thefuture reimagined

SICOM GROUP

INTEGRATED REPORT

2022

#thefuture reimagined

Our story at SICOM is here for you to share.

We started our journey in 1975 as the pension administrator for parastatal entities in Mauritius but have since then diversified into a leading Financial Services Group with reach in Mauritius, Africa and beyond.

For an online version of this report, please scan the QR Code or visit: **sicom.mu**

For a greater insight into the Group, visit our corporate website: **sicom.mu**

About Our Report

Forward-Looking Statement

This is the first Integrated Report of SICOM Group.

Being a first for SICOM, this document is already a testimony that we are on a journey to transform the way we do business for the better of all.

In preparing this Report, we have already laid the foundation for integrated reporting by incorporating enhanced elements on value proposition to stakeholders and the Six Capitals relevant to our business. The reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the National Code of Corporate Governance and the International Integrated Report Framework. Contents included in this report are what we believe are material and relevant to our stakeholders and have been conveyed in a concise and consistent manner.

SICOM and its subsidiaries are together referred to as the SICOM Group, SICOM or the Group in this report.

The Integrated Report is published in full on our Group's website: **www.sicom.mu**

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

Board Responsibility

The Board of Directors of SICOM (the Board) acknowledges its responsibility for ensuring the integrity of this Integrated Report. The Board has considered the operating context, strategy, approach to risk management, governance and value creation model. In the Board's opinion, this addresses all the issues that are material to, or could have a material effect on SICOM Group's ability to create value. This report fairly presents the integrated performance of the Group. The Board confirms that SICOM is in compliance with the provisions of the Companies Act 2001 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.

Reporting Scope And Boundary

This Report covers the activities of the Group for the financial year 1 July 2021 to 30 June 2022.

Assurance

Management and Internal Audit have reviewed this Report to ensure the accuracy of our reporting content, with the Board and its sub-committees providing an oversight role. This Report has also been audited by our External Auditor, Deloitte, on which an unmodified audit opinion has been expressed.

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. The theme of this Integrated Report is "The Future Reimagined". In this respect, our future is now closely knitted to our businesses that are reviewed quarterly 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, impact of any uncertain industry changes, pandemics and geopolitical tensions.

List of Abbreviations

AML/CFT	Anti-Money Laundering/ Combating the Financing of Terrorism
ANFEN	Adolescent Non Formal Education Network
CIS	Collective Investment Scheme
CSR	Corporate Social Responsibility
CAGR	Compound Annual Growth Rate
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 Qualification Authority
NGO	Non-Governmental Organisation
ORSA	Own Risk and Solvency Assessment
PIE	Public Interest Entity
RMP	Risk Management Process
ROE	Return on Equity
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

Material Matters

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

Top Risks

- Market and Investment
- Counterparty Default
- Life Underwriting
- Operational
- Strategic
- Environmental

Six Capitals

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

Business Verticals

- Life Insurance
- General Insurance
- Pensions
- Investment
- Financial Services
- Actuarial
- Property

Our Stakeholders

- Customers
- Community
- Employees
- Government & Regulators
- Intermediaries
- Shareholders
- Business Partners
- Environment

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Chairperson's Message

On behalf of my colleagues of the Board and in my own name, I am pleased to present the Group's first Integrated Report for the financial year ended 30 June 2022.

Economic and Market Review

The forces that shaped the global outlook for 2021 and 2022 are the evolution of the COVID-19 pandemic, the gradual pickup in economic activities as lockdowns were progressively eased, global supply chain disruptions, the war in Ukraine, high energy prices, broad inflationary pressures and more recently, the tightening of monetary policy by central banks. Beyond the immediate humanitarian impacts, the war has severely set back the global recovery, slowing growth and increasing inflation even further.

"SICOM delivered on its strategy with Resilience, Agility, Growth and Disruption"

The economic performance of Mauritius is slowly getting back to normal. The IMF forecast that the economic growth of Mauritius will reach 6.1% in 2022 compared to 4.0% in 2021, on the back of rising tourist receipts and strengthening of consumer activity following high vaccination and booster levels. Inflation rate is expected to spike to 11.9% from 4.0 % in 2021, signalling additional pressure on the purchasing power of the Mauritian citizens, potentially causing a shift in consumption and savings ratio.

These trying times are challenging for the business community. Indeed, the insurance sector has been negatively impacted by the drop in international financial markets, reduced purchasing power, the depreciation of the MUR and increases in claims and freight costs.

Our Ambition and Strategic Intent

As explained in our last Annual Report, the SICOM Group planned to deliver on its strategy with Resilience, Agility, Growth and Disruption as its underlying principles, with focus on excellent Customer Service, strengthening Sales and Distribution, Innovation, Digitalisation, Property Development, Investment in Africa, People Engagement initiatives, Governance, Enterprise Risk Management and Sustainability so as to drive our Value Creation process.

During the financial year, I am pleased to report that several projects and initiatives at all levels were implemented around the strategic areas of focus of the Group.

Business Growth and Diversification	Customer Experience and Digitalisation	Employee Engagement and Development	Governance and Risk
Environment, Social and Governance (ESG)			

Digitalisation has been further accelerated to improve efficiency of operations and enhance customer experience through the implementation of medical and other IT applications, digital payment facilities, Robotic Process Automation, and digital platforms to interact and onboard new customers and intermediaries. Investment in cybersecurity has also been a priority with the implementation of several initiatives following an independent assessment.

Enhanced proximity with customers was important to strengthen relationships, retain them and ensure sustainability of the business. Two new branches at Curepipe and Flacq were opened and new digital channels such as the online sales platforms and upgraded website have been rolled out to make SICOM's services accessible and available at any time. A new unit-linked product (SICOM MaxInvest), product bundling and revamped motor, travel and loans products have been launched during the year to meet the demands of customers.

SICOM's brand identity has also been refreshed to portray a Group with demonstrated expertise that is modern and forward looking. Our presence on billboards, newspapers and on social media platforms coupled with redesigned offices and branches have made our brand stronger. In addition, we have produced a new corporate video to further promote and raise awareness of the SICOM corporate brand.

The video has showcased our history, achievements, products and our affinity with the Mauritian public.

Our latest successful brand campaign is the wrapping of one Metro Express train in our endeavour to achieve a more permanent brand presence.

"Consolidation, Execution and Sustainability are the themes for the next 3 years"

Looking further, building upon our past achievements and as we prepare for a new tomorrow, SICOM is well positioned to become a leading player in Mauritius, Africa and beyond. The implementation of our Strategy Plan 2022 - 2025 has already started. Consolidation, Execution and Sustainability are the themes for the next 3 years to execute the core initiatives devised by SICOM. Our new strategic vision is expected to further grow and diversify SICOM's revenue streams. It will also translate into SICOM setting up new strategic business verticals, which will contribute towards the progress of Mauritius in the attainment of its economic development goals.

The Group will spare no effort towards successfully delivering on its vision and creating value for its Stakeholders.

Our Performance

The total assets of the Group increased from MUR 25.0 billion as at 30 June 2021 to reach MUR 25.8 billion as at 30 June 2022. Profit from operations before tax and excluding Fair Value Through Profit and Loss (FVTPL) at Company level increased from MUR 589.5 million last year to MUR 603.6 million for the financial year under review. At Group level, profit from operations stood at MUR 632.0 million for the financial year ended 30 June 2022 as compared to MUR 651.0 million last year.

While benefitting from having a diversified portfolio across asset classes and geographies, the different investment funds managed by the Group were significantly impacted by the negative performance of their overseas investments and their unrealised impact on assets at 30 June 2022, which explains the decrease in Profit Before Tax of the Group from MUR 1.05 billion to MUR 349.5 million and that of the Company from MUR 1.01 billion to MUR 316.4 million. This negative impact will reverse when markets improve going forward. Nonetheless, the total investments under management increased by 4.7% from MUR 63.5 billion as at 30 June 2021 to reach MUR 66.5 billion as at 30 June 2022.

Revenue excluding FVTPL increased by 11.5% to reach MUR 4.8 billion in 2022 and is mainly explained by the increase in Gross premium of MUR 485.1 million.

Our Vision and Way Forward

Our journey to deliver on our values and objectives will continue with our spirit of resilience in spite of volatile and uncertain market conditions. We stay committed to supporting sustainable development, increasing customer experience, conducting business with transparency and integrity, caring for our people and generating long-term returns for our Stakeholders.

"...spirit of resilience in spite of volatile and uncertain market conditions"

Appreciation and Acknowledgement

I wish to express my appreciation and gratitude to my fellow Directors, the Management Team as well as all employees for their continued commitment.

I would also like to thank the outgoing Chairperson, Mr Y Salemohamed and the outgoing Directors, namely, Mr B Boyramboli, Mrs Z B Lall Mahomed and Mr K R Sooknah for their contribution to the affairs of the Group.

My thanks also go to the Government of Mauritius, the Financial Services Commission, the Bank of Mauritius, Reinsurers, Insurance and Reinsurance Brokers, Investment Managers, Bankers, Insurance Agents, Sales Agents, and other stakeholders for their vote of confidence.

KARUNA G. BHOOJEDHUR-OBEEGADOO
Chairperson

Investment Under Management
MUR 66.5 bn
(2021: MUR 63.5 bn)

Total Assets
MUR 25.8 bn
(2021: MUR 25.0 bn)

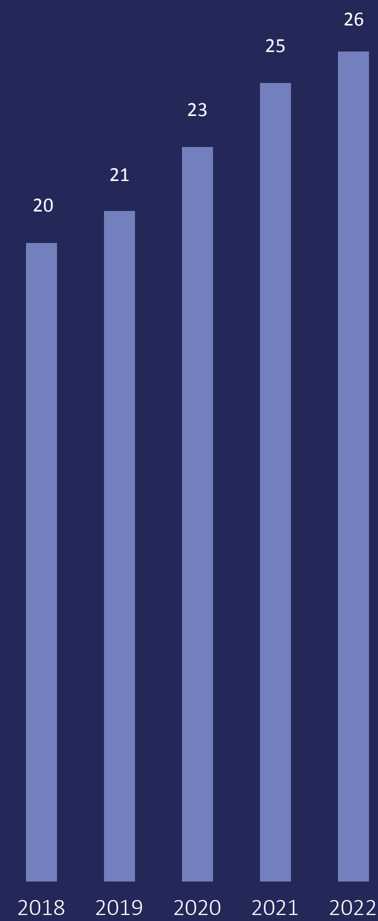
Total Revenue*
MUR 4.8 bn
(2021: MUR 4.3 bn)

Operating Profit**
MUR 632.0 m
(2021: MUR 651.0 m)

*** excludes FVTPL**
****excludes FVTPL and before tax**

Financial Highlights
(Group)

TOTAL REVENUE*
(MUR'bn)



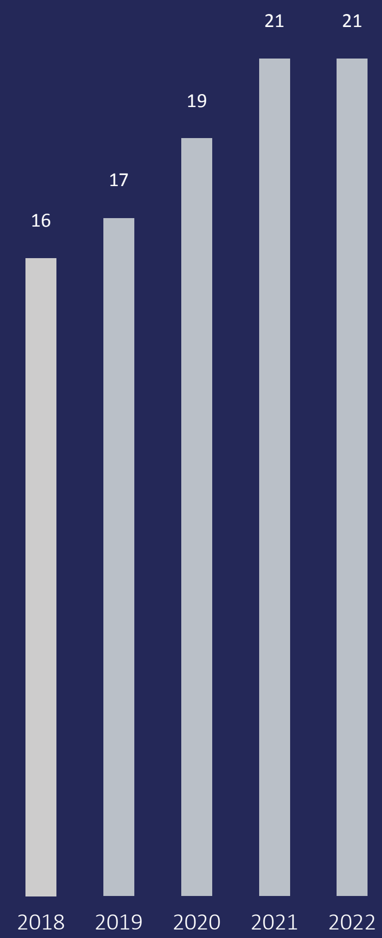
TOTAL ASSETS
(MUR'bn)

OPERATING PROFIT**
(MUR'm)

* excludes FVTPL
**excludes FVTPL and before tax

Financial Highlights
(Company)

TOTAL REVENUE*
(MUR'bn)

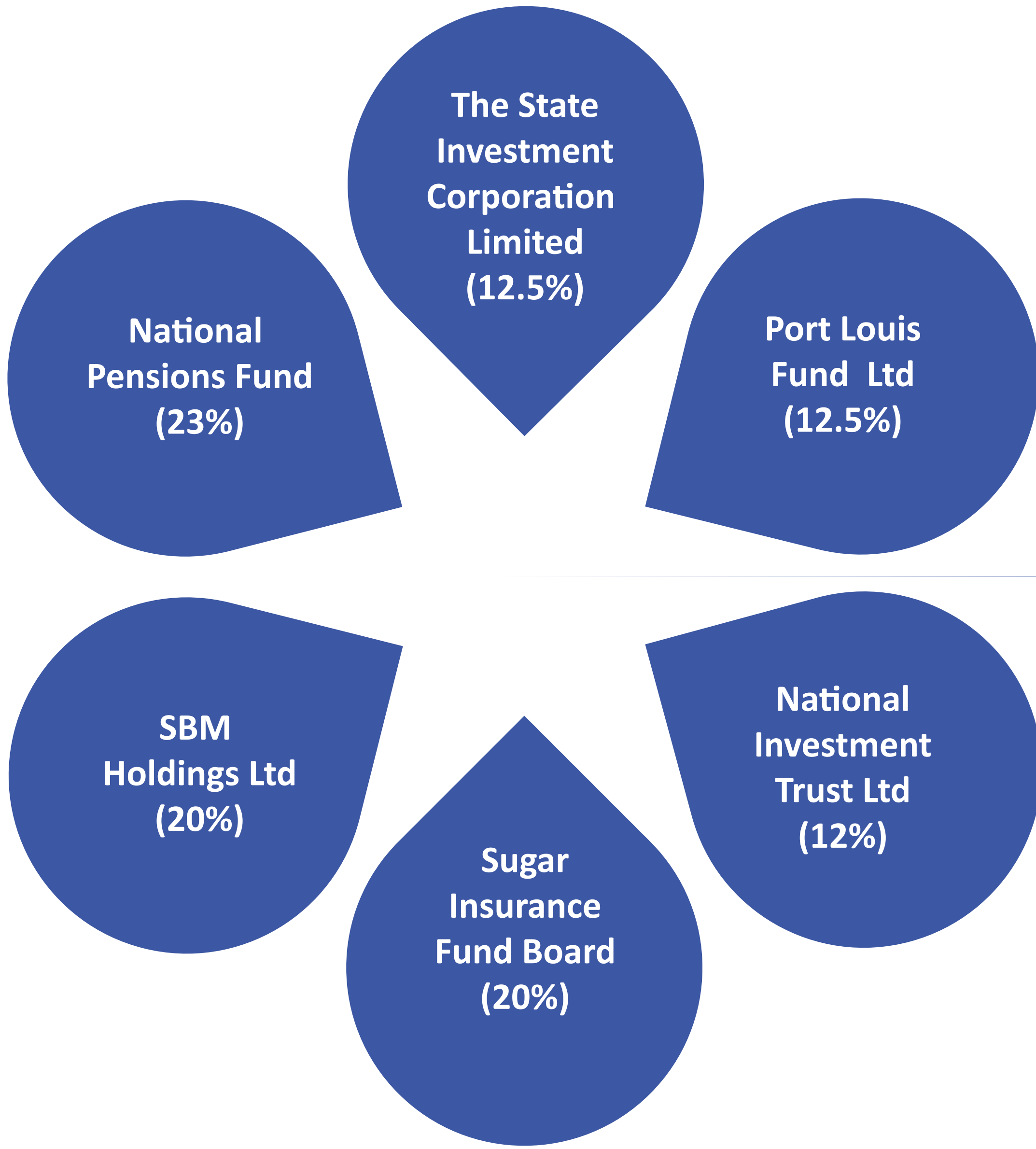


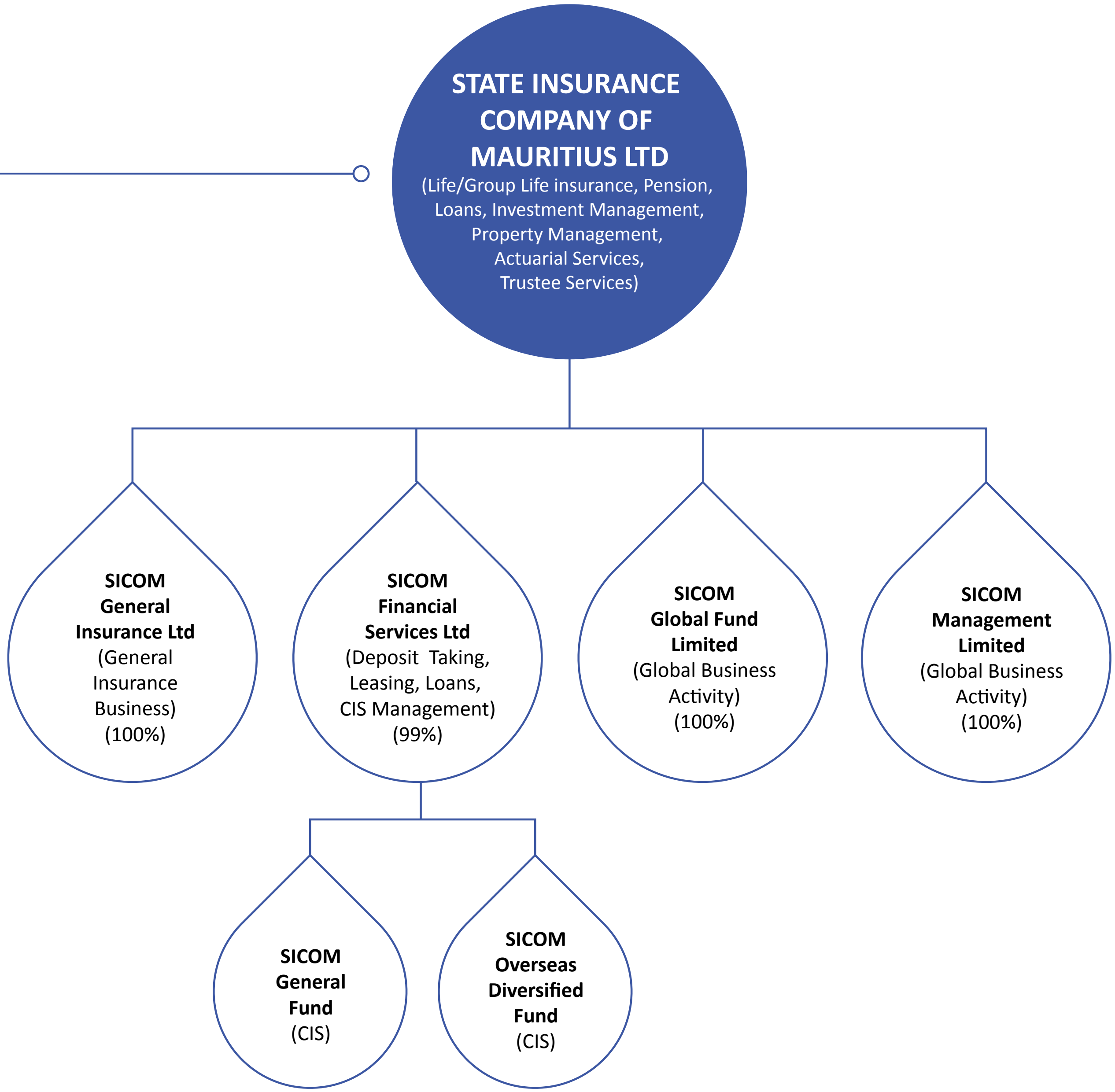
TOTAL ASSETS
(MUR'bn)

OPERATING PROFIT**
(MUR'm)

* excludes FVTPL
**excludes FVTPL and before tax

Shareholding and Group Structure




STATE INSURANCE COMPANY OF MAURITIUS LTD
(Life/Group Life insurance, Pension, Loans, Investment Management, Property Management, Actuarial Services, Trustee Services)
SICOM General Insurance Ltd (General Insurance Business) (100%)
SICOM Financial Services Ltd (Deposit Taking, Leasing, Loans, CIS Management) (99%)
SICOM Global Fund Limited (Global Business Activity) (100%)
SICOM Management Limited (Global Business Activity) (100%)
SICOM General Fund (CIS)
SICOM Overseas Diversified Fund (CIS)

Evolution of SICOM Group

SICOM Group has evolved in becoming one of the leading Financial Services Groups in Mauritius. The Group is well-diversified and presently includes the State Insurance Company of Mauritius Ltd (SICOM), SICOM General Insurance Ltd (SGIN), SICOM Financial Services Ltd (SFSL), SICOM Global Fund Limited and SICOM Management Limited. SICOM is the leader in Managed Pensions business in Mauritius and is also ranked amongst the top life insurance companies in the country. Over the years of its existence, the Group has acquired properties, undergone digital transformations and expanded its distribution network across the island to remain on top of its game and adapt to industry trends and changing customer needs.

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
Offering 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 & 1 in Rodrigues

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

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

2017
Opening of Customer Care Lounge in SICOM Tower, Ebene

2020
Launch of Customer Lounge & 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 Digital Milestones

SICOM Group has been modernizing its operations by continuously investing in latest technologies to become more efficient. Digitalization programmes have been setup to streamline processes, manage risks, reduce turnaround time, automate workflows and become paperless, robotize routine activities, and adopt cloud technologies.

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

September 2018
New mobile-friendly SICOM website
www.sicom.mu has been revamped to a central, mobile-friendly website

September 2018
Instant quotation
Instant quotation available for Loans, Leasing and Deposit

June 2020
Launch 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
Onboarding of clients digitally

September 2020
Digital marketing and communications

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

June 2021
Launch of e-platform for Motor Insurance
Onboarding of Motor insurance clients digitally and selling online

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
Introduction of Robotics for processes across SICOM
Automation of repetitive tasks

January 2022
Surveyor Portal
Online facilities for Surveyors

June 2022
Launch of new Medical Application

Sep 2022
Mobile App - Phase 1
New Platform for Customers to have all their information in one place

December 2022
Implementation of new Life Application

January 2023
Enhanced Customer Portal

April 2023
Mobile App - Phase 2
App Platform for Customers to have all their information and also do transactions

July 2023
Agent Portal

September 2023
Digital eXperience Platform (DXP)
Digital eXperience Platform (DXP) will provide SICOM a unified platform with omni channel experience for the customer

Group CEO's Message

I am proud that SICOM has continued to deliver on its value proposition even as the markets kept becoming more volatile and uncertain. The year under review has been very challenging yet exciting as we embarked upon the Group's transformational journey towards a strong and resilient local Financial Services Group aiming to attain new heights. Our growth and diversification agenda remains driven by our strategies to establish a sustainable and modern future for our existing business verticals and our ambition to venture into new emerging verticals and markets.

Strong delivery on key Strategies

During the past year under review, the Group has worked relentlessly together in trying to identify new market segments to consolidate its market share, whilst espousing best market practices and achieving sustainable objectives. Our focus has been to lead and deliver on our strategic initiatives across four key areas while keeping Environment, Social and Governance (ESG) drivers as the common denominator.

Our People & Partners

Throughout this journey, there has been strong commitment and engagement of our people to stay ahead of the game at all levels. We have also recruited new talents across varied business sectors to onboard people who can challenge and disrupt the organisation to move forward differently. SICOM today stands as an 'Employer of Choice' with multi skills. We have partnered with the best professional consultancy firms to assist us in crafting and implementing our ambitious strategic plan, IFRS 17-insurance contracts, actuarial and other valuations, cyber security assessment, reviews of salary and benefits and other IT and innovation projects.

Operating Context and Financial Performance

SICOM's business model focuses essentially on the long-term horizon. While we continue to deliver on our promise to become a more robust and well-diversified organisation, the Profit before tax at both Group and Company levels has been impacted by the fall in prices of overseas stock markets on the back of worsening global economic conditions, especially close to year end. Indeed, the MSCI World Index plunged by 15.6% during the year, which significantly impacted assets measured at FVPTL. Financial markets continue to be fraught with a high level of volatility and any pickup will impact positively on the Group's profitability. This was indeed the case after the June 2022 financial year end, that is, in July 2022. We are closely monitoring the markets and actively seeking new and innovative opportunities.

Notwithstanding the FVTPL issue, our strong financial and operational performance continue to underpin our consolidation strategy. Revenue increased by 11.5% to reach MUR 4.8 billion in 2022, mainly due to an increase in Gross premium of MUR 485.1 million. Profit from operations at Group and Company level stood at MUR 632.0 million and MUR 603.7 million respectively as compared to MUR 651.0 million and MUR 589.5 million respectively last year.

Looking Ahead

We will continue to accelerate our digital transformation journey and explore opportunities to tap into new business areas to make our business model more agile, resilient and sustainable. Our focus will remain to lead and deliver on our next 3-year strategy plan. Our attention will be on financial performance, customers, people and sustainability. The Board and Management team of SICOM have now the task to continue the execution of our strategy plan.

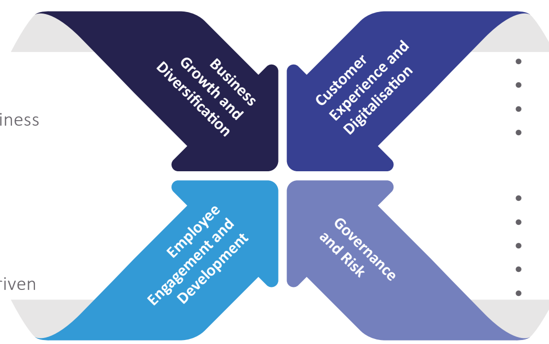
Appreciation

I would like to thank our valued Customers for partnering with us. Your trust gives us the impetus to try harder. I wish to express my appreciation and gratitude to my fellow colleagues from the Management Team as well as all employees for their great commitment.

My appreciation also goes to the continuous support and encouragement of the Chairperson and members of the Board of Directors of the SICOM Group for their invaluable insight and contribution. I would also like to thank the Government of Mauritius, our Shareholders, Pensioners and other stakeholders.

- Develop new products
- Increase Sales
- Strengthen relationships
- Diversify and regionalise business activities in Africa
- Business restructuring

- Engage with People
- Promote Digital Learning
- Embark on a performance-driven culture



- Enable Digitalisation
- Boost Customer Experience
- Reinforce Brand and Project Positioning
- Outsource, Insource, Shared services or Partnerships

- Implementation of IFRS 17
- Risk Management
- Business Continuity
- Cybersecurity
- Comply with regulatory requirements

Highlights regarding our robust operational and financial performance

Investment

The total investments under management increased by 4.7% from MUR 63.5 billion as at 30 June 2021 to reach MUR 66.5 billion as at 30 June 2022. SICOM continues to innovate and introduce new services for clients, and one of its wholly-owned subsidiaries, SICOM Management Limited, has recently been licensed by the Financial Services Commission as an Investment Adviser (Unrestricted). Through this new licence, Investment Advisory services are now being offered to institutional clients. Our Africa expansion strategy is well underway.

Life Insurance

Our long-term business operations, which consist of Group and Individual life businesses, ended with a Gross premium figure of MUR 2.7 billion as at June 2022 (MUR 2.4 billion - June 2021) which represents an increase of 12.5% over last year's figures. A new Unit Linked product named SICOM Maxinvest has been launched during this financial year to strengthen our product portfolio.

General Insurance

The Gross Earned premium for 2021/22 showed a growth of 12.5% to reach an amount of MUR 1.4 billion (2021: MUR 1.3 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.

Group Pensions and Actuarial

The net assets under administration stood at MUR 42.0 billion as at 30 June 2022 as compared to MUR 40.5 billion last year. The surplus of income over outflows excluding unrealized gains stood at MUR 2.5 billion for the financial year under review as compared to MUR 1.3 billion last year. During the year under review, 173 actuarial valuations of pension funds have been carried out and the total actuarial income accounted was MUR 10.5 million (June 2021: MUR 7.2 million).

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 billion worth of investment properties. This property business vertical continues to generate a stable yield to the Group.

Financial Services

The total deposits in the Company stood at MUR 1.9 billion for the year ended 30 June 2022, compared to MUR 1.7 billion last year, that is an increase of 11.8%. Net investments in finance lease reached MUR 697.1 million for the financial year ended 30 June 2022 as compared to MUR 705.7 million last year. Another achievement for 2022 was that personal loans business performed well during the year under review, with a total amount of MUR 406.5 million which was disbursed compared to MUR 247.1 million last year.

Profile of Directors

KARUNA G. BHOOJEDHUR-OBEEGADOO (CHAIRPERSON)

- **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**

Karuna Bhoojedhur-Obeegadoo was the Group Chief Executive Officer heading the SICOM Group of Companies until her retirement in September 2017. She has also worked with M&G Reinsurance Company in London (now Swiss Re) prior to joining SICOM and was appointed Actuarial Adviser to the National Pensions Fund and member of its Investment Committee.

In the past, she has served as Director on the board of several companies, including 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 the Board of Investment.

She is currently a Director on the Board of companies within the SICOM Group and is also a member of the Board of the MCB Group Ltd and of its Audit Committee, Remuneration, Corporate Governance, Ethics and Sustainability Committee and a member of the Board of MCB Equity Fund Ltd.

NANDITA RAMDEWAR (GROUP CEO)

- **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)**

Nandita Ramdewar is the Group CEO as from 1 May 2021. She joined SICOM as Manager (Finance) in 1992 after working for a leading audit firm. Since then, she has been heading several business units of the Group at senior management level and has also acted as the Company Secretary. She has acquired along the years a broad experience in insurance, strategy, finance, investments, financial services, corporate matters and other fields. In February 2018, she was appointed Deputy Group CEO, besides acting as Chief Finance Officer. She was acting as Officer-in-Charge from August 2019 to April 2021.

She currently serves as Director on the Boards of SICOM Financial Services Ltd, SICOM General Insurance Ltd, SICOM Global Fund Limited, SICOM Management Limited and National Housing Development Co Ltd. She has in the past acted as the Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd and Central Depository and Settlement Company Ltd.

ANANDSING ACHARUZ

- **MSc in Financial Economics, University of London**

Anandsing Acharuz has assumed different responsibilities since joining the public service in 1996. He is presently Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development.

He is responsible for the coordination and preparation of the national budget, for the economic research and planning functions of the Ministry, and for the formulation of policies to ensure effective public financial management.

In view of his responsibilities, he is constantly engaged with different international organisations such as the IMF, the World Bank, the UNDP and Moody's Investors Service.

Mr Acharuz also serves as Director on the Board of a number of public bodies and contributes to their effective financial management.

CHANDRADEO (SANJEEV) DABEEA

- **BA (Hons) Business Accounting, FCCA,**
- **MBA (Financial Management)**

Chandradeo (Sanjeev) Dabeea is a Fellow of the Association of Chartered Certified Accountants. He also holds an MBA (Financial Management) and a Bachelor of Arts (Hons) in Business Accounting from the University of Lincolnshire & Humberside (UK).

Chandradeo (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 over the years has served various private, parastatal and public interest entities at management level and as Head of department. He is actually the Commercial Manager of State Trading Corporation as from August 2020 and prior to that has served as Manager/Head of Accounting and Finance of Airports of Mauritius Co Ltd from June 2009 to August 2020.

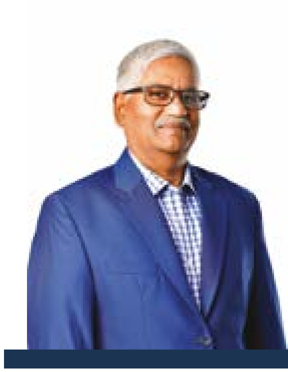
Chandradeo (Sanjeev) Dabeea is registered as a Professional Accountant with the Mauritius Institute of Professional Accountants since January 2007, is a Member of the Mauritius Institute of Directors since 2010 and is also a member of the Institute of Internal Auditors since 2019. He has in the past served as director on the Board of State Property Development Company Limited.

DEV KUMAR GOPY

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

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

He currently serves as Executive Director on the Boards of SICOM Financial Services Ltd and SICOM Management Ltd. He is also a Director of Cyber Properties Investments Ltd and has in the past been a Director of the Stock Exchange of Mauritius Ltd and the Central Depository and Settlement Co. Ltd.



CHAITANAND JHEENGUN

- **Fellow of the Chartered Governance Institute UK & Ireland (ICSA)**
- **Masters in Business Administration - Heriot Watt University, Edinburgh**

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

He is presently the Company Secretary of the Central Depository & Settlement Co Ltd and Chairman of the Sugar Insurance Fund Board. He is also an executive member of the ICSA - Mauritius Branch.

Profile of Directors (cont'd)

SHAKILLA BIBI JHUNGEER

- **Masters in International Law and Criminal Justice from the University of East London**

Shakilla Jhungeer is a Barrister. She holds a Masters in International Law and Criminal Justice from the University of East London.

Ms Jhungeer 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 Association on 20 January 2012. Ms Jhungeer has previously served as Board Member of the Independent Commission Against Corruption (ICAC) from February 2015 to October 2019.

She 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.

DHANANDJAY KAWOL (DR)

- **Doctor in Business Administration**
- **Associate member of The Chartered Governance Institute**
- **Masters in Business Administration**
- **Diploma in Management Studies**
- **B.Sc (Hons) Crop Science and Production**

Dr Dhanandjay Kawol started his career in the Civil Service in 1991 as a Technical Officer at the Ministry of Agriculture and Natural Resources. Subsequently in 1995, he was appointed as Assistant Secretary in the administrative cadre. He has served in different ministries and has reached the level of Permanent Secretary. He has also served as Chief Executive at Municipal Councils of Port Louis and Quatre Bornes from July 2006 to July 2008. Dr. D Kawol has served several Boards as ex-officio member since his assumption of duty as Assistant Secretary.

He is presently posted at the Ministry of Social Integration, Social Security and National Solidarity (Social Security and National Solidarity Division) since 19 July 2021. He is presently also serving the following Boards, namely Ascencia Ltd, Cybercity Properties Ltd, Employees Welfare Fund, Mauritius Housing Company Ltd, National Empowerment Foundation, National Social Inclusion Foundation, the National Pensions Fund/ National Savings Fund Investment Committee and Omnicane Ltd.

VARUN KRISHN MUNOOSINGH

- **MA Economics, University of Mauritius**
- **BSc (Hons) Economics and Finance, University of Mauritius**

Varun Krishn Munoosingh is currently an Assistant Permanent Secretary at the Prime Minister's Office and is presently posted at 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.

He has also been a Director on the Board of SBM Holdings Ltd, and a Board member of the Road Development Authority.

USHALINI SHEWRAJ

- **Master of Business Administration**
- **MSc in Information Technology**

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.

JAIRAJ SONOO, C.S.K.

- **Masters in Business Administration (MBA), University of Surrey, UK**

Jairaj Sonoo is the Chairman of the State Investment Corporation Limited (SIC), the investment arm of the Government of Mauritius, and holds directorship on various investee companies of SIC.

He is the NHDC Group Chief Executive Officer (Group CEO) and is an Executive Director of New Social Living Development Ltd (NSLD) which has been entrusted by Government the responsibility of constructing 12,000 residential units across Mauritius.

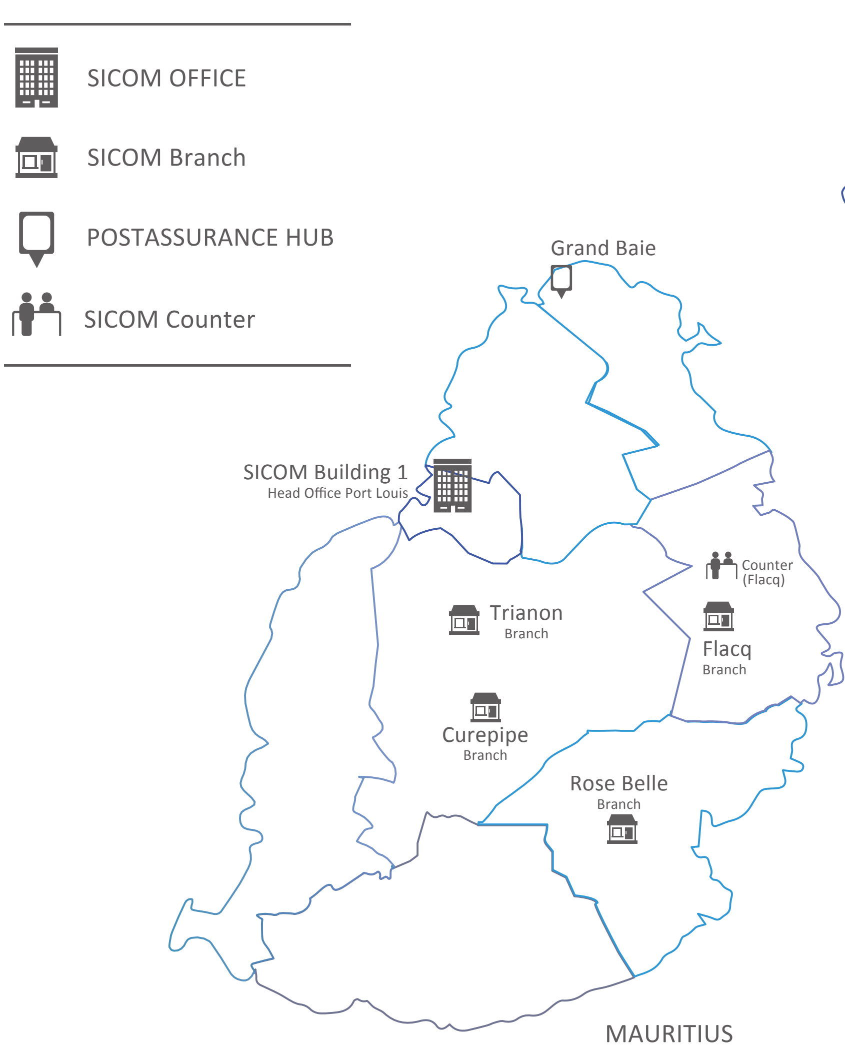
He is also the Chairman of the Industrial Finance Corporation of Mauritius (IFCM) Ltd which is involved in the Government action to support economic operators through various schemes implemented under budgetary measures. Mr Sonoo has spent four decades in the banking sector, at both local and international level, including 38 years at State Bank of Mauritius Ltd, in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings from November 2014 to September 2015.

He occupied the post of 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 organic growth, merger and acquisition. He also led the acquisition of a Kenyan Bank which marked the milestone for the Group entry into East Africa.

SICOM Way

Values	Value Statements
Superior Results	• We believe that everyone across the organisation has the potential to drive superior results. • We can all find innovative ways to add more value. • We are all empowered to deliver high level performance.
Synergy Together	• We are proud of our people. • We can achieve more by collaborating and working as one SICOM. • We have a strong sense of commitment to the SICOM brand.
Satisfied Customers	• We exist because of our customers. • We aim at exceeding customer satisfaction. • We put customers at the centre of everything that we do.
Self-Learning	• We believe in the capabilities of our people. • We encourage our people to learn and share. • We invest in the personal development of our people.
Standards & Rules	• We believe in integrity and ethics. • We work in accordance with the set standards and rules. • We maintain a symbiotic 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

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

Understanding
Our Ecosystem

Beyond insurance, a leading Financial Services Group

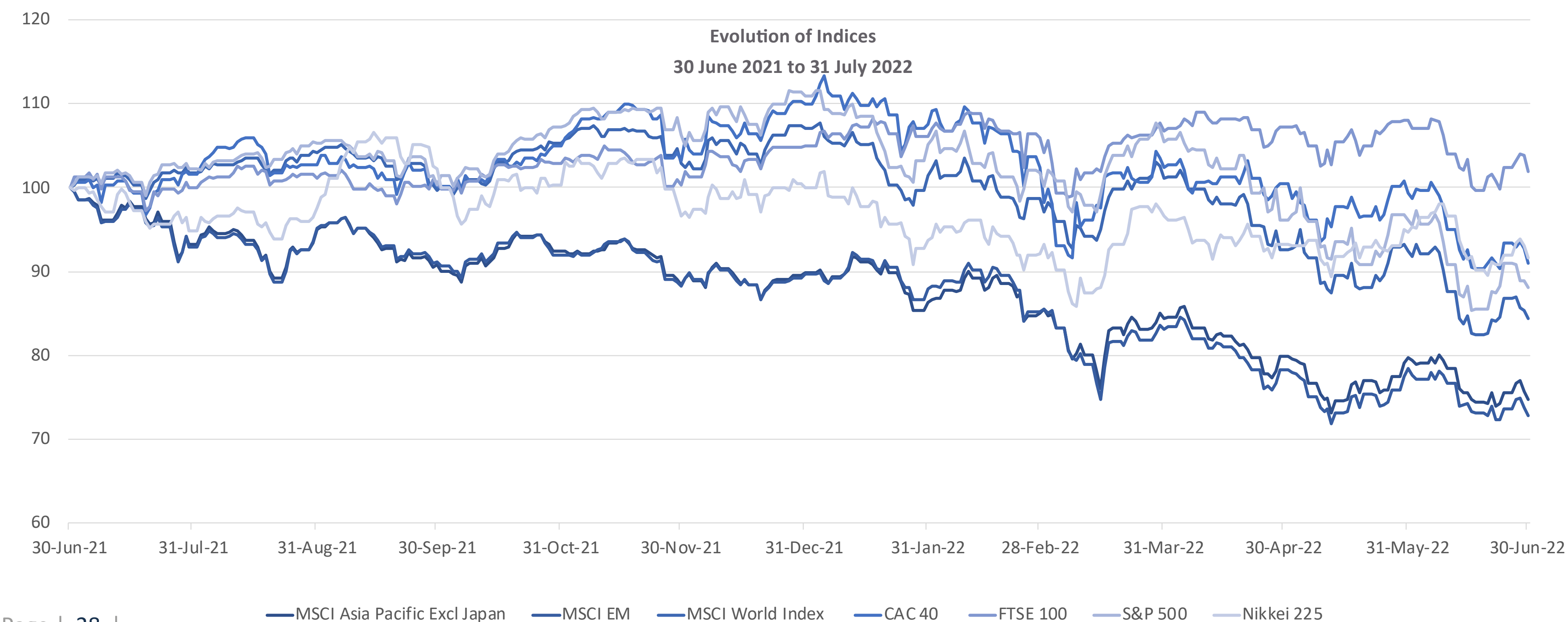
Our Operating Context

Macroeconomic

Global

The forces shaping the global outlook in 2021 and 2022 are the evolution of the COVID-19 pandemic, the gradual pickup in economic activities as lockdowns are progressively eased, global supply chain disruptions, the war in Ukraine, high energy prices, broad inflationary pressures and more recently, the tightening of monetary policy by central banks. Beyond the immediate humanitarian impacts, the war has severely set back the global recovery, slowing growth and increasing inflation even further. The baseline GDP forecast slowed from 6.1 percent last year to 3.2 percent in 2022 according to the IMF, largely reflecting the war's direct impacts on Russia and Ukraine and global spillovers. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances, and it is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging markets and developing economies this year. There is a significant divergence between the economic recoveries of advanced economies and emerging markets and developing ones. In addition to the war, frequent and wider-ranging lockdowns in China—including in key manufacturing hubs—have also slowed activity and could cause new bottlenecks in global supply chains, impeding global trade and cooperation. The higher, broader, and more persistent price pressures have led to a tightening of monetary policy in many countries. Overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to fasten the green transition.

On the investments side, while 2021 saw overseas stock markets soaring to one new all-time high after another, 2022 has so far been defined by a prolonged sell-off, as investors' sentiment turned bearish in the face of accelerated monetary tightening by central banks to curb the mounting inflationary pressures and the growing recession fears.



Local

The economic performance of Mauritius since the onset of the pandemic has weakened considerably due to the sharp contraction of the Gross Domestic Product due to reduced economic activities and growing expenditures as the government provided support to the population while the economic recovery has been tepid. However, the easing of sanitary restrictions and full-fledged border reopening have gradually supported the economic recovery in 2022. IMF forecast that Mauritius's economic growth will reach 6.1% in 2022 compared to 4.0% in 2021, on the back of rising tourist receipts and strengthening of consumer activity following high vaccination and booster levels. Inflation rate will however spike to 11.9% from 4.0 % in 2021, signalling additional pressure on the purchasing power of the Mauritian citizens, potentially causing a shift in consumption and savings ratio.
With the gradual resumption of normal economic activities, it was comforting to see a rebound in the domestic bourse and resumption of dividend declarations by more companies on the back of improved corporate earnings. A slight pickup has been noted in interest rates following the recent repo rate hikes.

Regulatory Changes

IFRS 17

A major change which will be brought about by the accounting standards in the forthcoming year is the IFRS 17. It is the new international financial reporting standard which presents the 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. It will remove existing inconsistencies and will enable investors, analysts and others to meaningfully compare companies, contracts and industries. The original effective date of 1 January 2021 has been moved to 1 January 2023 by the International Accounting Standards Board.

Industry Trends

There are several trends impacting the financial services industry and transforming the landscape within which we operate. An important contributor across several of these trends is the technological revolution brought about by the Fourth Industrial Revolution, which was accelerated as a result of COVID-19. Apart from digitalisation offering, customised solutions and convenience in interaction and engagements with customers, the trends we have identified are:

- New cross-industry market entrants in the ecosystem who are rolling integrated financial services and disrupting traditional business models
- More partnering and collaboration initiatives to share value and leverage on strengths and capabilities of various players
- The more conscious consumer demanding transparency and that the company operates in an eco-friendly and ethical manner and consistent with its values
- The rising profile of ESG has been also plainly evident in investments. A major part of ESG growth has been driven by the environmental component of ESG and responses to climate change. But other components of ESG, in particular the social dimension, have also been gaining prominence. One analysis found that social-related shareholder proposals rose by 37 percent in the 2021 proxy season compared with the previous year.

These have already started disrupting the broader industry. We monitor these on an ongoing basis to ensure that we remain agile in the execution of our long-term strategy.

Connected to our Stakeholders

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

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) Our customers generate revenue, through the purchase of our products and services. We offer our customers quality advice and fairly priced products to help them meet their needs and achieve their financial goals. Our competitive advantage leverages on providing our customers with financial education and inclusion initiatives to encourage saving, investing, credit behaviour and retirement readiness.	• Omnichannel experience and ease of use • Responsible and appropriate advice • Fast and efficient customer service • Innovative and flexible product solutions • Relief in times of significant financial difficulty	• Launched new products and initiatives to enhance our customer proposition • Provided value for money financial solutions to our customers in a responsible way • Use robotics to simplify our processes, giving back time to customers through reduction in servicing and processing time • Call centre services for greater availability • Enhanced our digital platform channels to drive digital engagement • New bancassurance partnerships to connect and serve customers	• Traditional distribution channels (including branches and worksites) • 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.	• Strong governance, ethics and transparency • Long-term sustainable financial returns and distributions • Clear strategic direction and consistency in operational execution • Experienced management team • Transparent reporting and disclosures • Strong financial control environment including corporate governance and ethics frameworks	• Strong delivery on our operational objectives • Strategy validation exercise • Maintained transparent reporting and disclosures in line with our reporting standards and internal policies and procedures • Frequent updates to the Board about major projects	• Annual 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 competitive advantage, and their welfare is our highest priority. We rely on our highly motivated and engaged employees to put our customers first in everything they do and to act as brand custodians, enabling us to execute on our strategic priorities and generate long-term value for our investors.	• Competitive reward structures and benefits • Career growth and development • An inclusive culture that is safe and enabling • Addressing health and overall wellness • Flexibility – work/life balance	• Benchmarked rewards to industry and linked to business performance and outcomes • Learning culture and continued professional development are encouraged by way of various schemes that motivate employees to pursue their self-development. • Invested in various employee skills development and mentorship initiatives, including agile and other technical courses • Various communication channels e.g. SMS and Intranet • Conducted multiple wellness initiatives	• Communication via Intranet, Creation of a Learning Zone • Internal communication • Annual report • Salary review • Performance bonus
Intermediaries They serve as a crucial link between our customers and us. By establishing relationships with new customers, providing appropriate advice based on their needs, and providing a service to them through a combination of face-to-face and digital channels, they optimise and enhance the customer experience. They play a vital role in attracting new business and in retaining existing customers.	• Ease of doing business • Digital capabilities that enable engagement sales, and servicing • Product and regulatory training • Fair incentives that reward efforts • To be associated with a brand which delivers on its promises	• Improved our digital servicing capabilities, such as tracking tools, and sales and servicing platforms, to drive ease of use of our digital solutions • Provided ongoing training to improve the experience of our intermediaries • Trainings organised on new products • A dedicated salesmen unit to serve intermediaries • Timely processing of commissions • Develop sustainable relationships • Digitalisation of the 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) Our business partners provide the goods and services required for us to carry out our activities. Positive relationships with them are grounded in shared codes of behaviour and ethics, enabling us to develop strong value propositions for clients.	• Fair payment practices • Comply to terms in Service Level Agreements • Fair tender process • Supplier relationship management	• Timely payment to suppliers and other business partners such as consultants • Develop sustainable relationships • Work as a team with a common goal • Timely communication and consultation	• Digital Tools • Email, Phone call, Letters • Regular meetings

Connected to our Stakeholders (Cont'd)

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 together find 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	• Maintained our solvency capital at levels above regulatory requirements • Detailed risk management and controls systems and performed a self assessment for Actuarial, Risk and the Compliance function • Focused more on dealing with future pandemics as part of business as usual, with management taking the requisite steps to risk-proof the business • Comply with new laws and create organisation wide awareness	• Direct communication including submissions of required reports and returns attendance to meetings, 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	• Supporting CSR projects • Trainees periodically onboarded for short-term training within the organisation • Supported the communities through various initiatives, such as sponsorships related to education, road safety, skills development initiatives etc.	• Media channels • Annual report • Community projects and campaigns
Environment Although our business does not have a direct impact on the environment, we still need it to be able to operate and our activities indirectly affect it, for example in terms of renewable energy use, low carbon emission, reduction of waste and pollution etc. We are concerned about the environment and carry out responsible business practices which will safeguard it.	• Going Green initiatives • Energy saving initiatives	• Installation of solar Panels at SICOM Tower • Include more plants and trees within our premises • Installation of LED bulbs in the buildings • Implementing projects towards going paperless • Rain water harvesting for maintenance purposes • Undertake energy audits of buildings • Procurement of energy efficient equipment	• Meeting with relevant stakeholders to discuss environmental projects

SHAREHOLDERS' DIARY

Details	Date
Financial year-end	30 June 2022
Audited Financial Statements (year ended 30 June 2022)	September 2022
Statutory Returns to Financial Services Commission	September 2022
Annual Meeting	October 2022
Dividend Payment	November 2022

SHAREHOLDERS' COMMUNICATION

The Company holds an 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.

DIVIDEND POLICY

The Company's objective is to provide value to its shareholders through an optimum return on equity. When determining the appropriateness of a dividend, we consider the underlying cash generated from operations, targeted liquidity and solvency levels as well as the Group's strategy. The current policy of dividend distribution is a minimum of 25% of the profit after tax of the Company. The Board declared a dividend of MUR 545 per share as at 30 June 2021, which was paid in December 2021.

Our Strategy & Risk Management

Beyond insurance, a leading Financial Services Group

Senior Management Team

1. **Atma BEEHARRY**
   Senior Executive Officer - Customer Experience

2. **Vanisha PURSUN**
   Chief Actuarial Officer

3. **Lohit K L CHEENEEBASH (Bobby)**
   Senior Executive Officer - Life

4. **Mohammad Fayaz BUDALY**
   Senior Executive Officer - Property, Facilities & Procurement

5. **Theresa M LEE SHING PO**
   Chief Support Officer

6. **Chemanlall BAGUANT**
   Senior Executive Officer - IT

7 **Vasoodevsing J. SEEROO (Rajeev)**
Senior Executive Officer - Actuarial

8 **Pritty APPADOO**
Senior Executive Officer - Risk & Support Services

9 **Chandan (Ashwin) PRAYAG**
Senior Executive Officer - Investment

10 **Surendranath ANCHARAZ (Kiran)**
Senior Executive Officer - General Insurance

11 **Dev Gopy**
Chief Investment Officer

12 **Moorganaden CHADIEN (Ruben)**
Senior Executive Officer - SFSL & Loans

Management Team

1 **Mitradev RAMANAH**
Manager - Group Pensions (Finance & Support)

2 **Jessen CURPANEN**
Manager - IT

3 **Ashley Kumar MOTI**
Manager - Motor, Personal lines & Business Development

4 **Ashvin SOOKENRAM**
Manager - Property and Casualty

5 **Ackbaree AUMERALLY AREKION**
Manager - Human Resources

6 **Keswaree Sandhya SEESAHA**
Manager - Finance

7 **Neermul SUNEECHUR**
Manager - Group Pensions (Technical)

8 **Billy A LI HING DUEN** *Barrister-at-Law*
Group's Compliance Manager,
MLRO and Data Protection Officer

9 **Khoosraj SOYJAUDAH**
Manager - Internal Audit

10 **Prithi MEWASINGH**
Manager - Legal

11 **Mahesh DOOKHEE**
Manager - Life

12 **Nitin RAMPHUL**
Manager - Strategy

Our Ambition

SICOM STRATEGY 2022-2025 – PAVING THE PATH TO GOLD

Over the next 3 years (2022-2025), SICOM Group Strategy as validated by our Strategy Consultants, identified the following key pillars

ESG and Sustainability

Business Growth and Diversification

Customer Experience and Digitalisation

Governance and Risk

Employee Engagement and Development

The above model indicates SICOM's intent to balance among growth, diversification and digitalisation. SICOM will focus on the theme "Consolidation, Execution and Sustainability" to drive both the core initiatives and new strategic directions which are expected to further grow and diversify SICOM's revenue streams. These new strategic business verticals of SICOM will also contribute towards the progress of Mauritius by accompanying the Government in its economic development goals. SICOM's strategic objectives will build on its current playing ground. The focus will be on financial performance, customers, people and sustainability. The targets are set in its detailed strategy plan.

Our Africa Story

Since the past decade, SICOM Group has been increasing its involvement in Africa by investing either directly or via investment funds in listed and unlisted companies operating in Africa. In 2022, SICOM committed to make further investments in emerging African Companies via the Private Equity channel. Companies operating in the African Insurance, Financial and Fintech sectors or generating revenue from African operations have also been targeted. The Group's exposure through funds investing across Africa is illustrated in the diagram on the right.

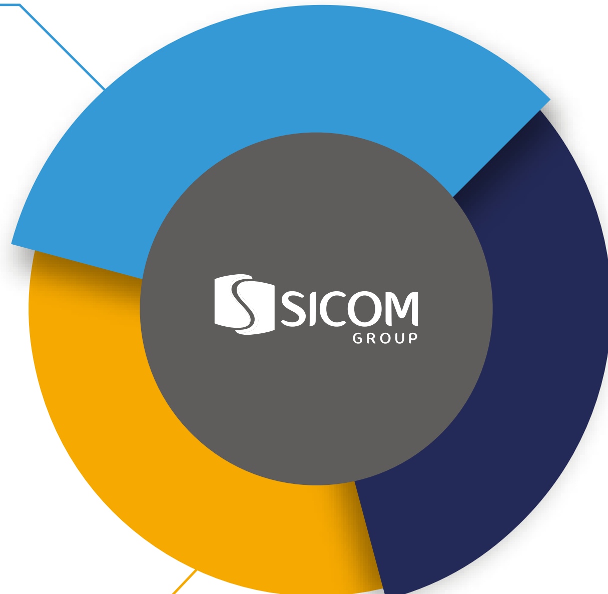
Our Strategic Intent

Ahead of the 50 years milestone, SICOM Group is already a high performing organisation and a well diversified Financial Services Group with Asset Under Management of MUR 66.5 billion, Total Assets of MUR 25.8 billion and Operating Revenue of MUR 4.8 billion. The Group has reached a strategic inflection point requiring bold measures to drive the organisation to the next level. The strategic ambition of the Group is to diversify its value creation model by investing in new business verticals which will drive new revenue stream.

[FY 2022]

Achievements - Setting the foundation for growth

- Digital Transformation
- Work Culture Change
- Strengthening the Brand
- Customer Centricity



[FY 2024 AND BEYOND]

SICOM for a better Mauritius

- Investing in new business verticals
- Increased collaboration with regional and international partners

[FY 2023 ONWARDS]

Consolidation, Execution & Sustainability

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

The Playground

1. **Leader**
Sustain as the leader in the insurance market

2. **Revenue Growth**
Achieve a revenue growth of 20 %

3. **Customer base**
Increase customer base by 30%

4. **Profit**
Achieve profit levels to above MUR 1.5 bn

5. **RoE**
Target an RoE of 15%

6. **Dividends**
Target a dividend pay-out ratio of 40%

7. **Employer**
Become the employer by choice in the financial services industry

8. **Net-Zero**
Achieve Net-Zero by 2040

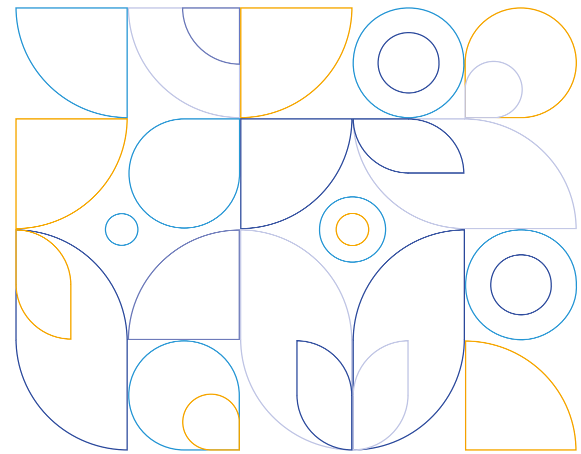
Sustainability Pathway

Since the last decade, there has been a growing realisation of a moral obligation towards our planet which has massive challenges, not just environmentally but also socially. It is increasingly felt that it is our duty to our current and future generation to leave the world a better place than we found it. Finally, regulators are introducing standards and rules across the Environmental, Social and Governance (ESG) universe in which investors want to show market-leading credentials.

Other than being a mainstream factor, ESG is ultimately a measure of greater risk and reward management. ESG is important because it has a significant positive impact on fundamental business issues relevant to the long-term success of any company. These business issues include corporate reputation whereby ESG can enhance a company's licence to operate, making it easier to accomplish business objectives and respond to crisis scenarios with key stakeholder groups. ESG also helps in risk reductions by identifying immediate and long term risks depending on the industry and business model. Finally, ESG maturity is an indicator to enhance the culture and add intrinsic value to a company's commitment to building a high-performing, purpose driven workforce and inclusive culture.

In adapting to the above, it is the act of learning new and sustainable business skills as well as competencies that are making companies more successful. Finance professionals are increasingly learning skills for gathering, managing, analysing, and reporting a whole new generation of business metrics such as greenhouse gas emissions; investment professionals need to integrate ESG checks as an integrated part of their due diligence toolkit. The finance function needs to model renewable energy contract risks. In addition, legal teams need to deal with increasing complex environmental clause in contracts and treasury teams need to understand Green Bonds and how climate risk assessment might impact credit facilities or insurance considerations. Sustainable finance has emerged as a response to a world that is finally seeking to bridge social and gender gaps. As of today, we are already witnessing a green revolution taking place all around us. Undoubtedly, in the ultimate analysis, sustainable finance can help us to successfully transition to a sustainable planet.

SICOM Group has kept the momentum of its sustainability initiatives over the past years. The Group particularly embraces ESG projects and is committed to have a positive impact in society and on the environment. Increasing demands from stakeholders worldwide to generate value beyond profits is also making sustainability an important part of its business strategy. An internal Sustainability Committee was set up to drive SICOM's sustainability agenda and report to the Board's sub-committee namely Corporate Governance, Sustainability and Nomination Committee. By taking more concrete steps towards sustainability, SICOM can transform itself to meet the ever-evolving demands by introducing new solutions catering for customers while contributing to global development issues such as climate change, education, responsible consumption and inequality, among others. SICOM has, so far, been contributing to some Sustainable Development Goals (SDGs) through various projects over the past year. These are listed as per below table and it has the potential to scale its sustainability agenda to achieve more in the future.



Initiatives	UN SDGs
Installation of Solar Panels in one of our buildings	7, 12
A special scheme for hybrid/electric cars	13, 12
Financing training programs for children who dropped-out from mainstream education (ANFEN project)	4
Installation of wastebins for separation of wastes- For Plastic, cans and dry cells	11
Rainwater harvesting system	11, 6, 12

In addition to the above, SICOM's revamped Strategy Plan 2022-2025 will directly and indirectly contribute to the United Nations Sustainable Development Goals (UN SDGs). Eight SDGs have been identified for the Group to explicitly contribute towards a more sustainable future namely:

- Good Health and Well-being
- Quality Education
- Gender Equality
- Affordable and Clean Energy
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Responsible Consumption and Production
- Climate Action

The benefits of an ESG approach

There are several incentives for adopting ESG at SICOM. In the current difficult economic context, the ESG framework helps us to identify new needs of the market, stimulate innovation, explore new market opportunities, strengthen our brands, differentiate ourselves from others and grow sales. We additionally strive to increase attractiveness to talent, reinforce our resilience to regulatory changes, improve stakeholder confidence and mitigate risks and this is also taken into consideration in our ESG approach. In the end, all our stakeholders also benefit from the new strategy.

In our latest strategy review exercise this year, it was suggested to embed ESG in every aspect of SICOM business. In the near future, SICOM will be evolving as a major private equity player and an impact investor with adoption of SDG led pillars. This will guide investment, drive performance and engage stakeholders. Its successful implementation will also depend on our ability to integrate ESG into our overall business strategy:

- Creating market opportunities
- Increase the availability and quality of employment opportunities
- Market development in Africa
- Increasing access to financial services for women
- Increasing women's employment
- Adopting digitalization and green strategies
- Adopting digitalization strategies to improve access and affordability of financial services
- Embedding ESG best practices into the investee’s strategy
- Minimizing carbon footprint
- Gender equality and women empowerment
- More quality employment
- Increased responsible consumption, investment and ability to confront shocks, contributing to better living standard

The section on our Value Creation Model of this report will address the six capitals - Natural, Human, Intellectual, Manufactured, Financial, Social - which are relevant to SICOM. ESG is well embedded in how these capitals are used to create value for the Group and its stakeholders.

Risk Management

As we build an insurance company which is resilient to future risks, we are including sustainability at the heart of how we do business. We have one planet, and we owe it to future generations to protect it. At the same time a sustainable world drives long-term competitiveness, creates the right environment for teams to thrive and for the development of a corporate risk culture aligned to the sustainable goals, and provides a foundation for long-term rewards for our shareholders.

Our aim is to make risk management simple, well understood and embedded in all our activities. Risk will provide oversight which is pro-active and proportionate while maintaining the commercial approach required to help the business make good risk-based decisions and to move quickly whilst understanding the risks.

The Mauritian economy has been gradually recovering from the COVID-19 pandemic following a substantial contraction in 2020-2021. The health impact of the pandemic was successfully managed with close to one million inhabitants vaccinated by May 2022 as part of the national vaccination campaign. Most sectors of economic activity are on track to reach pre-pandemic output levels, including tourism activities which are slowly picking up following the waiving of COVID-19 travel restrictions.

The key challenge for Mauritius is to continue its economic recovery, while controlling inflation in a global environment of high fuel and food prices, increasing freight costs and a weak rupee. Inflationary pressures are likely to continue as supply chain disruptions due to the Russia-Ukraine conflict further impact on energy and food prices. This contributes to the erosion of our clients' purchasing power, especially those in the lower and middle income groups, and may have a detrimental impact on our business objectives.

In addition, the global inflationary pressures have prompted central banks to review their monetary policies and we have seen interest rate increases worldwide, which are likely to perpetuate over the coming months. This has created significant volatility on investment markets with a significant negative impact on the fair value of our foreign equity investments.

Main Risk Achievements for The Year

In the midst of this challenging environment, we have achieved significant milestones over the year to strengthen our environment and make it more resilient to risks identified.

Cyber Security

There has been significant improvement in the cyber security rating and the Cyber Security Committee monitors the progress on the implementation of the security measures on a monthly basis

Risk Review

Underwriting and credit risks for the loans process were reviewed and found satisfactory

Annual RMF Submission

List of main risks, Risk Policies, Risk Appetite Statement and Tolerance Level for each risk category has been reviewed

Annual RMF Submission

Enhanced quantitative data in quarterly risk reports with focus on Revenue and Profit drivers

Business Risk Assessment

Together with the Compliance Department, a Business Risk Assessment tool was rolled out to all Business Units

Our Risk Strategy and Roadmap

Over the coming year we will focus on a few major projects to further strengthen our control environment and improve the resilience of the organisation.

We will also continue to monitor the Cyber Security framework to ensure that it remains resilient to new cyber threats.

In addition, we will focus on enhancing our regulatory risk management function within the framework we have developed and which we elaborate on below.

BUSINESS CONTINUITY MANAGEMENT FRAMEWORK

The existing Business Continuity Management Framework will be further enhanced with the assistance of an external consultant.

STRATEGIC RISK ASSESSMENT

More focus will be emphasized on managing the risks that could affect strategic projects from being completed in a timely manner and their impact on the Group.

CLIMATE CHANGE RISK IMPACT ASSESSMENT

The risks associated with climate change will be identified and their impact will be reduced.

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 developed 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, which is done through setting and achieving targets as well as through its review and challenge of 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. The Group 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:

	Responsibilities	Owners
1st line of defence Operations	Responsible for day-to-day risk and control management and decision-making	Management
2nd line of defence Risk Oversight	Responsible for developing, facilitating and monitoring an effective risk and control framework	Actuarial Function, Risk Management, Compliance and IT Security
3rd line of defence Independent Assurance	Responsible for providing independent assurance on the effectiveness of the overall control environment	Internal and External Audit

Our Risk Management Framework

The ERM Framework sets out, at a high level, the Group's approach to setting risk strategy and managing risks to the strategic objectives and day-to-day operations of the business. The risk management framework is designed to manage the Group's risk proactively and to enable dynamic risk-based decision-making. Aligned to the three lines of defence model, not only does the risk management framework articulate the high-level principles and practices needed to achieve appropriate risk management standards, but it also demonstrates the inter-relationships between components of the risk management framework. Within this, the risk management process is a key element in the development and on-going maintenance of an accurate risk profile. The objective of the risk management process is to identify, assess, manage, monitor and report on the risks that the Group is exposed to.

Regulatory Requirements

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

- Risk Appetite Statement
- 3-year Business Plan
- Risk Management Strategy
- Own Risk & Solvency Assessment
- Liquidity Policy
- Designated Risk Management Function
- Defined Roles & Reporting Lines

Risk Management Process

The Risk Management Process ("RMP") refers to the continuous cycle of identifying, assessing, monitoring, managing and reporting of risks, as applicable. 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 the day-to-day operations of the Group in managing its risk exposure.

The risks are identified and classified in a consistent manner across the organisation 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 as well as their reputational impact. A corresponding rating is given for the residual risk along with a control description of how each risk identified is being mitigated, together with improvement plans. The monitoring frequency of risks differs and is stipulated in the risk registers.

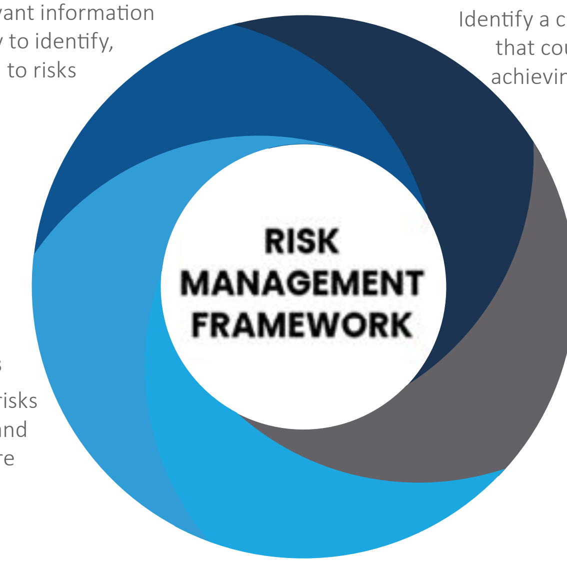
The Group has a list of key risks it is willing to take or tolerate in pursuing its strategic objectives and business plans. The Group regularly measures and quantifies material risks to which it is exposed, using financial and non-financial metrics.

Communicate and Report on Risks

Communicate relevant information properly and timely to identify, assess and respond to risks

Identify Risks

Identify a comprehensive list of risks that could affect the Group from achieving its goals and objectives



Assess Risks

Examine risks considering both the likelihood of the risk and the impact of the risk on the Group's mission

Monitor Risks

Monitor how risks are changing and if responses are successful

Select Risk Response

Select the response, acceptance avoidance, share/transfer or maximize opportunity

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

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

Risk Management (Cont'd)

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 three strategic risk 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 and liquidity**
  The Group aims to meet both planned and 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.

Our Risk Culture

Our risk culture underpins our business and decision-making and, helps us embed a robust approach to managing risk. Our Risk Function drives ownership of risks in the business and ensures that risk consideration is integral to all decision-making. It also provides expert advice and guidance to business areas, whilst also challenging the effectiveness of controls to manage risk and compliance. The Board is committed to promoting a culture of high standards of corporate governance, business integrity, ethics and professionalism in all our activities.

Risk Management Structure, Roles and Responsibilities

The diagram below illustrates the Group's risk management structure and key responsibilities. The structure ensures that risk management processes 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 tesing 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 Actuaries, Regulators 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 Internal Risk Committee on the organisation's exposure to current and emerging information security threats.

Management of Key Risks

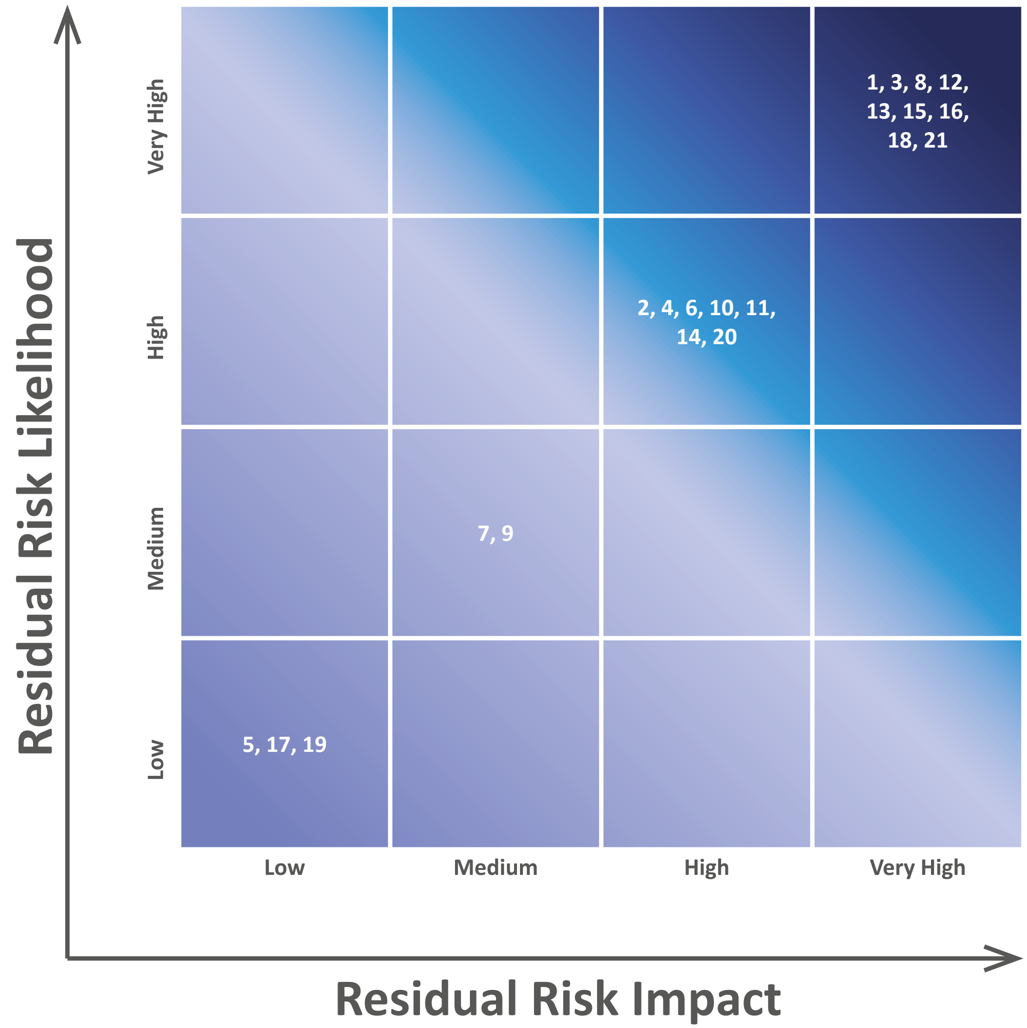
A consolidated Risk Register is in place listing all the risks pertaining to the Group. These risks are assessed on an inherent basis before any controls and on a residual basis after documenting the controls for each of these risks. Following the assessment, a list of main risks is derived and monitored on a quarterly basis.

The heat map on the right shows the residual risk rating for the list of main risks.

The top risks have been regrouped under five main categories:
Market and Investment Risks;
Counterparty Risks;
Life Underwriting Risks;
Operational Risks; and
Strategic & Environmental Risks.

The tables on the next 4 pages provide more details on the top risks along with their mitigating measures, residual risk rating and impact on capital and material matter.

Risk Assessment Matrix



Risk Management (Cont'd) - Principal Risks

	RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING	CAPITAL IMPACTED	MATERIAL MATTER IMPACTED
Market and Investment Risks	**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	Very High	Financial Capital	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.	High		
	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.	Very High		
	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	High		
	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.	Low		
	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.	High		

	RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING	CAPITAL IMPACTED	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.	Medium	Financial Capital	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.	Very High	Financial Capital	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.	Medium		
	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	High		

Risk Management (Cont'd) - Principal Risks

Operational Risks

RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING	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.	High	Financial Capital	1. Business Growth
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.	Very High	Intellectual, Social capital	2. Governance and Risk 3. Employee Engagement and Development
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.	Very High		4. Customer Experience
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.	High		
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.	Very High		
16. Inadequate Salesperson in Distribution Risk *Inadequate resources to distribute the services of the Company.*	• Recruitment of skilled staff • Carry out continuous training on product and service delivery in order to close the skills gap.	Very High		
17. 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.	Low		

	RISK TYPE AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING	CAPITAL IMPACTED	MATERIAL MATTER IMPACTED
Strategic and Environmental Risks	**18. 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.	Very High	Financial Capital	1. Business Growth 2. Governance and Risk 3. ESG
	19. 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.	Low		
	20. 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.	High		
	21. 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.	Very High		

Risk Management (Cont'd)

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 with regards to future market conditions in which the Group operates. By its nature, a strategic plan comprises of a series of underlying assumptions which can be 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 Plan will not jeopardise the sustainability and viability of the Group. The Board has assessed the principal risks to which the Group is exposed over the duration of the planning cycle. The Group's principal risks, as presented earlier, were reviewed as part of the preparation of the ORSA and the outlook of 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 the ORSA are used for planning over a timeframe of three years, to 30 June 2025, 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 success of the Plan. This 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

The 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 on SICOM's risk appetite measures. The purpose is to enhance the Board's and management's understanding 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 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.

Business Continuity

After the surge of the COVID-19 pandemic, SICOM has enhanced its existing Business Continuity Plan to ensure continuity of service to our clients and other stakeholders.

As economies begin to rebound post-pandemic, the global risk agenda has diversified away from COVID-19 toward a broader range of threats such as geopolitics, inflation, more sophisticated cyberattacks and climate change issues, being the main challenges now facing businesses.

Having customer satisfaction as main focus, SICOM has redesigned its internal processes to ease the liaison between intermediaries and customers to help business flow. With the help of its actuarial consulting support unit, SICOM embarked on the repricing of its key products to provide customers with the best-suited-to-budget products. With digitalisation of our services, we are aiming at further developing easily accessible products for a wide range of customers.

Emerging risks

Emerging risks are defined by the Group as newly developing or changing threats or opportunities, external to the Group, that are subject to a high degree of uncertainty but have the potential to materially impact the Group.

The Group has in place an emerging risks process which enables it to:

- have a proactive approach to emerging risk management;
- identify, manage and monitor a broad range of emerging risks; and
- mitigate the impact of emerging risks on the delivery of the strategic plan.

Climate Change

SICOM recognises that climate change potentially poses material long-term financial risks to the business and is receiving increased scrutiny from regulators and investors. Climate change risk can be divided into physical and transition risks. Both of these categories can manifest themselves through a range of existing financial and non-financial risks, including insurance, market, operational, strategic and reputational risks.

Global Financial Instability

Global financial instability can occur through unexpected or unpredictable external events that affect fundamental macroeconomic variables, such as GDP growth, consumption, inflation or unemployment. As markets worldwide continue to recover from the impact of COVID-19, there is a risk that global financial instability could be triggered and/or worsened by numerous external events, including natural disasters, war, terrorism, natural resource or fuel shortages and global technological failures. Should the Russia-Ukraine war continue, there is a likelihood that the impact on global financial instability will increase. The principal impacts of global financial instability would likely be felt on SICOM's investment portfolio. In order to better protect the portfolios in the current context and position them to benefit as market normalises, SICOM has undertaken a series of actions to try and mitigate the risks identified.

Board opinion

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

Our Value Creation Model

Beyond insurance, a leading Financial Services Group

Value Creation Model

SIX CAPITALS	INPUTS
FINANCIAL Our strong financial base is underpinned by our equity holding, and assets under management including the funds our customers invest with us to support the operations of our business and funds growth.	• Investment under Management of MUR 66.5 billion • Total Assets of MUR 25.8 billion • Operating Profits MUR 632 million • Strong liquidity and well diversified investment portfolio
HUMAN Our people is our asset as their combined efforts, skills and know-how, in addition to their commitment and motivation, drives SICOM forward everyday.	• 367 employees • 5 Women in Leadership • MUR 0.6 million invested in employee learning • Employee safety and wellbeing policies including diversity and inclusion
MANUFACTURED Our physical and digital infrastructure such as property, branches and digital tools and platforms, through which we conduct business activities.	• Property (Value: MUR 2 billion) • 6 Branches • Online Sales Platform • Digital Experience Platform • Revamped website
INTELLECTUAL Our unique brand and reputation, organisational systems, capabilities and expertise are valuable intangibles for SICOM.	• SICOM Brand equity • Employees with unique industry expertise and knowledge • Robotic Process Automation • Risk Management Framework • Cyber Security • Investment Advisor Licence
SOCIAL Our relationships with all our stakeholders, including regular collaborations and sponsorships with NGOs and other entities.	• MUR 1.3 million sponsored for Educational projects/ Awards/ Workshops, cultural activities and professional associations • Partnership with ANFEN for education and employability
NATURAL The responsible use of natural and non–renewable resources to reduce any adverse impact of our business activities. Protection and restoration of natural environment.	• Energy Audits • Green building initiatives • Start Carbon footprint accounting (Electricity, Fuel, Paper) • Meeting UNSDG requirements across 10 initiatives

BUSINESS ACTIVITIES AND OUTPUT

VALUE OUTCOMES

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.

- Market Growth
- Dividends to Shareholders maintained
- Financial Stability
- Balance sheet well capitalised
- Solvency maintained

- Salaries, bonuses and benefits paid to employees
- More flexible and inclusive workplace
- 69 employees undertaking studies as at 30 June 2022
- Over 150 employees followed technical and non-technical trainings
- 20 interns have been provided with meaningful placements on mini-projects to allow them get corporate exposure

- Processes automated across the Group
- Digital onboarding for life and non-life products
- Improved processing levels and service availability
- Improved Customer experience with CSAT score of 97 % and NPS score of 42% on SMS pulse surveys

- Leverage on our reliable brand and expertise to tap more on the private sector segment
- More Cross selling among existing clients
- Proactive Risk Management across the organisation
- Recommended level of Cyber Maturity reached
- Increased options to do business in Africa

- Participated and contributed to industry engagements through webinars and information sessions organised
- Community development through education
- Encourage youth participations in sports events

- Efficient use of energy
- Installation of Solar Panels at SICOM Tower
- Rainwater harvesting
- Going paperless initiatives
- Segregated wastebins for plastic, batteries and paper
- Assessment of forestation project
- Committed to net zero emissions by 2040

Insurance Salespersons & Agents
Our main relationship partners

1. Kailash Mani NUNKOO
2. Kishore FOWDUR
3. Ravi BOODHOO
4. Bharati PENTIAH
5. Li Yu Won (Michel) LI WOON CHUNG
6. Rajen CHINIAH
7. Baboo Jugduthsingh GOWREESUNKER
8. RENAISSANCE SERVICES LTD represented by Anne Marie KOO TON FAH
9. IRIS BLUE AGENCY LTD represented by Khagesh TEELUCK
10. Baliram KUNDOO
11. Titra Mewasing TOWOKUL
12. Bhooshan SEEPAUL
13. Navin DAHARI

14 Mohit SEEPAUL

15 Balraj CHINNIAH

16 Yashna TOWOKUL-MUNGUR

17 Firoz PURDASY

18 Roshan BABOORAM

19 Prema BETCHOO

20 Simi RAMDAWOR

21 Nevin SOORIAH

22 Mohammad Arshaad JAHN

23 Junayd PEERMAMODE

24 B NSure Ltd represented by Naushad GOOLBAR

25 Vinod RAMBURN

26 Sunil BHURTUN

Financial Capital

Financial Capital plays an important role in our economy, enabling the other types of Capital to be owned and traded. In 2022, the impact of COVID-19 and the ongoing Ukraine-Russia War have been catalyst to a myriad of unprecedented rising operation costs and decline in price of overseas stock markets. The impact of Rupee depreciation to other currencies has amplified the Group challenges and stronghold in the market. The financial products and insurance services have become secondary for the dangling customer segment who have been impacted directly by the rising cost of living. Other economic factors like high inflation rate, low interest rates for investment income and sale of interest rate sensitive products have had a direct bearing in the market.

Nevertheless, the Group demonstrated its resilience despite the number of challenges which had direct bearing in the financial year ended 30 June 2022. The balance sheet remained well capitalised despite a decline in our Group profit. We actively executed management actions that maximise return for our shareholders through various capital optimisation initiatives and strategic asset allocation of shareholder capital.

The table shows some Group highlights

Group Highlights

Value Created for the Company and its stakeholders

	FY2022	FY2021
	MUR'm	MUR'm
Operating Profit		
Group	632	651
SICOM	604	590
Profit Before Tax		
SICOM Global Fund Limited (consolidated share)	-285	404
SICOM Management Limited	171	151
SICOM General Insurance Ltd	83	110
SICOM Financial Services Ltd	8	20
Surplus		
Surplus before tax of Managed Pension	2,536	1,351
Surplus before tax of Life Assurance Fund	879	443
Other		
Other operating & administrative costs (Group)	997	847
Total assets (Group)	25,826	24,979
Equity attributable to equity holders of the parent	7,385	7,276

The following main KPIs are key inputs in our business model in order to create value in terms of market growth and maintain financial stability, solvency and dividend payment:

Inputs	Risk	Other Capitals Impacted	Material Matters Impacted
Investment Under Management This is the total market value of the investments that SICOM manages. Total Investment under Management has increased by 4.7% over FY ended 30 June 2022 to reach MUR 66.5 billion. Over the last 5 financial years, the Investment under Management has grown at a CAGR of 7.6%.	Market & Investment	Financial Intellectual	Business Growth and Diversification
Total Assets The Group has a strong assets base and contributes as a good financial buffer for the solvency of the Group. The increase in total assets was driven by an increase in investments and securities and investment properties. However, these increases were partially offset by fluctuations in the market.	Strategic Operational	Manufactured	Business Growth and Diversification
Return on equity and profit The return on equity (ROE) and profit are the indicators of the profitability of the Group and the value being created for shareholders. These were slightly lower for the financial year under review mainly because of the volatility of the financial markets. However, it is worth noting that on overall the equity attributable to equity holders of the parent has increased year on year.	Strategic	Social	Business Growth and Diversification

An overview of the performance of each business vertical of the SICOM Group is also detailed in a separate section.

Human Capital

Our Human Capital consists of the experience, skills, knowledge, motivation and unflinching commitment our 367 employees' to the Group's sustainable growth. Our employees and we endeavour to grow our human capital through education, training and review of our offerings to them as part of our Employer Value Proposition (EVP).

Employer Of Choice

SICOM HR's overarching objective is to maintain SICOM's label of being an Employer of Choice (EoC) within a new and challenging socio-economic landscape. Our approach to an employer of choice helps to build and communicate a brand that will attract and retain the right talent. It consists of five important components which underpin the five HR priorities identified, that is, benefits, culture, career, work environment and compensation.

Talent Management

Talent management is an ongoing process as it requires a constant check and balance between the Group's aspirational growth and the current positioning of its Human Capital. More than 20 new joiners including employees, interns and graduates have been successfully sourced in the course of the past financial year to fill certain key positions to consolidate business units. Concurrently, internal appointments have been actively carried out as career development and growth of employees.

Human Resource Business Partnering

Regular discussions and consultations are held between HR and Business Heads with agenda items including Human Resource Planning, Succession planning, Talent Management/retention and Career planning. Accordingly, back-up plans are regularly revisited and as part of the Group's succession plan, a framework is in the process of being put in place to ensure continuity of critical roles.

Performance Management

Instilling a high-performance philosophy is key in the organisational culture being reinforced across the Group. A new on-line Performance Management System (PMS) was designed. The objective was to put in place a mechanism to recognize individual employee contribution and to also create an engagement platform where discussions about areas of development and career growth are held between Heads of Departments and Employees.

Learning & Development (L&D)

Promoting a culture of continuous learning with a more bottom-up approach has been key over the past couple of years. Leveraging on the impact of COVID-19 where there has been a major shift from in-person led learning initiatives to on-line platforms, training has been mostly carried out virtually.

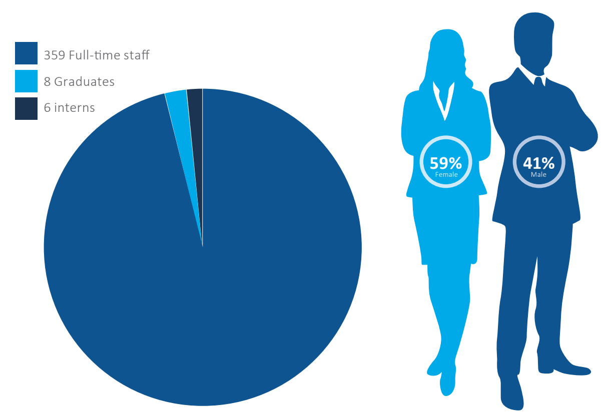
For both technical and non-technical training, employees are encouraged to register on learning platforms and to take ownership of their personal plans and be the architect of their career aspirations or professional interests. Below is a snapshot as at 30 June 2022 of the number of employees who have either completed or in the process of qualifying in the below professional areas:

Qualifications	Qualified	No of Employees undertaking studies
Actuarial	3	8
ACCA/ CFA	24	32
CII	9	29
Engineers	4	0
Law Practitioners	3	0

Employee engagement and welfare

Set as the cornerstone of all successful Human Capital plan, engagement is at the heart of every HR initiative. A well-established 'buddy programme' is in place to help new joiners navigate through the organization's culture. Moreover, mid-probation chats are held with employees by HR to gauge any budding issues that may be facing the new-joiner(s). These are particularly insightful as they provide a sense of care and individual attention. Information is regularly disseminated through employee intranet, e-mails, circulars to disseminate relevant business information in a timely manner. The platform shares ideas, suggestions, experiences and this has become a powerful tool that reinforces the employee's mental and emotional connection towards work.

Activities are constantly being organised to promote comradery among employees thus fostering an atmosphere conducive to teamwork for which a specific budget is set aside. Hikes at Signal Mountain and the SICOM Football League are quite popular among employees. Halloween has become a featured event over the past two years for which prizes were awarded to the most creative disguises. Health talks are regularly organised and more recently the 'SICOM Healthy Eating Initiative' has been launched where employees are offered a healthy snack.



The following main KPIs are key inputs in our business model in order to create value for our people:

Inputs	Risk	Other Capitals Impacted	Material Matters Impacted
Workforce and Women in leadership SICOM values its workforce and recognises the contribution they have in maintaining the business. SICOM has always been an equal opportunity employer as well as an advocate for gender equality. We believe in the power of women and their abilities to make the company move forward and prosper. Talent Management and HR business partnering are also key in adding value to the business.	Strategic/Tactical	Social	Employee Engagement and Development ESG
Learning & Development The Group is a committed employer that promotes the development and growth of its people to have a resilient and high performing workforce that stands equipped to cope with the constantly changing and highly competitive business environment. During the year, employees at all levels have participated in both online and on-premise training programmes/ webinars and customised training sessions to ensure their continuous development.	Strategic/Tactical	Social Intellectual	Employee Engagement and Development ESG
Employee well-being The Group maintained most of its staff welfare activites and initiated new ones to nurture the sentiment of 'a great workplace' and kept employees engaged. Hikes at Signal Mountain, the SICOM Football League, health talks and 'SICOM Healthy Eating Initiative' were organised and launched during the year.	Operational	Social	Employee Engagement and Development ESG

Human Capital

Christmas- December 2021
Spring Festival -January 2022

Eid Festival - May 2022
Divali - November 2021

Floral Arrangement Session - February 2022

Independence Day -March 2022

Support Lokal- October 2021

Euro 2020 - Celebrating winner - July 2021

SICOM Easter Special Fun Day at Trianon - April 2022

SICOM League October 2021

Week-end Spécial Fête des Mères at Rose Belle - May 2022

Manufactured Capital

Manufactured Capital comprises buildings, branches, automated processes, business applications and digital infrastructure at SICOM which contribute to its main business activities.

Property investments has become a main line of business for SICOM as it provides for the diversification of the investment portfolio. Investments in Level 8, St James Court, SICOM Building 2 and SICOM Tower are valuable assets to mitigate the low return environment and yields on these properties are much higher than rates on fixed income instruments.

SICOM also has four existing branches located at Trianon, Rose Belle and two in Port-Louis. New Branch offices have been opened at Curepipe and Flacq in December 2021. Our Strategy is to be closer to our customers and to be easily accessible. Building relationships and trust by meeting our valued customers physically are even more important in the post-COVID era and enables them to feel well cared for and happy to do business with the Group.

Moreover, SICOM has an online sales platform set up to further improve our service and accessibility to customers 24/7. Customers can consult our platform for any request for instant quote, e-proposals, onboarding and e-payment. Intermediaries such as agents, brokers and surveyors also have access to a digital platform to carry out business more smoothly and efficiently.

In line with our drive to provide a better customer service, a centralised Revenue Management Application has been developed. The application will be able to collect insurance premiums, loan instalments across the group and issue receipts through text messages and emails. This will also reduce the cost of operations.

A Medical Application, coupled with a mobile app, was introduced on 1st July 2022. Customers will be able to make medical claims through the mobile app.

A revamped Life Application being implemented will provide for new flexible life products in addition to existing ones as well as new customers. Unit Linked policies can now be issued following the completion of the first phase of the software.

SICOM's Disaster Recovery site was transferred from Ebene. The technology used for the Wide Area Network (WAN) was revisited and this has entailed a significant cost saving. The IP telephony services was reviewed to increase resilience and ensure that employees can call customers from home and office seamlessly.

Additionally, the Group is in the process of implementing a game changing digital infrastructure, the Digital Experience Platform, a seamless distribution channel, which will boost our visibility on the market and enable customers to connect better for business online.

The following KPIs are key inputs in our business model in order to create value in our business operations.

Inputs	Risk	Other Capitals Impacted	Material Matters Impacted
Property SICOM is involved in managing property it owns and rents out. It also invests in new property development. These activities have become an important revenue stream for the Group.	Market and Investment Strategic Environmental	Financial Natural	Business Growth and Diversification ESG
Branches SICOM has four branches located at Trianon, Rose Belle, Curepipe, Flacq and two offices in Port-Louis which reach the majority of our clients for business.	Life Underwriting Operational	Manufactured Social	Customer Experience and Digitalisation
Robotic Process Automation Automated processes have enabled internal processes to be efficient and faster, enabling a better service to customers.	Life Underwriting Operational	Manufactured Human Intellectual	Customer Experience and Digitalisation
Online Sales Platform The platform makes our products available 24/7 and enables a faster response to customers regarding requests for quotes and other information.	Life Underwriting Operational	Manufactured Social	Customer Experience and Digitalisation
Digital Experience Platform This platform is currently being implemented and will further enhance customer experience across different channels namely the website, portal and mobile application.	Life Underwriting Operational	Manufactured Human Social	Customer Experience and Digitalisation

Intellectual Capital

Intellectual capital is valuable for SICOM to operate successfully. It includes its reputation, data, information, innovation and knowledge where it is not financially quantified but gives SICOM a competitive edge.

SICOM has a strong brand and track record that differentiates it from the other players in the market. It consists of three elements: human, structural and relational aspects which adds up to make up the brand. SICOM has a unique corporate culture and employees who have knowledge and expertise of SICOM's products and services and processes within the company to deliver value to customers and other stakeholders. The structure of the company is such that it enables the proper running of the business, in a sustainable way which will ensure that value is created for stakeholders. Relationships built with current clients and the previous generations are an asset for the company and SICOM leverages on them to grow the business and tap new market segments.

Risk Management practices ensure SICOM makes choices which are aligned with its purpose, vision, values and strategic objectives. SICOM's risk department ensures all directors and employees understand risk implications and act as lines of defence to safeguard the interests of the company. A separate section in this annual report is dedicated on Risk management and how it adds value to SICOM.

Security is high on SICOM's agenda. In order to further increase the security posture of the organisation, a solution has been deployed to reduce the risk of data leakage. Furthermore, endpoint protection has been implemented to increase confidence in protecting against ransomware and other sophisticated attacks. A Cyber-Security re-assessment was conducted and there has been a marked improvement from the previous assessment.

Robotic Process Automation is being extended across the organisation to replace repetitive tasks. The option of introducing artificial intelligence capability within Robotics is being investigated. The use of Machine Learning and Optical Character Recognition will further reduce manual work.

In 2022, SICOM has acquired an Investor Adviser Licence which allows for the provision of investment advisory services. This will enable SICOM to provide services to a new market segment both locally and overseas and bring an additional source of revenue to the organisation.

The following KPIs are key inputs in our business model in order to create value in our business operations.

Inputs	Risk	Other Capitals Impacted	Material Matters Impacted
SICOM Brand, Industry Expertise and Knowledge The SICOM brand and the unique industry expertise and knowledge of its employees have differentiated the company from other players in the market and are a source of value for the organisation.	Strategic Operational	Human Financial Social	Governance and Risk Employee Engagement and Development
Risk Management and Cybersecurity practices Risk Management practices ensure SICOM makes choices which are aligned with its purpose, vision, values and strategic objectives. Cyber-Security is an important area to invest in to safeguard SICOM and its stakeholders from any attacks as more and more transactions are done online.	Strategic Operational	Human Financial	Governance and Risk
Investment Adviser Licence The licence has been acquired by a subsidiary of SICOM Management Limited and will allow the company to provide advisory services and thus diversifying its streams of income.	Strategic Operational Market and Investment	Financial Social	Business Growth and Diversification

Social & Relationship Capital

Social capital includes values relating to our relationships with other people, society in general and other organisations. It includes trust placed in us by our customers, suppliers, society, and the impacts that we have from everything we do.

The concept of "giving back to society" is at the pinnacle of every business decision of SICOM. This is crystallised by two initiatives from a people perspective:

1. The hiring of interns is an indirect way to contribute to the nation's youth development. Accordingly, over the past three years, not less than 20 interns have been provided with meaningful placements on mini-projects to allow them get corporate exposure. Such experience will be valuable when they enter the job market.

2. Favouring small local businesses for the supply of give-aways for celebration of local festivities is a small recognition of their contribution to the local economy. To encourage them further, the HR team regularly organises mini-fairs to showcase their various products.

Furthermore, this year, apart from sponsorships totalling MUR 1.3 million across areas of education, culture, entrepreneurship, poverty alleviation, SICOM has partnered with ANFEN which is an NGO with affiliated centres where vulnerable, out-of-school and illiterate adolescents, who have dropped out of the existing education system in Mauritius, can have a second chance at education for four years. Equal access to affordable, technical, vocational and higher education is one of the objectives of the UN Sustainability Development Goals (UN SDG 4), to which SICOM Group's sustainability objectives also align.

The NGO has conceptualised and implemented the Culinary School Project which is a professional culinary school offering a training course in Food Production to learners leaving ANFEN Centres. The students will follow a training course approved by the MQA and achieve a National Certificate 2 (NC2) level. They are then able to either join MITD centres to further their training at NC3 level or obtain sustainable and decent employment. As from October 2022, SICOM will consider other activities to engage with ANFEN including promoting its Training courses in Culinary Arts, Team Building and Food critic.

The following inputs enabled SICOM to add more value to the community:

Inputs	Risk	Other Capitals Impacted	Material Matters Impacted
SICOM Brand The SICOM brand has over the years contributed to uplift societal welfare.	Strategic Operational	Human	ESG
Sponsorships and promoting small local businesses During the year sponsorships for various causes have been provided to support stakeholders of the company and also small local businesses have been invited to promote their products at specific occasions.	Market and Investment	Financial	ESG
Partnership with NGO Partnering with the NGO, ANFEN, has enabled SICOM to participate in helping youngsters to learn skills to become employable in the future. This impacts on greater community development.	Strategic	Financial	ESG

Natural Capital

Natural capital refers to resources present in nature and that are of beneficial economic value. Following SICOM's engagement towards the environment and all its stakeholders, SICOM is continuing its journey towards sustainability. The Group's success consists of its financial achievement and its ability to create a more sustainable future.

Steps to Energy Efficiency

Reduction in the energy consumption of buildings is essential to minimise the greenhouse effects. In its journey to reduce carbon emissions, the organisation has tried to drive energy optimisation across both existing buildings and new developments.

Energy efficient air conditioning systems are being installed wherever renovation works are undertaken to enable energy saving. For instance, air conditioners using inverter type compressors have been used, worn out insulation for chilled water pipes have been replaced to minimise energy loss and window glazing have been replaced to optimize daylight in the offices, thus reducing the use of artificial lighting. Window panes which have been removed, were sent for recycling instead of carting away. Natural plants play a critical part in pulling excess carbon out of the atmosphere and therefore, more plants have been placed in customer receiving areas as well as in offices.

At SICOM Building 1 and in branch offices, the interior spaces were repainted using ECO-label paints. The underground rain water harvesting system at SICOM Building 2 has now been extended to SICOM Building 1, to enable more saving in water consumption. A recycling bin to collect paper, plastic and battery has been installed in the basement and waste are sent to an established recycling company. At SICOM Tower, sensors for lighting in the staircase have been installed to reduce electrical consumption. Works in relation to sealing of joints have been effected on several floors to prevent leakage of cool air and thus reducing the cooling load. At St James Court, conventional lights have been replaced by led panels. An energy audit has been carried out at SICOM Building 1 to identify areas for energy reduction. Recommendations of the report are being implemented. In line with the Government's commitment to the transition to a green economy and to lower carbon emission, photovoltaic panels have been installed at SICOM Tower.

Our Paperless Mission

As an ongoing part of the Go-Green initiative, paper usage and toners are limited as far as possible as campaigns to go paperless are repeated among employees. A major part of payments to customers and other beneficiaries are done through Internet Banking to reduce printing of cheques. Moreover, pensioners' payslips are no longer being printed but sent electronically, saving the department MUR 3.1 million per year. Several working documents like Policy documents, and renewal notice are being sent by email, thus enabling savings in terms of time, resources and costs for the Group. A sub-committee has been set up to drive an action plan to go paperless in the coming years.

Eco-conscious Buying

With a view to continue reducing our carbon footprint, office equipment having ECO-label are being procured, hybrid cars for company use are being favoured and in the coming years the Group intends to replace its existing fleet with hybrid cars.

ESG Path to Net Zero

SICOM endeavours to net zero on its carbon emissions by 2040 and we have a roadmap to get the ball rolling and achieve this ambitious goal in the future.

The following are the main KPIs that SICOM takes into consideration to assess its impact on the environment and actions taken to be eco-friendly.

Inputs	Risk	Other Capitals Impacted	Material Matters Impacted
Green Building initiatives SICOM has implemented eco-friendly initiatives over the past year which includes installation of Solar Panels in SICOM Tower Building, use of Led lights, renewal of window glazing to ensure more use of daylights, use of eco label paint and air conditioners with inverters.	Operational Market and Investment	Social Financial	ESG Governance and Risk
Energy Audits SICOM carries out energy audits periodically to assess energy consumption for all its buildings and to find better ways of optimising energy use.	Operational	Social Financial	ESG Governance and Risk
Carbon footprint tracking Tracking of carbon emissions has become necessary as SICOM endeavours to reach net zero on its carbon emissions by 2040. A roadmap has been proposed to get the ball rolling and achieve this ambitious goal in the future.	Operational	Social Intellectual Financial	ESG Governance and Risk

Business Verticals

Beyond insurance, a leading Financial Services Group

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

Investment

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

Property

- Property Management
- Property Development

Financial Services

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

Actuarial

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

Life Insurance

About

The Life insurance business was set up in 1979. SICOM's Life business market share is 21% and SICOM is the 2nd largest life insurer in the market. The department is led by Bobby Cheeneebash, Senior Executive Officer of Life and Group Life business, who has shouldered an array of responsibilities in the business of Life Insurance and Personal Pensions over more than 25 years. Some of the areas he worked on are Business Development, Product Innovation and Distribution Management.

Market Overview

In 2022, life insurance premiums in Mauritius is expected to grow by 4.2% to reach MUR 13.5 billion. The market will be supported by a rebound in real GDP growth, at 4.1% in 2022. Growth in life premiums is expected to remain at under 4% annually till 2026. Life premiums will continue to account for over half of total insurance market in Mauritius, although its share will fall slightly as the importance of a number of non-life lines of business rises.

Performance

Our long-term business operations, which consist of Group and Individual life businesses, ended with a Gross premium figure of MUR 2.7 billion as at June 2022 (MUR 2.4 billion - June 2021) which represents an increase of 12.5% over last year's figures. Total Individual Life Premium for the year ended 30 June 2022 led an increase of 4.0 % while Group Life Premium registered a marked growth of 47.3 % as compared to 30 June 2021. The net asset value of the Life Assurance Fund reach MUR 13.5 billion which represents an increase of 4.0% as compared to June 2021. A new Unit Linked product named SICOM Maxinvest has been launched during the financial year to strengthen our product portfolio.

Outlook

The life business is currently upgrading its core legacy software. The new life application will offer enhanced capabilities such as auto-underwriting and communicate better with other applications. The potential for growth and more operational efficiency in this line is promising once the implementation is completed.

Life Insurance

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

Inputs	Risk	Material Matters Impacted
Financial Capital • Gross Premium MUR 2.7 billion • Net asset value MUR 13.5 billion • Surplus from operations MUR 868.3 million	Market and Investment Life Underwriting Counterparty Default	Business Growth and Diversification
Human Capital • Our 82 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 of in existence - 43 • Brand and know-how of the business • Unique product offering	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

General Insurance

About

The General Insurance business was set up in 1978. Thereafter, SICOM incorporated a subsidiary for General Insurance, SICOM General Insurance Ltd (SGIN), in 2010, following a legal requirement. The market share of SGIN is 10% and it is among the top 4 largest insurer in the market. The business is led by Kiran Ancharaz, Senior Executive Officer, who has more than 22 years of experience in the Insurance sector. He has extensive experience regarding general insurance products, underwriting, claims and marketing, among others and is well acquainted with most forms of distribution for insurance companies, while driving top line growth and profitability.

Market Overview

General Insurance premiums are set to grow by 4.8 % in 2022, with business and household spending recovering after the economic impact of the pandemic. We forecast a slightly stronger growth rate of 5.1% in 2023, to take total premiums to MUR 12.4 billion. Motor insurance has continued to be the largest line in the general insurance market. Health and personal accident, the second largest segment of the general insurance market, will see rapid growth over the next years.

Performance

The Gross Earned Premium for 2021/22 showed a growth of 12.4% to reach an amount of MUR 1.4 billion (2021: MUR 1.3 billion). All classes of insurance contributed to the increased premium. In addition to the Motor class which showed a good growth of 13.8% to reach a premium of MUR 508.5 million, the Liability class recorded the highest increase in premium with 32.7% growth to reach a premium of MUR 216.5 million, driven mainly by new corporate accounts. The profit before tax stood at MUR 83.1 million compared to MUR 110.0 million for the previous financial year; the results were adversely impacted by the depreciation of the MUR against major foreign currencies and increase in freight costs. These factors have led to a significant increase in claims costs. Total assets of SGIN increased by 13.6% from MUR 2.2 billion as at 30 June 2021 to reach MUR 2.5 billion as at 30 June 2022.

Outlook

The financial year 2021-2022 for SICOM's General Insurance business was a year of resilience, rebounding from the economic hardships occasioned by COVID-19 pandemic. SGIN has adopted a multi-channel distribution model. During the year under consideration, SGIN has strengthened its existing tie-ups with banks, salespersons, agents, automobile companies and other partners. SGIN has already achieved the following as part of its Digital transformation journey in 2021-2022: new Health Insurance platform, insourcing administrative activities, digital payments, Robotic Process Automation (RPA) for selected processes, online sales platform for Travel, Home and Medical Insurance and a surveyor portal. SGIN continued to execute on a comprehensive reinsurance programme to significantly reduce risk to its balance sheet, including concentration risk and minimise volatility.

Inputs	Risk	Material Matters Impacted
Financial Capital • Gross Written Premium MUR 1.5 billion • Profit before tax MUR 83.1 million • Solvency ratio 213%	Market and Investment Counterparty Default	Business Growth and Diversification
Human Capital • Our 89 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

Pensions

- Group Pensions Administration
- Investment Services

Group Pensions

About

The State Insurance Company of Mauritius Ltd (SICOM) was set up in 1975 to cater for the Fund Management of government owned/statutory bodies, including provision of pension schemes for employees. SICOM is the leader in Managed Pensions business in Mauritius. The department is led by Vanisha Pursun, Chief Actuarial Officer, who has a wealth of experience in Pensions and Employee Benefits, Life Insurance and General Insurance as well as Risk Management and Investment.

Market Overview

The demand for new defined contribution private pension schemes has significantly increased from 27 in 2021 to reach 106 in 2022. This increase is mainly due to the regulatory obligations of private companies which do not sponsor a Private Pension Scheme, to contribute to the Portable Retirement Gratuity Fund (PRGF) for their employees.

In line with the Group's commitment to sustainability, paper-based pensioners' payslips and half yearly statements of fund balances to Employers are now sent by email, resulting in a significant reduction in costs and paper use. The implementation of DMS to digitise business processes for the Pensions Department is operational as from April 2022.

The actuarial valuation reports as at 30 June 2021 carried out during the year 2021/2022 for pension schemes under the SICOM Pooled Private Pension Fund (SPPPF) were duly completed. The related actuarial recommendations and the contingency plans for their respective deficit funding were sent to sponsors for their consideration and approvals.

During the year under review, some 58,000 statements of benefits were issued to members of Group Pensions schemes under our administration.

Performance

The net assets under administration stood at MUR 42.0 billion as at 30 June 2022 as compared to MUR 40.5 billion last year. The surplus of income over outflows excluding unrealised gains/losses on FVTPL investments stood at MUR 2.5 billion for the financial year under review as compared to MUR 1.3 billion last year. The number of pensioners increased from 11,797 in 2021 to reach 12,456 in 2022.

Outlook

In the following financial year, Group Pensions department will implement a contributor portal service to provide convenient online services to SICOM's clients, and will engage more often with sponsors and participants for sharing of information and acquiring new businesses.

Inputs	Risk	Material Matters Impacted
Financial Capital • Net assets under administration MUR 42.0 billion • Retirement benefits paid MUR 4.1 billion	Market andInvestment	Business Growth and Diversification
Human Capital • Our 33 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

Investment

About

Investment is an integral part of the business model of the Group and plays an important role for the organisation and its success. Dev Gopy heads the Investment function, which defines, implements and monitors the objectives and strategies of the different Funds managed by the Group, both locally and overseas.

Performance

Investment

The different Funds managed by the company were impacted by the negative performance of their overseas investments, while benefitting from having a diversified portfolio across asset classes and geographies. Nonetheless, the total investments under management increased by 4.7% from MUR 63.5 billion as at 30 June 2021 to reach MUR 66.5 billion as at 30 June 2022.

With the gradual resumption of normal economic activities, more companies have declared dividends, and a slight pickup has been noted in interest rates following the recent repo rate hikes. As a result, investment income of our different funds increased to MUR 2.3 billion for the financial year under review as compared to MUR 2.0 billion for the previous financial year. Compared to the previous year amount of MUR 10.6 billion, new investments made by SICOM reached MUR 15.3 billion for the year ended 30 June 2022.

To further diversify the different investment portfolios, opportunities in the alternatives market space (for instance, private equity funds, property projects, etc.) and investment solutions that are set to benefit from the new normal and emerging trends have been sought over the financial year under review. Moreover, SICOM continues to innovate and introduce new services for clients and has been licenced to offer Investment Advisory services to institutional clients.

SICOM Management Limited and SICOM Global Fund Limited

During the financial year ended 30 June 2022, SML posted a pre-tax profit of USD 4.0 million, as compared to USD 3.8 million for the corresponding period last year. The total revenue for the financial year ended 30 June 2022 was USD 4.0 million as compared to USD 3.8 million for the financial year ended 30 June 2021. This increase in total revenue was due to higher management fees receivable from SGFL. The total assets of SML increased from USD 12.6 million as at 30 June 2021 to reach USD 12.8 million as at 30 June 2022.

The total assets of SGFL decreased from USD 412.0 million last year to reach USD 345.6 million as at 30 June 2022 in line with the drop in the MSCI World Index. For the financial year ended 30 June 2022, SGFL realised a Loss Before Tax of USD 72.7 million, as compared to a Profit Before Tax of USD 78.3 million for the previous year on account of the negative impact of volatile overseas financial markets.

Loans

Amidst the cut-throat competition and the challenging economic conditions during the year under review, our loans business for individual clients has maintained a steady growth to reach MUR 2.1 billion as at 30 June 2022 as compared to MUR 2.0 billion for the previous financial year. The total amount of loans sanctioned for the same period has increased to MUR 499.4 million from MUR 387.2 million for the last financial year, whilst the total amount of loans disbursed reached MUR 461.6 million in comparison to MUR 334.2 million for the year ended 30 June 2021.

Outlook

Against a backdrop of slowing global growth, tighter monetary conditions and potentially volatile investment landscape, we continue to believe that diversification and active management are important strategies to capture returns while managing downside risks. Along this line, we shall maintain our search for investment themes for the medium to long term, which could further diversify and add value to our investment portfolio.

Inputs	Risk	Material Matters Impacted
Financial Capital • Investments under management MUR 66.5 billion • Investment income MUR 2.3 billion • New investments MUR 15.3 billion	Market andInvestment	Business Growth and Diversification
Human Capital • Our 13 engaged employees, delivering on providing excellent service to clients • Capabilities and skills: Chartered Financial Analyst (CFA), Finance, Investment Management, Advisory	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 funds in Africa	Strategic	Customer Experience and Digitalisation ESG

Property

About

The company currently manages its property portfolio so as to maximise yields and provide an excellent service to tenants. The property business is involved mainly in property development, that is, acquisition, and construction of properties. SICOM has MUR 2 billion worth of investment properties.

This business segment is led by Fayaz Budaly, Senior Executive Officer-Property, Facilities & Procurement, with focus on innovation and efficiency.

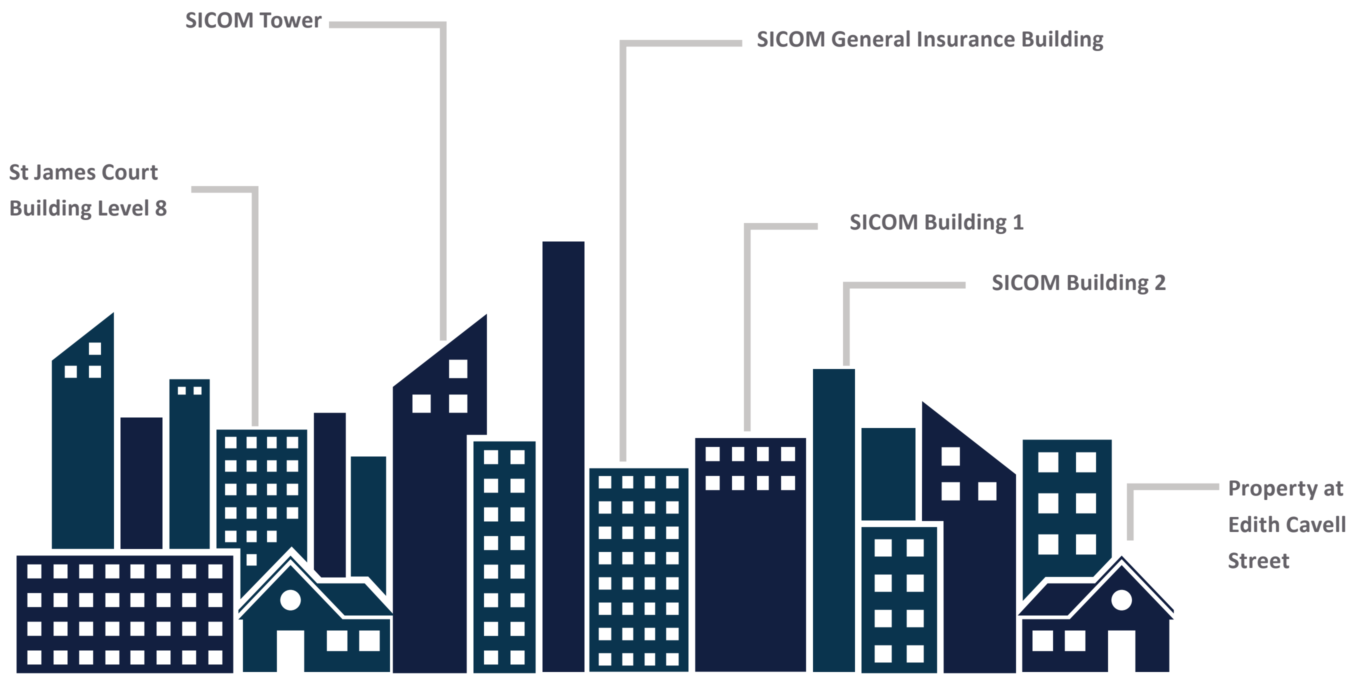
The other main activity of this business segment is property management. SICOM maintains its buildings, ensures they are kept in good condition, rents them and manages the relationship with tenants. During the financial year, the following projects were successfully executed amongst other planned works:

- a new customer lounge with all modern facilities to enhance the level of customer experience
- new office layouts
- a modern fitness centre at SICOM Building 2
- covered parking slots to the tenants in SICOM Tower
- photovoltaic panels have been installed on the roof of SICOM Tower

Measures were also undertaken to provide a safe and healthy environment for all SICOM employees and tenants of its buildings.

Outlook

The main strategy of the property vertical is to invest in new properties in the short to medium term to increase rental income while adopting ESG principles.



Property

- Property Management
- Property Development

Inputs	Risk	Material Matters Impacted
Financial Capital • Property worth MUR 2 billion owned by SICOM and yielding rental income	Market and Investment Counterparty Default	Business Growth and Diversification
Human Capital • Our 40 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

Financial Services

About

SICOM Financial Services Ltd (SFSL) was set up in year 2000 and is engaged in depository activities and holds a deposit taking license as a 'Non-Bank Financial Institution'. SFSL also transacts in leasing and loan business and manages SICOM General Fund and SICOM Overseas Diversified Fund, which are constituted under the SICOM Unit Trust. SFSL is led by Ruben Chadien, Senior Executive Officer- SFSL and Loans, who has a rich experience in Deposit Taking, Leasing, Loans and Collective Investment Scheme administration. He oversees the day-to-day operations of SFSL and manages the Loan portfolio of the Group.

Performance

The total deposits of SFSL stood at MUR 1.9 billion for the year ended 30 June 2022, compared to MUR 1.7 billion last year, that is an increase of 11.8%. Net investments in finance lease reached MUR 697.1 million for the financial year ended 30 June 2022 as compared to MUR 705.7 million last year. Personal Loans business performed well during the year under review, with a total amount of MUR 406.5 million which was disbursed compared to MUR 247.1 million last year. Operating profit stood at MUR 16.3 million for the year ended 30 June 2022 compared to MUR 9.5 million for the year ended 30 June 2021. However, profit before tax stood at MUR 8.2 million for the year under review as compared to MUR 20.4 million last year due to the drop in the value of SICOM General Fund and SICOM Overseas Diversified Fund on account of the adverse performance of overseas financial markets. Total interest income amounted to MUR 111.1 million for the financial year ended 30 June 2022, as compared to MUR 105.3 million last year on the back of the good performance of the personal loan business.

Outlook

For the coming year, the main objectives for SFSL are to sustain business growth of its leasing and personal loan business amidst the challenging market conditions. Projects including the implementation of robotic process automation will further contribute to boosting productivity and the Digital experience platform which is expected to be completed in 2023, will enable seamless transactions and enhance customer service.

Inputs	Risk	Material Matters Impacted
Financial Capital • Total deposits MUR 1.9 billion • Investments in finance lease MUR 697.1 million • Investment in loans MUR 566.3 million • Operating profit MUR 16.3 million	Market and Investment	Business Growth and Diversification
Human Capital • Our 15 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

Actuarial

About

SICOM had its own Actuarial department as early as in 1975 when it was set up to provide services for management of Pension Schemes for the government and other parastatal institutions. The various activities covered by the actuarial function are Pension Fund Valuations, Pension Consultancy, Life Fund Valuations and Product Pricing. The department is led by Vanisha Pursun, Chief Actuarial Officer, and Rajeev Seeroo, Senior Executive Officer- Actuarial. The latter oversees the Pension clients and is the signatory for Pension Valuation Reports and IAS 19 disclosures.

Performance

During the year under review, 173 actuarial valuations of pension funds have been carried out and the total actuarial income accounted was MUR 10.5 million (June 2021: MUR 7.2 million). These include the valuation of SICOM Pooled Private Pension Fund as at 30 June 2021 carried out internally and which resulted in significant savings on the actuarial fees paid to external consultants. With the implementation of the IFRS17 accounting standard as from 1 July 2023, the internal actuarial team is fully involved in the financial reporting process together with the external consultants for both the Life Assurance business and General Insurance business. In parallel, the insourcing of actuarial work related to the Life Assurance business is ongoing.

Outlook

As part of the strategic plan for the coming years, SICOM endeavours to grow its Actuarial business by first consolidating existing capabilities and then building capacity to expand it substantially. Actuarial services may also be offered to investee/ portfolio companies in the coming years.

Inputs	Risk	Material Matters Impacted
Financial Capital • Generated actuarial fees MUR 10.5 million	Life Underwriting Operational Counterparty Default	Business Growth and Diversification
Human Capital • Our 11 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

Corporate Governance Report

Beyond insurance, a leading Financial Services Group

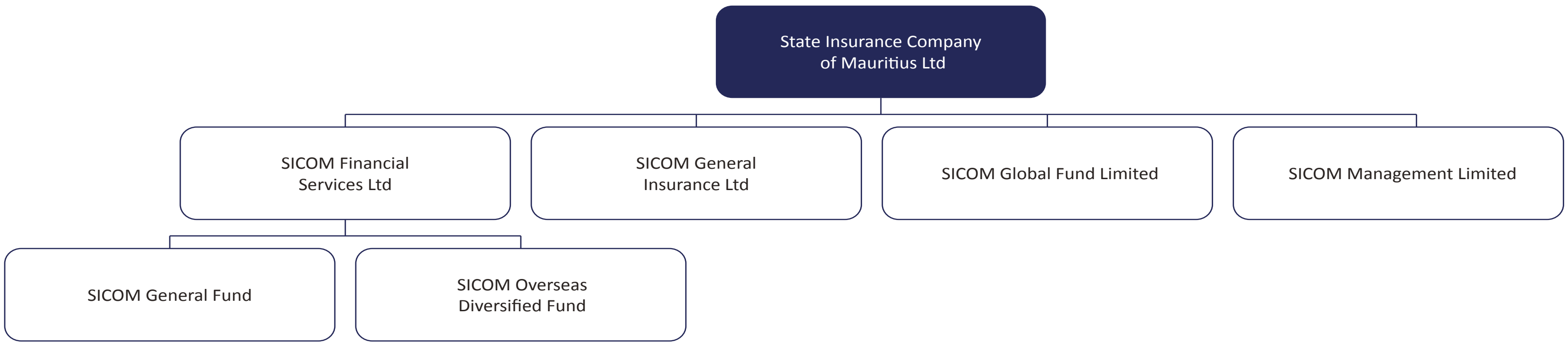
Corporate Governance Report

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. Since then, it operates as a public company under the Companies Act 2001 with state owned bodies/organisations as major shareholders. The Company is 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 its 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 over the years built in experience and adopted its corporate practices in line with the provisions of the Code. Essentially, the governance operating model adopted by the Group has the potential to increase effectiveness 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;

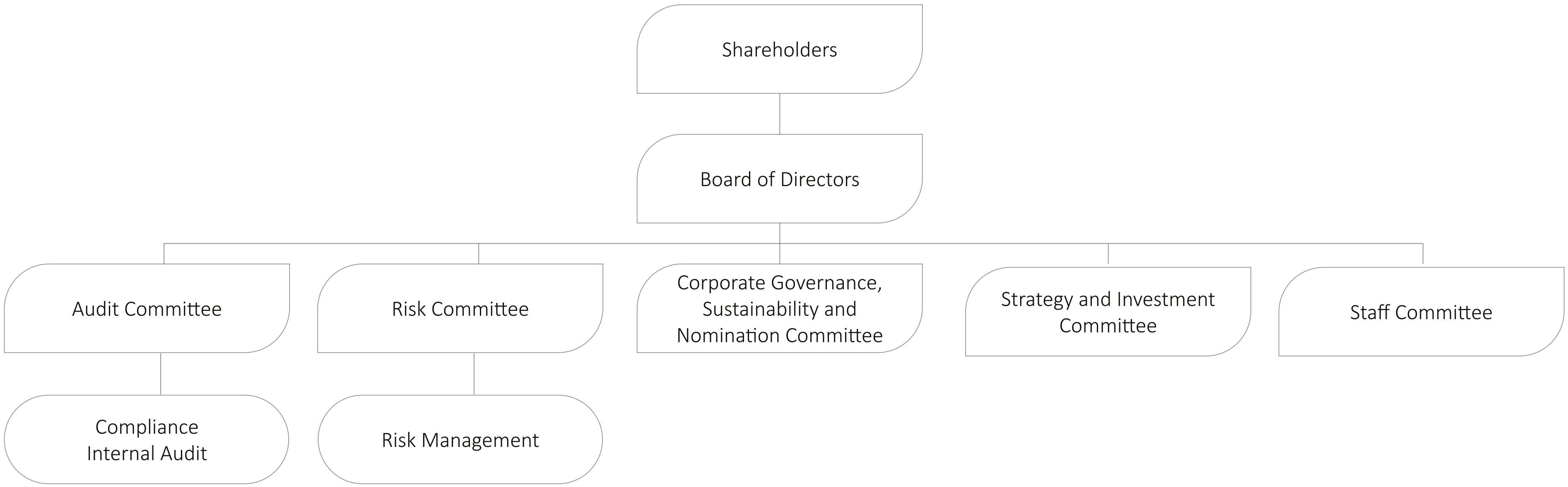
(ii) actively monitors its business model;

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

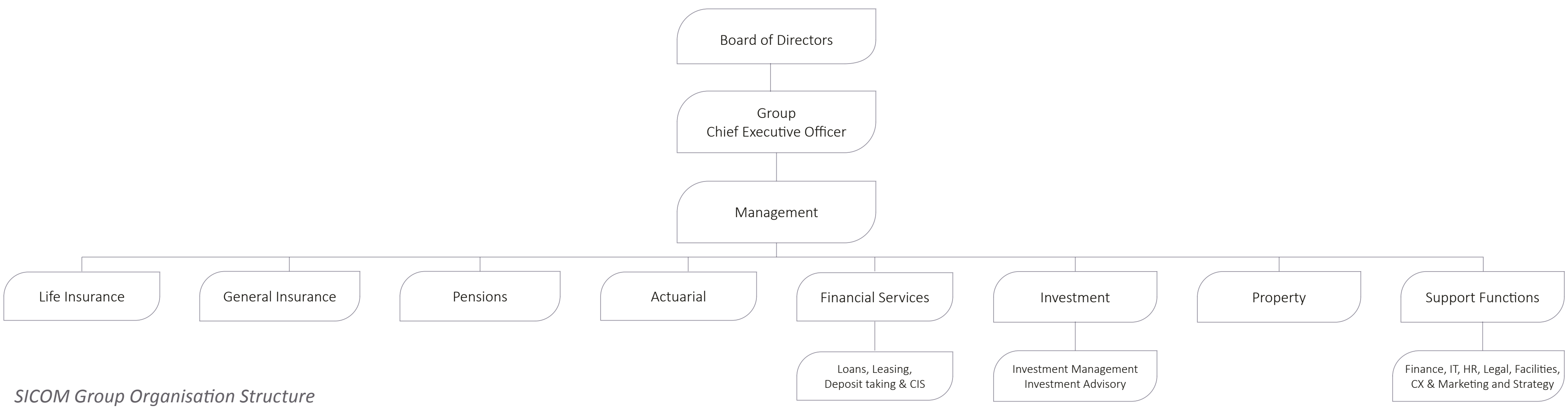
(iv) ensures risk and culture are at the core of the business.

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 policies.

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 Employees	The Company's Code of Ethics for Directors and Employees provides 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;
- Policy on Related Party Transactions;
- Anti-Harassment and Non-Discriminatory Policy; and
- Whistleblowing 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 management company operating in the Mauritian global business sector for the last 29 years. Founded in 1993 and licensed by the Financial Services Commission, DTOS provides a comprehensive range of professional services including amongst corporate secretarial, 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 offices in UAE, India, China, France, Uganda and Kenya, DTOS is a leading regional expert providing business 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. A Acharuz
2. C Dabeea (Appointed as from 17 January 2022)
3. V K Munoosingh (Appointed as from 31 December 2021)
4. U Shewraj (Appointed as from 31 December 2021)

Non-Executive

1. K G Bhoojedhur-Obeegadoo (Chairperson, appointed as from 21 December 2021)
2. C Jheengun (Appointed as from 21 October 2021)
3. S B Jhungeer
4. D Kawol (Dr) (Appointed as from 27 August 2021)
5. J Sonoo, C.S.K

Executive

1. N Ramdewar (Group CEO)
2. D K Gopy

Changes to the composition of Company's Board

1. M Y Salemohamed (Chairperson and Director, up to 21 December 2021)
2. B Boyramboli (up to 31 July 2021)
3. Z B Lall Mahomed (up to 21 December 2021)
4. K R Sooknah (up to 24 September 2021)

The profile of directors of the board can be found on pages 20 to 23.

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	Oomesh Sharma Mahadu (Chairman)
	Deposit taking	Karuna G Bhoojedhur-Obeegadoo
	Investment	Nandita Ramdewar
		Dev Kumar Gopy
		Chelven Chengabroyan
		Parvashi Devi Maharahaje
		Subiraj Reedoy
		Sarvesh Seeteejory
		Ishwarlall Bonomaully
SICOM General Insurance Ltd	General Insurance	Karuna G Bhoojedhur-Obeegadoo (Chairperson)
		Nandita Ramdewar
		Surendranath Ancharaz
		Yasheel Kumar Aukhojee
		Anandjaye Chummun
		Chandradeo Dabeea
		Chandrek Dussoye
		Vinod Kumar Koonjoo
		José Moonien
		Dharmanand Ramkallawon
SICOM Management Limited	Investment Advisory	Karuna G Bhoojedhur-Obeegadoo (Chairperson)
	Investment Management	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
Karuna G Bhoojedhur-Obeegadoo	• SICOM General Insurance Ltd • SICOM Financial Services Ltd • SICOM Management Limited • SICOM Global Fund Limited • MCB Group Limited • MCB Equity Fund Ltd
Nandita Ramdewar	• SICOM General Insurance Ltd • SICOM Financial Services Ltd • SICOM Management Limited • SICOM Global Fund Limited • National Housing Development Co. Ltd
Anandsing Acharuz	• The State Investment Corporation Limited • Central Electricity Board • Airports of Mauritius Ltd • Côte D'Or International Racecourse and Entertainment Complex Ltd • Mauritius Institute of Biotechnology Ltd • Airport Terminal Operations Ltd • Pointe Coton Resort Hotel Co Ltd
Chandradeo Dabeea	• SICOM General Insurance Ltd
Dev Kumar Gopy	• SICOM Financial Services Ltd • SICOM Management Limited • Cyber Properties Investment Ltd
Shakilla Bibi Jhungeer	• SBM (Holdings) Ltd • SBM (Bank Holdings) Ltd • SBM 3s Ltd • SBM NBFC (Holdings) Ltd • SBM Kenya Ltd • Rodrigues Duty Free Paradise Ltd

Directors	Other Directorships
Dr Dhanandjay Kawol	• Omnicane Ltd • MHC Ltd • Cyber Properties Ltd • Ascencia Ltd • EWF Hospitality Ltd • NEF
Jairaj Sonoo, C.S.K	• The State Investment Corporation Limited • Compagnie Mauricienne D'Hippodromes Limitee • Industrial Finance Corporation of Mauritius (IFCM) Ltd • National Real Estate Ltd • Mauritius Africa Fund Ltd • National Housing Development Co.Ltd • New Social Living Development Ltd • SIC Management Services Ltd • EREIT Management Ltd • SBM (Mauritius) Infrastructure Development Company Ltd • Mauritius Duty Free Paradise Co Ltd • Le Val Development Co. Ltd • Guibies Holdings Ltd • Guibies Properties Ltd • Prime Real Estate Ltd • MJTI Properties Co. Ltd • SIC Capital Support Ltd

Board Composition

73.6 %
Men on Board

36.4 %
Women on Board

21 Board Sub-Committee meetings in 2021/22

09 Board Meetings in 2021/22

100%
Local Directors

Board size and composition

The Board of Directors is a unitary Board composed of 11 Directors, out of which there are 7 male representatives and 4 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 9 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 draft calendar is prepared for Board Meetings for the coming FY.
Prior to Meetings	Together with the Group CEO and Chairperson, the Company Secretary prepares the agendas. Final agendas are circulated to the Directors in advance of all meetings by the Company Secretary, together with the Board pack.
Board Meetings	Over and above the co-ordination of all Board meetings, the Company Secretary also takes and keeps minutes of all meetings.

Information provided to Directors

The Chairperson, assisted by the Company Secretary, ensures that the Directors are provided with the necessary information, and sufficiently in advance, 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 Oversight

SICOM Group

SICOM's Board has a strategic oversight on the activities of the organisation. Key priorities identified for the next Reporting Year 2022/23:

- Business Growth and Development
- Focusing on Customers
- Enhancing Operational Excellence
- Employee Engagement & Development

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 2021/2022 are as follows:

MEMBERS	ATTENDANCE	
K G Bhoojedhur-Obeegadoo[1]	9/9	● ● ● ● ● ● ● ● ●
N Ramdewar	9/9	● ● ● ● ● ● ● ● ●
A Acharuz	9/9	● ● ● ● ● ● ● ● ●
B Boyramboli[4]	-	
C Dabeea[9]	3/3	● ● ●
D K Gopy	9/9	● ● ● ● ● ● ● ● ●
C Jheengun[7]	7/7	● ● ● ● ● ● ●
S B Jhungeer	7/9	● ● ● ● ● ● ● ○ ○
D Kawol[6]	9/9	● ● ● ● ● ● ● ● ●
Z B Lall Mahomed[3]	3/5	● ● ● ○ ○
V K Munoosingh[8]	2/3	● ● ○
M Y Salemohamed[2]	5/5	● ● ● ● ●
U Shewraj[10]	2/3	● ● ○
J Sonoo, C.S.K	8/9	● ● ● ● ● ● ● ● ○
K R Sooknah[5]	0/2	○ ○

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] Up to 21 December 2021
[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

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	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 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 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.

As from July 2021, the Committees have been reconstituted as follows:

a. Audit Committee;
b. Risk Committee;
c. Strategy and Investment Committee;
d. Corporate Governance, Sustainability and Nomination Committee; and
e. Staff Committee.

Attendance at Committee Meetings

The Directors who served on the Board Committees and their attendance at meetings during the financial year 2021/2022 are provided in the following table:

Directors	AC	RC	S&IC	CGSNC	SC
No. of meetings held	**5**	**4**	**5**	**3**	**4**
K G Bhoojedhur-Obeegadoo[1]	-	2 of 2	4of 5	2 of 3	1 of 2
N Ramdewar	-	2 of 2	5 of 5	-	4 of 4
A Acharuz	5 of 5	-	5 of 5	-	-
B Boyramboli[4]	-	-	-	-	-
C Dabeea[9]	2 of 2	2 of 2	-	-	-
D K Gopy	-	2 of 2	-	-	-
C Jheengun[7]	2 of 2	2 of 2	-	-	-
S B Jhungeer	5 of 5	-	-	3 of 3	-
D Kawol[6]	-	2 of 2	-	-	-
Z B Lall Mahomed[3]	3 of 3	-	-	1 of 2	1 of 1
V K Munoosingh[8]	1 of 2	-	-	-	1 of 2
M Y Salemohamed[2]	-	2 of 2	2 of 2	2 of 2	1 of 1
U Shewraj[10]	-	-	2 of 2	-	2 of 2
J Sonoo, C.S.K	-	3 of 4	5 of 5	-	4 of 4
K R Sooknah[5]	-	-	-	-	-

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] Up to 21 December 2021
[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
SC	Staff 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 2021/2022, the Committee met 5 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
Z B Lall Mahomed (up to 21 December 2021)	Independent Director
V K Munoosingh (as from 04 February 2022)	Independent Director
K R Sooknah (up to 24 September 2021)	Non-Executive 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 • Review of 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 identifies 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 2021/2022, 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
D K Gopy (up to 04 February 2022)	Executive Director
C Jheengun (as from 04 February 2022)	Non-Executive Director
D Kawol (as from 04 February 2022)	Non-Executive Director
N Ramdewar (up to 04 February 2022)	Executive Director
M Y Salemohamed (up to 21 December 2021)	Independent 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	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;

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 2021/2022, the Committee met 5 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
M Y Salemohamed (Chairperson up to 21 December 2021)	Independent 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
• Strategy plan • Investment opportunities • Review of investments • Investment in digital and other software	Strategic	Financial	Business Growth
	Market & investment Risk	Intellectual	Customer Experience
		Social	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, 3 Non-Executive Directors. During the financial year 2021/2022, the Committee met 3 times.

The members of the Committee were:

MEMBERS	CATEGORY
K G Bhoojedhur-Obeegadoo (Chairperson as from 04 February 2022)	Non-Executive Director
S B Jhungeer	Non-Executive Director
D Kawol (as from 04 February 2022)	Non-Executive Director
Z B Lall Mahomed (up to 21 December 2021)	Independent Director
V K Munoosingh (as from 04 February 2022)	Independent Director
M Y Salemohamed (Chairperson up to 21 December 2021)	Independent Director
U Shewraj (as from 04 February 2022)	Independent 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 and Objectives • Review of Corporate Governance Report • Communication Policy • Complaints Handling Policy	Strategic Environmental Operational	Human Social Natural	Governance & Risk ESG Customer Experience

Staff Committee

The primary function of the Staff 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 Staff Committee consists of 2 Independent Directors, 2 Non-Executive Directors and 1 Executive Director. During the financial year 2021/2022, the Committee met 4 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 (as from 24 February 2022)	Independent Director
U Shewraj (as from 04 February 2022)	Independent Director
M Y Salemohamed (up to 21 December 2021)	Independent Director
Z B Lall Mahomed (up to 21 December 2021)	Independent Director

Key Focus Areas

During this Reporting Period, the Staff Committee discussed and considered the following key areas:	Risk	Capital Impacted	Material Matter Impacted
• Recruitments for the Group • Creation of New Business Cluster • Review of salary and conditions of service • Business re-engineering • Review of performance management system	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 the Shareholders can make an addition to the existing Directors subject to the number thereof not being more than 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

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 2021/2022, the Directors received trainings and followed informational sessions. The main topics covered were technology, strategy and insurance business.

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.

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 241 to 242 of the Integrated Report.

Information, information technology and information security governance

The confidentiality, integrity and availability of information are of significant importance to the Group. With a spike in cyber security threats around the world, the Group continues to invest in technology to enhance its operational resilience, and security solutions are continuously sought to keep abreast of new security threats.

The Group has put in place information policies to cover different spheres associated with information security, the information systems, the administration of logical and physical access to information processed and stored, as well as the transmission of information.

The Group's Information Security Policy is a key component of the Group's overall Information Security Management Framework and reflects the commitment of Management to information security. Policies and their related procedures are regularly updated to reflect current requirements and best practices adopted by the Group and are made accessible to all staff by publishing them on its intranet.

The Group also undertook several technical initiatives such as on-premise endpoint protection to a new cloud protection solution, Web Application Firewall (WAF) to protect from external attack, and 2-Factor Authentication for VPN and Office365 application access to uphold the robustness of its information security framework. Awareness sessions have also been organised for staff on cybersecurity risks.

Assessment and evaluation of Board Members

The Group is committed to developing its corporate governance by adopting the best practices applicable to the industry. During this financial year, the Board assessed its functioning, quality and efficiency of its work and that of its Committees. Accordingly, necessary steps are being taken to tackle the main areas identified for improvement.

During this reporting period, an evaluation of the effectiveness of the Board, its Committees, as well as its individual directors, was conducted. 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.

The assessment exercise for individual Directors was led by the Group's Chairperson. The evaluation was conducted through the completion of a comprehensive questionnaire.

The assessment process concluded that overall, the Directors were satisfied with the performance of the Board and its Committees.

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 246 of the Integrated Report under Statutory Disclosures (Section 221 of the Companies Act 2001).

Reporting with Integrity

Our objective is to be a reliable service provider to our customers and stakeholders and to be a strategic partner in facilitating the economic development of Mauritius. Today, SICOM is a well-diversified financial services group, and it fulfils its purpose through:

- Support and advocate to customers with regards to our products and services
- A deep knowledge of what matters to stakeholders
- Safeguard customers' interests while balancing them with those of shareholders
- Recognise the power of shared value in a way that benefits all stakeholders
- Enable customers to achieve their lifetime financial goals
- Invest customers' funds responsibly
- Focus on continuous and improved engagement with all stakeholders
- Strive to achieve service excellence by being responsive to our customers' needs and preferences

The Group recognises its interconnectivity between the economic, social and environmental systems it operates in, and this determines its approach to sustainability. The interconnectivity highlights urgency to transform its growth path to be a socially inclusive, low carbon and resource efficient organisation. As such, we have started certain initiatives which can be further explored on pages 74 to 77 and covers areas of education (UNSDG 4-Quality education), forestation (UNSDG 13-Climate Action) and going green initiatives (UNSDG 12-Responsible consumption and production).

Additionally, there is an enhanced section about the Company on how it engages with its stakeholders throughout the year. The business model portraying how it creates value for its main stakeholders is also set out on pages 60 to 77.

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

Donations

The Group and the Company did not make any political donation during the financial year 2021/2022.

Board opinion

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

Risk management

Managing risk remains integral to generating sustainable shareholder and stakeholder value. The Board has ultimate responsibility for risk management and internal control. 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 46 to 57.

Internal controls

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

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

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

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

a. A clear organisation structure;

b. The recommendations of the Risk Committee, 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 Board, through the Risk Committee and Senior Management, is regularly apprised of such assessment. 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 who reports directly to the Audit Committee. 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 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 function is also committed to its continuous improvement by ensuring training in relevant fields and continuous professional development for its members.

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 2021/2022, 12 planned internal audit reviews together with 10 ad-hoc audit inspections were carried out and covered the various operational and support functions of the Group, as depicted in the table below. Subsequent to the findings of these audits, appropriate recommendations are made to the Audit Committee and Management to address the issues noted, and their implementations are duly monitored based on set target dates.

Planned Internal Audit Reviews	Ad-hoc Audit Inspections
Financial Services	Life Insurance
Loans	Facilities
Compliance	Human Resources
General Insurance	Marketing
IT	Legal
Investment	General Insurance
Pensions	
Life Insurance	

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.

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

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	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
Statutory audit	4,951	4,715	2,457	2,340
Review of tax computation	382	364	117	112
Other services**	435	414	217	207

** Other services for 2021 and 2022 relate 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 2022

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: 23 September 2022

Secretary's Certificate

We certify to the best of our knowledge and belief that for the year ended 30 June 2022, 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: 23 September 2022

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 2021/2022 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: 23 September 2022

Auditor's Report

Beyond insurance, a leading Financial Services Group

Independent auditor's report to the shareholders of

STATE INSURANCE COMPANY OF MAURITIUS LTD

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 132 to 244, which comprise the consolidated and separate statements of financial position as at 30 June 2022, 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 financia'l position of the Group and the Company as at 30 June 2022, 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 of

STATE INSURANCE COMPANY OF MAURITIUS LTD

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 2022, the Group and the Company reported total gross loans and advances of Rs 1,965m and Rs 1,383m and expected credit loss (ECL) provisions of Rs 24.6m and Rs 23.9m respectively. At 30 June 2022, the Group reported total gross finance lease of Rs 701.4m and Rs 4.3m 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.
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 Significant Increase 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.

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. The assumptions we considered as significant are as follows: • Mortality • Lapses • Expenses • Interest and inflation	Our procedures included the following: • We obtained an overall understanding of the respective processes followed and assumptions applied in the valuation 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 of their 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. • 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 values and 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 2022, the Group's insurance contract liabilities were Rs 728.9m. 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 liabilities 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 of

STATE INSURANCE COMPANY OF MAURITIUS LTD

Other information

The directors are responsible for the other information. The other information comprises the Integrated Report, the Corporate Governance Report, the Secretary's Certificate, Statement of Compliance, Statement of Directors' Responsibilities, and Statutory Disclosures, 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 of

STATE INSURANCE COMPANY OF MAURITIUS LTD

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 suffident 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 of

STATE INSURANCE COMPANY OF MAURITIUS LTD

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

30 September 2022

R. Srinivasa Sankar

Licensed by FRC

SICOM
GROUP

Financial Statements

Beyond insurance, a leading Financial Services Group

Statements of Financial Position

AT JUNE 2022

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
		MUR'000	MUR'000	**MUR'000**	MUR'000
NON-CURRENT ASSETS					
Property, plant and equipment	7	**323,584**	305,789	**277,851**	255,300
Investment properties	8	**1,577,028**	1,515,779	**1,685,203**	1,635,048
Intangible assets	9	**80,185**	37,196	**45,017**	30,206
Investments in subsidiaries	10	**-**	-	**565,628**	565,628
Financial investments	11				
• Measured at FVOCI	11(a)	**2,359,725**	2,083,906	**2,262,165**	1,983,640
• Measured at FVTPL	11(b)	**5,042,440**	5,639,336	**5,221,933**	5,974,374
Debt instrument at amortised cost	11(c)	**7,521,612**	6,884,526	**6,110,632**	5,887,356
Loans and advances	13				
• Net Investment in finance Leases	13(a)	**511,751**	539,541	**-**	-
• Mortgage and other loans	13(b)	**1,278,489**	1,014,474	**787,001**	546,095
Right of use assets	14(a)	**82,375**	81,512	**12,586**	10,246
Deferred tax assets	15	**33,992**	28,266	**-**	-
		18,811,181	18,130,325	**16,968,016**	16,887,893
Current Assets					
Debt Instrument at amortised cost	11(c)	**3,012,462**	3,831,854	**2,294,579**	2,267,575
Loans and advances	13				
• Net Investment in finance Leases	13(a)	**185,352**	166,133	**-**	-
• Mortgage and other loans	13(b)	**662,094**	582,407	**571,912**	795,949
Insurance and other receivables	16	**879,581**	940,450	**435,751**	512,988
Reinsurance assets	17(a)	**639,533**	499,775	**-**	-
Current tax assets	20(a)	**3,290**	24,667	**-**	24,273
Bank and cash balances	11(d)	**1,617,382**	796,128	**967,715**	457,064
		6,999,694	6,841,414	**4,269,957**	4,057,849
Assets held for sale	12	**15,103**	7,229	**6,353**	7,229
		7,014,797	6,848,643	**4,276,310**	4,065,078
Current Liabilities					
Insurance contract liabilities	17(a)	**1,335,944**	1,055,247	**-**	-
Borrowings	18	**23,846**	22,746	**23,846**	92,723
Lease liabilities	14(b)	**8,513**	6,543	**8,513**	6,543
Trade and other payables	19	**680,493**	882,390	**362,100**	579,537
Current tax liabilities	20(a)	**37,034**	10,232	**30,272**	-
Deposits from customers	21	**458,867**	601,240	**-**	-
Bank overdraft		**-**	37,970	**-**	-
		2,544,697	2,616,368	**424,731**	678,803
Net Current Assets		**4,470,100**	4,232,275	**3,851,579**	3,386,275
		23,281,281	22,362,600	**20,819,595**	20,274,168
Capital And Reserves					
Stated capital	22	**70,000**	70,000	**70,000**	70,000
Reserves	23	**7,314,761**	7,205,678	**6,527,042**	6,433,939
Equity attributable to equity holders of the parent		**7,384,761**	7,275,678	**6,597,042**	6,503,939
Non-controlling interests		**4,623**	4,662	**-**	-
Total Equity		**7,389,384**	7,280,340	**6,597,042**	6,503,939
Technical Provisions					
Life assurance fund	32	**13,411,019**	12,965,037	**13,411,019**	12,965,037
		13,411,019	12,965,037	**13,411,019**	12,965,037
Non-Current Liabilities					
Borrowings	18	**36,020**	50,586	**36,020**	50,586
Lease liabilities	14(b)	**57,142**	55,831	**57,142**	55,831
Deposits from customers	21	**1,453,958**	1,119,061	**-**	-
Deferred tax liabilities	15	**33,559**	9,040	**32,043**	9,040
Employee benefit obligations	24	**900,199**	882,705	**686,329**	689,735
		2,480,878	2,117,223	**811,534**	805,192
		23,281,281	22,362,600	**20,819,595**	20,274,168

These financial statements have been approved and authorised for issue by the Board of Directors on 23 September 2022

K G BHOOJEDHUR-OBEEGADOO
Chairperson

A ACHARUZ
Director

The notes on pages 140 to 244 form an integral part of these financial statements.

Auditor's report on pages 124 to 129

Statements of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Group					
		Shareholders' fund 2022 MUR'000	**Life fund 2022 MUR'000**	**Total 2022 MUR'000**	Shareholders' fund 2021 MUR'000	Life fund 2021 MUR'000	Total 2021 MUR'000
Gross premiums	25 & 32	**1,409,167**	**2,747,072**	**4,156,239**	1,254,060	2,417,102	3,671,162
Premiums ceded to reinsurers	25 & 32	**(684,014)**	**(217,026)**	**(901,040)**	(624,824)	(189,082)	(813,906)
Net Premium		**725,153**	**2,530,046**	**3,255,199**	629,236	2,228,020	2,857,256
Revenue from contracts with customers	26	**622,937**	**-**	**622,937**	560,793	-	560,793
Interest revenue on financial assets measured at EIR	27	**176,087**	**374,108**	**550,195**	165,434	378,660	544,094
Interest expenses on financial liabilities measured at EIR	30	**(60,078)**	**-**	**(60,078)**	(65,875)	-	(65,875)
Net interest income		**116,009**	**374,108**	**490,117**	99,559	378,660	478,219
Commission income receivable for reinsurance	25 & 32	**113,675**	**28,762**	**142,437**	93,910	24,134	118,044
Investment and other income					-		
Other operating income	27	**229,148**	**76,041**	**305,189**	244,778	101,824	346,602
Net (loss)/gain on financial assets at FVTPL		**(282,449)**	**(569,973)**	**(852,422)**	398,191	945,995	1,344,186
Expected credit loss reversal/(Charge) on financial assets	31	**15,381**	**13,309**	**28,690**	(7,735)	(9,029)	(16,764)
		75,755	**(451,861)**	**(376,106)**	729,144	1,062,924	1,792,068
Total revenue		**1,539,854**	**2,452,293**	**3,992,147**	2,018,732	3,669,604	5,688,336
Gross benefits and claims paid		**(562,850)**	**(1,821,731)**	**(2,384,581)**	(596,126)	(1,938,480)	(2,534,606)
Claims settled from reinsurers		**143,272**	**68,883**	**212,155**	251,296	59,184	310,480
Gross change in contract liabilities		**(143,440)**	**-**	**(143,440)**	(2,333)	-	(2,333)
Change in contract liabilities ceded to reinsurers		**106,330**	**-**	**106,330**	(11,328)	-	(11,328)
Net benefits and claims		**(456,688)**	**(1,752,848)**	**(2,209,536)**	(358,491)	(1,879,296)	(2,237,787)
Commission and brokerage fees paid	25 & 32	**(100,905)**	**(67,514)**	**(168,419)**	(81,418)	(62,379)	(143,797)
Other operating and administrative costs	29 & 32	**(643,383)**	**(353,263)**	**(996,646)**	(555,229)	(291,718)	(846,947)
Other expenses		**(744,288)**	**(420,777)**	**(1,165,065)**	(636,647)	(354,097)	(990,744)
Total benefits, claims and other expenses		**(1,200,976)**	**(2,173,625)**	**(3,374,601)**	(995,138)	(2,233,393)	(3,228,531)
Surplus of Shareholders' Fund and Life Assurance Fund		**338,878**	**278,668**	**617,546**	1,023,594	1,436,211	2,459,805
Transfer of surplus from Life Assurance Fund	28 & 32	**10,636**	**(10,636)**	**-**	25,556	(25,556)	-
Profit/Surplus Before Tax Of Shareholders' Fund And Life Assurance Fund		**349,514**	**268,032**	**617,546**	1,049,150	1,410,655	2,459,805
Taxation	20	**(95,508)**	**3,062**	**(92,446)**	(78,823)	(60,473)	(139,296)
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		**254,006**	**271,094**	**525,100**	970,327	1,350,182	2,320,509
Less profit attributable to Life Assurance Fund	32			**(271,094)**			(1,350,182)
Profit Attributable To The Group For The Year				**254,006**			970,327
Profit for the year attributable to:-							
Equity holders of the parent				**253,906**			970,161
Non-controlling interests				**100**			166
				254,006			970,327

The notes on pages 140 to 244 form an integral part of these financial statements.
Auditor's report on pages 124 to 129

Statements of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Company Shareholders' fund 2022 MUR'000	Life fund 2022 MUR'000	Total 2022 MUR'000	Shareholders' fund 2021 MUR'000	Life fund 2021 MUR'000	Total 2021 MUR'000
Gross premiums	32	-	2,747,072	2,747,072	-	2,417,102	2,417,102
Premiums ceded to reinsurers	32	-	(217,026)	(217,026)	-	(189,082)	(189,082)
Net Premium		-	2,530,046	2,530,046	-	2,228,020	2,228,020
Revenue from contracts with customers	26	502,178	-	502,178	445,658	-	445,658
Interest revenue on financial assets measured at EIR	27	71,491	372,286	443,777	65,820	374,347	440,167
Interest expenses on financial liabilities measured at EIR	30	(10,138)	-	(10,138)	(15,726)	-	(15,726)
Net interest income		61,353	372,286	433,639	50,094	374,347	424,441
Commission income receivable for reinsurance	32	-	28,762	28,762	-	24,134	24,134
Investment and other income							
Other operating income	27	397,342	67,708	465,050	382,046	26,899	408,945
Net (loss)/gain on financial assets at fair value through profit or loss		(287,265)	(600,423)	(887,688)	418,464	1,002,413	1,420,877
Expected credit loss reversal/(Charge) on financial assets	31	5,272	13,104	18,376	(2,187)	(9,229)	(11,416)
		115,349	(490,849)	(375,500)	798,323	1,044,217	1,842,540
Total revenue		678,880	2,411,483	3,090,363	1,294,075	3,646,584	4,940,659
Gross benefits and claims paid	32	-	(1,821,731)	(1,821,731)	-	(1,938,480)	(1,938,480)
Claims settled from reinsurers	32	-	68,883	68,883	-	59,184	59,184
Net benefits and claims		-	(1,752,848)	(1,752,848)	-	(1,879,296)	(1,879,296)
Commission and brokerage fees paid	32	-	(67,514)	(67,514)	-	(62,379)	(62,379)
Other operating and administrative costs	29	(373,165)	(312,649)	(685,814)	(311,647)	(258,774)	(570,421)
Other expenses		(373,165)	(380,163)	(753,328)	(311,647)	(321,153)	(632,800)
Total benefits, claims and other expenses		(373,165)	(2,133,011)	(2,506,176)	(311,647)	(2,200,449)	(2,512,096)
Surplus of Shareholders' Fund and Life Assurance Fund		305,715	278,472	584,187	982,428	1,446,135	2,428,563
Transfer of surplus from Life Assurance Fund	28 & 32	10,636	(10,636)	-	25,556	(25,556)	-
Profit/Surplus Before Tax Of Shareholders' Fund And Life Assurance Fund		316,351	267,836	584,187	1,007,984	1,420,579	2,428,563
Taxation	20	(77,295)	3,062	(74,233)	(44,743)	(60,473)	(105,216)
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		239,056	270,898	509,954	963,241	1,360,106	2,323,347
Less profit attributable to Life Assurance Fund	32			(270,898)			(1,360,106)
Profit Attributable To The Company For The Year				239,056			963,241

The notes on pages 140 to 244 form an integral part of these financial statements.
Auditor's report on pages 124 to 129

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Stated Capital MUR'000	Retained Earnings MUR'000	Properties Revaluation Reserve MUR'000	Investments Revaluation Reserve MUR'000	Actuarial Losses MUR'000	Other Reserve MUR'000	General Banking Reserve MUR'000	Translation Reserve MUR'000	Attributable to Equity Holders Of Parent MUR'000	Non-Controlling Interests MUR'000	Total MUR'000
Group												
Balance at 1 July 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 for 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 paid	**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**
Balance at 1 July 2020 - as restated		70,000	6,535,454	142,381	(75,973)	(591,674)	57,248	5,744	141,022	6,284,202	4,660	6,288,862
Profit for the year		-	970,161	-	-	-	-	-	-	970,161	166	970,327
Other comprehensive income for the year		-	-	-	33,240	70,774	-	-	36,210	140,224	(22)	140,202
Total comprehensive income for the year		-	970,161	-	33,240	70,774	-	-	36,210	1,110,385	144	1,110,529
Transfer from/(to) reserve	23(g)	-	(2,498)	-	-	-	2,498	-	-	-	-	-
Dividend paid	34	-	(118,909)	-	-	-	-	-	-	(118,909)	(142)	(119,051)
Balance at 30 June 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

The notes on pages 140 to 244 form an integral part of these financial statements.
Auditor's report on pages 124 to 129

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	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
Company							
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**
Other comprehensive income for the year		**-**	**-**	**13,053**	**19,683**	**(42,495)**	**(9,759)**
Transfer of loss on disposal of equity financial at FVOCI		**-**	**(1,470)**	**-**	**1,470**	**-**	**-**
Total comprehensive income for the year		**-**	**237,586**	**13,053**	**21,153**	**(42,495)**	**229,297**
Dividend paid	**34**	**-**	**(136,194)**	**-**	**-**	**-**	**(136,194)**
Balance at 30 June 2022		**70,000**	**6,582,545**	**154,537**	**242,950**	**(452,990)**	**6,597,042**
Balance at 1 July 2020 - as restated		70,000	5,636,821	141,484	190,466	(466,545)	5,572,226
Profit for the year		-	963,241	-	-	-	963,241
Other comprehensive income for the year		-	-	-	31,331	56,050	87,381
Total comprehensive income for the year		-	963,241	-	31,331	56,050	1,050,622
Dividend paid	34	-	(118,909)	-	-	-	(118,909)
Balance at 30 June 2021		70,000	6,481,153	141,484	221,797	(410,495)	6,503,939

The notes on pages 140 to 244 form an integral part of these financial statements.
Auditor's report on pages 124 to 129

Statement of Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Group					
		Shareholders' fund 2022	**Life fund 2022**	**Total 2022**	Shareholders' fund 2021	Life fund 2021	Total 2021
		MUR'000	**MUR'000**	**MUR'000**	MUR'000	MUR'000	MUR'000
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		**254,006**	**271,094**	**525,100**	970,327	1,350,182	2,320,509
Other comprehensive income (OCI):							
Exchange differences on translation of foreign operations	23(e & h) & 32	**13,824**	**5,219**	**19,043**	36,210	17,224	53,434
Net OCI to be reclassified to profit or loss in subsequent periods		**13,824**	**5,219**	**19,043**	36,210	17,224	53,434
OCI not to be reclassified to profit or loss in subsequent periods:							
Revaluation gains on equity instruments at fair value through OCI	23(h)	**22,391**	**174,979**	**197,370**	33,240	193,181	226,421
Remeasurement of defined benefit obligations	23(h)	**(67,509)**	**-**	**(67,509)**	70,752	-	70,752
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		**(22,507)**	**174,979**	**152,472**	103,992	193,181	297,173
Other comprehensive income for the year, net of tax		**(8,683)**	**180,198**	**171,515**	140,202	210,405	350,607
Total Comprehensive Income		**245,323**	**451,292**	**696,615**	1,110,529	1,560,587	2,671,116
Less comprehensive income attributable to Life Assurance Fund				**(451,292)**			(1,560,587)
Comprehensive Income Attributable To The Group For The Year				**245,323**			1,110,529
Total comprehensive income for the year attributable to:-							
Owners of the parent				**245,277**			1,110,385
Non-controlling interests				**46**			144
				245,323			1,110,529

The notes on pages 140 to 244 form an integral part of these financial statements.
Auditor's report on pages 124 to 129

Statement of Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

		Company					
	Notes	Shareholders' fund 2022 MUR'000	Life fund 2022 MUR'000	Total 2022 MUR'000	Shareholders' fund 2021 MUR'000	Life fund 2021 MUR'000	Total 2021 MUR'000
Profit/Surplus After Tax Of Shareholders' Fund And Life Assurance Fund		**239,056**	**270,898**	**509,954**	963,241	1,360,106	2,323,347
Other comprehensive income (OCI):							
OCI not to be reclassified to profit or loss in subsequent periods:							
Revaluation gains on equity instruments at fair value through OCI	23(h)	**19,683**	**180,391**	**200,074**	31,331	200,481	231,812
Remeasurement of defined benefit obligations	23(h)	**(42,495)**	**-**	**(42,495)**	56,050	-	56,050
Gain on revaluation of buildings, net of deferred tax	23(h)	**13,053**	**-**	**13,053**	-	-	-
Net OCI not to be reclassified to profit or loss in subsequent periods		**(9,759)**	**180,391**	**170,632**	87,381	200,481	287,862
Other comprehensive income for the year, net of tax		**(9,759)**	**180,391**	**170,632**	87,381	200,481	287,862
Total Comprehensive Income		**229,297**	**451,289**	**680,586**	1,050,622	1,560,587	2,611,209
Less comprehensive income attributable to Life Assurance Fund				**(451,289)**			(1,560,587)
Comprehensive Income Attributable To The Company For The Year				**229,297**			1,050,622

The notes on pages 140 to 244 form an integral part of these financial statements.
Auditor's report on pages 124 to 129

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
Cash Flows From Operating Activities				
Cash generated from operations (Note 35)	**893,247**	721,172	**627,863**	538,318
Interest received	**638,800**	649,209	**480,734**	522,538
Dividend received	**105,065**	41,357	**317,589**	238,405
Interest paid	**(68,856)**	(65,523)	**(10,097)**	(16,019)
Income tax paid	**(15,847)**	(128,977)	**9,345**	(102,821)
Contributions paid	**(141,363)**	(135,705)	**(114,503)**	(109,355)
Net Cash Generated From Operating Activities	**1,411,046**	1,081,533	**1,310,931**	1,071,066
Cash Flows From Investing Activities				
Purchase of intangible assets	**(54,705)**	(7,308)	**(23,927)**	(4,349)
Purchase of property, plant and equipment	**(46,876)**	(53,242)	**(43,138)**	(18,929)
Addition to leasehold rights on Land	**-**	(38,000)	**-**	-
Proceeds from disposal of property, plant and equipment	**486**	-	**366**	-
Purchase of financial assets measured at FVOCI, FVTPL and at amortised cost	**(6,157,010)**	(6,250,456)	**(4,417,485)**	(3,710,789)
Proceeds from disposal or maturity of financial assets measured at FVOCI, FVTPL and at amortised cost	**5,991,968**	6,118,381	**3,912,125**	3,279,287
Proceeds from disposal of repossessed leased assets	**466**	1,404	**-**	-
Proceeds from sale of of assets held under operating lease	**144**	2,884	**-**	-
Proceeds from disposal of foreclosed properties	**568**	1,410	**568**	1,410
Mortgage and other loans granted during the year	**(724,724)**	(518,413)	**(315,552)**	(261,607)
Mortgage and other loans repayment received during the year	**400,836**	264,029	**316,683**	251,130
Additions to investment properties	**(5,272)**	(2,382)	**(6,257)**	(69,722)
Leases granted during the year	**(229,448)**	(261,667)	**-**	-
Leases repayment received during the year	**224,039**	207,922	**-**	-
Net Cash Used In Investing Activities	**(599,528)**	(535,438)	**(576,617)**	(533,569)
Cash Flows From Financing Activities				
Borrowings taken during the year	**10,309**	19,148	**10,309**	19,148
Borrowings repaid during the year	**(23,775)**	(25,156)	**(93,752)**	(89,132)
Dividend paid	**(136,279)**	(119,051)	**(136,194)**	(118,909)
Deposits from customers - net	**201,477**	13,715	**-**	-
Payment of principal portion on lease liability	**(4,026)**	(2,708)	**(4,026)**	(2,708)
Net Cash Generated From/(Used In) Financing Activities	**47,706**	(114,052)	**(223,663)**	(191,601)
Net Increase In Cash And Cash Equivalents	**859,224**	432,043	**510,651**	345,896
Cash And Cash Equivalents At 1 July	**758,158**	326,115	**457,064**	111,168
Cash And Cash Equivalents At 30 June	**1,617,382**	758,158	**967,715**	457,064
Cash And Cash Equivalents				
Bank and cash balances	**1,617,382**	796,128	**967,715**	457,064
Bank overdraft	**-**	(37,970)	**-**	-
	1,617,382	758,158	**967,715**	457,064

The notes on pages 140 to 244 form an integral part of these financial statements.

Auditor’s report on pages 124 to 129

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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 11302, 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 (MUR) 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)

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 July 2021.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

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

New and revised IFRSs and IFRICs that are effective for the financial year

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 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments- Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases- Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases - Amendments to extend the exemption from assessing whether COVID-19 related rent concession is a lease modification

The adoption of the amendments had no impact on the financial performance and financial position of the Group.

Accounting Standards and Interpretations issued but not yet effective

There were several standards, amendments to existing standards and interpretations that were issued but not yet effective. None of these standards and interpretations are expected to have a material impact on the financial statements of the Company, except for IFRS 17- Insurance Contracts.

	New or revised standards and amendments	Effective date
IAS 1	Presentation of Financial Statements - Amendments regarding classification of liabilities	01 January 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies	01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimate	01 January 2023
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations	01 January 2023
IAS 16	Amendments prohibiting a Company deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the assets for its intended use.	01 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	01 January 2022
IFRS 3	Amendments updating a reference to the Conceptual Framework	01 January 2022
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the ‘10 per cent’ test for de-recognition of financial liabilities)	01 January 2022
IFRS 17	Insurance Contracts	01 January 2023

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

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

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)
- 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 threby 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 income statement, but are recognised directly on the balance sheet
- 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, with comparative figures required. 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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

2.3 Basis of consolidation (Continued)

- 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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

2.4 Investment in subsidiaries (Continued)

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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost (except for buildings) less accumulated depreciation and any cumulative impairment loss. Buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

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%- 100%
Furniture and fittings	- 7%- 100%
Office equipment	- 10%- 100%
Computer equipment	- 20%- 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.

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 11 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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%.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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.

2.23 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% (2021 :15%). An additional charge of 2% (2021 :2%) is applicable in respect of Corporate Social Responsibility.

2. Significant Accounting Policies (Continued)

2.24 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.

2.25 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.

2.26 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

2.26 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.

2.27 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.

2.28 Interest Expenses on Financial Liabilities not measured at FVTPL

Finance costs represent interests on borrowings and are accrued using the EIR method.

2.29 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.

2. Significant Accounting Policies (Continued)

2.29 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.

2.30 Gross Revenue

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

2.30 Gross Revenue (Continued)

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.

2.31 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.

2.32 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.

2. Significant Accounting Policies (Continued)

2.32 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.

2.33 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).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2. Significant Accounting Policies (Continued)

2.33 Liability adequacy test (Continued)

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.

2.34 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.

2.35 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.

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 2022 and 2021.

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 MUR 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 2022 and 30 June 2021, 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 2022 and 30 June 2021, 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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).

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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 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**

Group 2021					
Class of Business	No of claims	Expected run off assumptions	Gross	Reinsurance of liabilities	Net
			MUR'000	MUR'000	MUR'000
Motor	5,515	1	231,141	6,059	225,082
Property	111	2	28,044	20,275	7,769
Transport	19	3	75,752	75,584	168
Engineering	39	3	18,003	17,636	367
Accident & Health	43,574	5	61,646	42,994	18,652
Liability	741	7	55,974	50,710	5,264
Miscellaneous	57	4	23,643	22,955	688
Incurred but not reported (IBNR)	-		91,332	57,135	34,197
	50,056		585,535	293,348	292,187

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.

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			
	Total Benefits Insurred			
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**

	Group and Company			
	Total Benefits Insurred			
Benefits assured per life assured as at 30 June 2021	**Before Reinsurance**		**After Reinsurance (Retained)**	
MUR'000	MUR'000	%	MUR'000	%
0 –100	627,433	3	627,433	4
100 – 200	2,088,606	9	2,088,606	13
200 – 300	2,161,410	9	2,161,410	14
300 – 400	1,510,945	6	1,510,945	9
400 +	17,192,068	73	9,601,157	60
TOTAL	23,580,462	100	15,989,551	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.

	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**

	Group and Company	
Annuity payable per annum per life assured as at 30 June 2021	**Total annuities payable per annum**	
MUR'000	MUR'000	%
0 – 10	704	0.2
10 – 20	3,392	1.0
20 – 50	32,615	9.8
50 – 100	74,827	22.6
100 – 150	50,588	15.3
More than 150	169,146	51.1
Total	331,272	100.0

With regards to Group Assurances the Total Sum Assured is MUR'000 55,812,768 (2021: MUR'000 45,986,254) and the Sum Assured retained is MUR'000 30,606,166 (2021: MUR'000 23,609,960).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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			
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**
2021	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%	49,420	23,621	25,799	21,413

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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				
	2022		2021	
	Liability	**Difference**	Liability	Difference
Variables	**MUR'000**	**%**	MUR'000	%
Actual reserve	**13,496,181**	**-**	12,408,041	-
Interest rate less 1%	**16,092,689**	**19.2**	14,959,110	20.6
Mortality plus 10%	**13,592,589**	**0.7**	12,485,399	0.6
Lapse plus 10%	**13,387,294**	**(0.8)**	12,458,643	0.4
Expenses plus 10%	**13,882,575**	**2.9**	12,915,582	4.1
Inflation plus 1%	**14,429,932**	**6.9**	13,168,943	6.1

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.

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FOR THE YEAR ENDED 30 JUNE 2022

4. Insurance Risk (Continued)

4.1.4 Claims development table (Gross basis excluding Group Medical Scheme) (Continued)

Financial Year of Loss	Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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	462,107	310,807	99,827	136,251	143,200	125,471	169,878	180,405	232,158	278,761	335,021	429,679	454,280	**457,953**	**3,815,798**
One year later	202,853	92,314	57,091	22,367	20,259	12,383	36,876	26,102	37,093	67,059	81,847	65,036	66,839		**788,119**
Two years later	19,825	16,697	2,119	2,373	21,228	7,661	(827)	12,351	131,855	(6,160)	2,996	703			**210,821**
Three years later	13,115	6,338	220	(1,571)	66,804	462	(974)	(1,950)	1,073	51,410	(1,325)				**133,602**
Four years later	5,957	4,922	3,979	1,847	6,518	(122)	(247)	13,007	(552)	(739)					**34,570**
Five years later	4,883	185	2,381	1,441	1,401	822	(1,015)	2,907	(3,325)						**9,680**
Six years later	2,365	2,289	611	1,887	7,017	(65)	(284)	838							**14,658**
Seven years later	3,206	470	835	(118)	(3,334)	491	(523)								**1,027**
Eight years later	736	(169)	269	861	9,657	1,830									**13,184**
Nine years later	2,048	189	1,520	79	93										**3,929**
Ten years later	2,384	(121)	519	72											**2,854**
Eleven years later	(8,192)	352	272												**(7,568)**
Twelve years later	216	(18)													**198**
Total claims paid	**711,502**	**434,254**	**169,644**	**165,488**	**272,841**	**148,934**	**202,883**	**233,659**	**398,303**	**390,331**	**418,538**	**495,418**	**521,119**	**457,953**	**5,020,872**
Undiscounted reserves	**5,926**	**(33)**	**(8)**	**1,370**	**12,270**	**8,824**	**41,850**	**6,505**	**10,649**	**13,730**	**10,361**	**26,546**	**94,865**	**297,572**	**530,427**
Outstanding Reported	5,926	(33)	(243)	1,719	13,146	4,910	38,858	5,829	10,621	6,388	10,047	20,628	91,172	274,677	**483,645**
IBNR Reserve	-	-	235	(350)	(876)	3,914	2,992	676	28	7,342	313	5,920	3,693	22,895	**46,782**

4. Insurance Risk (Continued)

4.1.4 Claims development table (Net basis excluding Group Medical Scheme) (Continued)

	Financial Year of Loss Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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	368,859	119,546	90,264	114,359	126,195	121,347	156,174	173,726	200,002	232,760	263,299	274,984	335,925	**363,789**	**2,941,229**
One year later	76,597	13,550	8,775	4,420	2,282	3,973	14,858	20,004	23,559	30,966	37,087	28,794	36,030		**300,895**
Two years later	(3,037)	64	1,735	23	1,705	(3,241)	(2,566)	(4,234)	(7,470)	(9,929)	(8,752)	(8,804)			**(44,506)**
Three years later	793	5,624	207	(2,184)	5,019	415	(995)	(2,535)	(3,936)	(7,569)	(6,201)				**(11,362)**
Four years later	(1,833)	4,805	3,125	1,134	5,825	(791)	(298)	12,032	(4,468)	(1,153)					**18,378**
Five years later	4,594	164	2,381	574	920	1,052	(1,023)	(10,326)	(3,325)						**(4,989)**
Six years later	1,803	2,260	56	1,838	6,865	(65)	(284)	358							**12,831**
Seven years later	3,333	(202)	834	139	(22,918)	491	(523)								**(18,846)**
Eight years later	(185)	(1,306)	269	(6)	(2,857)	1,830									**(2,255)**
Nine years later	2,031	189	1,521	(41)	(77)										**3,623**
Ten years later	1,172	(121)	(173)	144											**1,022**
Eleven years later	(613)	334	272												**(7)**
Twelve years later	(1,588)	(939)													**(2,527)**
Current Claims paid to date	**451,926**	**143,968**	**109,266**	**120,400**	**122,959**	**125,011**	**165,343**	**189,025**	**204,362**	**245,075**	**285,433**	**294,974**	**371,955**	**363,789**	**3,193,486**
IBNR	**-**	**-**	**317**	**(350)**	**1,644**	**3,225**	**2,514**	**5**	**-**	**416**	**56**	**21**	**1,730**	**11,590**	**21,168**
Outstanding Reported	**2,072**	**(285)**	**(325)**	**847**	**(1,421)**	**3,835**	**3,789**	**(3,266)**	**4,491**	**(1,184)**	**2,518**	**8,410**	**(4,163)**	**68,184**	**83,502**
Net Liability	2,072	(285)	(8)	497	223	7,060	6,303	(3,261)	4,491	(768)	2,574	8,431	(2,433)	79,774	**104,670**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
USD	5,578,268	6,121,671	5,122,444	5,810,660
GBP	257,228	295,363	-	-
EUR	9,538	298	-	-
MUR	17,176,385	15,938,986	13,454,508	12,549,208
	23,021,419	22,356,318	18,576,952	18,359,868

Short-term and long-term financial liabilities including payables, loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
USD	206,502	189,181	-	-
MUR	2,653,181	2,713,993	421,966	722,846
	2,859,683	2,903,174	421,966	722,846

5. Financial Risks Factors (Continued)

5.1 Market risks (Continued)

(i) Foreign currency risk (Continued)

Net exposure

	Group		Company	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
USD	5,371,766	5,932,490	5,122,444	5,810,660
GBP	257,228	295,363	-	-
EUR	9,538	298	-	-
MUR	14,523,204	13,224,993	13,032,542	11,826,362
	20,161,736	19,453,144	18,154,986	17,637,022

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			
		2022		2021	
	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%	268,588	268,588	296,625	296,625
	-5%	(268,588)	(268,588)	(296,625)	(296,625)
GBP	5%	12,861	12,861	14,768	14,768
	-5%	(12,861)	(12,861)	(14,768)	(14,768)
EUR	5%	477	477	15	15
	-5%	(477)	(477)	(15)	(15)

		Company			
		2022		2021	
	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%	256,122	256,122	290,533	290,533
	-5%	(256,122)	(256,122)	(290,533)	(290,533)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

5. Financial Risks Factors (Continued)

5.1 Market risks (Continued)

(i) 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 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.

	Group	Company
	30-Jun-22	30-Jun-22
	Interest receivable	Interest receivable
	MUR'000	MUR'000
MUR (Call deposits)	2,360	1,604
USD (Call deposits)	7	-
GBP (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

	Group	Company
	30-Jun-21	30-Jun-21
	Interest receivable	Interest receivable
	MUR'000	MUR'000
MUR (Floating rate fixed deposits)	12	12
MUR (Call deposits)	2,751	1,303
USD (Call deposits)	11	-
MUR (Floating rate Government Bonds)	16,385	16,385
MUR (Floating rate Corporate Bonds)	7,207	5,239
	26,366	22,939

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			
	2022		2021	
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	2,005	2,005	1,318	1,318
+ 50 basis points	(2,005)	(2,005)	(1,318)	(1,318)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

5. Financial Risks Factors (Continued)

1.1 Market risks (continued)

(ii) Interest rate risk (continued)

	Company			
	2022		2021	
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	1,861	1,861	1,147	1,147
+ 50 basis points	(1,861)	(1,861)	(1,147)	(1,147)

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			
	2022		2021	
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	3,731	3,731	4,202	4,202
+ 50 basis points	(3,731)	(3,731)	(4,202)	(4,202)

(i) 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 2022

5. Financial Risks Factors (Continued)

5.1 Market risks (continued)

(iii) Price risk (continued)

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Quoted				
Financial Investments - FVTPL	**15,042**	10,644	**10,284**	10,644
Financial Investments - FVOCI	**2,065,018**	1,764,965	**1,967,476**	1,664,716
Total	**2,080,060**	1,775,609	**1,977,760**	1,675,360

The following table details the Group's and Company's sensitivity to a 5% increase/ decrease in the prices of securities investments.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Increase/ decrease of 5% in prices of securities				
Increase/decrease in other comprehensive income and equity	**103,251**	88,248	**98,374**	83,236
Increase/decrease in profit or loss	**752**	532	**514**	532

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 2022

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	**2022**	**2021**	**2022**	**2021**
	MUR'000	MUR'000	**MUR'000**	MUR'000
Measured at FVTPL	**5,042,440**	5,639,336	**5,221,933**	5,974,374
Measured at FVOCI	**2,359,725**	2,083,906	**2,262,165**	1,983,640
Debt instrument at amortised cost	**10,534,074**	10,716,380	**8,405,211**	8,154,931
Finance Lease receivables	**697,103**	705,674	**-**	-
Mortgage and other Loans	**1,940,583**	1,596,881	**1,358,913**	1,342,044
Insurance and other receivables*	**190,579**	318,238	**361,015**	447,815
Reinsurance assets	**639,533**	499,775	**-**	-
Cash and bank balance	**1,617,382**	796,128	**967,715**	457,064
	23,021,419	22,356,318	**18,576,952**	18,359,868

* 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 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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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**

Group							
At 30 June 2021							
	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	138,917	528,245	1,141,405	-	-	-	1,808,567
Borrowings	9,042	15,028	52,907	-	-	-	76,977
Lease Liability	4,169	7,450	36,041	624,576	-	-	672,236
Trade and other payables	301,038	313,282	91,680	-	176,390	-	882,390
Insurance liabilities	-	-	-	-	-	585,535	585,535
Life assurance fund	886,417	826,655	2,702,747	8,549,218	-	-	12,965,037
Other financial liabilities	**37,970**	**-**	**-**	**-**	**-**	**-**	**37,970**
Total liabilities	**1,377,553**	**1,690,660**	**4,024,780**	**9,173,794**	**176,390**	**585,535**	**17,028,712**

5 Financial Risks Factors (Continued)

5.3 Liquidity risk (Continued)

Company						
At 30 June 2021						
	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	27,401	70,105	52,907	-	-	150,413
Lease Liability	4,169	7,450	36,041	624,576	-	672,236
Trade and other payables	278,037	209,820	91,680	-	-	579,537
Life assurance fund	886,417	826,655	2,702,747	8,549,218	-	12,965,037
Total liabilities	**1,196,024**	**1,114,030**	**2,883,375**	**9,173,794**	**-**	**14,367,223**

Note (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 2022

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued)

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 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

	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

	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
FVOCI				
Quoted Equities	1,967,476	-	-	1,967,476
Unquoted Equities	-	-	294,689	294,689
Total	1,967,476	-	294,689	2,262,165

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 2021			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVTPL				
Quoted Investment in Exchange Traded Funds/Preference shares	10,644	-	-	10,644
Unquoted Investment in CIS/Mutual Funds	-	5,628,692	-	5,628,692
Total	10,644	5,628,692	-	5,639,336

	Group 2021			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVOCI				
Quoted Equities	1,764,965	-	-	1,764,965
Unquoted Equities	-	-	318,941	318,941
Total	1,764,965	-	318,941	2,083,906

	Company 2021			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVTPL				
Quoted Investment in Exchange Traded Funds/Preference shares	10,644	-	-	10,644
Unquoted Investment in CIS/Mutual Funds	-	5,963,730	-	5,963,730
Total	10,644	5,963,730	-	5,974,374

	Company 2021			
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
FVOCI				
Quoted Equities	1,664,716	-	-	1,664,716
Unquoted Equities	-	-	318,924	318,924
Total	1,664,716	-	318,924	1,983,640

Reconciliation of Level 3 fair value measurements of financial assets

	Group		Company	
	2022	2021	**2022**	2021
	Unquoted Equities	Unquoted Equities	**Unquoted Equities**	Unquoted Equities
	MUR'000	MUR'000	**MUR'000**	MUR'000
Opening Balance	**318,941**	294,733	**318,924**	294,719
Issues	**-**	-	**-**	-
Settlements	**-**	-	**-**	-
Fair Value adjustments	**(24,234)**	24,208	**(24,235)**	24,205
Closing Balance	**294,707**	318,941	**294,689**	318,924

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.

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5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued)

Type	Fair value as at 30 June 2022	Valuation approach	Key observable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	MUR,000				
Financial Services	220,593	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 MUR 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 MUR 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 MUR 3.7 million in fair value
Leisure	127	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 MUR 0.01 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.

Type	Fair value as at 30 June 2021	Valuation approach	Key observable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	MUR,000				
Financial Services	245,362	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 MUR 29.0 million in fair value
Real estate and others	73,562	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 MUR 5.5 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 MUR 3.7 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.

5. Financial Risks Factors (Continued)

5.4 Fair value measurements recognised in the statements of financial position (Continued)

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.

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 - 2022 & 2021	Valuation approach	Observable input	Carrying amount		Fair Value	
				2022	2021	**2022**	2021
Loans and receivables:				**MUR'000**	MUR'000	**MUR'000**	MUR'000
Mortgage Loans and other loans	Level 2	DCF	Floating market rate	**1,940,583**	1,596,881	**2,281,832**	1,761,316
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	**8,451,018**	8,378,510	**8,944,720**	8,789,872
Fixed deposits				**2,083,056**	2,337,870	**2,098,630**	2,273,260
Financial assets at amortised cost				**12,474,657**	12,313,261	**13,325,182**	12,824,448

	Company						
	Fair value hierarchy - 2022 & 2021	Valuation approach	Observable input	Carrying amount		Fair Value	
				2022	2021	**2022**	2021
Loans and receivables:				**MUR'000**	MUR'000	**MUR'000**	MUR'000
Mortgage Loans and other loans	Level 2	DCF	Floating market rate	**1,358,913**	1,342,044	**1,700,162**	1,745,134
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	**7,460,185**	7,359,885	**7,916,352**	7,778,319
Fixed deposits				**945,026**	795,046	**945,419**	793,316
Financial assets at amortised cost				**9,764,124**	9,496,975	**10,561,933**	10,316,769

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FOR THE YEAR ENDED 30 JUNE 2022

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;

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 (Continued)

- 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 2022

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.

7. Property, Plant And Equipment

(a) Group

Cost Or Valuation	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	Motor vehicles under operating lease MUR'000	Total MUR'000
At 1 July 2020	11,186	292,369	56,606	45,292	62,393	4,821	21,331	493,998
Additions	-	34,553	2,877	594	15,218	-	-	53,242
Transfer to Investment properties (Note 8)	-	(32,259)	-	-	-	-	-	(32,259)
Disposals/scrapped	-	-	-	-	(5,235)	-	(9,792)	(15,027)
At 30 June 2021	11,186	294,663	59,483	45,886	72,376	4,821	11,539	499,954
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 Property	**12,893**		**-**	**-**	**-**	**-**	**-**	**12,893**
Transfer to Investment property (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**
Depreciation								
At 1 July 2020	336	38,807	51,741	38,328	37,678	2,167	10,545	179,602
Charge for the year								
Life fund	-	-	556	414	2,267	49	-	3,286
Shareholders' fund	112	12,693	1,769	1,228	7,135	159	-	23,096
Rented under operating lease	-	-	-	-	-	-	1,989	1,989
Transfer to Investment properties (Note 8)	-	(1,620)	-	-	-	-	-	(1,620)
Disposals/scrapped	-	-	-	-	(5,229)	-	(6,959)	(12,188)
At 30 June 2021	448	49,880	54,066	39,970	41,851	2,375	5,575	194,165
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' fund	**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**
CARRYING AMOUNT								
At 30 June 2022	**13,271**	**249,579**	**6,788**	**6,171**	**36,290**	**7,186**	**4,299**	**323,584**
At 30 June 2021	10,738	244,783	5,417	5,916	30,525	2,446	5,964	305,789

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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 2020	-	292,369	55,032	44,672	53,674	4,308	450,055
Additions	-	5,215	708	533	12,473	-	18,929
Transfer to Investment properties (Note 8)	-	(32,259)	-	-	-	-	(32,259)
Scrapped	-	-	-	-	(5,235)	-	(5,235)
At 30 June 2021	-	265,325	55,740	45,205	60,912	4,308	431,490
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**
Depreciation							
At 1 July 2020	-	38,807	50,777	38,042	31,433	1,655	160,714
Charge for the year							
Life fund	-	-	556	414	2,267	49	3,286
Shareholders' fund	-	10,854	859	1,179	5,994	159	19,045
Transfer to Investment properties (Note 8)	-	(1,620)	-	-	-	-	(1,620)
Scrapped	-	-	-	-	(5,235)	-	(5,235)
At 30 June 2021	-	48,041	52,192	39,635	34,459	1,863	176,190
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' fund	**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**
Carrying Amount							
At 30 June 2022	**13,271**	**214,729**	**4,675**	**5,735**	**32,256**	**7,185**	**277,851**
At 30 June 2021	-	217,284	3,548	5,570	26,453	2,445	255,300

Out of the depreciation charge of MUR'000 22,670 (2021: MUR'000 19,045) on the Shareholders' Fund for the year, an amount of MUR'000 3,474 (2021: MUR'000 3,008) 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 8.0% (30 June 2021: 7.5% - 8.0%) on an ongoing basis. The motor vehicles held have committed lessees up to two 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	
	2022 MUR'000	2021 MUR'000
Within one year	**2,442**	1,896
In the first to the second year	**2,303**	2,248
	4,745	4,144

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 MUR'000 117,519 (2021 : MUR'000 120,853).

Details of the Group's buildings measured at fair value and information about the fair value hierarchy as at 30 June 2022 and 30 June 2021 are as follows:

	Group		Company	
	2022 MUR'000 Level 3	2021 MUR'000 Level 3	**2022 MUR'000 Level 3**	2021 MUR'000 Level 3
Building on leasehold land	**249,579**	244,783	**214,729**	217,284
Building on freehold land	**13,271**	10,738	**13,271**	-
	262,850	255,521	**228,000**	217,284

Buildings amounting to MUR 262.9 million (2021: MUR 255.5 million) for the Group and MUR 228.0 million (2021: MUR 217.3 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 MUR 44,000 per square metre (2021: MUR 40,000 per square metre).

Description of the valuation technique used and key inputs to the valuation of freehold and leasehold building:

Group	Valuation technique	Significant unobservable inputs	2022	2021	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	**2022**	2021
Freehold and leasehold building	Comparative method	Estimate sales price per square metre	**MUR44**	MUR40	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 10,736,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 9,900,000

Company	Valuation technique	Significant unobservable inputs	2022	2021	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	**2022**	2021
Freehold and leasehold building	Comparative method	Estimate sales price per square metre	**MUR44**	MUR40	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 10,736,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 9,900,000

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8. Investment Properties

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**1,515,779**	1,460,980	**1,635,048**	1,473,710
Additions	**5,272**	2,382	**6,257**	104,097
Transfer from Property, plant and equipment (Note 7)	**21,459**	30,639	**21,459**	30,639
Transfer to Property, plant and equipment (Note 7)	**-**	-	**(12,893)**	-
Fair value gain (note 27)	**34,518**	21,778	**35,332**	26,602
At 30 June	**1,577,028**	1,515,779	**1,685,203**	1,635,048

Rental income generated amounting to MUR 91,505,698 (2021: MUR 88,142,206) for the Group and MUR 96,851,266 (2021: MUR 89,787,917) for the Company. The direct operating expenses incurred during the year for the Group and the Company amounted to MUR 25,927,725 (2021: MUR 16,540,376).

The transfer from Investment properties of MUR 12,893,000 was effected because of the change in use where the transferred property does no longer meet the definition of Investment property (IAS 40).
The transfer to Investment properties of MUR 21,459,000 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	
	2022	2021	**2022**	2021
Level 3	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Right of use (ROU) of leasehold land	**62,305**	61,220	**135,631**	133,595
Land	**50,000**	48,654	**50,000**	48,654
Buildings	**1,464,723**	1,405,905	**1,499,572**	1,452,799
	1,577,028	1,515,779	**1,685,203**	1,635,048

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 17 years with an extension period of 60 years. The other lease has a remaining period of 48 years.

The fair value of the buildings was determined using prices in the range of MUR 51,000 per square metre to MUR 70,000 per square metre (2021: MUR 49,000 - MUR 69,000); and ranges from MUR 56,000 to MUR 92,000 per square metre for land (2021: MUR 55,000- MUR 89,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

8. Investment Properties (Continued)

Description of the valuation technique used and key inputs to the valuation of properties:

Group	Valuation technique	Significant unobservable inputs	2022	2021	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	**2022**	2021
Freehold and leasehold building	Comparative method	Estimate sales price per square metre	**MUR 53 - MUR 70**	MUR 51 - MUR 69	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 71,720,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 68,828,000
Land	Comparative method	Estimate sales price per square metre	**MUR 92**	MUR 89	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 2,500,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 2,433,000
Right of use of assets	Comparative and investment method	Estimate sales price per square metre	**MUR8**	MUR 7	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 3,115,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 3,061,000

Company	Valuation technique	Significant unobservable inputs	2022	2021	Relationship of unobservable inputs to fair value	
			MUR'000	MUR'000	**2022**	2021
Freehold and leasehold building	Comparative and investment method	Estimate sales price per square metre	**MUR51 - MUR 70**	MUR 49 - MUR 69	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 74,979,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 72,640,000
Land	Comparative and investment method	Estimate sales price per square metre	**MUR 56 - MUR 92**	MUR 55 - MUR 89	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 4,448,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 4,333,000
Right of use of assets	Comparative and investment method	Estimate sales price per square metre	**MUR 8 - MUR 105**	MUR 7 - MUR 105	**An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 6,734,000**	An increase/ decrease of 5% in the unobservable input would lead to an increase/decrease in FV of MUR 6,680,000

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FOR THE YEAR ENDED 30 JUNE 2022

9. Intangible Assets

Computer Software	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cost				
At 1 July	**98,351**	96,612	**68,209**	69,429
Additions	**54,705**	7,308	**23,927**	4,349
Disposals/scrapped	**(1,190)**	(5,569)	**(1,190)**	(5,569)
At 30 June	**151,866**	98,351	**90,946**	68,209
Amortisation				
At 1 July	**61,155**	56,863	**38,003**	36,515
Charge for the year				
Life Fund	**2,349**	1,585	**2,349**	1,585
Shareholders' Fund	**9,231**	8,265	**6,631**	5,472
Disposals/scrapped	**(1,054)**	(5,558)	**(1,054)**	(5,569)
At 30 June	**71,681**	61,155	**45,929**	38,003
Carrying Amount	**80,185**	37,196	**45,017**	30,206

Out of the Company depreciation charge of MUR'000 6,631 (2021: MUR'000 5,472) on the Shareholders' Fund for the year, an amount of MUR'000 1,179 (2021: MUR'000 801) has been recharged as support cost to SICOM General Insurance Ltd.

10. Investments In Subsidiaries

(a) Unquoted investments at cost

	COMPANY 2022 MUR'000	COMPANY 2021 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 2022	% Holding 2021
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 MUR'000 225,483 (2021: MUR'000 223,797) from its equity instruments were recorded in the statement of profit or loss as other operating income.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

11. Financial Investments

(a) Financial assets at fair value through other comprehensive income (FVOCI)

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Equity Securities				
Quoted	**2,065,018**	1,764,965	**1,967,476**	1,664,716
Unquoted	**294,707**	318,941	**294,689**	318,924
	2,359,725	2,083,906	**2,262,165**	1,983,640

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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**2,083,906**	1,707,084	**1,983,640**	1,601,501
Additions	**84,346**	150,401	**84,346**	150,327
Disposals	**(5,897)**	-	**(5,895)**	-
Fair value adjustments	**197,370**	226,421	**200,074**	231,812
At 30 June	**2,359,725**	2,083,906	**2,262,165**	1,983,640

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

11. Financial Investments (Continued)

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Investment in mutual funds/collective investment schemes	**5,027,398**	5,628,692	**5,211,649**	5,963,730
Quoted Investment in Exchange Traded Funds/Preference shares	**15,042**	10,644	**10,284**	10,644
	5,042,440	5,639,336	**5,221,933**	5,974,374
Analysed as:				
Quoted	**15,042**	10,644	**10,284**	10,644
Unquoted	**5,027,398**	5,628,692	**5,211,649**	5,963,730
	5,042,440	5,639,336	**5,221,933**	5,974,374

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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**5,639,336**	3,702,476	**5,974,374**	4,284,465
Additions	**459,165**	1,511,439	**135,247**	269,032
Disposals	**(203,639)**	(918,765)	**-**	-
Fair value adjustments	**(852,422)**	1,344,186	**(887,688)**	1,420,877
At 30 June	**5,042,440**	5,639,336	**5,221,933**	5,974,374

(c) Debt instruments at amortised cost

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Government bonds	**6,513,548**	6,305,411	**5,757,546**	5,498,943
Treasury bills and treasury notes	**1,149,230**	1,306,770	**1,031,392**	1,191,485
Corporate bonds	**783,256**	761,349	**666,520**	664,734
Preference shares	**4,984**	4,980	**4,727**	4,723
Term deposits	**2,083,056**	2,337,870	**945,026**	795,046
	10,534,074	10,716,380	**8,405,211**	8,154,931
Analysed between:				
Current	**3,012,462**	3,831,854	**2,294,579**	2,267,575
Non-Current	**7,521,612**	6,884,526	**6,110,632**	5,887,356
	10,534,074	10,716,380	**8,405,211**	8,154,931

The Group has classified all of its quoted debt securities as debt instrument at amortised cost 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

11. Financial Investments (Continued)

(c) Debt instruments at amortised cost (Continued)

Term deposits

The deposits earn interest at rates varying between 0.65% - 9.5% (2021: 0.4% - 10.50%) 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 instrument at amortised cost are statutory deposits amounting to MUR 14 million (2021: MUR 15 million) for the Group and MUR 6 million (2021: MUR 7 million) for the Company. These represent investments in Government Securities and earn interest at 7.0% - 7.8% (2021: 7.0% - 7.8%) per annum and have maturity dates varying between 2022 - 2029.

The table below shows the credit quality and maximum exposure to credit risk. The amounts presented are gross of impairment allowances.

	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**

	Group			
	2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing high grade	10,726,545	-	-	10,726,545

	Company			
	2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Performing high grade	8,160,379	-	-	8,160,379

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			
	2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	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)
Amortisation adjustments	(18,026)	-	-	(18,026)
At 30 June 2022	10,541,345	-	-	10,541,345
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	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 was no transfer of assets between stages during the year.

	Company			
	2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	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	Stage 2 Individual	Stage 3 Individual	Total
	MUR'000	MUR'000	MUR'000	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 was no transfer of assets between stages during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

11. Financial Investments (Continued)

(c) Debt instruments at amortised cost (Continued)

	Group 2021 Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
Gross carrying amount at 1 July 2020	11,224,056	-	-	11,224,056
New assets purchased	4,593,265	-	-	4,593,265
Assets derecognised or matured	(5,098,207)	-	-	(5,098,207)
Adjustments	988	-	-	988
Amortisation adjustments	6,443	-	-	6,443
At 30 June 2021	**10,726,545**	**-**	**-**	**10,726,545**
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
ECL allowance at 1 July 2020	13,793	-	-	13,793
New assets purchased	4,649	-	-	4,649
Assets derecognised or matured	(4,228)	-	-	(4,228)
Amortisation adjustments	(4,049)	-	-	(4,049)
At 30 June 2021	10,165	-	-	10,165

There were no transfer of assets between stages during the year.

	Company 2021 Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
Gross carrying amount at 1 July 2020	8,200,907	-	-	8,200,907
New assets purchased	3,293,609	-	-	3,293,609
Assets derecognised or matured	(3,281,176)	-	-	(3,281,176)
Amortisation adjustments	(52,961)	-	-	(52,961)
At 30 June 2021	**8,160,379**	**-**	**-**	**8,160,379**
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 Individual MUR'000	Total MUR'000
ECL allowance at 1 July 2020	7,462	-	-	7,462
New assets purchased	2,179	-	-	2,179
Assets derecognised or matured	(1,889)	-	-	(1,889)
Amortisation adjustments	(2,304)	-	-	(2,304)
At 30 June 2021	5,448	-	-	5,448

There were no transfer of assets between stages during the year.

(d) Bank and Cash balances

	Group 2022 MUR'000	Group 2021 MUR'000	Company 2022 MUR'000	Company 2021 MUR'000
Bank and cash balances	**1,349,470**	546,523	**728,013**	207,459
Short Term deposits	**268,210**	250,000	**240,000**	250,000
Less Expected Credit Losses on Short Term deposits	**(298)**	(395)	**(298)**	(395)
	1,617,382	796,128	**967,715**	457,064

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.

12. Assets Held For Sale

Foreclosed properties/Repossessed assets	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**7,229**	9,429	**7,229**	9,429
Transfer from finance leases (Note 13(a))	**12,946**	2,533	**-**	-
Disposals	**(983)**	(4,733)	**(676)**	(2,200)
Fair value loss recognised in profit or loss	**(4,089)**	-	**(200)**	-
At 30 June	**15,103**	7,229	**6,353**	7,229

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.

During the year ended 30 June 2022, management has proceeded with the repossession of assets for impaired finance leases. As management has the intent of disposing these unsold repossessed assets within the next twelve months, these have been classified as assets held for sale, in line with the requirements of IFRS 5. The below criteria has been considered by management:
- 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	
		2022	2021
		MUR'000	MUR'000
(i)	Finance lease receivable	**698,137**	712,623
	Interest receivable	**3,233**	3,219
	Allowance for expected credit losses	**(4,267)**	(10,168)
	Net investment in finance leases	**697,103**	705,674
	Analysed as:-		
	- Non-current finance lease receivables	**511,751**	539,541
	- Current finance lease receivables	**185,352**	166,133
		697,103	705,674

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(ii) Gross and net investment in finance leases

	Group 2022 MUR'000	Group 2021 MUR'000
Gross investment in finance leases		
- within one year	**216,366**	199,148
- within 1 and 2 years	**191,960**	188,257
- within 2 to 3 years	**147,564**	163,498
- within 3 to 4 years	**115,603**	115,830
- within 4 to 5 years	**65,123**	84,747
- more than five years	**38,546**	51,996
	775,162	803,476
Less: Unearned finance income	**(88,820)**	(105,609)
	686,342	697,867
Instalments due	**15,028**	17,975
Less: Allowance for expected credit losses	**(4,267)**	(10,168)
Present value of minimum lease payments receivable	**697,103**	705,674
Analysed as:-		
- Current finance lease receivables	**182,491**	164,398
- Non-current finance lease receivables	**503,851**	533,469
	686,342	697,867
Instalments due	**15,028**	17,975
Less: Allowance for expected credit losses	**(4,267)**	(10,168)
	697,103	705,674

(iii) Remaining term to maturity

	Group 2022 MUR'000	Group 2021 MUR'000
Corporate customers		
Current		
Up to 3 months	**13,618**	9,434
Over 3 months and up to 6 months	**13,077**	15,267
Over 6 months and up to 12 months	**26,115**	27,373
Non-Current		
Over 1 year and up to 5 years	**141,701**	128,841
Over 5 years	**12,146**	11,391
	206,657	192,306
Other customers		
Current		
Up to 3 months	**35,083**	13,361
Over 3 months and up to 6 months	**31,791**	37,187
Over 6 months and up to 12 months	**62,806**	61,777
Non-Current		
Over 1 year and up to 5 years	**325,093**	335,657
Over 5 years	**24,912**	57,579
	479,685	505,561
Instalment due	**15,028**	17,975
Allowance for expected credit losses	**(4,267)**	(10,168)
Total	**697,103**	705,674

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(iv) Credit concentration of risk by industry sectors

	GROUP	
	2022	2021
	MUR'000	MUR'000
Manufacturing	**3,212**	7,713
Transport	**23,336**	33,327
Construction	**8,952**	13,484
Personal	**606,270**	567,662
Financial and business services	**13,935**	10,551
Education	**5,001**	6,772
Tourism	**5,268**	12,017
Information, Communication and Technology	**4,451**	3,815
Others	**26,678**	50,333
	697,103	705,674

(v) Allowance for expected credit losses

	Group		
	2022	**2022**	**2022**
	Non performing leases	**Performing leases**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
At 1 July	**9,366**	**802**	**10,168**
Release during the year (Note 31)	**(5,510)**	**(391)**	**(5,901)**
At 30 June	**3,856**	**411**	**4,267**

	Group		
	2021	2021	2021
	Non performing leases	Performing leases	Total
	MUR'000	MUR'000	MUR'000
At 1 July	4,210	725	4,935
Charged during the year (Note 31)	5,156	77	5,233
At 30 June	9,366	802	10,168

The allowance for expected credit losses is analysed as follows:

	2022	2021
	MUR'000	MUR'000
Manufacturing	**39**	12
Transport	**639**	1,204
Construction	**99**	59
Personal	**3,480**	8,308
Financial and business services	**6**	58
Education	**1**	2
Tourism	**-**	474
Information, Communication and Technology	**1**	28
Others	**2**	23
Total	**4,267**	10,168

The above allowance for expected credit losses includes impaired finance leases, which are past due at the end of the reporting date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(vi) Ageing of past due debt which is impaired

	Group	
	2022	2021
	MUR'000	MUR'000
1-90 days	**399**	1,135
91-180 days	**3,170**	6,073
181-360 days	**8,679**	28,258
More than 360 days	**9,987**	5,678
	22,235	41,144

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.

(vii) 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 policies. 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 MUR'000	Loss allowance MUR'000	Fair value of collateral held MUR'000
2022	**22,235**	**3,856**	**31,037**
2021	41,144	9,366	51,602

Covid-19 moratoriums

There were no new moratoriums granted to eligible customers impacted by Covid-19 during the year ended 30 June 2022 (2021: 15).

(viii) 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 6.44 % (2021: 6.72%) per annum with interest rates ranging from 4.95% to 12.5% (2021: 5.00% to 12.5%).

Unguaranteed residual values of assets leased under finance leases at end of reporting date are estimated at MUR.17,482,207 (2021: MUR.16,713,166).

13. Loans And Advances (Continued)

a. Net investment in finance leases (Continued)

(ix) Ageing analysis (Provision matrix)

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

	Group					
	Net investment in finance leases					
		Days past du				
MUR'000 **30 June 2022**	**Current**	**1-90 days**	**91 -180 days**	**181- 360 days**	**>360 days**	**Total**
Expected credit loss rate	**0.06%**	**0.08%**	**0.00%**	**3.29%**	**36.67%**	**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 2022	**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	**537,921**	**141,215**	**22,234**	**701,370**	**(4,267)**	**697,103**

	Group					
	Net investment in finance leases					
		Days past due				
MUR'000 **30 June 2021**	**Current**	**1-89 days**	**90 -180 days**	**180- 360 days**	**>360 days**	**Total**
Expected credit loss rate	0.13%	0.10%	7.09%	2.51%	40.36%	1.42%
Estimated total gross carrying amount at default	444,693	231,140	6,073	28,258	5,678	715,842
Expected credit losses	563	240	431	6,643	2,291	10,168

30 June 2021	**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	444,693	230,005	41,144	715,842	(10,168)	705,674

b. Mortgage and other loans

	Group		Company	
	2022 **MUR'000**	2021 MUR'000	**2022** **MUR'000**	2021 MUR'000
Loan and advances	**1,964,645**	1,640,757	**1,382,867**	1,383,998
Less: Allowances for expected credit losses	**(24,062)**	(43,876)	**(23,954)**	(41,954)
	1,940,583	1,596,881	**1,358,913**	1,342,044
Analysed as:-				
Non-current	**1,278,489**	1,014,474	**787,001**	546,095
Current	**662,094**	582,407	**571,912**	795,949
	1,940,583	1,596,881	**1,358,913**	1,342,044

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FOR THE YEAR ENDED 30 JUNE 2022

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 2022			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing				
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 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing				
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

	Group 2021			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing				
High Grade	1,401,595	-	-	1,401,595
Standard Grade	-	83,884	-	83,884
Non-performing				
Individually impaired	-	-	155,278	155,278
	1,401,595	83,884	155,278	1,640,757

	Company 2021			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Performing				
High Grade	1,144,836	-	-	1,144,836
Standard Grade	-	83,884	-	83,884
Non-performing				
Individually impaired	-	-	155,278	155,278
	1,144,836	83,884	155,278	1,383,998

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 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

	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

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FOR THE YEAR ENDED 30 JUNE 2022

13. Loans And Advances (Continued)

b. Mortgage and other loans (Continued)

	Company 2022			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total 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**

	Group 2021			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 July 2020	1,093,640	149,725	143,008	1,386,373
New loans granted	518,413	-	-	518,413
Loans matured or derecognised (excluding write-offs)	(231,150)	(15,064)	(17,815)	(264,029)
Transfer from Stage 1	(46,528)	31,649	14,879	-
Transfer from Stage 2	55,062	(91,233)	36,171	-
Transfer from Stage 3	12,157	8,807	(20,964)	-
At 30 June 2021	**1,401,594**	**83,884**	**155,279**	**1,640,757**

	Company 2021			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 July 2020	1,080,788	149,725	143,008	1,373,521
New loans granted	261,607	-	-	261,607
Loans matured or derecognised (excluding write-offs)	(218,251)	(15,064)	(17,815)	(251,130)
Transfer from Stage 1	(46,528)	31,649	14,879	-
Transfer from Stage 2	55,062	(91,233)	36,171	-
Transfer from Stage 3	12,157	8,807	(20,964)	-
At 30 June 2021	**1,144,835**	**83,884**	**155,279**	**1,383,998**

13. Loans And Advances (Continued)

b. Mortgage and other loans (Continued)

	Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 July 2020	7,379	7,134	14,427	28,940
New loans granted	9,878	-	-	9,878
Loans matured or derecognised (excluding write-offs)	(1,558)	(518)	(634)	(2,710)
Transfer from Stage 1	(4,405)	1,351	3,054	-
Transfer from Stage 2	414	(8,764)	8,350	-
Transfer from Stage 3	57	450	(507)	-
Remeasurement of loss allowance	(814)	6,144	2,438	7,768
At 30 June 2021	**10,951**	**5,797**	**27,128**	**43,876**

	Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 July 2020	7,357	7,134	14,427	28,918
New loans granted	9,875	-	-	9,875
Loans matured or derecognised (excluding write-offs)	(1,555)	(518)	(634)	(2,707)
Transfer from Stage 1	(4,405)	1,351	3,054	-
Transfer from Stage 2	414	(8,764)	8,350	-
Transfer from Stage 3	57	450	(507)	-
Remeasurement of loss allowance	(2,714)	6,144	2,438	5,868
At 30 June 2021	**9,029**	**5,797**	**27,128**	**41,954**

The loans are secured and bear interest at rates varying between 2% - 12% (2021: 2% - 14%) per annum and have repayment terms varying between one year to thirty years.

The Group and the Company have granted unsecured loans.

The fair value of the collateral of loans amounting to MUR'000 2,828,896 (2021: MUR'000 3,202,845) are considered greater than the carrying value of the loans.

Undrawn commitments in respect of mortgage loans for the year under review amounting to MUR'000 79,832 for the Group (2021: MUR'000 41,643) and MUR'000 78,332 for the Company (2021: MUR'000 41,643).

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FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022			2021			2022	2021
	Office building	Leasehold rights on land	Total	Office building	Leasehold rights on land	Total	Office building	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 July	**10,246**	**71,266**	**81,512**	13,523	-	13,523	**10,246**	13,523
Additions	**6,806**	**-**	**6,806**	-	72,375	72,375	**6,806**	-
Adjustments	**75**	**-**	**75**	136	-	136	**75**	136
Depreciation	**(4,541)**	**(1,477)**	**(6,018)**	(3,413)	(1,109)	(4,522)	**(4,541)**	(3,413)
At 30 June	**12,586**	**69,789**	**82,375**	10,246	71,266	81,512	**12,586**	10,246

(b) Lease liabilities

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

	Group and Company	
	2022	2021
	MUR'000	MUR'000
At 01 July	**62,374**	30,543
Additions	**6,806**	34,375
Repayment	**(8,513)**	(6,543)
Accretion of interest	**4,487**	3,835
Adjustments	**501**	164
At 30 June	**65,655**	62,374
Current	**8,513**	6,543
Non-current	**57,142**	55,831
	65,655	62,374

Disclosure required by IFRS 16

	Group and Company	
	2022	2021
Maturity analysis	MUR'000	MUR'000
Year 1	**10,287**	11,619
Year 2	**9,722**	10,179
Year 3	**8,971**	9,627
Year 4	**7,379**	8,910
Year 5	**7,453**	7,324
Onwards	**619,175**	624,576
	662,987	672,235

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities.

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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Depreciation expense of right-of-use assets	**5,943**	4,522	**4,466**	3,437
Interest expense on lease liabilities	**4,487**	3,835	**4,487**	3,835
Total amount recognised in statement of profit or loss	**10,430**	8,357	**8,953**	7,272

The total cash outflow for the Group and the Company for leases (variable payments) in year ended 30 June 2022 was MUR'000 8,513 (2021: MUR'000 6,543) which includes principal portion of MUR'000 4,026 (2021: MUR'000 2,708) and interest portion of MUR'000 4,487 (2021: MUR'000 3,835). Out of the depreciation charge of MUR'000 4,466 (2021: MUR'000 3,437) on the Shareholders' Fund for the year, an amount of MUR'000 1,068 (2021: MUR'000 649) 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 2022 are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Within 1 year	**20,296**	19,869	**23,015**	22,528
Within 2 years	**19,659**	19,869	**22,379**	22,528
Within 3 years	**19,659**	19,869	**22,379**	22,528
Within 4 years	**13,559**	19,869	**16,278**	22,528
Within 5 years	**13,559**	19,869	**16,278**	22,528
More than 5 years	**12,977**	28,164	**15,696**	37,218
	99,709	127,509	**116,025**	149,858

Details for future minimum rentals receivables under finance lease is given in note 13(a) iii.

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FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Deferred tax assets	**33,992**	28,266	**-**	-
Deferred tax liabilities	**(33,559)**	(9,040)	**(32,043)**	(9,040)
Net deferred tax assets/(liabilities)	**433**	19,226	**(32,043)**	(9,040)

At the end of the reporting period, the Group had tax losses of MUR'000 31,521 (2021: nil). No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams (2021: 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	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
At 01 July	**19,226**	40,080	**(9,040)**	5,130
Charged to profit or loss (note 20(b)(i) to (v))	**(28,420)**	(2,749)	**(29,033)**	(2,690)
Credited/(Charged) to other comprehensive income	**9,627**	(18,105)	**6,030**	(11,480)
At 30 June	**433**	19,226	**(32,043)**	(9,040)

(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 2021	**8,000**	**222**	**148,118**	**156,340**
Credited to profit or loss	**(741)**	**72**	**(9,112)**	**(9,781)**
Charged 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**
At 01 July 2020	5,601	434	147,668	153,703
Charged to profit or loss	2,399	(212)	18,555	20,742
Credited to other comprehensive income	-	-	(18,105)	(18,105)
	8,000	222	148,118	156,340
Offset by deferred tax liabilities within same jurisdiction				(128,074)
At 30 June 2021				**28,266**

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 2021	**10,153**	**7,431**	**585**	**118,945**	**137,114**
Charged to profit or loss	**3,071**	**1,516**	**188**	**15,380**	**20,155**
Charged to other comprehensive income	**-**	**2,674**	**-**	**-**	**2,674**
	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**
At 1 July 2020	8,583	7,431	330	97,279	113,623
Charged to profit or loss	1,570	-	255	21,666	23,491
Charged to other comprehensive income					
	10,153	7,431	585	118,945	137,114
Offset by deferred tax assets within same jurisdiction					(128,074)
At 30 June 2021					9,040

	Company	
	2022 MUR'000	2021 MUR'000
Deferred tax assets	**121,975**	125,605
Deferred tax liabilities	**(154,018)**	(134,645)
Net deferred tax liabilities	**(32,043)**	(9,040)

(iii) Deferred tax assets

	Company			
	Retirement benefit obligations MUR'000	Lease Liability MUR'000	Expected Credit Losses MUR'000	Total MUR'000
At 1 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**
At 01 July 2020	111,287	434	4,700	116,421
Credited to profit or loss	17,451	(212)	3,425	20,664
Credited to other comprehensive income	(11,480)	-	-	(11,480)
At 30 June 2021	117,258	222	8,125	125,605

(iv) Deferred tax liabilities

	Company				
	Accelerated taxdepreciation MUR'000	Revaluation of buildings MUR'000	Right of Use Asset MUR'000	Investment properties MUR'000	Total MUR'000
At 1 July 2021	**7,678**	**7,431**	**585**	**118,951**	**134,645**
Charged to profit or loss	**1,131**	**-**	**188**	**15,380**	**16,699**
Credited to other comprehensive income	**-**	**2,674**	**-**	**-**	**2,674**
At 30 June 2022	**8,809**	**10,105**	**773**	**134,331**	**154,018**
At 1 July 2020	6,249	7,431	330	97,281	111,291
Charged to profit or loss	1,429	-	255	21,670	23,354
At 30 June 2021	7,678	7,431	585	118,951	134,645

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16. Insurance And Other Receivables

	Group		Company	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
Premium	300,950	284,786	-	-
Provision for impairment losses	(4,440)	(4,307)	-	-
	296,510	280,479	-	-
Other premium	32,772	33,085	32,932	33,170
Amounts due from reinsurers	91,993	225,736	67,453	149,133
Other receivables from Third Party Reinsurers	237,021	210,817	-	-
Prepayments	78,432	68,660	38,933	31,343
Debtors	77,527	73,032	43,430	42,998
Deposits	44,353	29,433	3,121	921
Investment income	20,973	19,208	244,662	242,207
Other Receivable	-	-	5,220	13,216
	879,581	940,450	435,751	512,988

As of 30 June 2022, premiums of MUR'000 4,440 (2021: MUR'000 4,307) were impaired for the Group. The individually impaired receivables 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	
	2022 MUR'000	2021 MUR'000
At 1 July	4,307	1,878
Charge for the year	726	3,470
Reversal	-	(1,041)
Write off	(593)	-
At 30 June	4,440	4,307

Analysis of the age of insurance receivables is as follows:

	Group	
	2022 MUR'000	2021 MUR'000
Current	455,840	388,226
Up to 2 months	2,242	5,984
>2 months < 3 months	25,714	12,959
> 3 months < 6 months	27,989	36,292
> 6 months < 1 year	15,292	20,296
> 1 year	6,454	27,539
	533,531	491,296

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.

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FOR THE YEAR ENDED 30 JUNE 2022

16. Insurance And Other Receivables (Continued)

Amount due from reinsurers include impaired assets of MUR 2,922,000 (2021: MUR 4,676,000). 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.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
Other premium	**MUR'000**	MUR'000	**MUR'000**	MUR'000
<1 year	**32,452**	32,973	**32,612**	33,058
>1 year	**320**	112	**320**	112
	32,772	33,085	**32,932**	33,170

17. Insurance Liabilities And Reinsurance Assets

(a) Short term insurance

	GROUP	
	2022	2021
Insurance contract liabilities	**MUR'000**	MUR'000
Gross		
Claims reported (Note 17(b))	**675,579**	494,203
Claims incurred but not reported (IBNR) (Note 17(b))	**53,396**	91,332
Outstanding claims	**728,975**	585,535
Unearned premiums (Note 17(c))	**606,969**	469,712
Total gross insurance liabilities	**1,335,944**	1,055,247

	GROUP	
	2022	2021
	MUR'000	MUR'000
Reinsurance assets		
Claims reported (Note 17(b))	**372,680**	236,212
Movement in Third Party receivables	**(26,203)**	-
Claims incurred but not reported (IBNR) (Note 17(b))	**26,998**	57,136
Unearned premiums (Note 17(c))	**266,058**	206,427
Total reinsurers' share of insurance liabilities	**639,533**	499,775
Net		
Claims reported	**302,899**	257,991
Movement in Third Party receivables	**26,203**	-
Claims incurred but not reported (IBNR)	**26,398**	34,196
	355,500	292,187
Unearned premiums	**340,911**	263,285
Total net insurance liabilities	**696,411**	555,472

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

17. Insurance Liabilities And Reinsurance Assets (Continued)

(b) The movement in insurance liabilities and reinsurance assets is as follows:

	GROUP					
	2022			2021		
	Gross MUR'000	Reinsurance MUR'000	Net MUR'000	Gross MUR'000	Reinsurance MUR'000	Net MUR'000
At 1 July						
Notified claims	585,535	(293,348)	292,187	583,202	(304,676)	278,526
Increase/(decrease) in liabilities	652,894	(222,604)	430,290	507,127	(182,832)	324,295
Cash paid for claims settled in the year	(562,850)	143,272	(419,578)	(596,126)	251,296	(344,830)
	675,579	(372,680)	302,899	494,203	(236,212)	257,991
Claims incurred but not reported (IBNR)	53,396	(26,998)	26,398	91,332	(57,136)	34,196
At 30 June	728,975	(399,678)	329,297	585,535	(293,348)	292,187
Movement in claims outstanding and IBNR	143,440	(106,330)	37,110	2,333	11,328	13,661
Claims incurred but not reported (IBNR)	53,396	(26,998)	26,398	91,332	(57,136)	34,196

(c) The movement in unearned premiums is as follows:

	GROUP					
	2022			2021		
	Gross MUR'000	Reinsurance MUR'000	Net MUR'000	Gross MUR'000	Reinsurance MUR'000	Net MUR'000
At 1 July	469,712	(206,427)	263,285	517,354	(277,788)	239,566
Increase/(Decrease) during the year	137,257	(59,631)	77,626	(47,642)	71,361	23,719
At 30 June	606,969	(266,058)	340,911	469,712	(206,427)	263,285

18. Borrowings

	GROUP		COMPANY	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
3.50% - 4.65% (2021: 3.50% - 4.65%) unsecured loan				
Repayable by instalments				
- within one year	23,845	22,746	23,845	22,746
- in the second year	18,191	21,782	18,191	21,782
- in the third year	12,822	16,129	12,822	16,129
- in the fourth year	3,977	10,760	3,977	10,760
- in the fifth year	1,031	1,915	1,031	1,915
Sub Total	59,866	73,332	59,866	73,332
9.00% (2021: 9.00%) unsecured loan (Subsidiary)				
Repayable by instalments				
- within one year	-	-	-	69,977
Sub Total	-	-	-	69,977
Total	59,866	73,332	59,866	143,309
Analysed as follows:				
Current	23,846	22,746	23,846	92,723
Non-current	36,020	50,586	36,020	50,586
	59,866	73,332	59,866	143,309

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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**73,332**	79,340	**143,309**	213,293
Additions	**10,309**	19,148	**10,309**	19,148
Repayments	**(23,775)**	(25,156)	**(93,752)**	(89,132)
At 30 June	**59,866**	73,332	**59,866**	143,309

19. Trade And Other Payables

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Amount due to reinsurers	**232,597**	371,993	**92,477**	203,048
Other payables and accruals	**447,896**	510,397	**269,623**	376,489
	680,493	882,390	**362,100**	579,537

Other payables and accruals at Company level comprise mainly of accrued expenses of MUR 49,547,587 (2021: MUR 26,649,915), creditors of MUR 58,019,074 (2021: MUR 82,526,663), claims due amounting to MUR 106,061,189 (2021: MUR 192,997,244) and provisions of MUR 32,874,312 (2021: MUR 31,531,973).

Other payables and accruals at Group level comprise mainly of accrued expenses of MUR 77,841,403 (2021: MUR 34,716,419), creditors of MUR 245,002,341 (2021: MUR 225,595,379) and claims due amounting to MUR 106,061,189 (2021: MUR 192,997,244).

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 17% (2021 - 17%) on the profit for the year as adjusted for income tax purposes.

(a) Statements of financial position

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
- Shareholders Fund	**18,894**	24,010	**15,422**	14,172
- Life Fund	**5,479**	(18,928)	**5,479**	(18,928)
- Insured Pension Fund	**(784)**	(7,173)	**(784)**	(7,173)
- Personal Pension Plan	**10,160**	(12,350)	**10,160**	(12,350)
- Medisave	**(5)**	6	**(5)**	6
	33,744	(14,435)	**30,272**	(24,273)
Analysed as follows:				
Current tax assets	**(3,290)**	(24,667)	**-**	(24,273)
Current tax liabilities	**37,034**	10,232	**30,272**	-
	33,744	(14,435)	**30,272**	(24,273)

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FOR THE YEAR ENDED 30 JUNE 2022

20. Taxation (Continued)

(b) Statements of profit or loss

(i) Shareholders Fund

	GROUP 2022 MUR'000	GROUP 2021 MUR'000	COMPANY 2022 MUR'000	COMPANY 2021 MUR'000
- Current tax expense	**66,281**	74,815	**44,934**	45,878
- (Over)/Under provision in respect of previous year	**(1,732)**	3,303	**789**	(1,781)
	64,549	78,118	**45,723**	44,097
- Deferred tax charge (note 15(b))	**30,959**	705	**31,572**	646
	95,508	78,823	**77,295**	44,743

(ii) Life Fund

	GROUP 2022 MUR'000	GROUP 2021 MUR'000	COMPANY 2022 MUR'000	COMPANY 2021 MUR'000
- Current tax (credit)/expense	**2,122**	(6,807)	**2,122**	(6,807)
- Under provision in respect of previous year	**1,505**	79,280	**1,505**	79,280
	3,627	72,473	**3,627**	72,473
- Deferred tax charge (note 15(b))	**(2,539)**	2,044	**(2,539)**	2,044
	1,088	74,517	**1,088**	74,517

(iii) Insured Pension Fund

	GROUP 2022 MUR'000	GROUP 2021 MUR'000	COMPANY 2022 MUR'000	COMPANY 2021 MUR'000
- Current tax expense	**(4,386)**	(5,440)	**(4,386)**	(5,440)
- Over provision in respect of previous year	**(256)**	(1,922)	**(256)**	(1,922)
	(4,642)	(7,362)	**(4,642)**	(7,362)

(iv) Personal Pension Plan

	GROUP 2022 MUR'000	GROUP 2021 MUR'000	COMPANY 2022 MUR'000	COMPANY 2021 MUR'000
- Current tax (credit)/expense	**437**	(15,436)	**437**	(15,436)
- Under provision in respect of previous year	**60**	8,747	**60**	8,747
	497	(6,689)	**497**	(6,689)

(v) Medisave

	GROUP 2022 MUR'000	GROUP 2021 MUR'000	COMPANY 2022 MUR'000	COMPANY 2021 MUR'000
- Current tax credit	**(5)**	1	**(5)**	1
- Under provision in respect of previous year	**-**	6	**-**	6
	(5)	7	**(5)**	7
Total Long Term Insurance Funds (Note 32)	**(3,062)**	60,473	**(3,062)**	60,473

Tax receivable	GROUP 2022 MUR'000	GROUP 2021 MUR'000	COMPANY 2022 MUR'000	COMPANY 2021 MUR'000
At 1 July	**(14,435)**	(21,999)	**(24,273)**	(23,978)
Tax charge for the year	**64,026**	136,541	**45,200**	102,526
Tax paid during the year	**(15,847)**	(128,977)	**9,345**	(102,821)
At 30 June	**33,744**	(14,435)	**30,272**	(24,273)

20. Taxation (Continued)

(c) Tax Reconciliation

	GROUP		COMPANY	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Profit before taxation	**349,514**	1,049,150	**316,351**	1,007,984
Applicable Tax Rate (%)	**17.00**	17.00	**17.00**	17.00
Tax effect of:				
- Exempt income and other relief	**(2.00)**	(18.79)	**(0.34)**	(12.15)
- Expenses not deductible for tax purposes	**20.39**	0.40	**7.08**	(0.10)
- Expenses entitled to 200% deduction	**(0.06)**	(0.02)	**(0.06)**	(0.02)
- Rental of leased assets	**(0.41)**	(0.11)	**(0.46)**	(0.11)
- Assets not eligible for capital allowances	**0.12**	0.04	**0.14**	0.04
- Over-provision in current tax in respect of previous year	**(0.50)**	0.31	**0.25**	(0.18)
- Over-provision in deferred tax in respect of previous year	**0.01**	(0.04)	**0.02**	(0.04)
- Life Fund's tax liability	**1.04**	7.10	**1.15**	7.39
- Insured Pension Fund	**(1.33)**	(0.70)	**(1.47)**	(0.73)
- Personal Pension Plan	**0.14**	(0.64)	**0.16**	(0.66)
- CSR Expense	**0.64**	0.09	**-**	-
- Foreign tax credit	**-**	(1.90)	**-**	-
- Tax differential on consolidation	**(9.13)**	10.45	**-**	-
- Utilisation of previously unrecognised tax losses	**0.54**	0.08	**-**	-
Effective Tax Rate	**26.45**	13.27	**23.47**	10.44

21. Deposits From Customers

	GROUP	
	2022 MUR'000	2021 MUR'000
Term deposits with remaining terms to maturity:		
- Within one year	**458,867**	601,240
- In the second to fifth years inclusive	**1,453,958**	1,119,061
	1,912,825	1,720,301

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

22. Stated Capital

	GROUP AND COMPANY	
	2022 MUR'000	2021 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			
The share capital comprises of: -			
250,000 ordinary shares of MUR 100 each	250	**25,000**	45,000

The total authorised number of ordinary share is 300,000 (2021: 300,000) with a par value of MUR.100 each. All issued shares are fully paid. The Company has one class of ordinary share capital of MUR 100 each which carries a right to vote and a right to dividend.

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23. Reserves

	GROUP		COMPANY	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
Retained earnings	**7,499,025**	7,384,208	**6,582,545**	6,481,153
Properties revaluation reserve	**164,095**	142,381	**154,537**	141,484
Investments revaluation reserve	**(18,872)**	(42,733)	**242,950**	221,797
Actuarial losses	**(588,355)**	(520,900)	**(452,990)**	(410,495)
Translation reserve	**191,056**	177,232	**-**	-
General banking reserve	**6,573**	5,744	**-**	-
Other reserve	**61,239**	59,746	**-**	-
	7,314,761	7,205,678	**6,527,042**	6,433,939

(a) Retained earnings

	GROUP		COMPANY	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
At 01 July	**7,384,208**	6,535,454	**6,481,153**	5,636,821
Profit attributable to equity holders of the parent	**253,906**	970,161	**239,056**	963,241
Transfer of loss on disposal of equity financial at FVOCI	**(1,470)**	-	**(1,470)**	-
Payments of dividends	**(136,194)**	(118,909)	**(136,194)**	(118,909)
Transfer to other reserve	**(2,322)**	(2,498)	**-**	-
Adjustment on Investment properties to Property, plant and equipment	**897**	-	**-**	-
At 30 June	**7,499,025**	7,384,208	**6,582,545**	6,481,153

(b) Properties revaluation reserve

	GROUP		COMPANY	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
At 1 July	**142,381**	142,381	**141,484**	141,484
Movement during the year	**21,714**	-	**13,053**	-
At 30 June	**164,095**	142,381	**154,537**	141,484

The properties revaluation reserve arises on the revaluation of buildings (Note 7).

(c) Investments revaluation reserve

	GROUP		COMPANY	
	2022 MUR'000	2021 MUR'000	2022 MUR'000	2021 MUR'000
At 1 July	**(42,733)**	(75,973)	**221,797**	190,466
Transfer of loss on disposal of equity financial at FVOCI	**1,470**	-	**1,470**	-
Revaluation gains on equity instruments at Fair value through OCI	**22,391**	33,240	**19,683**	31,331
At 30 June	**(18,872)**	(42,733)	**242,950**	221,797

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.

23. Reserves (Continued)

(d) Actuarial losses

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**(520,900)**	(591,674)	**(410,495)**	(466,545)
Other comprehensive income attributable to equity holders of the parent, net of tax	**(67,455)**	70,774	**(42,495)**	56,050
At 30 June	**(588,355)**	(520,900)	**(452,990)**	(410,495)

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligations recognised.

(e) Translation reserve

	GROUP	
	2022	2021
	MUR'000	MUR'000
At 1 July	**177,232**	141,022
Movement during the year	**13,824**	36,210
At 30 June	**191,056**	177,232

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 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 Reserve Account is equal to the amount paid as stated capital. An amount of MUR'000 1,493 was transferred in 2022 (2021: MUR'000 2,498).

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23. Reserves (Continued)

(h) Income tax effects relating to other comprehensive income

Shareholders Fund

	Group					
	2022			2021		
	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
Exchange differences on translation of foreign operations	13,824	-	13,824	36,210	-	36,210
Remeasurement (losses)/gains on defined benefit plan	(81,326)	13,817	(67,509)	88,857	(18,105)	70,752
Fair value through OCI	22,391	-	22,391	33,240	-	33,240
Property revaluation reserve	26,801	(4,190)	22,611	-	-	-
	(18,310)	9,627	(8,683)	158,307	(18,105)	140,202

Life Fund

	Group					
	2022			2021		
	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
Exchange differences on translation of foreign operations	5,219	-	5,219	17,224	-	17,224
Fair Value through OCI	174,979	-	174,979	193,181	-	193,181
	180,198	-	180,198	210,405	-	210,405

Shareholders Fund

	Company					
	2022			2021		
	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	19,683	-	19,683	31,331	-	31,331
Remeasurement (losses)/gains on defined benefit plan	(51,199)	8,704	(42,495)	67,530	(11,480)	56,050
Property revaluation reserve	15,727	(2,674)	13,053	-	-	-
	(15,789)	6,030	(9,759)	98,861	(11,480)	87,381

Life Fund

	Company					
	2022			2021		
	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	180,391	-	180,391	200,481	-	200,481

Notes to the Financial Statements

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24. Employee Benefit Obligations

(a) Pension benefits

	Group 2022 MUR'000	Group 2021 MUR'000	Company 2022 MUR'000	Company 2021 MUR'000
Amount recognised in the statements of financial position as non-current liabilities:				
- Funded pension benefits (note 23(b)(ii))	**806,915**	795,111	**614,525**	624,149
- Unfunded pension benefits (note 23(d)(ii))	**93,284**	87,594	**71,804**	65,586
	900,199	882,705	**686,329**	689,735

	Group 2022 MUR'000	Group 2021 MUR'000	Company 2022 MUR'000	Company 2021 MUR'000
Amount charged to profit or loss:				
- Funded Pension benefits (note 29(a))	**70,425**	60,528	**54,520**	46,281
- Unfunded Pension benefits (note 29(a))	**7,156**	5,749	**5,378**	4,410
	77,581	66,277	**59,898**	50,691
Amount charged to other comprehensive income:				
- Funded Pension benefits (note 23(b)(vii))	**80,194**	17,492	**48,039**	14,381
- Unfunded Pension benefits (note 23(e)(v))	**1,082**	(106,350)	**3,160**	(81,911)
	81,276	(88,858)	**51,199**	(67,530)

(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 2022 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 2022 MUR'000	Group 2021 MUR'000	Company 2022 MUR'000	Company 2021 MUR'000
Present value of funded obligations	**1,640,657**	1,537,363	**1,235,863**	1,169,042
Fair value of plan assets	**(833,742)**	(742,252)	**(621,338)**	(544,893)
Liabilities in the statements of financial position	**806,915**	795,111	**614,525**	624,149

(iii) The movements in the statements of financial position are as follows:

	Group 2022 MUR'000	Group 2021 MUR'000	Company 2022 MUR'000	Company 2021 MUR'000
At 1 July	**795,111**	851,808	**624,149**	672,142
Profit or loss charge	**70,425**	60,528	**54,520**	46,281
Other comprehensive income charge	**80,194**	17,492	**48,039**	14,381
Contributions paid	**(138,815)**	(134,717)	**(112,183)**	(108,655)
At 30 June	**806,915**	795,111	**614,525**	624,149

Notes to the Financial Statements

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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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**1,537,363**	1,441,559	**1,169,042**	1,088,716
Current service cost	**29,707**	28,609	**22,687**	21,201
Interest expense	**83,051**	56,949	**63,127**	43,136
Employee contributions	**13,182**	12,643	**9,927**	9,481
Liability experience loss	**(7,540)**	(15,119)	**(15,795)**	(8,880)
Liability loss due to change in demographic assumptions	**-**	134,872	**-**	100,632
Liability Loss/(gain) due to change in financial assumption	**38,847**	(78,894)	**28,893**	(59,889)
Benefits paid	**(52,123)**	(43,256)	**(40,635)**	(25,355)
Admin Expenses	**(939)**	-	**(711)**	-
Risk Premiums	**(891)**	-	**(672)**	-
At 30 June	**1,640,657**	1,537,363	**1,235,863**	1,169,042

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**742,252**	589,751	**544,893**	416,574
Interest income	**42,333**	25,030	**31,294**	18,056
Employer contributions	**138,815**	134,717	**112,183**	108,656
Employee contributions	**13,182**	12,643	**9,927**	9,481
Benefits paid	**(52,123)**	(43,256)	**(40,635)**	(25,355)
Return on plan assets excluding interest income	**(48,887)**	23,367	**(34,941)**	17,481
Admin Expenses	**(939)**	-	**(711)**	-
Risk Premiums	**(891)**	-	**(672)**	-
At 30 June	**833,742**	742,252	**621,338**	544,893

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Current service cost	**29,707**	28,609	**22,687**	21,201
Net interest on net defined benefit liabilities	**40,718**	31,919	**31,833**	25,080
Total cost (note 29a)	**70,425**	60,528	**54,520**	46,281
Allocation of support costs:				
Life Fund	**19,054**	15,394	**19,054**	15,394
SICOM General Insurance Ltd	**18,269**	16,715	**4,029**	3,764
Shareholders' Fund	**33,102**	28,419	**31,437**	27,123
	70,425	60,528	**54,520**	46,281
Actual return in plan assets	**(6,554)**	48,397	**(3,647)**	35,537

24. Employee Benefit Obligations (Continued)

(b) Funded Pension benefits (Continued)

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Return on plan assets(above)/ below interest income	**48,887**	(23,368)	**34,941**	(17,482)
Liability experience loss	**(7,540)**	(15,119)	**(15,795)**	(8,880)
Liability Loss/(gain) due to change in financial assumptions	**38,847**	(78,893)	**28,893**	(59,889)
Liability loss due to change in demographic assumptions	**-**	134,872	**-**	100,632
	80,194	17,492	**48,039**	14,381

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Equity - local quoted	**103,384**	76,452	**77,046**	56,124
Equity - local unquoted	**6,670**	7,423	**4,971**	5,449
Debt - local quoted	**10,005**	8,907	**7,456**	6,539
Debt - local unquoted	**481,903**	377,065	**359,134**	276,806
Investment funds	**210,103**	214,511	**156,577**	157,474
Property	**4,169**	3,711	**3,107**	2,724
Cash and others	**17,508**	54,183	**13,047**	39,777
	833,742	742,252	**621,338**	544,893

(ix) Principal actuarial assumptions at end of the reporting date:

	Group		Company	
	2022	2021	**2022**	2021
Discount rate	**5.45%**	5.35%	**5.45%**	5.35%
Future salary increases	**3.8%**	3.5%	**3.8%**	3.5%
Future pension increases	**2.8%**	2.5%	**2.8%**	2.5%
Average Retirement Age (ARA)	**65**	65	**65**	65
Average life expectancy for:				
- Male at ARA	**16.0**	16.9	**16.0**	16.9
- Female at ARA	**19.1**	19.9	**19.1**	19.9

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FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Discount rate (1% movement)				
Increase	**226,243**	215,052	**158,443**	151,638
Decrease	**269,967**	257,343	**187,552**	179,816
Salary increase (1% movement)				
Increase	**134,767**	125,427	**99,182**	93,027
Decrease	**121,075**	112,692	**89,413**	83,845
Pension increase (1% movement)				
Increase	**181,311**	177,032	**135,750**	133,108
Decrease	**160,297**	155,983	**120,208**	117,506

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 2023 are MUR 140 million for the Group and MUR 113 million for the Company.

(xiv) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period.

24. Employee Benefit Obligations (Continued)

(c) Unfunded Defined Benefit Plan

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Amount recognised in the statements of financial position as non-current liabilities: - Pension benefits (note 24(d)(ii))	**93,284**	87,594	**71,804**	65,586
Amount charged to profit or loss: - Pension benefits (note 29(a))	**7,156**	5,749	**5,378**	4,410
Amount charged to other comprehensive income: - Pension benefits (note 24(d)(ii))	**1,082**	(106,350)	**3,160**	(81,911)

(d) Unfunded Pension benefits

(i) Amounts recognised in the statements of financial position

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Present value of unfunded obligations	**93,284**	87,594	**71,804**	65,586
Liabilities in the statements of financial position	**93,284**	87,594	**71,804**	65,586

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**87,594**	189,183	**65,586**	143,787
Profit or loss charge	**7,156**	5,749	**5,378**	4,410
Other comprehensive income charge	**1,082**	(106,350)	**3,160**	(81,911)
Contributions paid	**(2,548)**	(988)	**(2,320)**	(700)
At 30 June	**93,284**	87,594	**71,804**	65,586

(iii) Principal actuarial assumptions at the end of the reporting date for the Group and Company are: Discount rate 5.45% (2021: 5.35%), inflation rate 2.75% (2021: 2.50%), salary increase rate 3.75% (2021: 3.50%) and pension increase rate 2.75% (2021: 2.50%).

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
At 1 July	**87,594**	189,183	**65,586**	143,787
Current service cost	**2,409**	2,484	**1,833**	1,866
Interest expense	**4,747**	3,265	**3,545**	2,544
Liability experience gain	**(1,163)**	(2,247)	**1,467**	(4,360)
Liability loss due to change in in demographic assumptions	**-**	(107,457)	**-**	(80,082)
Liability Loss due to change in financial assumptions	**2,245**	3,355	**1,693**	2,531
Benefits paid	**(2,548)**	(989)	**(2,320)**	(700)
At 30 June	**93,284**	87,594	**71,804**	65,586

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

24. Employee Benefit Obligations (Continued)

(d) Unfunded Pension benefits (Continued)

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Current service cost	**2,409**	2,484	**1,833**	1,866
Net interest on net defined benefit liabilities	**4,747**	3,265	**3,545**	2,544
Total cost (note 29(a))	**7,156**	5,749	**5,378**	4,410
Allocation of support costs:				
Life Fund	**1,994**	1,794	**1,994**	1,794
SICOM General Insurance Ltd	**2,092**	1,553	**482**	339
Shareholders' Fund	**3,070**	2,402	**2,902**	2,277
	7,156	5,749	**5,378**	4,410

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Liability experience gain	**(1,163)**	(2,248)	**1,467**	(4,360)
Liability gain due to change in demographic assumptions	**-**	(107,457)	**-**	(80,082)
Liability Loss due to change in financial assumptions	**2,245**	3,355	**1,693**	2,531
	1,082	(106,350)	**3,160**	(81,911)

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

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Discount rate (1% movement)				
Increase	**16,446**	13,481	**13,202**	9,920
Decrease	**20,405**	16,263	**16,494**	11,927
Salary increase (1% movement)				
Increase	**9,350**	9,064	**7,219**	6,753
Decrease	**8,429**	8,168	**6,507**	6,085
Pension increase (1% movement)				
Increase	**12,291**	8,267	**10,162**	6,028
Decrease	**10,792**	7,495	**8,872**	5,476

(e) Funded Defined Contribution Plan

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
National pension scheme contributions charges for employees on a contractual basis	**108**	102	**7**	7
Contributions to defined contribution plan administered by State Insurance Company of Mauritius Ltd	**5,862**	5,202	**3,946**	3,768

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

25. Gross Revenue

	Group 2022 MUR'000	Group 2021 MUR'000
Gross premiums written	**1,546,424**	1,206,418
Change in unearned premium provision	**(137,257)**	47,642
	1,409,167	1,254,060
Premium ceded to reinsurers	**(743,645)**	(553,463)
Change in unearned premium provision - reinsurance part	**59,631**	(71,361)
Net earned premiums	**725,153**	629,236
Gross claims paid	**562,850**	596,126
Claims settled from reinsurers	**(143,272)**	(251,296)
Movement in outstanding claims	**37,110**	13,661
Net claims incurred	**456,688**	358,491
Commissions receivable from reinsurers	**113,675**	93,910
Commissions paid to agents and brokerage fees	**(100,905)**	(81,418)
	12,770	12,492
Underwriting surplus	**281,235**	283,237

26. Revenue From Contracts With Customers

	Group		Company	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Breakdown of revenue from contracts with customers				
Actuarial fees	**10,500**	7,177	**10,500**	7,177
Management fees	**367,418**	341,667	**375,858**	350,207
Administration fees	**245,019**	211,949	**115,820**	88,274
Total revenue	**622,937**	560,793	**502,178**	445,658

	Group		Company	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Timing of revenue recognition				
Services transferred at a point in time	**10,500**	7,177	**10,500**	7,177
Services transferred over-time	**612,437**	553,616	**491,678**	438,481
Total revenue contracts with customers	**622,937**	560,793	**502,178**	445,658

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

27. Investment And Other Income

	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)	-	(60,078)	(10,138)	-	(10,138)
Net Interest income	116,009	374,108	490,117	61,353	372,286	433,639

	Group			Company		
	2021 MUR'000 Shareholders' Fund	2021 MUR'000 Life Fund	2021 MUR'000 Total	2021 MUR'000 Shareholders' Fund	2021 MUR'000 Life Fund	2021 MUR'000 Total
Other Operating Income						
Dividend from investment securities	19,908	26,722	46,630	17,978	26,722	44,700
Dividend from subsidiaries	-	-	-	223,797	-	223,797
Gain on revaluation of investment properties (note 8)	21,778	-	21,778	26,602	-	26,602
Gain on sale of investments	34,084	71,553	105,637	-	-	-
Rental income	92,195	-	92,195	101,263	-	101,263
Finance lease income	44,820	-	44,820	-	-	-
Exchange difference	12,409		12,409	8,349		8,349
Others	19,584	3,549	23,133	4,057	177	4,234
	244,778	101,824	346,602	382,046	26,899	408,945
Interest Income/Expenses at EIR						
Mortgage and other loans	14,243	57,809	72,052	9,900	57,809	67,709
Loans and advances	8,623	9,727	18,350	5,130	9,727	14,857
Debt instrument at amortised cost	94,623	298,080	392,703	46,288	297,126	343,414
Deposits	47,945	13,044	60,989	4,502	9,685	14,187
	165,434	378,660	544,094	65,820	374,347	440,167
Interest Expenses (note 30)	(65,875)	-	(65,875)	(15,726)	-	(15,726)
Net Interest income	99,559	378,660	478,219	50,094	374,347	424,441

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 2022, a surplus of MUR'000 10,636 (2021: MUR'000 25,556) has been transferred to the Shareholders' Fund during the year for the Group and the Company.

29. Other Operating And Administrative Costs

	Group					
	2022 Shareholders' Fund MUR'000	**2022 Life Fund MUR'000**	**2022 Total MUR'000**	2021 Shareholders' Fund MUR'000	2021 Life Fund MUR'000	2021 Total MUR'000
Employee benefit expense (Note 29(a) below)	**437,537**	**148,342**	**585,879**	382,036	130,461	512,497
Depreciation (Note 7)	**29,094**	**4,009**	**33,103**	25,086	3,285	28,371
Depreciation on right use assets (Note 14(c))	**4,872**	**1,071**	**5,943**	3,896	626	4,522
Loss on disposal of property, plant and equipment	**-**	**-**	**-**	1,149	-	1,149
Amortisation of intangible assets (Note 9)	**9,231**	**2,349**	**11,580**	8,265	1,585	9,850
Repairs, maintenance and IT related costs	**48,515**	**6,532**	**55,047**	45,354	5,708	51,062
Printing, stationery and postage	**4,650**	**2,116**	**6,766**	5,341	2,396	7,737
Rent, rates, utilities, licences, Insurance and security services	**31,169**	**17,658**	**48,827**	23,335	17,076	40,411
Advertising	**7,355**	**6,351**	**13,706**	6,170	2,262	8,432
Professional and management fees	**24,324**	**152,865**	**177,189**	13,612	123,383	136,995
Others	**46,636**	**11,970**	**58,606**	40,985	4,936	45,921
	643,383	**353,263**	**996,646**	555,229	291,718	846,947

	Company					
	2022 Shareholders' Fund MUR'000	**2022 Life Fund MUR'000**	**2022 Total MUR'000**	2021 Shareholders' Fund MUR'000	2021 Life Fund MUR'000	2021 Total MUR'000
Employee benefit expense (note(a) below)	**264,166**	**148,342**	**412,508**	217,358	130,461	347,819
Depreciation (Note 7)	**19,197**	**4,009**	**23,206**	16,038	3,285	19,323
Depreciation on right of use assets (Note 14(c))	**2,327**	**1,071**	**3,398**	2,139	649	2,788
Amortisation of intangible assets (Note 9)	**5,452**	**2,349**	**7,801**	4,671	1,585	6,256
Repairs, maintenance and IT related costs	**37,173**	**6,532**	**43,705**	34,385	5,708	40,093
Printing, stationery and postage	**3,009**	**2,116**	**5,125**	3,738	2,396	6,134
Rent, rates, utilities, licences, insurance and security services	**19,132**	**17,658**	**36,790**	13,699	17,053	30,752
Advertising	**4,136**	**6,351**	**10,487**	3,146	2,262	5,408
Professional and management fees	**7,346**	**115,328**	**122,674**	6,952	90,466	97,418
Others	**11,227**	**8,893**	**20,120**	9,521	4,909	14,430
	373,165	**312,649**	**685,814**	311,647	258,774	570,421

The others relate mainly to subscription, Legal, directors' fees and bank charges.

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29. Other Operating And Administrative Costs (Continued)

(a) Employee benefit expense

	Group					
	2022 Shareholders' Fund MUR'000	2022 Life Fund MUR'000	2022 Total MUR'000	2021 Shareholders' Fund MUR'000	2021 Life Fund MUR'000	2021 Total MUR'000
Wages and salaries, including termination benefits	374,890	125,128	500,018	327,625	111,158	438,783
Social security costs	1,736	685	2,421	1,601	634	2,235
Funded pension benefits (note 24(b)(vi))	51,371	19,054	70,425	45,134	15,394	60,528
Unfunded pension benefits (note 24(d)(iv))	5,162	1,994	7,156	3,955	1,794	5,749
Pension cost – defined contribution plan	4,378	1,481	5,859	3,721	1,481	5,202
	437,537	148,342	585,879	382,036	130,461	512,497

	Company					
	2022 Shareholders' Fund MUR'000	2022 Life Fund MUR'000	2022 Total MUR'000	2021 Shareholders' Fund MUR'000	2021 Life Fund MUR'000	2021 Total MUR'000
Wages and salaries, including termination benefits	226,421	125,128	351,549	184,817	111,158	295,975
Social security costs	944	685	1,629	854	634	1,488
Funded pension benefits (note 24(b)(vi))	31,437	19,054	50,491	27,123	15,394	42,517
Unfunded pension benefits (note 24(e)(iv))	2,902	1,994	4,896	2,277	1,794	4,071
Pension cost – defined contribution plan	2,462	1,481	3,943	2,287	1,481	3,768
	264,166	148,342	412,508	217,358	130,461	347,819

30. Interest Expenses On Financial Liabilities Not Measured At FVTPL

	Group				Company			
	2022			2021	2022			2021
	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	-	3,458	9,460
Interest payable to depositors	53,263	-	53,263	59,547	-	-	-	-
Interest payable on other loans	1,958	-	1,958	2,554	1,958	-	1,958	2,554
Interest on Leases	4,857	-	4,857	3,774	4,722	-	4,722	3,712
	60,078	-	60,078	65,875	10,138	-	10,138	15,726

31. Expected Credit Loss Reversal/(Charge) On Financial Assets

The table below shows the ECL on financial instruments recorded in the income statement.

	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)
Reversal of allowance for expected credit losses	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
Reversal of allowance for expected credit losses	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)
Reversal of allowance for expected credit losses	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
Reversal of allowance for expected credit losses	2,286	(1,021)	11,839	13,104

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FOR THE YEAR ENDED 30 JUNE 2022

31. Expected Credit Loss On Financial Assets (Continued)

	Group 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Shareholders' Fund	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Debt instruments	455	-	-	455
Mortgage and other loans	(1,783)	(95)	(2,271)	(4,149)
Deposits	1,221	-	-	1,221
Finance leases (Note 13(a)v)	(5,233)	-	-	(5,233)
Other Liabilities	(29)	-	-	(29)
Expected credit losses charge	(5,369)	(95)	(2,271)	(7,735)

	Group 2021			
	Stage 1	Stage 2	Stage 3	Total
Life Fund	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Debt instruments	1,940	-	-	1,940
Mortgage and other loans	(1,788)	1,433	(10,432)	(10,787)
Deposits	(182)	-	-	(182)
Expected credit losses charge	(30)	1,433	(10,432)	(9,029)

	Company 2021			
	Stage 1	Stage 2	Stage 3	Total
Shareholders' Fund	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Debt instruments	217	-	-	217
Mortgage and other loans	117	(95)	(2,271)	(2,249)
Deposits	(155)	-	-	(155)
Expected credit losses charge	179	(95)	(2,271)	(2,187)

	Company 2021			
	Stage 1	Stage 2	Stage 3	Total
Life Fund	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Debt instruments	1,939	-	-	1,939
Mortgage and other loans	(1,788)	1,433	(10,432)	(10,787)
Deposits	(381)	-	-	(381)
Expected credit losses charge	(230)	1,433	(10,432)	(9,229)

32. Life Assurance Fund

	Group and Company	
	2022	2021
	MUR'000	MUR'000
Long Term Insurance Fund	**13,411,019**	12,965,037

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

32 (i) Life Assurance Fund (Continued)

Group	Note	Non-Linked 2022 MUR'000	Linked 2022 MUR'000	Total 2022 MUR'000	Non-Linked 2021 MUR'000	Linked 2021 MUR'000	Total 2021 MUR'000
Income							
Gross premium		**2,637,422**	**109,650**	**2,747,072**	2,310,723	106,379	2,417,102
Less: Reinsurances		**(216,035)**	**(991)**	**(217,026)**	(187,911)	(1,171)	(189,082)
Net premium		**2,421,387**	**108,659**	**2,530,046**	2,122,812	105,208	2,228,020
Commission receivable for reinsurance		**28,762**	**-**	**28,762**	24,134	-	24,134
Investment and other income		**400,494**	**48,719**	**449,213**	362,532	46,399	408,931
Expected credit loss reversal/(Charge) on financial assets		**13,306**	**3**	**13,309**	(9,272)	243	(9,029)
Revaluation FVTPL		**(498,248)**	**(71,725)**	**(569,973)**	855,766	90,229	945,995
Gain on sale of investments		**758**	**178**	**936**	62,777	8,776	71,553
		2,366,459	**85,834**	**2,452,293**	3,418,749	250,855	3,669,604
Expenditure							
Bonus		**379,128**	**-**	**379,128**	381,118	-	381,118
Commission payable to agents and brokers		**65,173**	**2,341**	**67,514**	60,087	2,292	62,379
Cash and withdrawal benefits		**46,731**	**6,763**	**53,494**	34,862	2,252	37,114
Family income benefits		**1,170**	**-**	**1,170**	1,027	-	1,027
Maturity claims		**720,017**	**33,962**	**753,979**	806,567	35,223	841,790
Medical expenses		**3,121**	**-**	**3,121**	1,952	-	1,952
Surrenders		**55,121**	**16,253**	**71,374**	50,131	13,367	63,498
Survival benefits		**296,757**	**-**	**296,757**	383,981	-	383,981
Other costs		**30,974**	**31,107**	**62,081**	28,342	17,316	45,658
Gross death and disablement claims		**192,624**	**8,003**	**200,627**	176,308	6,034	182,342
Claims recovered from reinsurers		**(67,334)**	**(1,549)**	**(68,883)**	(57,927)	(1,257)	(59,184)
Net claims		**125,290**	**6,454**	**131,744**	118,381	4,777	123,158
Management and other expenses		**334,239**	**19,024**	**353,263**	276,328	15,390	291,718
		2,057,721	**115,904**	**2,173,625**	2,142,776	90,617	2,233,393
Surplus Before Taxation		**308,738**	**(30,070)**	**278,668**	1,275,973	160,238	1,436,211
Share Of Surplus To Shareholders Fund		**(10,636)**	**-**	**(10,636)**	(25,556)	-	(25,556)
		298,102	**(30,070)**	**268,032**	1,250,417	160,238	1,410,655
Taxation	20	**9,588**	**(6,526)**	**3,062**	(61,583)	1,110	(60,473)
Surplus After Taxation		**307,690**	**(36,596)**	**271,094**	1,188,834	161,348	1,350,182
Fund At 1 July		**11,582,055**	**1,382,982**	**12,965,037**	10,199,172	1,205,278	11,404,450
Transfer From Non Linked To Linked Fund		**(181,010)**	**181,010**	**-**	-	-	-
Increase In Fair Value Of FVOCI		**158,982**	**15,994**	**174,976**	178,844	14,337	193,181
Transfer Of Loss On Disposal Of Equity Financial At FVOCI		**(4,477)**	**-**	**(4,477)**	-	-	-
Translation Reserve		**4,330**	**889**	**5,219**	15,205	2,019	17,224
Seed Capital	Note 32 (iv)	**-**	**75,000**	**75,000**	-	-	-
Fund At 30 June		**11,867,570**	**1,619,279**	**13,486,849**	11,582,055	1,382,982	12,965,037

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.

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FOR THE YEAR ENDED 30 JUNE 2022

32 (ii) Life Assurance Fund (Continued)

Company	Note	Non-Linked 2022 MUR'000	Linked 2022 MUR'000	Total 2022 MUR'000	Non-Linked 2021 MUR'000	Linked 2021 MUR'000	Total 2021 MUR'000
Income							
Gross premium		2,637,422	109,650	2,747,072	2,310,723	106,379	2,417,102
Less: Reinsurances		(216,035)	(991)	(217,026)	(187,911)	(1,171)	(189,082)
Net premium		2,421,387	108,659	2,530,046	2,122,812	105,208	2,228,020
Commission		28,762	-	28,762	24,134	-	24,134
Investment and other income		392,432	47,562	439,994	355,705	45,542	401,247
Expected credit loss reversal/(Charge) on financial assets		13,116	(12)	13,104	(9,451)	221	(9,230)
Revaluation FVTPL		(528,165)	(72,258)	(600,423)	902,931	99,482	1,002,413
		2,327,532	83,951	2,411,483	3,396,131	250,453	3,646,584
Expenditure							
Bonus		379,128	-	379,128	381,118	-	381,118
Commission payable to agents and brokers		65,173	2,341	67,514	60,087	2,292	62,379
Cash and withdrawal benefits		46,731	6,763	53,494	34,862	2,252	37,114
Family income benefits		1,170	-	1,170	1,027	-	1,027
Maturity claims		720,017	33,962	753,979	806,567	35,223	841,790
Medical expenses		3,121	-	3,121	1,952	-	1,952
Surrenders		55,121	16,253	71,374	50,131	13,367	63,498
Survival Benefits		296,757	-	296,757	383,981	-	383,981
Other costs		30,975	31,106	62,081	28,342	17,316	45,658
Gross death and disablement claims		192,624	8,003	200,627	176,306	6,034	182,340
Claims recovered from reinsurers		(67,334)	(1,549)	(68,883)	(57,925)	(1,257)	(59,182)
Net claims		125,290	6,454	131,744	118,381	4,777	123,158
Management and other expenses		295,854	16,795	312,649	245,051	13,723	258,774
		2,019,337	113,674	2,133,011	2,111,499	88,950	2,200,449
Surplus Before Taxation		308,195	(29,723)	278,472	1,284,632	161,503	1,446,135
Share Of Surplus To Shareholders Fund		(10,636)	-	(10,636)	(25,556)	-	(25,556)
		297,559	(29,723)	267,836	1,259,076	161,503	1,420,579
Taxation	20	9,588	(6,526)	3,062	(61,583)	1,110	(60,473)
Surplus After Taxation		307,147	(36,249)	270,898	1,197,493	162,613	1,360,106
Fund At 1 July		11,582,055	1,382,982	12,965,037	10,199,172	1,205,278	11,404,450
Transfer From Non Linked To Linked Fund		(181,010)	181,010	-	-	-	-
Increase In Fair Value Of FVOCI		163,855	16,536	180,391	185,390	15,091	200,481
Transfer Of Loss On Disposal Of Equity Financial At FVOCI		(4,477)	-	(4,477)	-	-	-
Seed Capital	Note 32 (iv)	-	75,000	75,000	-	-	-
Fund At 30 June		11,867,570	1,619,279	13,486,849	11,582,055	1,382,982	12,965,037

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 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.

32 (iii) Life Assurance Fund (Continued)

The assets of the Life Assurance funds are analysed as follows:

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
NON-CURRENT ASSETS				
Statutory deposits	**7,302**	7,205	**7,302**	7,205
Other financial assets	**10,204,955**	10,418,348	**10,296,861**	10,575,479
Mortgage and other loans	**884,965**	854,998	**884,965**	854,998
Deferred tax	**4,141**	1,601	**4,141**	1,601
	11,101,363	11,282,152	**11,193,269**	11,439,283
Current Assets				
Other financial assets	**1,646,673**	1,636,127	**1,595,861**	1,473,987
Mortgage and other loans	**82,523**	75,606	**82,523**	75,606
Trade and other receivables	**135,749**	241,345	**134,996**	241,037
Bank and cash balances	**831,477**	310,392	**782,152**	306,298
Current tax asset	**-**	38,445	**-**	38,445
Assets held for sale	**2,770**	3,585	**2,770**	3,585
	2,699,192	2,305,500	**2,598,302**	2,138,958
Current Liabilities				
Trade and other payables	**298,856**	622,615	**289,872**	613,204
Current tax liabilities	**14,850**	-	**14,850**	-
	313,706	622,615	**304,722**	613,204
Net Current Assets	**2,385,486**	1,682,885	**2,293,580**	1,525,754
	13,486,849	12,965,037	**13,486,849**	12,965,037
Technical Provisions				
Long term insurance funds	**13,410,878**	12,965,037	**13,410,878**	12,965,037
Net Assets attributable to Unit Holders	**141**	-	**141**	-
	13,411,019	12,965,037	**13,411,019**	12,965,037
Net Assets attributable to Unit Holders (Shareholders fund)	**75,830**	-	**75,830**	-
	13,486,849	12,965,037	**13,486,849**	12,965,037

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 MUR 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	
	2022	2021
	MUR'000	MUR'000
Final ordinary dividend	**136,194**	118,909

The Board of Directors of the Company has, by resolution, recommended and authorised payment of a dividend of MUR 545 per share (2021: MUR 476 per share).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

35.(a) Notes To The Statements Of Cash Flows

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cash Flows From Operating Activities				
Profit before taxation	**349,514**	1,049,150	**316,351**	1,007,984
Adjustments for non cash items:				
Depreciation on property, plant and equipment	**33,103**	28,371	**26,680**	22,331
Depreciation on right of use asset	**5,943**	4,522	**4,466**	3,413
Amortisation of intangible assets	**11,580**	9,850	**8,980**	7,057
Fair value adjustments on investment property	**(34,518)**	(21,778)	**(35,332)**	(26,602)
(Gain)/Loss on sale of investment	**(1,427)**	(105,637)	**140**	-
Loss on disposal of repossessed leased assets	**(159)**	1,130	**-**	-
Retirement benefit expense	**77,581**	66,277	**59,898**	50,691
Provision for credit losses	**(28,690)**	16,764	**(18,376)**	11,416
Loss/(Gain) on disposal of foreclosed property	**108**	790	**108**	790
Loss on revaluation of foreclosed property	**61**	-	**61**	-
Fair value loss on repossessed assets	**3,889**	-	**-**	-
Loss/(Profit) on disposal of property, plant and equipment	**823**	(32)	**841**	-
Interest income	**(594,624)**	(588,914)	**(443,777)**	(440,167)
Dividend income	**(90,700)**	(46,630)	**(304,826)**	(268,497)
Interest expense	**59,708**	65,936	**9,903**	15,849
Net gains on financial asset at fair value to profit or loss	**852,422**	(1,344,186)	**887,688**	(1,420,877)
Exchange difference	**(11,558)**	(5,911)	**-**	-
Net surplus on long term insurance fund	**268,032**	1,410,655	**267,836**	1,420,579
Operating Cash Flows Before Working Capital Changes	**901,088**	540,357	**780,641**	383,967
Decrease/(Increase) in trade and other receivables	**71,820**	(67,064)	**77,743**	(30,414)
(Decrease)/Increase in trade and other payables	**(220,600)**	203,126	**(230,521)**	184,765
(Increase)/decrease in reinsurance assets	**(139,758)**	90,061	**-**	-
Increase/(decrease) in insurance liabilities	**280,697**	(45,308)	**-**	-
Cash Generated From Operations	**893,247**	721,172	**627,863**	538,318

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

	2021	**Cash Flows**	**New loans**	**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**

	2020	Cash Flows	New loans	2021
	MUR'000	MUR'000	MUR'000	MUR'000
Loans	79,340	(25,156)	19,148	73,332
	79,340	(25,156)	19,148	73,332

Company

	2021	**Cash Flows**	**New loans**	**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**

	2020	Cash Flows	New loans	2021
	MUR'000	MUR'000	MUR'000	MUR'000
Loans	213,293	(89,132)	19,148	143,309
	213,293	(89,132)	19,148	143,309

35.(b) Reconciliation Of Liabilities Arising From Financing Activities (Continued)

Group And Company	At July 01,2021	Addition	Cash Flows	Non-cash movement	At June 30,2022
	MUR'000	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

Group And Company	At July 01,2020	Addition	Cash Flows	Non-cash movement	At June 30,2021
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Lease liabilities	30,543	34,375	(6,543)	3,999	62,374
	30,543	34,375	(6,543)	3,999	62,374

36. Commitments

Capital Commitments

Capital expenditure contracted for at reporting date, but not yet provided for is as follows:

	Group		Company	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
Property, plant and equipment	1,932	4,979	1,130	4,565
Future finance leases	36,819	46,806	-	-
	38,751	51,785	1,130	4,565

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	
	2022	2021
	MUR'000	MUR'000
Repairs and maintenance	1,927	12,039

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FOR THE YEAR ENDED 30 JUNE 2022

37. Related Party Disclosures

The Group has transacted with related parties during the years ended 30 June 2022 and 30 June 2021. 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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Capital Element				
At 1 July	**45,144**	30,506	**38,167**	28,107
Additions	**12,213**	18,137	**4,213**	13,620
Repayments	**(4,986)**	(4,327)	**(4,073)**	(3,560)
* Adjustments	**5,808**	828	**5,808**	-
At 30 June	**58,179**	45,144	**44,115**	38,167

* Adjustments refers to new joiners and leavers of key management personnel and directors during the financial year.

	Group 2022	Group 2021	Company 2022	Company 2021
Interest Receivable				
At 1 July	**-**	-	**-**	-
Receivable during the year	**1,216**	1,061	**1,000**	907
Received during the year	**(1,216)**	(1,061)	**(1,000)**	(907)
At 30 June	**-**	-	**-**	-
Premium Receivable				
At 1 July	**319**	144	**208**	107
Receivable during the year	**12,657**	23,448	**10,378**	21,772
Received during the year	**(12,827)**	(23,273)	**(10,468)**	(21,671)
At 30 June	**149**	319	**118**	208
Compensation				
Salaries and short term benefits	**146,611**	121,379	**118,931**	92,116
Post-employment benefits	**38,712**	12,633	**32,746**	10,838

(b) Transactions with related parties - Shareholders

	Group		Company	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Sales of services				
At 1 July	**4,301**	3,909	**(987)**	43
Transactions during the year	**16,852**	20,661	**(16,525)**	(14,496)
Received during the year	**(13,177)**	(20,269)	**16,692**	13,466
At 30 June	**7,976**	4,301	**(820)**	(987)
New Investments				
At 1 July	**841,722**	432,348	**787,053**	395,496
Additions	**956,072**	788,659	**922,327**	760,992
Matured during the year	**(1,190,966)**	(419,241)	**(1,142,800)**	(409,900)
Fair value adjustments	**19,327**	39,956	**19,169**	40,465
At 30 June	**626,155**	841,722	**585,749**	787,053

37. Related Party Disclosures (Continued)

(b) Transactions with related parties - Shareholders (Continued)

	Group		Company	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Interest/Dividend receivable				
At 1 July	**873**	784	**459**	367
Receivable during the year	**22,268**	9,012	**21,132**	7,888
Received during the year	**(22,463)**	(8,923)	**(21,234)**	(7,796)
At 30 June	**678**	873	**357**	459
Dividend Paid to Shareholders	**136,194**	118,909	**136,194**	118,909
Bank Balances	**447,209**	110,194	**351,510**	120,067

(c) Transactions with related parties - Subsidiaries

	Group		Company	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Loan from Fellow Subsidiary				
At 1 July	**-**	-	**69,977**	133,953
Repayments	**-**	-	**(69,977)**	(63,976)
At 30 June	**-**	-	**-**	69,977
Interest Paid	**-**	-	**3,458**	9,460
Dividend receivable from Subsidiaries				
At 1 July	**-**	-	**223,796**	198,563
Receivable during the year	**-**	-	**225,483**	223,796
Received during the year	**-**	-	**(223,796)**	(198,563)
At 30 June	**-**	-	**225,483**	223,796
Sales of services				
At 1 July	**-**	-	**11,372**	7,098
Transactions during the year	**-**	-	**85,770**	62,249
Received during the year	**-**	-	**(90,700)**	(57,975)
At 30 June	**-**	-	**6,442**	11,372
Subordinated loan to Fellow Subsidiary	**-**	-	**341,625**	341,625

(d) SICOM Unit Trusts

	Group		Company	
	2022 MUR'000	2021 MUR'000	**2022 MUR'000**	2021 MUR'000
Receivables from SICOM Unit trusts				
At 1 July	**1,527**	1,264	**-**	-
Receivable during the year	**8,865**	6,614	**3,106**	2,222
Received during the year	**(9,575)**	(6,351)	**(3,106)**	(2,222)
At 30 June	**817**	1,527	**-**	-
Equity in SICOM Unit trusts				
At 1 July	**144,332**	111,620	**96,211**	75,289
Additions	**4,160**	2,964	**2,852**	2,033
Matured during the year	**-**	-	**-**	-
Fair value adjustments	**(15,373)**	29,748	**(7,234)**	18,889
Interest Due	**-**	-	**-**	-
At 30 June	**133,119**	144,332	**91,829**	96,211

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 2% to the client's variable rate of 4.50% per annum. The fair value of the collateral on the loans granted to directors and key management personnel amounted to MUR'000 76,849 and MUR'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 MUR 50,793 and MUR 35,475 for the Group and Company respectively. There have been no guarantees provided for any related party receivables or payables.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

39. COVID-19 Outbreak

Mauritius witnessed its first outbreak of COVID-19 in March 2020, affecting its economic, trading and travel conditions. The country has been subject to a second national lockdown in March 2021, after new local cases have been detected. The continued spread of the coronavirus presented immense challenges in credit and financial market locally and internationally. All industries and sectors of the economy worldwide have been impacted by the COVID-19 outbreak to varying degrees. Some industries like tourism, including SMEs linked to the hospitality sector, airlines, construction and real estate were impacted as these sectors not only depend on the success of the local outbreak containment but on the global situation and recovery.

Whilst business and social activities have reverted to their quasi-normal state following the releasing of lockdown restrictions, the aftermath of the COVI-19 pandemic are still being felt across the economy.

Management has considered the following to be the most likely impacts of COVID-19 on the Group and Company businesses:

- The decline in economic activities to impact on new business growth.
- Renewal retention could be challenging with certain clients implementing cost cutting measures and considering the review of their insurance portfolios.
- Cut-throat competition in the new business segment impacting on rates.
- A decrease in interest rates impacting on interest income, a reduction in dividend payments by our investee companies, and implying lower discount rate used in actuarial valuation causing an increase in insurance liabilities

In addition, Management has considered the impact of the pandemic on the statement of financial position of the Group and Company as detailed below.

Financial investments

Investment securities comprise of debt instruments at amortised cost (Government/ Bank of Mauritius Bills, Notes, Bonds, Term Deposits, Corporate Bonds and Preference Shares), financial instruments at FVOCI and FVTPL (shares quoted on the Stock Exchange of Mauritius, shares issued by unquoted companies, units in investment funds, preference shares in SICOM Global Fund Ltd and structured products), investment properties and loans. The disruptive effects of the COVID-19 pandemic on the domestic economy have started to subside following the successful vaccination campaign, full-opening of the border and the complete lifting of restrictive sanitary measures.

The heighted level of credit, reinvestment, interest rate and price risks related to our investments that were experienced because of the outbreak of the pandemic is expected to normalise as economic actvities have started to pickup. There is also expectation that interest rates will start to rise following the recent increases in the repo rate, higher inflationary pressures being experienced and the expected decrease in the excess liquidity in the system as a result of the new issuances by the Bank of Mauritius. With higher interest rates and more listed companies resuming dividend payments, albeit at lower than pre-covid level, investment income is expected to increase in the coming months, although the spectre of a looming global recession may limit such an increase. The excessive volatility seen on the stock markets is expected to prevail in the coming months as the sustained inflationary pressures, tighter monetary conditions and weakening consumer expenditure may start to impact corporate earnings. The rental income and value of our investment properties are not expected to be impacted going forward given the long-term lease agreements, quality of tenants and the strategic locations of our properties, amongst others. Management has taken proactive measures to ensure that there is close monitoring of the performance of existing investments. Moreover, cash management is actively pursued and diversification across issuers, asset classes and within each asset class is maintained.

Investment Income

The Monetary Policy Committee of the Bank of Mauritius has recenty started to hike the repo rate to counter the high inflationary conditions. The Bank of Mauritius is also taking measures to wipe-off the excess liquidity in the system. As many companies have started to operate under normal conditions, many more of the listed companies are resuming dividend payments, albeit at lower than pre-covid level. All these factors point to better prospects for a higher investment income going forward, although any increase could be short-lived given the emergence of fears for a global recession.

The following is an analysis of the possible impact of COVID-19 on various other aspects of the businesses:

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

Liquidity risks

The liquidity position of the Group and Company has remained strong as at 30 June 2022. Based on the projected business operations, interest income, dividend income and maturing investments over the next one year, Management does not expect any liquidity concerns in the foreseeable future.

39. COVID-19 Outbreak (Continued)

Capital risks

Holding Company

The Company's Capital Available as a % of Minimum Capital Required for the financial year 2022 is well above the regulatory requirement of 100%. Management strongly believes that there is sufficient buffer and headroom to ensure the Company is adequately capitalised to withstand the impact of COVID-19.

SICOM Financial Services Ltd

The Risk Weighted Capital Adequacy Ratio of SICOM Financial Services Ltd (SFSL) is above the regulatory minimum requirement of 10%. Management strongly believes that there is sufficient buffer and headroom to ensure the Company is adequately capitalised to withstand the impact of COVID-19.

SICOM General Insurance Ltd

The Company's Capital Available as a % of Minimum Capital Required for the financial year 2022 is well above the regulatory requirement of 150%.
Management strongly believes that there is sufficient buffer and headroom to ensure the Group and Company is adequately capitalised to withstand the impact of COVID-19.

Emerging risks

The insurance industry has been faced with risks ranging from economic uncertainty to changes in consumer demand for products, impacted business channels, new hybrid working patterns to technological risks such as cyber-attacks. However, the Group remained resilient and relied on its ability and resources to effectively navigate through these crucial circumstances by maximising on technology, innovation, and its marketing skills. On top of implementing COVID-19 protocols, the Group has gone one step ahead by reviewing its workspace organisation to facilitate social distancing and switching to its business continuity plan to ensure seamless operations.

The following measures have been implemented to mitigate the impact of COVID 19 on the Group and Company:

1. A more prudent approach adopted before approving any new business;
2. New arrears recovery procedures to adapt to the COVID 19 situation, as some households have been affected by cashflow issues;
3. A tight control on administrative expenses while also being on the lookout for less costly ways of doing business;
4. Regular assessment of the cash flow of the Group and Company and proactive campaigns to retain business or obtain new business;
5. Encouraging vaccination to promote a culture of safety and well-being for our internal and external stakeholders and to limit propagation of the pandemic;
6. Reinforcing cyber security awareness and measures to contain cyber threats arising with working from home;
7. A close monitoring of all regulatory and governance guidelines.

Taking into consideration the series of measures taken to mitigate the downside risks caused by the outbreak, management is satisfied that there is no material uncertainty around the going concern assumption. The COVID-19 has had most countries in a state of complete or partial lockdown over the past two years. While it is still not possible to tell exactly the economic damage from the Covid-19 pandemic, at SICOM Group the impact was mitigated. The Group has a strong balance sheet and is well capitalised. Loans are well collateralised and the impact is not significant.

Statutory Disclosures

FOR THE YEAR ENDED 30 JUNE 2022

(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 2022 are as follows:

State Insurance Company of Mauritius Ltd	SICOM General Insurance Ltd
Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson as from 21 December 2021)	Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson as from 21 December 2021)
Salemohamed M Y (Chairman up to 21 December 2021)	Salemohamed M Y (Chairman up to 21 December 2021)
Acharuz A	Ancharaz S (Appointed on 9 July 2021)
Boyramboli B (up to 31 July 2021)	Aukhojee Y K (Dr)
Dabeea C (Appointed on 17 January 2022)	Balluck A (up to 21 December 2021)
Gopy D K	Chummun A
Jheengun C (Appointed on 21 October 2021)	Dabeea C (Appointed on 11 January 2022)
Jhungeer S B (MS)	Dussoye C
Kawol D (Dr) (Appointed on 27 August 2021)	Koonjoo V K
Lall Mahomed Z B (Mrs) (up to 21 December 2021)	Moonien J
Munoosingh V K (Appointed on 31 December 2021)	Ramdewar N (Mrs)
Ramdewar N (Mrs)	Ramkallawon D (Appointed on 09 May 2022)
Shewraj U (Mrs) (Appointed on 31 December 2021)	
Sonoo J. C.S.K	
Sooknah K R (up to 24 September 2021)	

SICOM Global Fund Limited	SICOM Management Limited
Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson as from 21 December 2021)	Bhoojedhur-Obeegadoo K G (Mrs) (Chairperson)
Salemohamed M Y (Chairman up to 21 December 2021)	Gopy D K
Ramdewar N (Mrs)	Ramdewar N (Mrs)
	Salemohamed M Y (up to 21 December 2021)

SICOM Financial Services Ltd	
Mahadu O S (Chairperson)	Maharahaje P D (Mrs) (Appointed on 27 August 2021)
Bhoojedhur-Obeegadoo K G (Mrs)	Ramdewar N (Mrs)
Bonomaully I	Reedoy S
Chengabroyan C (Appointed on 29 September 2021)	Seeteejory S
Gopy D K	Seewoochurn N (up to 1 August 2021)

Statutory Disclosures

FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
Company	**5,723**	5,053	**23,463**	16,683
Subsidiaries	**5,738**	5,279	**4,592**	10,189

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, MUR 575,200), K G Bhoojedhur-Obeegadoo (Non-Executive Director and Chairperson as from 21 December 2021, MUR 1,134,113 from the Company and MUR 1,021,398 from Subsidiaries), B Boyramboli (Non-Executive Director, up to 31 July 2021, MUR 44,100), C Dabeea(Independent Director as from 17 January 2022, MUR 255,839 from the Company and MUR 141,935 from Subsidiaries), D K Gopy (Executive Director, MUR 7,162,364 as emoluments and MUR 2,039,784 as pension related contributions made by the Company and other benefits), S B Jhungeer (Non-Executive Director, MUR 557,200), Z B Lall Mahomed (Independent Director up to 20 December 2021, MUR 267,452), N Ramdewar (Executive Director, MUR 11,346,027 as emoluments and MUR 2,914,830 as pension related contributions made by the Company and other benefits), J Sonoo, C.S.K (Non-Executive Director, MUR 585,000), K R Sooknah (Non-Executive Director up to 24 September 2021, MUR 132,300),D Kawol (Non-Executive Director as from 27 August 2021, MUR 455,113), C Jheengun (Non-Executive Director as from 21 October 2021, MUR 382,448),V K Munoosingh (Independent Director as from 31 December 2021, MUR 273,023), M Y Salemohamed (Chairman up to 21 December 2021, MUR 780,839 from the Company and MUR 413,581 from Subsidiaries) and U Shewraj (Independent Director as from 31 December 2021, MUR 280,023). 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 2022

Audit Fees

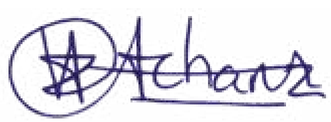
The fees payable to the auditors for audit and other services were:

	The Company		Subsidiaries	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
Audit fees payable to:				
- Deloitte	**2,457**	2,340	**2,494**	2,375
Fees payable for tax services:				
- Deloitte	**117**	112	**265**	252
Fees payable for other services:				
- Deloitte	**217**	207	**218**	207

	The Company		Subsidiaries	
	2022	2021	2022	2021
	MUR'000	MUR'000	MUR'000	MUR'000
Donations	**-**	-	**-**	-

For and on behalf of the Board of Directors

Chairperson ....



Director ....

Date: 23 September 2022

SICOM
GROUP

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