact both Long Term and General Insurance Businesses, State Insurance Company of Mauritius Ltd incorporated a new entity, SICOM General Insurance Ltd, to transact General Insurance Business only as from 1 July 2010.

All the assets and liabilities of the General Insurance Business were transferred to the new company, SICOM General Insurance Ltd (SGIN), on 1 July 2010. The accumulated reserves were converted into share capital and as subordinated loan, which is unsecured and interest free. The subordinated loan is considered as a quasi-equity investment in SGIN.

(d) Dividends from subsidiaries

During the year ended 30 June 2022, dividends of **Rs'000 188,281** (2022: MUR'000 225,483) from its equity instruments were recorded in the statement of profit or loss as other operating income.

11. Financial Investments

(a) Financial assets at fair value through other comprehensive income (FVOCI)

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Equity Securities				
Quoted	**2,105,058**	2,065,018	**2,005,952**	1,967,476
Unquoted	**302,784**	294,707	**302,760**	294,689
	2,407,842	2,359,725	**2,308,712**	2,262,165

More information regarding the valuation methodologies are disclosed in note 5.

The Group has elected to classify its equity investments at FVOCI on the basis that these are not held for trading.

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
	2,359,725	2,083,906	**2,262,165**	1,983,640
At 1 July	**178,724**	84,346	**173,080**	84,346
Additions	**-**	(5,897)	**-**	(5,895)
Disposals	**3,174**	-	**3,174**	-
Fair value adjustments	**(133,781)**	197,370	**(129,707)**	200,074
At 30 June	**2,407,842**	2,359,725	**2,308,712**	2,262,165

Notes to the Financial Statements

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11. Financial Investments (Continued)

(b) Financial assets at fair value through profit or loss

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Investment in mutual funds/collective investment schemes	**5,698,910**	5,027,398	**6,093,158**	5,211,649
Quoted Investment in Exchange Traded Funds/Preference shares	**2,449**	15,042	**2,449**	10,284
	5,701,359	5,042,440	**6,095,607**	5,221,933
Analysed as:				
Quoted	**2,449**	15,042	**2,449**	10,284
Unquoted	**5,698,910**	5,027,398	**6,093,158**	5,211,649
	5,701,359	5,042,440	**6,095,607**	5,221,933

The fair value of quoted securities is based on the Stock Exchange and brokers' statement prices at close of business at reporting date. Unquoted investment funds securities are fair valued using the NAV per share at close of business at the reporting date.

The Group has classified its investment in mutual funds, collective investment schemes, exchange traded funds and convertible preference shares, as financial assets at fair value through profit or loss.

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
At 1 July	**5,042,440**	5,639,339	**5,221,933**	5,974,374
Additions	**611,908**	459,165	**138,309**	135,247
Disposals	**(639,608)**	(203,642)	**(4,419)**	-
Fair value adjustments	**686,619**	(852,422)	**739,784**	(887,688)
At 30 June	**5,701,359**	5,042,440	**6,095,607**	5,221,933

(c) Debt instruments at amortised cost

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Government bonds	**6,182,548**	6,513,548	**5,506,624**	5,757,546
Treasury bills and treasury notes	**1,225,392**	1,149,230	**1,090,279**	1,031,392
Corporate bonds	**720,242**	783,256	**614,110**	666,520
Preference shares	**4,995**	4,984	**4,737**	4,727
Term deposits	**3,385,128**	2,083,056	**2,043,755**	945,026
	11,518,305	10,534,074	**9,259,505**	8,405,211
Analysed between:				
Current	**3,252,817**	3,012,462	**2,237,172**	2,294,579
Non-Current	**8,265,488**	7,521,612	**7,022,333**	6,110,632
	11,518,305	10,534,074	9,259,505	8,405,211

The Group has classified all of its quoted debt securities as debt instrument at amortised cost in Note 11(c) on the basis that they are now held to collect cash flows till maturity.

The Group's investments in Government bonds, Treasury bills and notes, Corporate bonds and term deposits are classified as financial assets at amortised cost as these are kept under the business model with the objective to hold these instruments in order to collect contractual cash flows and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

11. Financial Investments (Continued)

(c) Debt instruments at amortised cost (Continued)

Term deposits

The deposits earn interest at rates varying between **2.48% - 5.45%** (2022: 0.65% - 9.5%) for the Group and Company per annum. The balance due within 1 year include fixed deposits and overseas call deposits.

Statutory deposits

In compliance with the regulatory requirements of the Insurance Act 2005, included in non-current debt instruments at amortised cost are statutory deposits amounting to **Rs 16 million** (2022: Rs 14 million) for the Group and **Rs 7 million** (2022: Rs 6 million) for the Company. These represent investments in Government Securities and earn interest between **6.75% - 7.80%** (2022: 7.0% - 7.8%) per annum and have maturity dates varying between 2023 - 2029.

The table below shows the credit quality and maximum exposure to credit risk. The amounts presented are gross of impairment allowances.

	Group			
	2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing high grade	11,525,442	-	-	11,525,442

	Company			
	2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing high grade	9,264,752	-	-	9,264,752

	Group			
	2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing high grade	10,541,345	-	-	10,541,345

	Company			
	2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing high grade	8,410,379	-	-	8,410,379

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For The Year Ended 30 June 2023

11. Financial Investments (Continued)

(c) Debt instruments at amortised cost (Continued)

An analysis of changes in gross carrying amount and corresponding ECL is, as follows:

	Group 2023			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
Gross carrying amount at 1 July 2022	10,541,345	-	-	10,541,345
New assets purchased	24,298,837	-	-	24,298,837
Assets derecognised or matured	(23,346,543)	-	-	(23,346,543)
Amortisation adjustments	31,803	-	-	31,803
At 30 June 2023	**11,525,442**	**-**	**-**	**11,525,442**

There was no transfer of assets between stages during the year.

	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
ECL allowance at 1 July 2022	7,271	-	-	7,271
New assets purchased	3,300	-	-	3,300
Assets derecognised or matured	(2,273)	-	-	(2,273)
Amortisation adjustments	(1,161)	-	-	(1,161)
At 30 June 2023	7,137	-	-	7,137

There was no transfer of assets between stages during the year.

	Company 2023			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
Gross carrying amount at 1 July 2022	8,410,379	-	-	8,410,379
New assets purchased	22,018,344	-	-	22,018,344
Assets derecognised or matured	(21,169,365)	-	-	(21,169,365)
Amortisation adjustments	5,394	-	-	5,394
At 30 June 2023	**9,264,752**	**-**	**-**	**9,264,752**

	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
ECL allowance at 1 July 2022	5,168	-	-	5,168
New assets purchased	2,276	-	-	2,276
Assets derecognised or matured	(1,522)	-	-	(1,522)
Amortisation adjustments	(675)	-	-	(675)
At 30 June 2023	5,247	-	-	5,247

There was no transfer of assets between stages during the year.

11. Financial Investments (Continued)

(c) Debt instruments at amortised cost (Continued)

	Group 2022			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
Gross carrying amount at 1 July 2021	10,726,545	-	-	10,726,545
New assets purchased	5,616,655	-	-	5,616,655
Assets derecognised or matured	(5,783,829)	-	-	(5,783,829)
Adjustments	(18,026)	-	-	(18,026)
Amortisation adjustments		-	-	
At 30 June 2022	**10,541,345**	**-**	**-**	**10,541,345**

There was no transfer of assets between stages during the year.

	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
ECL allowance at 1 July 2021	10,165	-	-	10,165
New assets purchased	3,156	-	-	3,156
Assets derecognised or matured	(2,866)	-	-	(2,866)
Amortisation adjustments	(3,184)	-	-	(3,184)
At 30 June 2022	**7,271**	-	-	**7,271**

There were no transfer of assets between stages during the year.

	Company 2022			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
Gross carrying amount at 1 July 2021	8,160,379	-	-	8,160,379
New assets purchased	4,200,086	-	-	4,200,086
Assets derecognised or matured	(3,906,014)	-	-	(3,906,014)
Amortisation adjustments	(44,072)	-	-	(44,072)
At 30 June 2022	**8,410,379**	**-**	**-**	**8,410,379**

	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
ECL allowance at 1 July 2021	5,448	-	-	5,448
New assets purchased	2,194	-	-	2,194
Assets derecognised or matured	(1,255)	-	-	(1,255)
Amortisation adjustments	(1,219)	-	-	(1,219)
At 30 June 2022	**5,168**	-	-	**5,168**

There were no transfer of assets between stages during the year.

(d) Bank and Cash balances

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Bank and cash balances	**743,615**	1,349,470	**497,993**	728,013
Short Term deposits	**-**	268,210	**-**	240,000
Less Expected Credit Losses on Short Term deposits	**-**	(298)	**-**	(298)
	743,615	1,617,382	**497,993**	967,715

Bank and Cash balances are maintained with reputable financial institutions. The credit risk has been assessed to be very low and the resulting ECL considered not material.

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For The Year Ended 30 June 2023

12. Assets Held For Sale

Foreclosed properties/Repossessed assets	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	**15,103**	7,229	**6,353**	7,229
Transfer from finance leases (Note 13(a))	**920**	12,946	**-**	-
Disposals	**(920)**	(983)	**-**	(676)
Fair value loss recognised in profit or loss	**(2,856)**	(4,089)	**-**	(200)
Fees relating to repossessed assets	**241**	-	**-**	-
At 30 June	**12,488**	15,103	**6,353**	6,353

Foreclosed properties are stated at the lower of their carrying amount and fair value less cost to sell. The foreclosed properties represent seized assets acquired through auction at the Master's Bar as a result of default by clients. The Company has firm commitment to sell those assets once the required conditions relating to the sale have been completed.

Assets held for sale for the Group also consist 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 seized 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.

- The repossessed assets are available for immediate sale in their current condition.
- Potential bidders have been identified and negotiations are in progress at the reporting date.
- The action to complete the sale was initiated and expected to be completed within one year from the date of initial classification.

13. Loans And Advances

a. Net investment in finance leases

		Group	
		2023	2022
		MUR'000	MUR'000
(i)	Finance lease receivables	**759,432**	698,137
	Interest receivable	**3,306**	3,233
	Allowance for expected credit losses	**(7,522)**	(4,267)
	Net investment in finance leases	**755,216**	697,103
	Analysed as:-		
	- Non-current finance lease receivables	**552,797**	511,751
	- Current finance lease receivables	**202,419**	185,352
		755,216	697,103

13. Loans And Advances (Continued)

(ii) Gross and net investment in finance leases

	Group	
	2023	2022
	MUR'000	MUR'000
Gross investment in finance leases		
- within one year	**236,877**	216,366
- within 1 and 2 years	**197,354**	191,960
- within 2 to 3 years	**168,069**	147,564
- within 3 to 4 years	**120,673**	115,603
- within 4 to 5 years	**73,181**	65,123
- more than five years	**53,131**	38,546
	849,285	775,162
Less: Unearned finance income	**(104,770)**	(88,820)
	744,515	686,342
Instalments due	**18,223**	15,028
Less: Allowance for expected credit losses	**(7,522)**	(4,267)
Present value of minimum lease payments receivable	**755,216**	697,103
Analysed as:-		
- Current finance lease receivables	**217,774**	197,519
- Non-current finance lease receivables	**544,964**	503,851
	762,738	701,370
Less: Allowance for expected credit losses	**(7,522)**	(4,267)
	755,216	697,103

Notes to the Financial Statements

For The Year Ended 30 June 2023

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(iii) Credit concentration of risk by industry sectors

	GROUP	
	2023	2022
	MUR'000	MUR'000
Manufacturing	**5,717**	3,212
Transport	**14,130**	23,336
Construction	**5,872**	8,952
Personal	**687,906**	606,270
Financial and business services	**8,587**	13,935
Education	**8,756**	5,001
Tourism	**4,816**	5,268
Information, Communication and Technology	**2,645**	4,451
Others	**16,787**	26,678
	755,216	697,103

(iv) Allowance for expected credit losses

	Group		
	2023	2023	2023
	Non performing leases	Performing leases	Total
	MUR'000	MUR'000	MUR'000
At 1 July	3,856	411	4,267
Release during the year (Note 31)	3,029	226	3,255
At 30 June	6,885	637	7,522

	Group		
	2022	2022	2022
	Non performing leases	Performing leases	Total
	MUR'000	MUR'000	MUR'000
At 1 July	9,366	802	10,168
Charged during the year(Note 31)	(5,510)	(391)	(5,901)
At 30 June	3,856	411	4,267

The allowance for expected credit losses is analysed as follows:

	2023	2022
	MUR'000	MUR'000
Manufacturing	**31**	39
Transport	**631**	639
Construction	**175**	99
Personal	**6,146**	3,480
Financial and business services	**4**	6
Education	**1**	1
Information, Communication and Technology	**-**	1
Others	**534**	2
Total	**7,522**	4,267

The above allowance for expected credit losses includes impaired finance leases, which are past due at the end of the reporting date.

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(v) Ageing of past due debt which is impaired

	Group	
	2022	2021
	MUR'000	MUR'000
1-90 days	4	399
91-180 days	10,471	3,170
181-360 days	10,219	8,679
More than 360 days	12,936	9,987
	33,630	22,235

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.

(vi) Collateral

For finance leases, the ownership of lease assets remain with the Group until full settlement of the lease when it is then transferred to the lessee. Collaterals for impaired leases are reviewed by the Group in line with the regulatory provisions and the Group'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 Group 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:

Credit impaired lease at 30 June	Gross exposure	Loss allowance	Fair value of collateral held
	MUR'000	MUR'000	MUR'000
2023	33,630	6,885	21,645
2022	22,235	3,856	31,037

(vii) 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%) per annum with interest rates ranging from **4.95%** to **12.5%** (2022: 4.95% 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).

Notes to the Financial Statements

For The Year Ended 30 June 2023

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(vii) Ageing analysis (Provision matrix)

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

MUR'000 30 June 2023	Group Current	Net investment in finance leases Days past du 1-90 days	91 -180 days	181- 360 days	>360 days	Total
Expected credit loss rate	0.7%	0.14%	8.45%	9.47%	39.02%	0.99%
Estimated total gross carrying amount at default	549,297	179,810	10,476	10,219	12,936	762,738
Expected credit losses	381	256	885	968	5,032	7,522

30 June 2023	Neither past due nor impaired MUR'000	Past due but not impaired MUR'000	Impaired MUR'000	Net Investment in finance leases before impairment MUR'000	Allowance for expected credit losses MUR'000	Net Investment in finance leases MUR'000
Leases	**549,297**	**179,810**	**33,631**	**762,738**	**(7,522)**	**755,216**

MUR'000 30 June 2023	Group Current	Net investment in finance leases Days past due 1-89 days	90 -180 days	180- 360 days	>360 days	Total
Expected credit loss rate	0.06%	0.08%	0.00%	3.29%	36.67%	0.61%
Estimated total gross carrying amount at default	537,921	141,215	3,170	9,392	9,672	701,370
Expected credit losses	299	113		309	3,546	4,267

30 June 2023	Neither past due nor impaired MUR'000	Past due but not impaired MUR'000	Impaired MUR'000	Net Investment in finance lease before impairment MUR'000	Allowance for credit impairment MUR'000	Net Investment in finance lease MUR'000
Leases	537,921	141,215	22,234	701,370	(4,267)	697,103

b. Mortgage and other loans

	Group **2023** **MUR'000**	 2022 MUR'000	Company **2023** **MUR'000**	 2022 MUR'000
Loan and advances	**2,204,480**	1,964,645	**1,486,450**	1,382,867
Less: Allowances for expected credit losses	**(18,426)**	(24,062)	**(17,507)**	(23,954)
	2,186,054	1,940,583	**1,468,943**	1,358,913
Analysed as:-				
Non-current	**1,949,029**	1,754,981	**1,361,519**	1,263,493
Current	**237,025**	185,602	**107,424**	95,420
	2,186,054	1,940,583	**1,468,943**	1,358,913

13. Loans And Advances (Continued)

b. Mortgage and other loans (Continued)

The table below shows the credit quality and maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	Group 2023			
	Stage 1	Stage 2	Stage 3	Total
Performing	MUR'000	MUR'000	MUR'000	MUR'000
High Grade	2,085,343	-	-	2,085,343
Standard Grade	-	37,721	-	37,721
Non-performing				
Individually impaired	-	-	81,416	81,416
	2,085,343	37,721	81,416	2,204,480

	Company 2023			
	Stage 1	Stage 2	Stage 3	Total
Performing	MUR'000	MUR'000	MUR'000	MUR'000
High Grade	1,367,313	-	-	1,367,313
Standard Grade	-	37,721	-	37,721
Non-performing				
Individually impaired	-	-	81,416	81,416
	1,367,313	37,721	81,416	1,486,450

	Group 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing	MUR'000	MUR'000	MUR'000	MUR'000
High Grade	1,804,246	-	-	1,804,246
Standard Grade	-	69,883	-	69,883
Non-performing				
Individually impaired	-	-	90,516	90,516
	1,804,246	69,883	90,516	1,964,645

	Company 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing	MUR'000	MUR'000	MUR'000	MUR'000
High Grade	1,222,466	-	-	1,222,466
Standard Grade	-	69,885	-	69,885
Non-performing				
Individually impaired	-	-	90,516	90,516
	1,222,466	69,885	90,516	1,382,867

Notes to the Financial Statements

For The Year Ended 30 June 2023

13. Loans And Advances (Continued)

b. Mortgage and other loans (Continued)

An analysis of changes in the gross carrying amount and the corresponding ECLs allowances in relation to mortgage and other loans is as follows:

	Group 2023			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 July 2022	1,804,244	69,885	90,516	1,964,645
New loan granted	570,750	-	-	570,750
Loans matured or derecognised (excluding write-offs)	(299,377)	(14,890)	(16,648)	(330,915)
Transfer from Stage 1	(59,842)	49,318	10,524	-
Transfer from Stage 2	65,738	(73,635)	7,897	-
Transfer from Stage 3	3,830	7,043	(10,873)	-
At 30 June 2023	2,085,343	37,721	81,416	2,204,480

	Company 2023			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 July 2022	1,222,466	69,885	90,516	1,382,867
New loans granted	306,091	-	-	306,091
Loans matured or derecognised (excluding write-offs)	(170,970)	(14,890)	(16,648)	(202,508)
Transfer from Stage 1	(59,842)	49,318	10,524	-
Transfer from Stage 2	65,738	(73,635)	7,897	-
Transfer from Stage 3	3,830	7,043	(10,873)	-
At 30 June 2023	1,367,313	37,721	81,416	1,486,450

	Group 2023			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 July 2022	5,901	6,549	11,612	24,062
New loans granted	622			622
Loans matured or derecognised (excluding write-offs)	(1,129)	(234)	(2,186)	(3,549)
Transfer from Stage 1	(2,546)	1,086	1,460	-
Transfer from Stage 2	211	(1,227)	1,016	-
Transfer from Stage 3	8	63	(71)	-
Remeasurement of loss allowance	1,468	(4,081)	(96)	(2,709)
At 30 June 2023	4,535	2,156	11,735	18,426

13. Loans And Advances (Continued)

b. Mortgage and other loans (Continued)

	Company			
	202			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 July 2022	**5,793**	**6,549**	**11,612**	**23,954**
New loans granted	**622**	**-**	**-**	**622**
Loans matured or derecognised (excluding write-offs)	**(1,129)**	**(234)**	**(2,186)**	**(3,549)**
Transfer from Stage 1	**(2,546)**	**1,086**	**1,460**	**-**
Transfer from Stage 2	**211**	**(1,227)**	**1,016**	**-**
Transfer from Stage 3	**8**	**63**	**(71)**	**-**
Remeasurement of loss allowance	**657**	**(4,081)**	**(96)**	**(3,520)**
At 30 June 2023	**3,616**	**2,156**	**11,735**	**17,507**

	Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 July 2021	1,401,594	83,884	155,279	1,640,757
New loan granted	724,724	-	-	724,724
Loans matured or derecognised (excluding write-offs)	(347,966)	(23,228)	(29,642)	(400,836)
Transfer from Stage 1	(48,315)	44,598	3,717	-
Transfer from Stage 2	51,070	(57,857)	6,787	-
Transfer from Stage 3	23,137	22,488	(45,625)	-
At 30 June 2022	**1,804,244**	**69,885**	**90,516**	**1,964,645**

	Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 July 2021	1,144,835	83,884	155,279	1,383,998
New loans granted	315,552	-	-	315,552
Loans matured or derecognised (excluding write-offs)	(263,813)	(23,228)	(29,642)	(316,683)
Transfer from Stage 1	(48,315)	44,598	3,717	-
Transfer from Stage 2	51,070	(57,857)	6,787	-
Transfer from Stage 3	23,137	22,488	(45,625)	-
At 30 June 2022	**1,222,466**	**69,885**	**90,516**	**1,382,867**

Notes to the Financial Statements

For The Year Ended 30 June 2023

13. Loans And Advances (Continued)

b. Mortgage and other loans (Continued)

	Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 July 2021	10,951	5,797	27,128	43,876
New loans granted	6,001	-	-	6,001
Loans matured or derecognised (excluding write-offs)	(2,798)	(1,225)	(2,627)	(6,650)
Transfer from Stage 1	(1,903)	1,214	689	-
Transfer from Stage 2	153	(604)	451	-
Transfer from Stage 3	65	868	(933)	-
Remeasurement of loss allowance	(6,568)	499	(13,096)	(19,165)
At 30 June 2022	**5,901**	**6,549**	**11,612**	**24,062**

	Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 July 2021	9,029	5,797	27,128	41,954
New loans granted	6,001	-	-	6,001
Loans matured or derecognised (excluding write-offs)	(2,798)	(1,225)	(2,627)	(6,650)
Transfer from Stage 1	(1,903)	1,214	689	-
Transfer from Stage 2	153	(604)	451	-
Transfer from Stage 3	65	868	(933)	-
Remeasurement of loss allowance	(4,754)	499	(13,096)	(17,351)
At 30 June 2022	**5,793**	**6,549**	**11,612**	**23,954**

The loans are secured and bear interest at rates varying between **2% - 14%** (2022: 2% - 12%) per annum and have repayment terms not exceeding thirty five years.

The Group and the Company have granted unsecured loans.

The fair value of the collateral of loans amounting to **Rs'000 4,013,757** (2022: Rs'000 2,828,896) are considered greater than the carrying value of the loans.

Undrawn commitments in respect of mortgage loans for the year under review amounted to **Rs'000 27,757** for the Group and Company (Group - 2022:Rs'000 79,832 and Company - 2022: Rs'000 78,332).

14. Leases

(a) Right-of use assets

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

	Group						Company	
	2023			2022			**2023**	2022
	Office building MUR'000	**Leasehold rights on land MUR'000**	**Total MUR'000**	Office building MUR'000	Leasehold rights on land MUR'000	Total MUR'000	**Office building MUR'000**	MUR'000
At 01 July	**12,586**	**69,789**	**82,375**	10,246	71,266	81,512	**12,586**	10,246
Additions	**6,653**	**-**	**6,653**	6,806	-	6,806	**6,653**	6,806
Adjustments	**135**	**-**	**135**	75	-	75	**135**	75
Depreciation	**(5,481)**	**(1,477)**	**(6,958)**	(4,541)	(1,477)	(6,018)	**(5,481)**	(4,541)
At 30 June	**13,893**	**68,312**	**82,205**	12,586	69,789	82,375	**13,893**	12,586

(b) Lease liabilities

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

	Group and Company	
	2023	2022
	MUR'000	MUR'000
At 01 July	**65,655**	62,374
Additions	**6,653**	6,806
Repayment	**(9,595)**	(8,513)
Accretion of interest	**4,521**	4,487
Adjustments	**653**	501
At 30 June	**67,887**	65,655
Current	**9,595**	8,513
Non-current	**58,292**	57,142
	67,887	65,655

Disclosure required by IFRs 16	Group and Company	
	2023	2022
Maturity analysis	**MUR'000**	MUR'000
Year 1	**14,483**	10,287
Year 2	**12,817**	9,722
Year 3	**9,838**	8,971
Year 4	**7,777**	7,379
Year 5	**7,487**	7,453
Onwards	**611,689**	619,175
	664,091	662,987

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities.

Notes to the Financial Statements

For The Year Ended 30 June 2022

14. Leases (Continued)

(c) Amounts recognised in the statement of profit or loss

The following are the amounts recognised in the statement of profit or loss:

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Depreciation expense of right-of-use assets	6,823	5,943	5,346	4,466
Interest expense on lease liabilities	4,521	4,487	4,521	4,487
Total amount recognised in statement of profit or loss	11,344	10,430	9,867	8,953

The total cash outflows for the Group and the Company for leases (variable payments) in year ended 30 June 2023 was **Rs'000 9,595** (2022: Rs'000 8,513) which includes principal portion of Rs'000 5,074 (2022: Rs'000 4,026) and interest portion of **Rs'000 4,521** (2022: Rs'000 4,487). Out of the depreciation charge of **Rs'000 5,346** (2022: Rs'000 4,466) on the Shareholders' Funds for the year, an amount of **Rs'000 1,404** (2022: Rs'000 1,068) has been recharged as support cost to SICOM General Insurance Ltd. Out of the interest expense of **Rs'000 4,521** (2022: Rs'000 4,487) on the Shareholders' Funds for the year, an amount of **Rs'000 442** (2022: Rs'000 135) has been recharged as support cost to SICOM General Insurance Ltd.

Group and Company as Lessor

The Group and the Company have entered into operating lease agreements for the rental of office spaces. The leases have an average life of between three and ten years. All the lease contracts contain extension and termination options which can be negotiated by the Group and the Company.

Group and Company as Lessor

Future minimum rentals receivable under the operating leases as at 30 June 2023 and 30 June 2022 are as follows:

	Group		**Company**	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Within 1 year	**18,385**	20,296	**20,983**	23,015
Within 2 years	**18,384**	19,659	**20,983**	22,379
Within 3 years	**12,284**	19,659	**14,883**	22,379
Within 4 years	**12,284**	13,559	**14,883**	16,278
Within 5 years	**11,586**	13,559	**14,184**	16,278
More than 5 years	**11,586**	12,977	**14,184**	15,696
	84,509	99,709	**100,100**	116,025

Details for future minimum rentals receivables under finance lease is given in note 13(a) iii.

15. Deferred Taxation

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position.

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Deferred tax assets	**41,024**	33,992	**-**	-
Deferred tax liabilities	**(42,592)**	(33,559)	**(41,076)**	(32,043)
Net deferred tax assets/(liabilities)	**(1,568)**	433	**(41,076)**	(32,043)

At the end of the reporting period, the Group had tax losses of Rs 000 22,940 (2022: Rs 000 31,521). No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams (2022:nil). The tax losses expire on a rolling basis over 5 years.

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

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
At 01 July	**433**	19,226	**(32,043)**	(9,040)
Charged to profit or loss (note 20(b)(i) & (ii))	**(33,688)**	(28,420)	**(32,300)**	(29,033)
(Charged)/Credited to other comprehensive income	**31,687**	9,627	**23,267**	6,030
At 30 June	**(1,568)**	433	**(41,076)**	(32,043)

(c) 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:

(i) Deferred tax assets

	Group			
	Expected credit loss MUR'000	**Lease Liability MUR'000**	**Retirement benefit obligations MUR'000**	**Total MUR'000**
At 01 July 2022	**7,259**	**294**	152,823	**160,376**
Credited to profit or loss	**(339)**	**462**	**(10,592)**	**(10,469)**
Charged to other comprehensive income	**-**	**-**	**31,687**	**31,687**
	6,920	**756**	**173,918**	**181,594**
Offset by deferred tax liabilities within same jurisdiction				**(140,570)**
At 30 June 2023				**41,024**
At 01 July 2021	8,000	222	148,118	156,340
Charged to profit or loss	(741)	72	(9,112)	(9,781)
Credited to other comprehensive income	-	-	13,817	13,817
	7,259	**294**	**152,823**	**160,376**
Offset by deferred tax liabilities within same jurisdiction				**(126,384)**
At 30 June 2022				**33,992**

Notes to the Financial Statements

For The Year Ended 30 June 2023

15. Deferred Taxation (Continued)

(ii) Deferred tax liabilities

Group	Accelerated tax depreciation MUR'000	Revaluation of buildings MUR'000	Right of Use Asset MUR'000	Investment properties MUR'000	Total MUR'000
At 1 July 2022	**13,224**	**11,621**	**773**	**134,325**	**159,943**
Charged to profit or loss	**4,965**	**-**	**137**	**18,117**	**23,219**
	18,189	**11,621**	**910**	**152,442**	**183,162**
Offset by deferred tax assets within same jurisdiction					**(140,570)**
At 30 June 2023					**42,592**
At 1 July 2021	10,153	7,431	585	118,945	137,114
Charged to profit or loss	3,071	4,190	188	15,380	22,829
Charged to other comprehensive income					
	13,224	11,621	773	134,325	159,943
Offset by deferred tax assets within same jurisdiction					(126,384)
At 30 June 2022					33,559

	Company 2023 MUR'000	Company 2022 MUR'000
Deferred tax assets	**135,351**	121,975
Deferred tax liabilities	**(176,427)**	(154,018)
Net deferred tax liabilities	**(41,076)**	(32,043)

(iii) Deferred tax assets

Company	Retirement benefit obligations MUR'000	Lease Liability MUR'000	Expected Credit Loss MUR'000	Total MUR'000
At 1 July 2022	**116,679**	**295**	**5,001**	**121,975**
Credited to profit or loss	**(9,218)**	**462**	**(1,135)**	**(9,891)**
Credited to other comprehensive income	**23,267**	**-**		**23,267**
At 30 June 2023	**130,728**	**757**	**3,866**	**135,351**
At 01 July 2021	117,258	222	8,125	125,605
Credited to profit or loss	(9,283)	73	(3,124)	(12,334)
Credited to other comprehensive income	8,704	-	-	8,704
At 30 June 2022	116,679	295	5,001	121,975

(iv) Deferred tax liabilities

Company	Accelerated tax depreciation MUR'000	Revaluation of buildings MUR'000	Right of Use Asset MUR'000	Investment properties MUR'000	Total MUR'000
At 1 July 2022	**8,809**	**10,105**	**773**	**134,331**	**154,018**
Charged to profit or loss	**4,155**	**-**	**137**	**18,117**	**22,409**
At 30 June 2023	**12,964**	**10,105**	**910**	**152,448**	**176,427**
At 1 July 2021	7,678	7,431	585	118,951	134,645
Charged to profit or loss	1,131	2,674	188	15,380	19,373
At 30 June 2022	8,809	10,105	773	134,331	154,018

Notes to the Financial Statements

For The Year Ended 30 June 2023

16. Insurance And Other Receivables

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Premium	**312,569**	300,950	**-**	-
Provision for impairment losses	**(5,434)**	(4,440)	**-**	-
	307,135-	296,510	**-**	-
Other premium	**35,552**	32,772	**35,913**	32,932
Amounts due from reinsures	**84,216**	91,993	**67,336**	67,453
Other receivables from third party insurers	**335,225**	237,021	**-**	-
Prepayments	**88,065**	78,432	**37,005**	38,933
DebtoRs	**87,879**	77,527	**51,361**	43,430
Deposits	**78,293**	44,353	**16,693**	3,121
Investment income	**29,817**	20,973	**216,180**	244,662
Other Receivable	**-**	-	**5,011**	5,220
	1,046,182	879,581	**429,499**	435,751

As of 30 June 2023, premiums of Rs'000 5,434 (2022: Rs'000 4,440) were impaired for the Group. The individually impaired premiums mainly relate to policyholders who are in unexpectedly difficult economic situations.

Reconciliation of changes in the impairment account resulting from unpaid premium during the year is as follows:

	Group	
	2023	2022
	MUR'000	MUR'000
At 1 July	**4,440**	4,307
Charge for the year	**3,065**	726
Reversal	**(2,071)**	-
Write off	**-**	(593)
At 30 June	**5,434**	4,440

Analysis of the age of premiums receivable (net of impairment) is as follows:

	Group	
	2023	2022
	MUR'000	MUR'000
Current	**233,456**	236,457
Up to 2 months	**34,240**	17,693
>2 months < 3 months	**40,573**	40,017
> 3 months < 6 months	**93,291**	62,445
> 6 months < 1 year	**104,894**	70,330
> 1 year	**135,906**	106,589
	642,360	533,531

The credit period on premium receivable is determined with regards to the status of clients and amount of premium involved monthly.

Provision for credit impairment is normally determined by the Group as premium due for more than one year. No interest is charged on the premium. The provision is written off against the receivable when there is objective evidence of default.

Before accepting any new customer, the technical department assesses the credit quality of the customer and defines the terms and credit limits accordingly.

In determining the recoverability of a premium, the Group considers any change in the credit quality of the premium from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, it is believed that there is no further credit provision required in excess of the allowance for doubtful debts.

Notes to the Financial Statements

For The Year Ended 30 June 2023

16. Insurance And Other Receivables (Continued)

Amount due from reinsurers include impaired assets of **Rs 2,922,000** (2022: Rs 2,922,000). The other classes within insurance and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned.

The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The carrying amount of insurance and other receivables approximate their fair values.

The carrying amount of insurance and other receivables approximate their fair values.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
Other premium	**MUR'000**	MUR'000	**MUR'000**	MUR'000
<1 year	**35,526**	32,452	**35,887**	32,612
>1 year	**26**	320	**26**	320
	35,552	32,772	**35,913**	32,932

17. Insurance Liabilities And Reinsurance Assets

(a) Short term insurance

	GROUP	
Insurance contract liabilities	**2023**	2022
	MUR'000	MUR'000
Gross		
Claims reported (Note 17(b))	**725,459**	675,579
Claims incurred but not reported (IBNR) (Note 17(b))	**61,133**	53,396
Outstanding claims	**786,592**	728,975
Unearned premiums (Note 17(c))	**682,376**	606,969
Total gross insurance liabilities	**1,468,968**	1,335,944

	GROUP	
	2023	2022
	MUR'000	MUR'000
Reinsurance assets		
Claims reported (Note 17(b))	**428,099**	372,680
Movement in Third Party receivables	**(124,407)**	(26,203)
Claims incurred but not reported (IBNR) (Note 17(b))	**31,502**	26,998
Unearned premiums (Note 17(c))	**290,226**	266,058
Total reinsurers' share of insurance liabilities	**625,420**	639,533
Net		
Claims reported	**297,360**	302,899
Movement in Third Party receivables	**124,407**	26,203
Claims incurred but not reported (IBNR)	**29,631**	26,398
	451,398	355,500
Unearned premiums	**392,150**	340,911
Total net insurance liabilities	**843,548**	696,411

17. Insurance Liabilities And Reinsurance Assets (Continued)

(b) The movement in insurance liabilities and reinsurance assets is as follows:

	GROUP					
	2023 Gross MUR'000	2023 Reinsurance MUR'000	2023 Net MUR'000	2022 Gross MUR'000	2022 Reinsurance MUR'000	2022 Net MUR'000
At 1 July						
Notified claims	**728,975**	**(399,678)**	**329,297**	585,535	(293,348)	292,187
Increase/(decrease) in liabilities	**756,749**	**(171,030)**	**585,719**	652,894	(222,604)	430,290
Cash paid for claims settled in the year	**(760,265)**	**142,609**	**(617,656)**	(562,850)	143,272	(419,578)
	725,459	**(428,099)**	**297,360**	675,579	(372,680)	302,899
Claims incurred but not reported (IBNR)	**61,133**	**(31,502)**	**29,631**	53,396	(26,998)	26,398
At 30 June	**786,592**	**(459,601)**	**326,991**	728,975	(399,678)	329,297
Movement in claims outstanding and IBNR	**57,617**	**(59,923)**	**(2,306)**	143,440	(106,330)	37,110
Claims incurred but not reported (IBNR)	**61,133**	**(31,502)**	**29,631**	53,396	(26,998)	26,398

(c) The movement in unearned premiums is as follows:

	GROUP					
	2023 Gross MUR'000	2023 Reinsurance MUR'000	2023 Net MUR'000	2022 Gross MUR'000	2022 Reinsurance MUR'000	2022 Net MUR'000
At 1 July	**606,969**	**(266,058)**	**340,911**	469,712	(206,427)	263,285
(Decrease)/Increase during the year	**75,407**	**(24,168)**	**51,239**	137,257	(59,631)	77,626
At 30 June	**682,376**	**(290,226)**	**392,150**	606,969	(266,058)	340,911

18. Borrowings

	GROUP & COMPANY	
	2023 MUR'000	2022 MUR'000
3.50% - 4.65% (2021: 3.50% - 4.65%) unsecured loan		
Repayable by instalments		
- within one year	**22,903**	23,845
- in the second year	**17,534**	18,191
- in the third year	**8,689**	12,822
- in the fourth year	**5,743**	3,977
- in the fifth year	**4,081**	1,031
Total	**58,950**	59,866
Analysed as follows:		
Current	**22,903**	23,846
Non-current	**36,047**	36,020
	58,950	**59,866**

Notes to the Financial Statements

For The Year Ended 30 June 2022

18. Borrowings (Continued)

The carrying amounts of the Group's and the Company's borrowings are denominated in Mauritian rupees and are not materially different from the fair value.

The table below shows the movement of borrowings:-

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
At 1 July	59,866	73,332	59,866	143,309
Additions	23,560	10,309	23,560	10,309
Repayments	(24,476)	(23,775)	(24,476)	(93,752)
At 30 June	58,950	59,866	58,950	59,866

19. Trade And Other Payables

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
Amount due to reinsurers	237,362	232,597	93,889	92,477
Other payables and accruals	510,497	447,896	293,394	269,623
	747,859	680,493	387,283	362,100

Other payables and accruals at Company level comprise mainly of accrued expenses of **Rs'000 34,435** (2022: Rs'000 49,548), creditors of Rs'000 55,925 (2022: Rs'000 58,019), claims due amounting to **Rs'000 107,888** (2022: Rs'000 106,061) and provisions of **Rs'000 61,069** (2022: Rs'000 32,874).

Other payables and accruals at Group level comprise mainly of accrued expenses of **Rs'000 51,381** (2022: Rs'000 77,841), creditors of **Rs'000 272,894** (2022: Rs'000 245,002) and claims due amounting to **Rs'000 107,888** (2022: Rs'000 106,061).

The above amounts are interest free and unsecured and repayable at their stated maturities. The carrying amounts of trade and other payables approximate their fair values.

20. Taxation

Income Tax

Income tax is calculated at the rate of **15%** and Corporate Social Responsibility(CSR) of **2%** (2022: Income 15% and CSR 2%) on the profit for the year as adjusted for income tax purposes.

(a) Statements of financial position

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
- Shareholders Fund	**23,908**	18,894	**19,832**	15,422
- Life Fund	**(7,357)**	5,479	**(7,357)**	5,479
- Insured Pension Fund	**(1,477)**	(784)	**(1,477)**	(784)
- Personal Pension Plan	**39,585**	10,160	**39,585**	10,160
- Medisave	**(4)**	(5)	**(4)**	(5)
	54,655	33,744	**50,579**	30,272
Analysed as follows:				
Current tax assets	**(980)**	(3,290)	**-**	-
Current tax liabilities	**55,635**	37,034	**50,579**	30,272
	54,655	33,744	**50,579**	30,272

Notes to the Financial Statements

20. Taxation (Continued)

(b) Statements of profit or loss

(i) Shareholders Fund

	GROUP 2023 MUR'000	GROUP 2022 MUR'000	COMPANY 2023 MUR'000	COMPANY 2022 MUR'000
- Current tax expense	63,894	66,281	48,629	44,934
- Under/(Over) provision in respect of previous year	1,412	(1,732)	268	789
	65,306	64,549	48,897	45,723
- Deferred tax charge (note 15(b))	32,598	30,959	31,210	31,572
	97,904	95,508	80,107	77,295

(ii) Life Fund

	GROUP 2023 MUR'000	GROUP 2022 MUR'000	COMPANY 2023 MUR'000	COMPANY 2022 MUR'000
- Current tax (credit)/expense	797	2,122	797	2,122
- Under/(Over) provision in respect of previous year	9,073	1,505	9,073	1,505
	9,870	3,627	9,870	3,627
- Deferred tax charge (note 15(b))	1,090	(2,539)	1,090	(2,539)
	10,960	1,088	10,960	1,088

(iii) Insured Pension Fund

	GROUP 2023 MUR'000	GROUP 2022 MUR'000	COMPANY 2023 MUR'000	COMPANY 2022 MUR'000
- Current tax expense	(9,301)	(4,386)	(9,301)	(4,386)
- Over provision in respect of previous year	(7,987)	(256)	(7,987)	(256)
	(17,288)	(4,642)	(17,288)	(4,642)

(iv) Personal Pension Plan

	GROUP 2023 MUR'000	GROUP 2022 MUR'000	COMPANY 2023 MUR'000	COMPANY 2022 MUR'000
- Current tax (credit)/expense	16,291	437	16,291	437
- Under/(Over) provision in respect of previous year	(37,275)	60	(37,275)	60
	(20,984)	497	(20,984)	497

(v) Medisave

	GROUP 2023 MUR'000	GROUP 2022 MUR'000	COMPANY 2023 MUR'000	COMPANY 2022 MUR'000
- Current tax credit	-	(5)	-	(5)
- Under provision in respect of previous year	9	-	9	-
	9	(5)	9	(5)
Total Long Term Insurance Funds (Note 32)	(27,303)	(3,062)	(27,303)	(3,062)

	GROUP 2023 MUR'000	GROUP 2022 MUR'000	COMPANY 2023 MUR'000	COMPANY 2022 MUR'000
Tax receivable				
At 1 July	33,744	(14,435)	30,272	(24,273)
Tax charge/(credit) for the year	36,913	64,026	20,504	45,200
Tax paid during the year	(16,002)	(15,847)	(197)	9,345
At 30 June	54,655	33,744	50,579	30,272

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For The Year Ended 30 June 2023

20. Taxation (Continued)

(c) Tax Reconciliation

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
Profit before Tax	866,572	349,514	832,133	316,351
Applicable Tax Rate (%)	17.00	17.00	17.00	17.00
Tax effect of:				
- Exempt income and other relief	(5.07)	(4.83)	(10.35)	(0.34)
- Expenses not deductible for tax purposes	(0.43)	20.50	3.03	7.08
- Expenses entitled to 200% deduction	(0.03)	(0.06)	(0.03)	(0.06)
- Rental of leased assets	(0.19)	(0.41)	(0.20)	(0.46)
- Assets not eligible for capital allowances	0.03	0.12	0.03	0.14
- Over-provision in current tax in respect of previous year	0.13	(0.50)	0.03	0.25
- Over-provision in deferred tax in respect of previous year	0.12	0.01	0.12	0.02
- Life Fund's tax liability	1.26	1.04	1.32	1.15
- Insured Pension Fund	(1.99)	(1.33)	(2.08)	(1.47)
- Personal Pension Plan	(2.42)	0.14	(2.52)	0.16
- CSR Expense	0.19	0.64	-	-
- Tax differential on consolidation	(0.40)	(6.41)	-	-
- Utilisation of previously unrecognised tax losses	(0.05)	0.54	-	-
Effective Tax Rate	8.15	26.45	6.35	23.47

21. Deposits From Customers

	GROUP	
	2023 MUR'000	2022 MUR'000
Term deposits with remaining terms to maturity:		
- Within one year	212,246	458,867
- In the second to fifth years inclusive	1,389,268	1,453,958
	1,601,514	1,912,825

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

22. Stated Capital

	GROUP AND COMPANY	
	2023 MUR'000	2022 MUR'000
Share capital	25,000	25,000
Share premium	45,000	45,000
	70,000	70,000

	Number of shares 000	Share capital MUR'000	Share premium MUR'000
At 30 June 2022 and 30 June 2023			
The share capital comprises of: -			
250,000 ordinary shares of Rs 100 each	250	25,000	45,000

The total authorised number of ordinary share is **300,000** (2022: 300,000) with a par value of Rs.100 each. All issued shares are fully paid. The Company has one class of ordinary share capital of Rs 100 each which carries a right to vote and a right to dividend.

23. Reserves

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
Retained earnings	8,060,926	7,499,025	7,132,169	6,582,545
Properties revaluation reserve	164,095	164,095	154,537	154,537
Investments revaluation reserve	(53,318)	(18,872)	212,033	242,950
Actuarial losses	(743,061)	(588,355)	(566,588)	(452,990)
Translation reserve	207,476	191,056	-	-
General banking reserve	6,929	6,573	-	-
Other reserve	64,997	61,239	-	-
	7,708,044	7,314,761	6,932,151	6,527,042

(a) Retained earnings

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
At 01 July	7,499,025	7,384,208	6,582,545	6,481,153
Profit attributable to equity holders	768,417	253,906	752,026	239,056
of the parent	4	(1,470)	4	(1,470)
Transfer of loss on disposal of equity financial at FVOCI	(157,896)	(136,194)	(157,896)	(136,194)
Payments of dividends	(4,114)	(2,322)	-	-
Transfer to other reserve	(44,510)	-	(44,510)	-
Adjustment on Investment properties to Property, plant and equipement	-	897	-	-
At 30 June	8,060,926	7,499,025	7,132,169	6,582,545

(b) Properties revaluation reserve

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
At 1 July	164,095	142,381	154,537	141,484
Movement during the year	-	21,714	-	13,053
At 30 June	164,095	164,095	154,537	154,537

The properties revaluation reserve arises on the revaluation of buildings (Note 7).

(c) Investments revaluation reserve

	GROUP		COMPANY	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
At 1 July	(18,872)	(42,733)	242,950	221,797
Transfer of loss on disposal of equity financial at FVOCI	(4)	1,470	(4)	1,470
Revaluation gains/(losses) on equity instruments at Fair value through OCI	(34,442)	22,391	(30,913)	19,683
At 30 June	(53,318)	(18,872)	212,033	242,950

The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets at FVOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of.

Notes to the Financial Statements

For The Year Ended 30 June 2023

23. Reserves (Continued)

(d) Actuarial losses

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**(588,355)**	(520,900)	**(452,990)**	(410,495)
Other comprehensive income attributable to equity holdeRs of the parent, net of tax	**(154,706)**	(67,455)	**(113,598)**	(42,495)
At 30 June	**(743,061)**	(588,355)	**(566,588)**	(452,990)

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligations recognised.

(e) Translation reserve

	GROUP	
	2023	2022
	MUR'000	MUR'000
At 1 July	191,056	177,232
Movement during the year	16,420	13,824
At 30 June	207,476	191,056

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies (USD) to the Group's presentation currency (MUR) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve.

(f) General banking reserve

General banking reserve of **Rs'000 356** relates to amount set aside in respect of impairment in the lease portfolio, in addition to impairment allowances computed under IFRS 9.

(g) Other 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 Reseve Account is equal to the amount paid as stated capital. An amount of **Rs'000 3,758** was transferred in 2023 (2022: Rs'000 1,493).

23. Reserves (Continued)

(h) Income tax effects relating to other comprehensive income

Shareholders' Fund

	Group					
	2023			2022		
	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Exhange differences on translation of foreign operations	16,420	-	16,420	13,824	-	13,824
Remeasurement gains on defined benefit plan	(186,420)	31,687	(154,733)	(81,326)	13,817	(67,509)
Fair value through OCI	(34,442)	-	(34,442)	22,391	-	22,391
Property revaluation reserve	-	-	-	26,801	(4,190)	22,611
	(204,442)	31,687	(172,755)	(18,310)	9,627	(8,683)

Life Fund

	Group					
	2023			2022		
	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Exhange differences on translation of foreign operations	11,010	-	11,010	5,219	-	5,219
Fair Value through OCI	(99,339)	-	(99,339)	174,979	-	174,979
	(88,329)	-	(88,329)	180,198	-	180,198

Shareholders Fund

	Company					
	2023			2022		
	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Fair Value through OCI	(30,913)	-	(30,913)	19,683	-	19,683
Remeasurement gains on defined benefit plan	(136,865)	23,267	(113,598)	(51,199)	8,704	(42,495)
Property revaluation reserve	-	-	-	15,727	(2,674)	13,053
	(167,778)	23,267	(144,511)	(15,789)	6,030	(9,759)

Life Fund

	Company					
	2023			2022		
	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount	Before tax amount	Tax (expense) benefit Note 15)	Net of tax amount
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Fair Value through OCI	(98,794)	-	(98,794)	180,391	-	180,391

Notes to the Financial Statements

For The Year Ended 30 June 2023

24. Employee Benefit Obligations

(a) Pension benefits

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Amount recognised in the statements of financial position as non-current liabilities:				
- Funded pension benefits (note 24(b)(ii))	**903,867**	806,915	**673,158**	614,525
- Unfunded pension benefits (note 24(d)(ii))	**120,420**	93,284	**95,806**	71,804
	1,024,287	900,199	**768,964**	686,329

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Amount charged to profit or loss:				
- Funded Pension benefits (note 29(a))	**74,708**	70,425	**56,965**	54,520
- Unfunded Pension benefits (note 29(a))	**7,714**	7,156	**5,902**	5,378
	82,422	77,581	**62,867**	59,898
Amount charged to other comprehensive income:				
- Funded Pension benefits (note 24(b)(vii))	**163,401**	80,194	**115,432**	48,039
- Unfunded Pension benefits (note 24(e)(v))	**22,991**	1,082	**21,430**	3,160
	186,392	81,276	**136,862**	51,199

(b) Funded Pension benefits

(i) The Group 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.

(ii) Amounts recognised in the statements of financial position

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Present value of funded obligations	**1,905,218**	1,640,657	**1,426,947**	1,235,863
Fair value of plan assets	**(1,001,351)**	(833,742)	**(753,789)**	(621,338)
Liabilities in the statements of financial position	**903,867**	806,915	**673,158**	614,525

(iii) The movements in the statements of financial position are as follows:

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
At 1 July	**806,915**	795,111	**614,525**	624,149
Profit or loss charge	**74,708**	70,425	**56,965**	54,520
Other comprehensive income charge	**163,401**	80,194	**115,432**	48,039
Contributions paid	**(141,157)**	(138,815)	**(113,764)**	(112,183)
At 30 June	**903,867**	806,915	**673,158**	614,525

Notes to the Financial Statements

For The Year Ended 30 June 2023

24. Employee Benefit Obligations (Continued)

(b) Funded Pension benefits (Continued)

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

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**1,640,657**	1,537,363	**1,235,863**	1,169,042
Current service cost	**32,492**	29,707	**24,976**	22,687
Interest expense	**90,902**	83,051	**68,454**	63,127
Employee contributions	**14,101**	13,182	**10,542**	9,927
Liability experience loss	**86,845**	(7,540)	**59,485**	(15,795)
Liability Loss/(gain) due to change in financial assumption	**76,340**	38,847	**56,439**	28,893
Benefits paid	**(33,602)**	(52,123)	**(26,933)**	(40,635)
Admin Expenses	**(1,004)**	(939)	**(755)**	(711)
Risk Premiums	**(1,513)**	(891)	**(1,124)**	(672)
At 30 June	**1,905,218**	1,640,657	**1,426,947**	1,235,863

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

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**833,742**	742,252	**621,338**	544,893
Interest income	**48,686**	42,333	**36,465**	31,294
Employer contributions	**141,157**	138,815	**113,763**	112,183
Employee contributions	**14,101**	13,182	**10,542**	9,927
Benefits paid	**(33,602)**	(52,123)	**(26,933)**	(40,635)
Return on plan assets excluding interest income	**(216)**	(48,887)	**492**	(34,941)
Admin Expenses	**(1,004)**	(939)	**(755)**	(711)
Risk Premiums	**(1,513)**	(891)	**(1,123)**	(672)
At 30 June	**1,001,351**	833,742	**753,789**	621,338

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

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Current service cost	**32,492**	29,707	**24,976**	22,687
Net interest on net defined benefit liabilities	**42,216**	40,718	**31,989**	31,833
Total cost (note 29a)	**74,708**	70,425	**56,965**	54,520
Allocation of support costs:				
Life Fund	**13,918**	19,054	**13,918**	19,054
SICOM General Insurance Ltd	**15,525**	18,269	**-**	4,029
Shareholders' Fund	**45,265**	33,102	**43,047**	31,437
	74,708	70,425	**56,965**	54,520
Actual return in plan assets	**48,470**	(6,554)	**36,957**	(3,647)

Notes to the Financial Statements

For The Year Ended 30 June 2023

24. Employee Benefit Obligations (Continued)

(b) Funded Pension benefits (Continued)

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

	Group		Company	
	2023	2023	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Below interest income/Return on plan assets (above)	**216**	48,887	**(492)**	34,941
Liability experience loss	**86,845**	(7,540)	**59,485**	(15,795)
Liability Loss/ (gain) due to change in financiak assumptions	**76,340**	38,847	**56,439**	28,893
	163,401	80,194	**115,432**	48,039

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

	Group		Company	
	2023	2023	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Equity - local quoted	**123,667**	103,384	**93,093**	77,046
Equity - local unquoted	**11,916**	6,670	**8,970**	4,971
Debt - local quoted	**9,813**	10,005	**7,387**	7,456
Debt - local unquoted	**511,891**	481,903	**385,337**	359,134
Investment funds	**291,393**	210,103	**219,353**	156,577
Property	**5,307**	4,169	**3,995**	3,107
Cash and others	**18,525**	**17,508**	**13,945**	**13,047**
Loans and advances	**28,839**	-	**21,709**	-
	1,001,351	833,742	**753,789**	621,338

(ix) Principal actuarial assumptions at end of the reporting date:

	Group		Company	
	2023	2022	**2023**	2022
Discount rate	**6.00%**	5.45%	**6.00%**	5.45%
Future salary increases	**4.0%**	3.8%	**4.0%**	3.8%
Future pension increases	**4.0%**	2.8%	**4.0%**	2.8%
Inflation Rate	**4.0%**	2.8%	**4.0%**	2.8%
Average Retirement Age (ARA)	**65**	65	**65**	65
Average life expectancy for:				
- Male at ARA	**16.0**	16.0	**16.0**	16.0
- Female at ARA	**19.1**	19.1	**19.1**	19.1

24. Employee Benefit Obligations (Continued)

(b) Funded Pension benefits (Continued)

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

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Discount rate (1% movement)				
Increase	**253,570**	226,243	**183,390**	158,443
Decrease	**300,054**	269,967	**216,729**	187,552
Salary increase (1% movement)				
Increase	**137,793**	134,767	**102,019**	99,182
Decrease	**124,924**	121,075	**92,656**	89,413
Pension increase (1% movement)				
Increase	**215,912**	181,311	**169,509**	135,750
Decrease	**191,081**	160,297	**149,567**	120,208

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 values 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.

(xi) The risks to the Company in respect of the benefits are summarised and described below:

- 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.

(xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xiii) Expected contributions to post employment benefit plan for the year ending 30 June 2024 are Rs 56 million for the Group and Rs 28 million for the Company.

(xiv) The weighted average duration of the defined benefit obligation is 18 years at the end of the reporting period.

Notes to the Financial Statements

For The Year Ended 30 June 2023

24. Employee Benefit Obligations (Continued)

(c) Unfunded Defined Benefit Plan

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Amount recognised in the statements of financial position as non-current liabilities: - Pension benefits (note 24(d)(ii))	**120,420**	93,284	**95,806**	71,804
Amount charged to profit or loss: - Pension benefits (note 29(a))	**7,714**	7,156	**5,902**	5,378
Amount charged to other comprehensive income: - Pension benefits (note 24(d)(ii))	**22,991**	1,082	**21,430**	3,160

(d) Unfunded Pension benefits

(i) Amounts recognised in the statements of financial position

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Present value of unfunded obligations	**120,420**	93,284	**95,806**	71,804
Liabilities in the statements of financial position	**120,420**	93,284	**95,806**	71,804

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

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
At 1 July	**93,284**	87,594	**71,804**	65,586
Profit or loss charge	**7,714**	7,156	**5,902**	5,378
Other comprehensive income charge	**22,991**	1,082	**21,430**	3,160
Contributions paid	**(3,569)**	(2,548)	**(3,330)**	(2,320)
At 30 June	**120,420**	93,284	**95,806**	71,804

(iii) Principal actuarial assumptions at end of the reporting date for the Group & Company are: Discount rate 6.0% (2022 : 5.45%), Inflation rate 4.0% (2022: 2.75%), salary increase rate 4.0% (2022: 3.75%), pension increase rate 4.0% (2022: 2.75%)

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

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
At 1 July	**93,284**	87,594	**71,804**	65,586
Current service cost	**2,587**	2,409	**1,972**	1,833
Interest expense	**5,127**	4,747	**3,930**	3,545
Liability experience gain	**18,847**	(1,163)	**18,102**	1,467
Liability Loss due to change in financial assumptions	**4,144**	2,245	**3,328**	1,693
Benefits paid	**(3,569)**	(2,548)	**(3,330)**	(2,320)
At 30 June	**120,420**	93,284	**95,806**	71,804

24. Employee Benefit Obligations (Continued)

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

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Current service cost	**2,587**	2,409	**1,972**	1,833
Net interest on net defined benefit liabilities	**5,127**	4,747	**3,930**	3,545
Total cost (note 29(a))	**7,714**	7,156	**5,902**	5,378
Allocation of support costs:				
Life Fund	**1,426**	1,994	**1,426**	1,994
SICOM General Insurance Ltd	**1,605**	2,092	**-**	482
Shareholders' Fund	**4,683**	3,070	**4,476**	2,902
	7,714	7,156	**5,902**	5,378

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

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Liability experience gain	**18,847**	(1,163)	**18,102**	1,467
Liability Loss due to change in financial assumptions	**4,144**	2,245	**3,328**	1,693
	22,991	1,082	**21,430**	3,160

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

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
Discount rate (1% movement)				
Increase	**16,817**	16,446	**13,469**	13,202
Decrease	**19,979**	20,405	**16,007**	16,494
Salary increase (1% movement)				
Increase	**12,219**	9,350	**9,726**	7,219
Decrease	**11,018**	8,429	**8,769**	6,507
Pension increase (1% movement)				
Increase	**9,478**	12,291	**7,641**	10,162
Decrease	**8,684**	10,792	**6,998**	8,872

(e) Funded Defined Contribution Plan

	Group 2023 MUR'000	Group 2022 MUR'000	Company 2023 MUR'000	Company 2022 MUR'000
National pension scheme contributions charges for employees on a contractual basis	**88**	108	**-**	7
Contributions to defined contribution plan administered by State Insurance Company of Mauritius Ltd	**8,226**	5,862	**5,755**	3,946

Notes to the Financial Statements

For The Year Ended 30 June 2023

25. Gross Revenue

	Group	
	2023	2022
	MUR'000	MUR'000
Gross premiums written	**1,621,718**	1,546,424
Change in unearned premium provision	**(75,407)**	(137,257)
	1,546,311	1,409,167
Premium ceded to reinsurers	**(739,803)**	(743,645)
Change in unearned premium provision - reinsurance part	**24,168**	59,631
	(715,635)	(684,014)
Net earned premiums	**830,676**	725,153
Gross claims paid	**760,265**	562,850
Claims settled from reinsurers	**(142,609)**	(143,272)
Movement in outstanding claims	**(2,306)**	37,110
Net claims incurred	**615,350**	456,688
Commissions receivable from reinsurers	**123,014**	113,675
Commissions paid to agents and brokerage fees	**(100,486)**	(100,905)
	22,528	12,770
Underwriting surplus	**237,854**	281,235

26. Revenue From Contracts With Customers

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Breakdown of revenue from contracts with customers				
Actuarial fees	**11,887**	10,500	**11,887**	10,500
Management fees	**398,040**	367,418	**407,087**	375,858
Administration fees	**250,806**	245,019	**121,273**	115,820
Total revenue	**660,733**	622,937	**540,247**	502,178

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Timing of revenue recognition				
Services transferred at a point in time	**11,887**	10,500	**11,887**	10,500
Services transferred over-time	**648,846**	612,437	**528,360**	491,678
Total revenue contracts with customers	**660,733**	622,937	**540,247**	502,178

27. Investment And Other Income

	Group			Company		
	2023 MUR'000 Shareholders' Fund	2023 MUR'000 Life Fund	2023 MUR'000 Total	2023 MUR'000 Shareholders' Fund	2023 MUR'000 Life Fund	2023 MUR'000 Total
Other Operating Income						
Dividend from investment securities	32,770	95,839	128,609	21,267	89,018	110,285
Dividend from subsidiaries	-	-	-	188,281	-	188,281
Gain on revaluation of investment properties (note 8)	48,586	-	48,586	52,272	-	52,272
Gain on sale of investments	29,049	54,622	83,671	(20)	3,315	3,295
Rental income	97,285	-	97,285	107,680	-	107,680
Finance lease income	43,542	-	43,542	-	-	-
Exchange difference	7,171	(29)	7,142	12,378	-	12,378
Others	46,896	674	47,570	4,607	674	5,281
	305,299	151,106	456,405	386,465	93,007	479,472
Interest Income/Expenses at EIR						
Mortgage and other loans	51,041	57,927	108,968	10,231	57,927	68,158
Loans and advances	7,264	16,166	23,430	5,601	16,166	21,767
Debt instrument at amortised cost	100,742	342,430	443,172	57,330	341,340	398,670
Deposits	59,289	41,352	100,641	25,500	32,440	57,940
	218,336	457,875	676,211	98,662	447,873	546,535
Interest Expenses (note 30)	(56,857)	(310)	(57,167)	(6,069)	(310)	(6,379)
Net Interest income	161,479	457,565	619,044	92,593	447,563	540,156

	Group			Company		
	2022 MUR'000 Shareholders' Fund	2022 MUR'000 Life Fund	2022 MUR'000 Total	2022 MUR'000 Shareholders' Fund	2022 MUR'000 Life Fund	2022 MUR'000 Total
Other Operating Income						
Dividend from investment securities	15,607	75,093	90,700	11,647	67,696	79,343
Dividend from subsidiaries	-	-	-	225,483	-	225,483
Gain on revaluation of investment properties (note 8)	34,518	-	34,518	35,332	-	35,332
Gain on sale of investments	791	935	1,726	-	-	-
Rental income	96,318	-	96,318	107,176	-	107,176
Finance lease income	44,429	-	44,429	-	-	-
Exchange difference	10,740		10,740	12,228		12,228
Others	26,745	13	26,758	5,476	12	5,488
	229,148	76,041	305,189	397,342	67,708	465,050
Interest Income/Expenses at EIR						
Mortgage and other loans	33,521	52,606	86,127	7,254	52,606	59,860
Loans and advances	6,910	8,340	15,250	3,996	8,340	12,336
Debt instrument at amortised cost	93,867	303,049	396,916	49,397	302,025	351,422
Deposits	41,789	10,113	51,902	10,844	9,315	20,159
	176,087	374,108	550,195	71,491	372,286	443,777
Interest Expenses (note 30)	(60,078)	(135)	(60,213)	(10,138)	(135)	(10,273)
Net Interest income	116,009	373,973	489,982	61,353	372,151	433,504

Notes to the Financial Statements

For The Year Ended 30 June 2023

28. Share Of Surplus Transferred From Life Assurance Fund

Following an actuarial valuation of the Life Assurance Fund carried out by QED Actuaries & Consultants (Pty) Ltd as at 30 June 2023, a surplus of **Rs'000 22,961** (2022: Rs'000 10,636) has been transferred to the Shareholders' Fund during the year for the Group and the Company.

29. Other Operating And Administrative Costs

	Group					
	2023 Shareholders' Fund MUR'000	**2023 Life Fund MUR'000**	**2023 Total MUR'000**	2022 Shareholders' Fund MUR'000	2022 Life Fund MUR'000	2022 Total MUR'000
Employee benefit expense (note 29(a) below)	**481,754**	**151,830**	**633,584**	437,537	148,342	585,879
Depreciation	**37,758**	**2,425**	**40,183**	29,094	4,009	33,103
Depreciation on right use assets (Note 14(c))	**5,840**	**983**	**6,823**	4,872	1,071	5,943
Loss on disposal of property, plant and equipment	**167**	**-**	**167**	-	-	-
Amortisation of intangible assets (Note 9)	**11,373**	**2,383**	**13,756**	9,231	2,349	11,580
Repairs, maintenance and IT related costs	**60,122**	**9,615**	**69,737**	48,515	6,532	55,047
Printing, stationery and postage	**4,366**	**1,711**	**6,077**	4,650	2,116	6,766
Rent, rates, utilities, licences, Insurance and security services	**31,137**	**17,069**	**48,206**	31,169	17,658	48,827
Advertising	**17,199**	**1,976**	**19,175**	7,355	6,351	13,706
Professional and management fees	**18,071**	**148,961**	**167,032**	24,324	152,865	177,189
Others	**52,358**	**8,945**	**61,303**	46,636	11,835	58,606
	720,145	**345,898**	**1,066,043**	643,383	353,128	996,646

	Company					
	2023 Shareholders' Fund MUR'000	**2023 Life Fund MUR'000**	**2023 Total MUR'000**	2022 Shareholders' Fund MUR'000	2022 Life Fund MUR'000	2022 Total MUR'000
Employee benefit expense (note(a) below)	**287,578**	**151,830**	**439,408**	264,166	148,342	412,508
Depreciation (Note 7)	**28,150**	**2,425**	**30,575**	19,197	4,009	23,206
Depreciation on right use assets (Note 14(c))	**2,959**	**983**	**3,942**	2,327	1,071	3,398
Loss on disposal of property, plant and equipment	**126**	**-**	**126**	-	-	-
Amortisation of intangible assets (Note 9)	**5,902**	**2,383**	**8,285**	5,452	2,349	7,801
Repairs, maintenance and IT related costs	**41,367**	**9,615**	**50,982**	37,173	6,532	43,705
Printing, stationery and postage	**2,892**	**1,711**	**4,603**	3,009	2,116	5,125
Rent, rates, utilities, licences, insurance and security services	**18,355**	**17,059**	**35,414**	19,132	17,658	36,790
Advertising	**8,994**	**1,976**	**10,970**	4,136	6,351	10,487
Professional and management fees	**12,165**	**109,944**	**122,109**	7,346	115,328	122,674
Others	**18,443**	**8,024**	**26,467**	**11,227**	**8,758**	**19,985**
	426,931	**305,950**	**732,881**	373,165	312,514	685,679

The others relate mainly to subscription, Legal, directors' fees and bank charges.

29. Other Operating And Administrative Costs (Continued)

(a) Employee benefit expense

	Group					
	2023 Shareholders' Fund MUR'000	**2023 Life Fund MUR'000**	**2023 Total MUR'000**	2022 Shareholders' Fund MUR'000	2022 Life Fund MUR'000	2023 Total MUR'000
Wages and salaries, including termination benefits	**406,539**	**133,886**	**540,425**	374,890	125,128	500,018
Social security costs	**1,834**	**677**	**2,511**	1,736	685	2,421
Funded pension benefits (note 24(b)(vi))	**60,790**	**13,918**	**74,708**	51,371	19,054	70,425
Unfunded pension benefits (note 24(d)(iv))	**6,288**	**1,426**	**7,714**	5,162	1,994	7,156
Pension cost – defined contribution plan	**6,303**	**1,923**	**8,226**	4,378	1,481	5,859
	481,754	**151,830**	**633,584**	437,537	148,342	585,879

	Company					
	2023 Shareholders' Fund MUR'000	**2023 Life Fund MUR'000**	**2023 Total MUR'000**	2022 Shareholders' Fund MUR'000	2022 Life Fund MUR'000	2023 Total MUR'000
Wages and salaries, including termination benefits	**235,263**	**133,886**	**369,149**	226,421	125,128	351,549
Social security costs	**960**	**677**	**1,637**	944	685	1,629
Funded pension benefits (note 24(b)(vi))	**43,047**	**13,918**	**56,965**	31,437	19,054	50,491
Unfunded pension benefits (note 24(e)(iv))	**4,476**	**1,426**	**5,902**	2,902	1,994	4,896
Pension cost – defined contribution plan	**3,832**	**1,923**	**5,755**	2,462	1,481	3,943
	287,578	**151,830**	**439,408**	264,166	148,342	412,508

30. Interest Expenses On Financial Liabilities Not Measured At FVTPL

	Group				Company			
	2023			2022	**2023**			2022
	MUR'000 Shareholders' Fund	**MUR'000 Life Fund**	**MUR'000 Total**	MUR'000 Total	**MUR'000 Shareholders' Fund**	**MUR'000 Life Fund**	**MUR'000 Total**	MUR'000 Total
Interest payable on loans from subsidiary	**-**	**-**	**-**	-	**-**	**-**	**-**	3,458
Interest payable to depositors	**50,345**	**-**	**50,345**	53,263	**-**	**-**	**-**	-
Interest payable on other loans	**1,648**	**-**	**1,648**	1,958	**1,648**	**-**	**1,648**	1,958
Interest on Leases	**4,864**	**310**	**5,174**	4,992	**4,421**	**310**	**4,731**	4,857
	56,857	**310**	**57,167**	60,213	**6,069**	**310**	**6,379**	10,273

Notes to the Financial Statements

For The Year Ended 30 June 2023

31. Expected Credit Loss On Financial Assets

The table below shows the ECL on financial instruments recorded in the income statement.

	Group 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Shareholders' Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	478	-	-	478
Mortgage and other loans	(1,345)	(89)	866	(568)
Deposits	(191)	-	-	(191)
Finance leases (Note 13(a)v)	(3,255)	-	-	(3,255)
Other Liabilities	42	-	-	42
Expected(charge) on financial asset	(4,271)	(89)	866	(3,494)

	Group 2023			
	Stage 1	Stage 2	Stage 3	Total
Life Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	652	-	-	652
Mortgage and other loans	2,632	4,481	(991)	6,122
Deposits	(472)	-	-	(472)
Reversal of allowance for expected credit losses	2,812	4,481	(991)	6,302

	Company 2023			
	Stage 1	Stage 2	Stage 3	Total
Shareholders' Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	264	-	-	264
Mortgage and other loans	(450)	(89)	866	327
Deposits	(336)	-	-	(336)
Reversal of allowance for expected credit losses	(522)	(89)	866	255

	Company 2023			
	Stage 1	Stage 2	Stage 3	Total
Life Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	657	-	-	657
Mortgage and other loans	2,632	4,481	(991)	6,122
Deposits	(366)	-	-	(366)
Reversal of allowance for expected credit losses	2,923	4,481	(991)	6,413

31. Expected Credit Loss On Financial Assets (Continued)

	Group 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Shareholders' Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	333	-	-	333
Mortgage and other loans	3,101	270	3,676	7,047
Deposits	2,088	-	-	2,088
Finance leases (Note 13(a)v)	5,901	-	-	5,901
Other assets	16	-	-	16
Other Liabilities	(4)	-	-	(4)
Expected credit losses charge	11,435	270	3,676	15,381

	Group 2022			
	Stage 1	Stage 2	Stage 3	Total
Life Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	103	-	-	103
Mortgage and other loans	1,956	(1,021)	11,839	12,774
Deposits	432	-	-	432
Expected credit losses charge	2,491	(1,021)	11,839	13,309

	Company 2022			
	Stage 1	Stage 2	Stage 3	Total
Shareholders' Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	102	-	-	102
Mortgage and other loans	1,279	270	3,676	5,225
Deposits	(55)	-	-	(55)
Expected credit losses charge	1,326	270	3,676	5,272

	Company 2022			
	Stage 1	Stage 2	Stage 3	Total
Life Fund	MUR'000	MUR'000	MUR'000	MUR'000
Debt instruments	96	-	-	96
Mortgage and other loans	1,956	(1,021)	11,839	12,774
Deposits	234	-	-	234
Expected credit losses charge	2,286	(1,021)	11,839	13,104

32. Life Assurance Fund

	Group and Company	
	2023	2022
	MUR'000	MUR'000
Long Term Insurance Fund	**14,308,557**	13,411,019

Notes to the Financial Statements

For The Year Ended 30 June 2023

32 (i) Life Assurance Fund (Continued)

Group	Note	Non-Linked 2023 MUR'000	Linked 2023 MUR'000	Total 2023 MUR'000	Non-Linked 2022 MUR'000	Linked 2022 MUR'000	Total 2022 MUR'000
Income							
Gross premium		2,216,766	134,417	2,351,183	2,637,422	109,650	2,747,072
Less: Reinsurances		(227,815)	(650)	(228,465)	(216,035)	(991)	(217,026)
Net premium		1,988,951	133,767	2,122,718	2,421,387	108,659	2,530,046
Commission receivable for reinsurance		66,362	-	66,362	28,762	-	28,762
Investment and other income		492,150	61,899	554,049	400,359	48,719	449,078
Expected credit loss reversal/(Charge) on financial assets		6,434	(132)	6,302	13,306	3	13,309
Revaluation FVTPL		435,046	49,688	484,734	(498,248)	(71,725)	(569,973)
Gain on sale of investments		50,990	3,632	54,622	758	178	936
		3,039,933	248,854	3,288,787	2,366,324	85,834	2,452,158
Expenditure							
Bonus		394,483	-	394,483	379,128	-	379,128
Commission payable to agents and brokers		61,039	3,182	64,221	65,173	2,341	67,514
Cash and withdrawal benefits		61,789	5,848	67,637	46,731	6,763	53,494
Family income benefits		767	-	767	1,170	-	1,170
Maturity claims		753,492	33,861	787,353	720,017	33,962	753,979
Medical expenses		2,174	-	2,174	3,121	-	3,121
Surrenders		48,122	10,583	58,705	55,121	16,253	71,374
Survival benefits		287,587	-	287,587	296,757	-	296,757
Other costs		41,360	41,827	83,187	30,974	31,107	62,081
Gross death and disablement claims		166,440	6,388	172,828	192,624	8,003	200,627
Claims recovered from reinsurers		(60,116)	(245)	(60,361)	(67,334)	(1,549)	(68,883)
Net claims		106,324	6,143	112,467	125,290	6,454	131,744
Management and other expenses		330,904	14,994	345,898	334,104	19,024	353,128
		2,088,041	116,438	2,204,479	2,057,586	115,904	2,173,490
Surplus Before Taxation		951,892	132,416	1,084,308	308,738	(30,070)	278,668
Share Of Surplus To Shareholders Fund		(22,961)	-	(22,961)	(10,636)	-	(10,636)
		928,931	132,416	1,061,347	298,102	(30,070)	268,032
Taxation	20	27,234	69	27,303	9,588	(6,526)	3,062
Surplus After Taxation		956,165	132,485	1,088,650	307,690	(36,596)	271,094
Fund At 1 July		11,867,570	1,619,279	13,486,849	11,582,055	1,382,982	12,965,037
Transfer From Non Linked To Linked Fund		(14,222)	14,222	-	(181,010)	181,010	-
Increase In Fair Value Of FVOCI		(88,225)	(11,114)	(99,339)	158,982	15,994	174,976
Transfer Of Loss On Disposal Of Equity Financial At FVOCI		3,173	1	3,174	(4,477)	-	(4,477)
Translation Reserve		9,626	1,384	11,010	4,330	889	5,219
Transfer of fund balance to pension fund		(104,262)	-	(104,262)	-	-	-
Seed Capital	Note 32 (iv)	-	-	-	-	75,000	75,000
Fund At 30 June		12,629,825	1,756,257	14,386,082	11,867,570	1,619,279	13,486,849

Linked long term insurance business is the business of effecting and carrying out contracts of insurance under which the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description, or by reference to fluctuations in, or in an index of, the value of property of any description.

Non linked business is the business of undertaking liability under contracts upon human life or contracts to pay annuities on human life and also includes permanent health insurance business.

Non linked business is the business of undertaking liability under contracts upon human life or contracts to pay annuities on human life and also includes permanent health insurance business.

32 (ii) Life Assurance Fund (Continued)

Company	Note	Non-Linked 2023 MUR'000	Linked 2023 MUR'000	Total 2023 MUR'000	Non-Linked 2022 MUR'000	Linked 2022 MUR'000	Total 2022 MUR'000
INCOME							
Gross premium		2,216,766	134,417	2,351,183	2,637,422	109,650	2,747,072
Less: Reinsurances		(227,815)	(650)	(228,465)	(216,035)	(991)	(217,026)
Net premium		1,988,951	133,767	2,122,718	2,421,387	108,659	2,530,046
Commission		66,362	-	66,362	28,762	-	28,762
Investment and other income		477,491	59,764	537,255	392,297	47,562	439,859
Expected credit loss reversal/(charge) on financial assets		6,531	(118)	6,413	13,116	(12)	13,104
Revaluation FVTPL		468,330	54,911	523,241	(528,165)	(72,258)	(600,423)
Gain on sale of investments		3,315	-	3,315	-	-	-
		3,010,980	248,324	3,259,304	2,327,397	83,951	2,411,348
EXPENDITURE							
Bonus		394,483	-	394,483	379,128	-	379,128
Commission payable to agents and brokers		61,039	3,182	64,221	65,173	2,341	67,514
Cash and withdrawal benefits		61,789	5,848	67,637	46,731	6,763	53,494
Family income benefits		767	-	767	1,170	-	1,170
Maturity claims		753,492	33,861	787,353	720,017	33,962	753,979
Medical expenses		2,174	-	2,174	3,121	-	3,121
Surrenders		48,122	10,583	58,705	55,121	16,253	71,374
Survival Benefits		287,587	-	287,587	296,757	-	296,757
Other costs		41,360	41,827	83,187	30,975	31,106	62,081
Gross death and disablement claims		166,440	6,388	172,828	192,624	8,003	200,627
Claims recovered from reinsurers		(60,116)	(245)	(60,361)	(67,334)	(1,549)	(68,883)
Net claims		106,324	6,143	112,467	125,290	6,454	131,744
Management and other expenses		292,807	13,143	305,950	295,719	16,795	312,514
		2,049,944	114,587	2,164,531	2,019,202	113,674	2,132,876
SURPLUS BEFORE TAXATION		961,036	133,737	1,094,773	308,195	(29,723)	278,472
SHARE OF SURPLUS TO SHAREHOLDERS FUND		(22,961)	-	(22,961)	(10,636)	-	(10,636)
		938,075	133,737	1,071,812	297,559	(29,723)	267,836
TAXATION	20	27,234	69	27,303	9,588	(6,526)	3,062
SURPLUS AFTER TAXATION		965,309	133,806	1,099,115	307,147	(36,249)	270,898
FUND AT 1 JULY		11,867,570	1,619,279	13,486,849	11,582,055	1,382,982	12,965,037
TRANSFER FROM NON LINKED TO LINKED FUND		(14,222)	14,222	-	(181,010)	181,010	-
(DECREASE)/INCREASE IN FAIR VALUE OF FVOCI		(87,743)	(11,051)	(98,794)	163,855	16,536	180,391
GAIN/(LOSS) ON DISPOSAL		3,173	1	3,174	(4,477)	-	(4,477)
TRANSFER OF FUND BALANCE TO PENSION FUND		(104,262)	-	(104,262)	-	-	-
SEED CAPITAL	Note 32 (iv)	-	-	-	-	75,000	75,000
FUND AT 30 JUNE		12,629,825	1,756,257	14,386,082	11,867,570	1,619,279	13,486,849

Linked long term insurance business is the business of effecting and carrying out contracts of insurance under which the benefits are wholly or partly to be determined of by reference to the value of, or the income from, property of any description, or by reference to fluctuations in, or in an index of, the value of property of any decription.

Non linked business is the business of undertaking liability under contracts upon human life or contracts to pay annuities on human life and also includes permanent health insurance business.

Notes to the Financial Statements

For The Year Ended 30 June 2023

32 (iii) Life Assurance Fund (Continued)

The assets of the Life Assurance funds are analysed as follows:

	Group		Company	
	2023 MUR'000	2022 MUR'000	2023 MUR'000	2022 MUR'000
NON-CURRENT ASSETS				
Statutory deposits	7,404	7,302	7,404	7,302
Other financial assets	11,435,358	10,204,955	11,639,952	10,296,861
Mortgage and other loans	968,377	884,965	968,377	884,965
Deferred tax	3,051	4,141	3,051	4,141
	12,414,190	11,101,363	12,618,784	11,193,269
Current Assets				
Other financial assets	1,673,344	1,646,673	1,509,518	1,595,861
Mortgage and other loans	105,326	82,523	105,326	82,523
Trade and other receivables	125,888	135,749	125,886	134,996
Bank and cash balances	486,138	831,477	426,910	782,152
Assets held for sale	2,770	2,770	2,770	2,770
	2,393,466	2,699,192	2,170,410	2,598,302
Current Liabilities				
Trade and other payables	390,827	298,856	372,365	289,872
Current tax liabilities	30,747	14,850	30,747	14,850
	421,574	313,706	403,112	304,722
Net Current Assets	1,971,892	2,385,486	1,767,298	2,293,580
	14,386,082	13,486,849	14,386,082	13,486,849
Technical Provisions				
Long term insurance funds	14,306,978	13,410,878	14,306,978	13,410,878
Net Assets attributable to Unit Holders	1,579	141	1,579	141
	14,308,557	13,411,019	14,308,557	13,411,019
Net Assets attributable to Unit Holders (Shareholders fund)	77,525	75,830	77,525	75,830
	14,386,082	13,486,849	14,386,082	13,486,849

32 (iv) Seed Capital

During the financial year ended 30 June 2022, the State Insurance Company of Mauritius Ltd (SICOM) has launched a new Unit Linked Life Insurance product. In order to increase the product's appeal and build up the performance track record of the underlying Funds, an injection of Rs 75 million was made by SICOM. An equivalent number of units has been issued in the name of SICOM and these units carry the same rights as issued to the public.

33. Managed Funds

The Group & Company accounts exclude the net assets of the Managed Pension Fund and Managed Medical fund as these assets backing these funds do not belong to the Group and the Company.

34. Dividend Paid

	Company	
	2023 MUR'000	2022 MUR'000
Final ordinary dividend	157,896	136,194

The Board of Directors of the Company has, by resolution, recommended and authorised payment of a dividend of Rs 632 per share as at 30 June 2023. (2022: Rs 545 per share). The dividend payable by the Group to non-controlling interest amounted to Rs'000 213 for the year ended 30 June 2023 (2022: Rs'000 85)

35.(a) Notes To The Statements Of Cash Flows

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Cash Flows From Operating Activities				
Profit before taxation	866,572	349,514	832,133	316,351
Adjustments for non cash items:				
Depreciation on property, plant and equipment	40,183	33,103	32,996	26,680
Depreciation on right of use asset	6,823	5,943	5,346	4,466
Amortisation of intangible assets	13,756	11,580	10,664	8,980
Fair value adjustments on investment property	(48,586)	(34,518)	(52,272)	(35,332)
(Gain)/Loss on sale of investment	(83,671)	(1,427)	(3,295)	140
Loss on disposal of repossessed leased assets	-	(159)	-	-
Retirement benefit expense	82,422	77,581	62,867	59,898
Provision for credit losses	(2,808)	(28,690)	(6,668)	(18,376)
Loss/(Gain) on disposal of foreclosed property	-	108	-	108
Loss on revaluation of foreclosed property	-	61	-	61
Fair value loss on repossessed assets	2,856	3,889	-	-
Loss/(Profit) on disposal of property, plant and equipment	167	823	126	841
Interest income	(719,753)	(594,624)	(546,535)	(443,777)
Dividend income	(128,609)	(90,700)	(298,566)	(304,826)
Interest expense	57,167	60,213	6,379	10,273
Net gains on financial asset at fair value to profit or loss	(686,619)	852,422	(739,784)	887,688
Exchange difference	4,039	(11,558)	-	-
Net surplus on long term insurance fund	1,061,347	268,032	1,071,812	267,836
Operating Cash Flows Before Working Capital Changes	465,286	901,088	375,203	781,011
Decrease/(Increase) in trade and other receivables	(103,359)	71,820	6,249	77,743
(Decrease)/Increase in trade and other payables	(68,564)	(221,105)	(80,317)	(230,891)
(Increase)/decrease in reinsurance assets	14,113	(139,758)	-	-
Increase/(decrease) in insurance liabilities	133,024	280,697	-	-
Cash Generated From Operations	440,500	892,742	301,135	627,863

Some items and amounts pertaining to prior year in the cash flow statements have been re-arranged and reclassified to bring more clarity and fair presentation of those items and amounts on the cash flow statements.

35.(b) Reconciliation Of Liabilities Arising From Financing Activities

Group

	At July 01, 2022	Cash Flows	New loans	At June 30, 2022
	MUR'000	MUR'000	MUR'000	MUR'000
Loans	59,866	(24,476)	23,560	58,950
	59,866	(24,476)	23,560	58,950

	At July 01, 2021	Cash Flows	New loans	At June 2022
	MUR'000	MUR'000	MUR'000	MUR'000
Loans	73,332	(23,775)	10,309	59,866
	73,332	(23,775)	10,309	59,866

Company

	At July 01, 2022	Cash Flows	New loans	At June 30, 2023
	MUR'000	MUR'000	MUR'000	MUR'000
Loans	59,866	(24,476)	23,560	58,950
	59,866	(24,476)	23,560	58,950

	At July 01, 2021	Cash Flows	New loans	At June 30, 2022
	MUR'000	MUR'000	MUR'000	MUR'000
Loans	143,309	(93,752)	10,309	59,866
	143,309	(93,752)	10,309	59,866

Notes to the Financial Statements

For The Year Ended 30 June 2023

35.(b) Reconciliation Of Liabilities Arising From Financing Activities (Continued)

Group And Company	At July 01,2022	Addition	Cash Flows	Non-cash movement	At June 30,2023
		MUR'000	MUR'000	MUR'000	MUR'000
Lease liabilities	65,655	6,653	(9,595)	5,174	67,887
	65,655	6,653	(9,595)	5,174	67,887

Group And Company	At July 01,2021	Addition	Cash Flows	Non-cash movement	At June 30,2021
		MUR'000	MUR'000	MUR'000	MUR'000
Lease liabilities	62,374	6,806	(8,513)	4,988	65,655
	62,374	6,806	(8,513)	4,988	65,655

36. Commitments

Capital Commitments

Capital expenditure contracted for at reporting date, but not yet provided for is as follows:

	Group		Company	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Property, plant and equipment	12,612	1,932	8,669	1,130
Future finance leases	44,478	36,819	-	-
	57,090	38,751	8,669	1,130

Details of the Group's contractual obligations to purchase or construct or develop investment property or for repairs, maintenance, or enhancements are as follows:

	Group And Company	
	2023	2022
	MUR'000	MUR'000
Repairs and maintenance	9,975	1,927

Notes to the Financial Statements

37. Related Party Disclosures

The Group has transacted with related parties during the years ended 30 June 2023 and 30 June 2022. Details of the related party transactions and balances are given in the table below:

(a) Loans and advances to Directors and key Management Personnel

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Capital Element				
At 1 July	**58,179**	45,144	**44,115**	38,167
Additions	**16,776**	12,213	**12,776**	4,213
Repayments	**(15,467)**	(4,986)	**(13,445)**	(4,073)
* Adjustments	**470**	5,808	**-**	5,808
At 30 June	**59,958**	58,179	**43,446**	44,115

* Adjustments refers to new joiners and leavers of key management personnel and directors during the financial year.

	Group		Company	
	2023	2022	**2023**	2022
Interest Receivable				
At 1 July	**-**	-	**-**	-
Receivable during the year	**1,525**	1,216	**1,120**	1,000
Received during the year	**(1,525)**	(1,216)	**(1,120)**	(1,000)
At 30 June	**-**	-	**-**	-
Premium Receivable				
At 1 July	**149**	319	**118**	208
Receivable during the year	**10,527**	12,657	**9,481**	10,378
Received during the year	**(10,477)**	(12,827)	**(9,422)**	(10,468)
At 30 June	**199**	149	**177**	118
Compensation				
Salaries and short term benefits	**155,827**	146,611	**126,469**	118,931
Post-employment benefits	**20,031**	38,712	**17,099**	32,746

(b) Transactions with related parties - Shareholders

	Group		Company	
	2023	2022	**2023**	2022
	MUR'000	MUR'000	**MUR'000**	MUR'000
Sales of services				
At 1 July	**7,976**	4,301	**(820)**	(987)
Transactions during the year	**16,252**	16,852	**(13,131)**	(16,525)
Received during the year	**(23,563)**	(13,177)	**14,488**	16,692
At 30 June	**665**	7,976	**537**	(820)
New Investments				
At 1 July	**626,155**	841,722	**585,749**	787,053
Additions	**1,525,502**	956,072	**1,443,952**	922,327
Matured during the year	**(903,441)**	(1,190,966)	**(860,196)**	(1,142,800)
Fair value adjustments	**(17,407)**	19,327	**(17,272)**	19,169
At 30 June	**1,230,809**	626,155	**1,152,233**	585,749

Notes to the Financial Statements

For The Year Ended 30 June 2023

37. Related Party Disclosures (Continued)

(b) Transactions with related parties - Shareholders (Continued)

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Interest/Dividend receivable				
At 1 July	**678**	873	**357**	459
Receivable during the year	**33,516**	22,268	**31,057**	21,132
Received during the year	**(26,941)**	(22,463)	**(25,440)**	(21,234)
At 30 June	**7,253**	678	**5,974**	357
Dividend Paid to Shareholders	**157,896**	136,194	**157,896**	136,194
Bank Balances	**447,532**	447,209	**350,280**	351,510

(c) Transactions with related parties - Subsidiaries

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Loan from Fellow Subsidiary				
At 1 July	**-**	-	-	69,977
Repayments	**-**	-	-	(69,977)
At 30 June	**-**	-	-	-
Interest Paid	**-**	-	-	3,458
Dividend receivable from Subsidiaries				
At 1 July	**-**	-	**225,483**	223,796
Receivable during the year	**-**	-	**188,281**	225,483
Received during the year	**-**	-	**(225,483)**	(223,796)
At 30 June	**-**	-	**188,281**	225,483
Sales of services				
At 1 July	**-**	-	**6,442**	11,372
Transactions during the year	**-**	-	**117,328**	85,770
Received during the year	**-**	-	**(117,624)**	(90,700)
At 30 June	**-**	-	**6,146**	6,442
Subordinated loan to Fellow Subsidiary	**-**	-	**341,625**	341,625

(d) SICOM Unit Trusts

	Group		Company	
	2023 MUR'000	2022 MUR'000	**2023 MUR'000**	2022 MUR'000
Receivables from SICOM Unit trusts				
At 1 July	**817**	1,527	**-**	-
Receivable during the year	**10,333**	8,865	**5,130**	3,106
Received during the year	**(10,590)**	(9,575)	**(5,130)**	(3,106)
At 30 June	**560**	817	**-**	-
Equity in SICOM Unit trusts				
At 1 July	**133,119**	144,332	**91,829**	96,211
Additions	**6,724**	4,160	**4,630**	2,852
Matured during the year	**-**	-	**-**	-
Fair value adjustments	**4,639**	(15,373)	**1,869**	(7,234)
Interest Due	**-**	-	**-**	-
At 30 June	**144,482**	133,119	**98,328**	91,829

The housing loans granted to key management personnel (including Directors) are secured by way of a fixed charge or a mortgage on an immovable property with rates of interest ranging from staff preferential rate of fixed and variable rate of **2%** and **2.5%** respectively (2022: 2%) and client's fixed rate of 2.0% in the first year and varibale of **6.25%** subsequently (2022: 4.50%) per annum.

The fair value of the collateral on the loans granted to directors and key management personnel amounted to **Rs'000 87,549** (2022: Rs'000 76,849) and **Rs'000 72,228** (Rs'000 64,243) for the Group and Company respectively and are considered greater than the carrying value of the loans. The expected credit loss on these loans amounted to **Rs 41,904** (2022: Rs 50,793) and **Rs 19,951** (2022: Rs 35,475) for the Group and Company respectively. There have been no guarantees provided for any related party receivables or payables.

38. 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.

39. WORLD EVENTS

Local, regional, or global events such as war (eg., Russia/Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., Covid-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in global economies and have a significant impact on the Company's operations and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant volatility, and many of the risks discussed herein associated with an investment in the Company may be increased.

The interconnectedness of the global economy means that events in one part of the world can have far-reaching effects on other regions. A crisis in one country or sector can quickly impact others through supply chain linkages and financial connections. Trade tensions between countries can result in tariffs and trade barriers that affect the cost of goods and services, impacting company profitability and economic growth. The risks associated with investing in a company can be magnified during times of economic turmoil. Factors such as liquidity challenges, debt obligations, and competitive pressures can become more pronounced in challenging economic conditions.

The following global events may affect the Group's profitability and business growth:-

Geopolitical Instability and Conflict (e.g., Russia/Ukraine):

Escalating conflicts between countries can disrupt global trade, lead to uncertainty, and negatively impact investor confidence. This can result in market volatility, reduced consumer and business spending, and decreased economic growth.

Terrorism and Security Concerns

Acts of terrorism can disrupt normal business operations, cause fear among consumers, and lead to heightened security measures that could impact transportation, tourism, and international trade.

Pandemics and Epidemics (e.g., Covid-19, Dengue)

Public health crises can cause widespread illness, mortality, and strain healthcare systems. They can lead to supply chain disruptions, travel restrictions, reduced consumer spending, and overall economic downturns.

Economic Recession:

Recessions can result from a combination of factors including decreased consumer spending, reduced business investment, and high unemployment rates. Economic contractions can impact company revenues, profitability, and investment values.

Global Macroeconomic Factors

Economic indicators such as inflation, interest rates, and currency exchange rates can impact investment values. Fluctuations in these factors can result in uncertainty and affect business operations and investment returns.

Statutory Disclosures

For The Year Ended 30 June 2023

(Pursuant to Section 221 of the Companies Act 2001)

Principal Activities

The Company is mainly engaged in long term insurance business and pensions whilst its subsidiaries carry out general insurance, depository, investment and management activities.

Directors

The Directors of State Insurance Company of Mauritius Ltd and its subsidiaries as at 30th June 2023 are as follows:

State Insurance Company of Mauritius Ltd	SICOM General Insurance Ltd
Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson)	Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson)
Acharuz A	Ancharaz S
Dabeea C	Aukhojee Y K (Dr)
Gopy D K	Chummun A
Jheengun C	Dabeea C
Jhungeer S B (MS)	Dussoye C
Kawol D (Dr) (up to 31 March 2023)	Koonjoo V K
Madhub M N (as from 10 May 2023)	Moonien J
Munoosingh V K	Ramdewar N (Mrs)
Ramdewar N (Mrs)	Ramkallawon D
Shewraj U (Mrs)	
Sonoo J. C.S.K	

SICOM Global Fund Limited	SICOM Management Limited
Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson)	Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson)
Ramdewar N (Mrs)	Gopy D K
	Ramdewar N (Mrs)

SICOM Financial Services Ltd	
Mahadu O S (Chairperson)	Gopy D K
Bhoojedhur-Obeegadoo K G (Mrs)	Maharahaje P D (Mrs) (up to 27 October 2022)
Bonomaully I	Ramdewar N (Mrs)
Chengabroyan C	Reedoy S
Dreepaul A (as from 26 December 2022)	Seeteejory S

Statutory Disclosures

For The Year Ended 30 June 2023

Directors' Service Contracts

The Executive Directors of the Group have a service contract without expiry date.

Directors' Remuneration

The remuneration for the Directors was as follows:

	Non-Executive		Executive	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Company	**6,871**	5,723	**23,241**	23,463
Subsidiaries	**6,612**	5,738	**4,758**	4,592

The remuneration as mentioned above, received by the Directors during the financial year and for the period they held office were as follows: A Acharuz (Independent Director, Rs 636,598), K G Bhoojedhur-Obeegadoo (Non-Executive Director and Chairperson, Rs 1,853,630 from the Company and Rs 1,289,700 from Subsidiaries), C Dabeea (Independent Director, Rs 610,598 from the Company and Rs 318,750 from Subsidiaries), D K Gopy (Executive Director, Rs 7,222,955 as emoluments and Rs 2,133,639 as pension related contributions made by the Company and other benefits), S B Jhungeer (Non-Executive Director, Rs 614,098), N Ramdewar (Executive Director, Rs 10,766,946 as emoluments and Rs 3,117,038 as pension related contributions made by the Company and other benefits), J Sonoo, C.S.K (Non-Executive Director, Rs 695,098), D Kawol (Non-Executive Director up to 31 March 2023, Rs 445,068), C Jheengun (Non-Executive Director, Rs 614,098),V K Munoosingh (Independent Director, Rs 654,598), U Shewraj (Independent Director, Rs 664,598) and M N Madhub (Non-Executive Director as from 10 May 2023, Rs 82,936). The Executive Directors of the Group have a service contract without expiry date and do not receive directors' fees.

Statutory Disclosures

For The Year Ended 30 June 2023

Audit Fees

The fees payable to the auditors for audit and other services were:

	The Company		Subsidiaries	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Audit fees payable to:				
- Deloitte	**2,580**	2,457	**2,618**	2,494
Fees payable for tax services:				
- Deloitte	**123**	117	**278**	265
Fees payable for other services:				
- Deloitte	**228**	217	**247**	218

	The Company		Subsidiaries	
	2023	2022	2023	2022
	MUR'000	MUR'000	MUR'000	MUR'000
Denotions	-	-	-	-

For and on behalf of the Board of Directors

……………………………

K G BHOOJEDHUR-OBEEGADOO
Chairperson
Date: 25 September 2023

……………………………

A ACHARUZ
Director

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