SBIML
Bank to grow with

A Legacy of **Trust**, A **Future** of Growth

ANNUAL REPORT 2026

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MISSION STATEMENT

OUR MISSION

Committed to providing simple, innovative, best in class technology, products and services

OUR VISION

Be the Bank of Choice for vibrant Mauritius

OUR VALUES

Service | Transparency | Ethics | Politeness | Sustainability

CORPORATE INFORMATION

Registered Office:
7th Floor, SBI Tower Mindspace
45 Ebène, Cybercity, 72201
Mauritius.

Tel: (230) 404 4900
Email: info@sbimauritius.com
Website: https://mu.stateBank
BRN: C09008318

Group
State Bank of India

Company Secretary
Registrar and Transfer Office
Mr. A. B. Mosaheb, ACG, MSc, FMIoD
SBI (Mauritius) Ltd
7th Floor, SBI Tower Mindspace
45 Ebène Cybercity - 72201
Mauritius.
Tel: (230) 404 4900
Email: info@sbimauritius.com

Auditors
Forvis Mazars
4th Floor, Unicorn Centre
Frère Félix de Valois Street,
Port Louis
Mauritius.
Tel : (230) 208 7777
Website : www.mazars.mu

DIRECTOR'S REPORT

Directors' Report
For the Financial Year Ended 31 March 2026

Dear Shareholders,

On behalf of the Board of Directors of SBI (Mauritius) Ltd ("SBIML" or "the Bank"), we are pleased to present the Annual Report for the financial year ended 31 March 2026. This report outlines the Bank's financial performance, strategic progress and operational resilience within the evolving Mauritian economic landscape. Throughout the year, SBIML remained focused on maintaining a sound balance sheet while continuing to strengthen its digital capabilities and customer engagement.

Economic Environment

FY 2026 was characterised by a gradual shift in the global economic landscape, as inflationary pressures moderated across major economies and central banks, including the US Federal Reserve, began transitioning towards a more accommodative monetary stance. While this supported global borrowing conditions, it also led to a moderation in asset yields across key financial markets.

The international environment remained mixed, with subdued global trade and continued volatility in capital flows across emerging markets. Against this backdrop, the Mauritian economy demonstrated resilience, supported by a sustained recovery in the tourism sector and stable domestic demand.

Notwithstanding this positive domestic momentum, the local banking sector operated within a more complex interest rate environment. While the Bank of Mauritius maintained the Key Rate at 4.50% during much of the period, market yields softened, reflecting the impact of elevated system liquidity. This created a divergence between policy rates and market pricing, contributing to pressure on interest margins, particularly as funding costs adjusted more gradually.

In addition, the operating environment was influenced by fiscal measures introduced in the National Budget 2025–2026, including revisions to the taxation framework applicable to banks. These measures contributed to an increase in the effective tax burden for the sector. Consequently, while macroeconomic conditions remained broadly stable, the combined impact of moderating global interest rates, localised yield compression, and fiscal changes resulted in a more demanding operating environment compared to the previous financial year.

Financial Highlights

The Bank's financial performance for FY 2026 reflected the outcomes of its operations across domestic and international business segments during the year under review.

Profit After Tax stood at USD 17.33 million, reflecting a moderation compared to the previous financial year. The Bank continued to generate positive earnings supported by its diversified business model across domestic and international operations, while navigating margin pressures in the prevailing rate environment.

Return on Average Equity stood at 9.27%, while Return on Average Assets stood at 1.21%, with the Bank remaining focused on delivering sustainable value over the medium term.

The Bank maintained a stable balance sheet, with total assets standing at USD 1.43 billion, reflecting a measured and disciplined approach to growth. Customer deposits remained resilient, supported by continued customer confidence and a diversified funding base. The Bank further strengthened its funding profile, with the CASA ratio improving to 44.78%, reinforcing its focus on stable and cost-effective sources of funding. This was complemented by ongoing enhancements to relationship banking and digital offerings, including YONO-MU, to improve customer experience and accessibility.

The loan portfolio grew by 7.43%, supported by targeted expansion across retail, corporate and SME segments, with continued emphasis on asset quality and risk-adjusted returns.

The investment portfolio continued to be managed conservatively, ensuring adequate liquidity buffers while aligning with regulatory requirements and prevailing market conditions.

Asset quality remained within manageable levels, with the Gross Non-Performing Assets ratio at 0.55%, reflecting underlying portfolio performance, while ongoing monitoring and prudent credit practices remain a key focus area.

The Bank also maintained a strong capital adequacy position, comfortably above the regulatory minimum of 12.50%, providing a solid foundation to support future growth and absorb potential shocks.

The Bank continued to maintain a disciplined approach to cost management, with a focus on improving operational efficiency while supporting strategic initiatives.

Performance Highlights – Segment-wise

SBIML continued to position itself as a trusted and dependable banking partner, serving a diverse customer base across domestic and international markets. The Bank remained focused on its 'Grow Local' strategy to strengthen its presence across retail, corporate and SME segments, while progressively expanding its footprint in international markets, particularly in Africa. During the year under review, steady progress was achieved across the Bank's key business segments.

Retail Banking:

Retail Banking at SBI (Mauritius) Ltd continued to demonstrate steady and consistent growth during the year, supporting the expansion of the Bank's customer base and strengthening its overall presence. The segment serves a wide and diverse clientele across the country, offering a comprehensive suite of personal banking products and services tailored to meet everyday financial needs. During the year, the Bank successfully launched its Premium Banking services, reinforcing its strategic focus on attracting and serving High Net Worth Individuals (HNI) and affluent customers.

The Bank has further enhanced customer convenience through robust digital capabilities, providing 24/7 access via YONO and Internet Banking (INB). Digital adoption remains strong, with approximately 74% of customers onboarded on YONO, and the Bank witnessed remarkable progress in digital adoption with the introduction of features such as YONO Cash, YONO MauCAS QR code, and Smart OTP solutions. The Bank continues to offer comprehensive remittance facilities across YONO, Internet Banking (INB), ATMs, and its branch network, with around 90% of transactions conducted through alternate channels, reflecting strong digital penetration. In line with its sustainability agenda, the Bank also advanced its green initiatives through the launch of the Eco Smart Loan during the year.

Additionally, as part of its efforts to enhance its retail product offerings, the Bank launched a co-branded credit card in collaboration with CIM Finance, further strengthening its value proposition to customers.

Overall, Retail Banking at SBI (Mauritius) Ltd remains well-positioned for sustained growth, driven by customer-centric initiatives, continued digital innovation and a strong focus on enhancing service delivery.

Corporate Banking:

During FY 2026, SBIML continued to strengthen its Corporate Banking franchise by nurturing relationships with established businesses in Mauritius and supporting the diverse financial needs of both large corporates and SMEs. The Bank recorded steady growth in its SME loan portfolio, reflecting ongoing efforts to broaden its reach and reinforce its role as a reliable financial partner within this important segment of the economy.

SBIML's SME Lounge in Chinatown, Port Louis—operational since February 2025—served primarily as a convenient point of contact for SMEs and corporate units based in the Port Louis area. The Lounge provides easier access to banking facilities, basic advisory interactions, and an additional physical touchpoint that complements the Bank's wider SME and corporate servicing channels.

In line with its commitment to supporting SME development, the Bank continued to offer a focused range of financing solutions tailored to business needs. These include the Easy Business Loan Scheme, MSME Ace Scheme, Open Term Loan—a pre-approved term-loan limit of up to MUR 100 million for enterprises in the manufacturing, trading, and service sectors—and the Eco Green Loan. The Bank also maintained its support for women-led enterprises through the 'Pouvoir de la Femme' Scheme, reinforcing its commitment to inclusive growth.

Throughout the year, SBIML maintained its strategy of delivering customer-centric lending solutions, strengthening relationship-based engagement, and supporting enterprises in navigating evolving market conditions. The Bank remains committed to deepening its partnerships across the corporate and SME ecosystem while sustaining prudent credit practices and responsible business growth.

Global Business:

The Bank's global business segment has experienced a notable increase for the financial year under review, indicating success in catering to the needs of its growing international client base. This growth, coupled with new partnerships, positions SBIML well for expansion into new markets. There has also been a marked expansion in our trade finance portfolio. With respect to expanding its international footprint, the Bank recognizes the potential of Africa's vibrant markets and has devised a strategy that is based on prudent strategic planning, deep market analysis, and effective risk mitigation, to harness the opportunities in Africa on a tailored basis. As an important player in the Mauritian banking sector, the Bank continues to strive to become a preferred business partner for both regional and global corporations, fostering strong business connections and partnerships to drive economic growth and development in Africa and beyond as well as promoting the Mauritian IFC.

A Customer-Centric Business Model

SBIML is intent on distinguishing itself through personalized and attentive service to its valued customers. We prioritize customer satisfaction by making it a core operational value, investing in staff training to deliver exceptional service that not only meets but exceeds industry standards and customer expectations. SBIML is continually focused on harnessing technology to deliver a multi-channel banking experience for its customers, offering them the convenience to carry out any transaction from anywhere, in just a few clicks. For the financial year under review, a significant development was the implementation of Scan & Pay facility through the mobile app to the local merchants. Furthermore, our YONO mobile banking app has undergone transformation with the introduction of new features that would enhance customer banking experience.

Fostering Employee Growth and Engagement

At SBIML, we recognize that our people are our greatest asset and a critical driver of sustainable growth. We continued to invest in nurturing a workforce that is agile, skilled, and aligned with our strategic objectives. Throughout the year, we implemented targeted training programmes and upskilling initiatives to equip employees with the capabilities required to thrive in a rapidly evolving financial landscape. Our approach to human capital development is holistic – focussing not only on performance but also on employee well-being, engagement, and inclusion including celebration of Bank Day, Independence and Women's Day, Yoga & Health related awareness sessions. We fostered a culture of open communication, collaboration, and accountability, ensuring that every employee feels valued and empowered. Several recognition schemes and welfare initiatives were undertaken to celebrate achievements, boost morale, and reinforce a sense of purpose and belonging across all levels of the organization. By strengthening our HR practices and cultivating a high-performance, people-first culture, we are laying a strong foundation for long-term success while reinforcing our commitment to being an employer of choice in the banking sector.

Strengthening our Climate Commitments

SBIML, recognising its responsibility towards environmental preservation and social inclusion, has established a comprehensive policy framework to identify, assess, and mitigate climate-related and environmental risks including both physical and transition risks, in alignment with applicable regulatory requirements. The following initiatives were undertaken during the financial year under review:

- ESG Capacity Building: All members of Senior Management and the Board of Directors participated in a capacity-building workshop on Environmental, Social and Governance (ESG) principles to strengthen their understanding of how ESG commitments can be effectively integrated into the Bank's business model.
- Climate and Environmental Risk Assessment: The Bank continued to utilise its Climate and Environmental Risk Assessment Toolkit, which categorises borrowers as high, medium, or low risk based on the environmental and climate impact of their activities on the local ecosystem and broader climate.
- The Bank has also enhanced its product offerings with a greater focus on green financing and continued to adopt best practices aimed at reducing water consumption, minimising waste, and lowering carbon emissions across its operations.

SBIML remains committed to embedding environmental and social considerations into all facets of its operations and is dedicated to contributing to a low-carbon, climate-resilient future through deliberate strategic planning and sustained action.

Commitment to Corporate Governance Excellence

SBIML remains committed to upholding a high standard of corporate governance. This commitment extends beyond compliance with the National Code of Corporate Governance for Mauritius and the Bank of Mauritius Guidelines, and is further reinforced through robust internal structures, policies, and practices that foster transparency, accountability, and ethical conduct across the Bank.

The Board of Directors plays a pivotal role in setting the tone for governance and in overseeing its effective implementation. The Board's composition, comprising Executive, Non-Executive, and Independent Directors from diverse professional backgrounds, continues to strengthen oversight and enhance strategic decision-making. This diversity of expertise and perspectives enriches Board deliberations, enabling the Bank to navigate complexity and respond effectively to an evolving operating environment.

Risk management remains a cornerstone of the Bank's governance framework, particularly in light of its cross-border operations and the diverse regulatory environments in which it operates. The Bank continuously identifies, monitors, and manages its risk exposures to ensure that it remains well-capitalised, operates within

its approved risk appetite, and is well-positioned to respond proactively to emerging challenges.

Further details on the Bank's governance framework and practices are set out in the Corporate Governance Report, reflecting SBIML's unwavering commitment to the highest standards of compliance and stewardship.

Strategic Direction and the Way Forward

While global conditions continued to evolve during the year, supported by moderating inflation and a shift towards more accommodative monetary policies, the operating environment remained complex and volatile. In particular, geopolitical developments, including the escalation of conflict in the Middle East towards the end of the financial year, have introduced additional volatility in global markets, with potential implications for trade flows, energy prices and investor sentiment.

These external factors, together with a lower interest rate environment and persistent liquidity conditions in the domestic market, are expected to continue influencing the domestic banking sector dynamics. Against this backdrop, SBIML will continue to adopt a prudent and adaptive approach, with a focus on preserving margins, maintaining balance sheet strength and enhancing operational efficiency, while remaining well-positioned to capture growth opportunities as they arise.

The Bank remains committed to delivering value to its stakeholders through customer-centric initiatives, digital transformation and sustainable banking practices, with a strategy anchored on strengthening its domestic presence alongside selective international expansion.

Looking ahead, SBIML remains focused on strengthening its core business and delivering sustainable long-term value by:

- Advancing its 'Grow Local' strategy to deepen its domestic market presence.
- Enhancing customer experience through strengthened relationship banking and service delivery.
- Expanding its corporate and SME loan portfolio through targeted relationship building and the offering of competitive and innovative financial solutions.
- Enhancing digital banking capabilities (YONO-MU and ATMs) to improve accessibility and operational efficiency.
- Broadening its trade finance activities to support cross-border business flows and diversify revenue streams.
- Expanding product offerings, including a continued focus on sustainable and green financing solutions.
- Leveraging Mauritius as a strategic gateway to Africa, supported by a calibrated and opportunity-driven regional expansion approach.

Acknowledgements

As we reflect on the year under review, we extend our sincere gratitude to our valued customers, employees, shareholders and regulatory authorities for their continued trust and support.

In a more challenging business environment, the commitment and resilience of our stakeholders have been instrumental in enabling the Bank to maintain stability and progress on its strategic priorities.

We remain confident that our strong fundamentals, disciplined approach and clear strategic direction will position SBIML to navigate uncertainties and deliver sustainable value in the periods ahead.

Approved by the Board of Directors and signed on its behalf by:

Prashant Kumar Babhale Managing Director & CEO	Marie Annick Pamela Bussier Director	Biranchi Narayan Rath Director

Date 22nd April 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

PRINCIPLE 1	GOVERNANCE STRUCTURE
PRINCIPLE 2	THE STRUCTURE OF THE BOARD AND ITS COMMITTEES
PRINCIPLE 3	DIRECTOR APPOINTMENT PROCEDURES
PRINCIPLE 4	DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE
PRINCIPLE 5	RISK GOVERNANCE AND INTERNAL CONTROL
PRINCIPLE 6	REPORTING WITH INTEGRITY
PRINCIPLE 7	AUDIT
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Statement on Corporate Governance

SBI (Mauritius) Ltd ("SBIML" or "The Bank") a public company was incorporated in Mauritius on 12th October 1989, (then S.B. International Ltd), SBIML, is fully committed to the observance and adoption of the highest standards and the best practices as far as good corporate governance is concerned, both in letter and spirit. In this regard, the Bank has complied with the provisions of the National Code of Corporate Governance for Mauritius ("The Code"), the Bank of Mauritius Guideline on Corporate Governance and the Mauritius Companies Act 2001.

The Bank believes that good governance enhances shareholder value, protects the interests of shareholders and other stakeholders including customers, employees, and society at large. It promotes transparency, integrity in communication and accountability for performance. The Bank is a Public Interest Entity ("PIE") as defined by the Financial Reporting Act 2004 and is required to comply with the Code. In that regard, it has applied all of the principles contained in the code.

As of 31st March 2026, 96.60% of the Bank's shareholding is held by the State Bank of India ("SBI").

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE

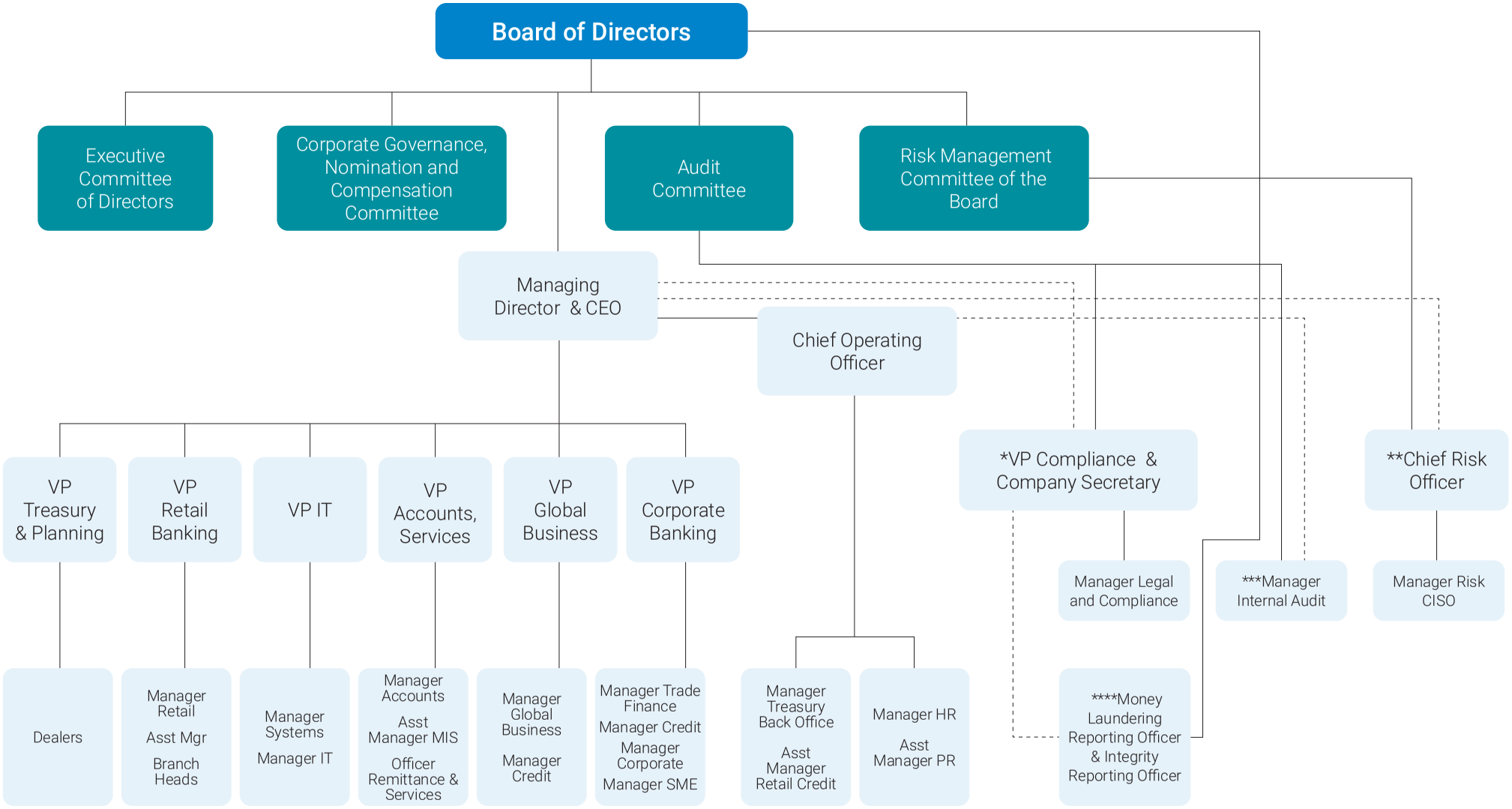
The Bank has in place its Board Charter, job descriptions of key senior governance positions, the Code of Ethics and the statement of major accountabilities, which have been reviewed and approved by the appropriate authority. These documents are monitored and updated on a yearly interval or as and when required following changes in laws, regulatory changes or decisions taken by the appropriate Committee of the Board. The above-mentioned documents are available on the Bank's website at https://mu.statebank.

The Board exercises its powers and discharges its responsibilities by leading and controlling the Bank. Further, it ensures that the Bank has implemented effective systems and practices to achieve compliance with legal and regulatory requirements as well as guidelines issued by the Bank of Mauritius.

1.1 Organisational Chart

The organisational chart is depicted below along with profile of Senior Management.

ORGANISATION STRUCTURE SBI (MAURITIUS) LTD



Reporting Line

Administratively reporting to
* VPC reports to Audit Committee and CS reports to Board
**CRO reports to RMCB
*** Mgr IA reports to Audit Committee
****MLRO reports to Audit Committee with a right of direct access to the Board of Directors

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)

1.2 Profile of senior management

1. Mr. Prashant Kumar BABHALE

The profile of Mr. Babhale, Executive Director, is given under the profile of Directors in section 3.4 of this report. Mr. Babhale is the Bank's Managing Director and Chief Executive Officer ("MD & CEO").

2. Mr. Ranjit RADHAKRISHNAN

Mr. Ranjit has been serving as the Chief Operating Officer (COO) of the Bank since 25th September 2025 and is responsible for overseeing its day-to-day operations. The Treasury (Back Office), Human Resources, Retail Credit Processing Cell, Liability Credit Processing Cell, and Public Relations Department report directly to him. He also plays a key role in coordinating with various departments to ensure the smooth and efficient functioning of the Bank. He began his career with State Bank of India (SBI) as a Probationary Officer and has held several important positions during his tenure in India. Prior to joining SBI (Mauritius) Limited, he served as Assistant General Manager at the Central Board Secretariat of SBI. Mr. Ranjit holds a Bachelor's degree in Commerce and is a Certified Associate of the Indian Institute of Bankers (IIBF). He has also completed a Leadership Development Programme at the Indian Institute of Management, Indore. With over 17 years of experience in the banking sector, his expertise spans Branch Management, Corporate Credit, Human Resources, Retail Business Development and Marketing, as well as handling Central Board meetings of SBI, in addition to various operational aspects of banking.

3. Mrs. Anubha BHARGAVA

Mrs. Anubha Bhargava, Vice President (Corporate Banking), joined State Bank of India, as Management Executive in April 2010. She is a Science Graduate and subsequently pursued MBA (Finance & Marketing) followed by Certified Associate of the IIBF. She has experience of more than 17 years in Banking Industry and has served in various capacities in the field of Corporate and retail credit, forex and Branch Management while working with SBI. She was deputed to SBIML as VP (Corporate Banking) on 26th September 2022 and is responsible for business development, framing of credit policies and procedures, product development, business efficiencies for corporate credit, financing to Small and Medium Enterprises ("SMEs") and trade finance.

1.2 Profile of senior management (Continued)

4. Mr. Kamalakkannan RAJU

Mr. Kamalakkannan Raju, Vice President (Treasury & Planning), joined SBI Group in 2010 as a Probationary Officer. He has 15 years of Banking experience in various aspects of Banking which includes Treasury Management, Market Risk, Valuations and Branch Management. He has experience of working in various geographies in India. He holds bachelor's degree in Engineering and is a Certified Treasury Professional & Certified Associate of the IIBF. Mr. Kamalakkannan was deputed to SBIML in September 2025 as Vice-President (Treasury & Planning), looking after the Treasury Business, Investments, Assets & Liabilities Management and Planning for the Bank.

5. Mrs. Shweta PRABHAKAR

Mrs. Shweta Prabhakar, Chief Risk Officer, joined the State Bank of India as a Probationary Officer in 2002. She is a science graduate and holds the Financial Risk Manager (FRM) certification, along with a Post Graduate Diploma in Business Administration (PGDBA) with a specialization in Finance. She is also a Certified Associate of the Indian Institute of Banking & Finance (IIBF). She is an accomplished banking professional with more than 24 years of diversified experience across Retail Banking, Branch Management, Human Resource Management, and Risk Management. She has held several key positions within the State Bank of India, including Branch Manager, Accountant, Manager (HR), Faculty, and Chief Manager (Risk), before being deputed to SBI (Mauritius) Ltd. Mrs. Prabhakar was deputed to SBI (Mauritius) Ltd on 11 December 2023. In her role as Chief Risk Officer, she is responsible for the Bank's overall risk governance framework, including the identification, assessment, mitigation, monitoring, and reporting of key internal and external risks. She plays a pivotal role in enhancing the Bank's risk management architecture and ensuring robust governance practices.

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)

1.2 Profile of senior management (Continued)

6. Ms. Babitha KOYIPILLY SIVANANDAN

Ms. Babitha Koyippilly Sivanandan is the Vice President (Retail Banking) of the Bank since October 2025. She heads Retail Banking operations across the Bank's branch network in Mauritius and is responsible for driving the growth and development of the retail segment. She joined SBI in 2011 as a Probationary Officer and has over 15 years of banking experience. During her career with SBI, she has worked across diverse areas including Branch management, Training & development, Foreign exchange operations and International banking. She has held key positions such as Chief Representative Officer at the SBI Representative Office in Dubai, Chief Manager (Faculty) at SBILD, Branch Manager at multiple branches and Forex Officer at Commercial Branch. She holds a Master's degree in Physics and is a Certified Associate of the Indian Institute of Bankers (CAIIB). She has also completed multiple professional certifications from Indian Institute of Banking and Finance in areas such as KYC/AML, Customer Service, Cyber Crime & Fraud Management, Digital Banking, Microfinance, and Foreign Exchange.

7. Mr. Samir H. AMBATKAR

Mr. Samir Ambatkar, Vice President (IT) is an IT specialist with 18 years of experience in IT operations, IT security systems, application security and software development, systems integration, Management Information Systems ("MIS"), IT audit and governance. He has served SBI in various positions before joining the Bank. Mr. Samir holds a Master's Degree in Computer Management. He is a Certified Associate of the IIBF, a Certified Information Security Banker. Mr. Samir was deputed to SBIML on 1st December 2022 as Vice President (IT). He oversees all technology operations of the Bank and spearheads all IT initiatives. He is also responsible for enforcing best information security practices in the maintenance of IT Assets of SBIML.

8. Mr. Heetesh Kumar CHOONY

Mr Heetesh Kumar Choony currently serves as Vice President (Accounts & Services) and oversees the Accounts Department, as well as the Internal Services, Remittance and Clearing functions of the Bank. He has over 18 years of experience across audit, assurance, risk advisory and financial management. He completed his Bachelor of Commerce in Accounting and Finance from Curtin University in Australia and holds an MBA (Financial Services) from the University of Mauritius. Mr Choony is a Chartered Accountant (CA ANZ) and Certified in Risk and Information Systems Controls (CRISC). He is a registered member of the Mauritius Institute of Professional Accountants and the Mauritius Institute of Directors. Prior to joining the Bank, he worked at PwC where he gained substantial exposure to major banks in Australia and Mauritius through audit, assurance and advisory engagements.

9. Mr. Aboo Bakar MOSAHEB

Mr. Mosaheb serves as Vice President (Compliance) and Company Secretary. He is an Associate Member of the Chartered Governance Institute UK & Ireland and holds a Master's degree with distinction in Accounting and Finance from the United Kingdom. He is at the final stage of the Association of Chartered Certified Accountants (ACCA UK) qualification. In addition, he is a Certified AML/CFT Compliance Professional, accredited by the Financial Services Institute, and a Fellow of the Mauritius Institute of Directors. Mr. Mosaheb has over 26 years of senior management experience in the banking sector, with extensive expertise in Compliance, Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing (AML/CFT & PF), Risk Management, and Internal Audit. His career also includes a two-year tenure overseeing the Human Resources department. Prior to joining the banking sector, he spent five years in an accountancy firm and the private sector, gaining experience in accounting, audit, and corporate secretarial practice. He also possesses more than 10 years of international experience spanning IT, global recruitment, and participation in complex, large-scale project bidding exercises. As Vice President (Compliance), Mr. Mosaheb oversees the Bank's Compliance and Legal functions, ensuring effective regulatory compliance, ongoing risk assessment, and reporting to the Board and its governance sub-committees. In his capacity as Company Secretary, he is responsible for corporate secretarial matters and for strengthening governance frameworks to promote sound and sustainable corporate governance practices.

10. Mr. Pankaj Kumar SINGH

Pankaj Singh is the Vice President Global Business at SBI (Mauritius) Ltd since January 2025. A senior management professional with 15 years of banking experience, he leads the Global Business vertical, overseeing cross-border syndicated loans, trade finance, Global Business Companies, and remittances business lines. Prior to his current role, he held various positions at State Bank of India, gaining extensive exposure in credit underwriting, product development, process re-design, vendor management, business development, and P&L management across SME and corporate segments. He plays a key role in strengthening cross-border business linkages and leveraging Mauritius's position to facilitate investment and trade flows between India and Africa through strategic solutions and group synergies. He holds a Master's Degree in Management, is a Certified Associate of the Indian Institute of Bankers (CAIIB) and has completed the Sustainability and Climate Risk (SCR) certification from GARP.

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)

1.2 Profile of senior management (Continued)

Profile of senior management who have ceased to hold office during the financial year:

1. Mr. Bibhu Prasad MISHRA

Mr. Mishra, the former Chief Operating Officer ("COO") of the Bank since 24th of September 2021, was responsible for the day-to-day operations of the Bank. The Treasury (Back Office), Remittances & Clearing Department, Retail Credit Processing Cell, Liability Credit Processing Cell and Public Relations department directly reported to him. He was also responsible for coordinating with various Departments for smooth functioning of the Bank. He joined State Bank of India ("SBI") as Probationary Officer and occupied several positions during his tenure in India, last assignment being Regional Manager of a Region under SBI, Kolkata Circle before joining SBIML. He was a Postgraduate in Economics and a Certified Associate of the Indian Institute of Bankers ("IIBF"). His experience in the Banking sector expanded over 23 years and covers Branch Management, Retail & Corporate Credit, Human Resources & Industrial Relations, Business Development & Marketing apart from the various operational aspects of Banking.

2. Mr. Prakash Sithu VENKATRAMAN

Mr. Prakash, Vice President (Treasury & Planning), joined SBI Group in 2006 as a Probationary Officer. He had 18 years of Banking experience in various aspects of Banking which includes foreign exchange and treasury management, international Banking, trade finance and branch management. He had experience of working in various geographies in India. He held bachelor's degree in physics, PG Diploma in Computer Applications, Diploma in Treasury Investment and Risk Management, Diploma in International Banking & Finance and is a Certified Associate of both the ACAMS and the IIBF. Mr. Prakash was deputed to SBIML in September 2021 as Vice-President (Treasury & Planning), looking after the treasury business, investments, assets and liabilities management and planning for the Bank.

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)

1.2 Profile of senior management (Continued)

Profile of senior management who have ceased to hold office during the financial year (continued):

3. Neelaksh BHARDWAJ

Mr. Bhardwaj was the former Vice President (Retail Banking) of the Bank since November 2021. He was responsible for the operational and business efficiencies of all domestic branches of the Bank in Mauritius. He was also responsible for development and growth of the retail business of the Bank. He joined SBI in 2011 and has an overall Banking experience of more than 18 years. During his career with SBI, he had worked in the areas of SME Credit, Retail Operations and Branch Management. He was a commerce graduate and held an MBA (Finance & Marketing). He was also a Certified Associate of the Indian Institute of Banking & Finance and a Certified Financial Crime Specialist.

4. Mr. Kritanand RAMKHELAWON

Mr. Ramkhelawon was the former Vice President (Accounts & Services) & Human Resources since 2008. He joined the Indian Ocean International Bank in 1980 and has held various positions with the Bank. He held an MBA in Financial Management from the University of Mauritius. He had thorough knowledge in the local environment, legal and accounting related issues.

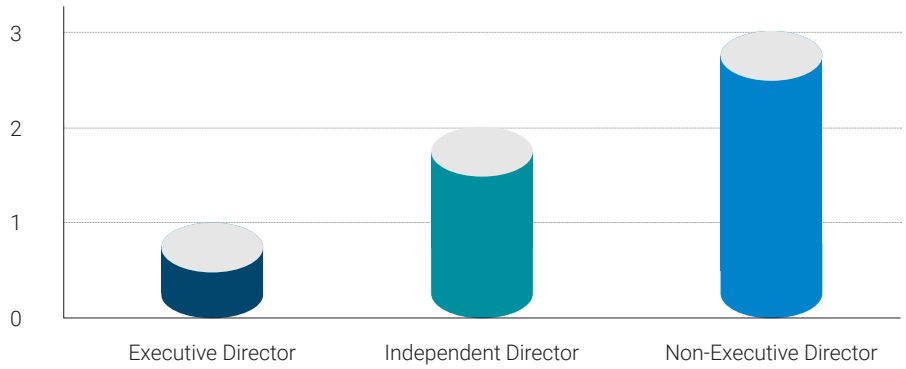
2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board of SBIML has a unitary structure and has been constituted in compliance with the Bank's constitution, the National Code of Corporate Governance for Mauritius, the Bank of Mauritius Guideline on Corporate Governance, the Mauritius Banking Act 2004 and the Mauritius Companies Act 2001.

Keeping in view the Mauritius Banking Act 2004, the Bank's constitution and the size of the Bank's operations as of 31st March 2026, the membership of the Board comprised of 6 Directors; 3 of whom are non-executive, 2 are independent and 1 is executive.

By virtue of Section 18(4) of the Mauritius Banking Act 2004, the Bank of Mauritius has approved the composition of the Board, being made up of at least 40% of non-executive directors. As part of gender diversity, the Board of SBIML consisted of 1 female director during the financial year ended 31st March 2026.

Composition of the Board



Executive Director	1
Independent Director	2
Non-Executive Director	3

2.1 Company Secretary

The Company Secretary, Mr. Aboo Bakar Mosaheb, ACG, MSc., FIoD is also the Vice President (Compliance). His profile is given under Section 1.2 of this report.

2.2 Board of Directors

The Board of SBIML functions as an authoritative decision-making body and meets regularly as required and periodically monitors the performance of Management. All the Directors possess expertise and experience in relevant areas such as Accountancy, Finance, Commerce, Economics, IT and on overall aspect of Banking. The Board collectively and the Directors individually are fully involved in the Bank's affairs and adhere to the highest ethical standards. The Board acts independently from Management.

The Directors are elected to hold Office until the next Annual Meeting of Shareholders and are eligible for re-election as provided by the Bank's constitution. The Chairperson of the Board is a Non-Executive Director.

2.3 Board Charter

The Board exercises its powers and discharges its responsibilities as provided in the Board's Charter which covers the below matters among others:

a) Review operational reports, financial results and cash flow projections;
b) Review the reports and recommendations of the Audit Committee;
c) Approve the quarterly announcement and quarterly financial statements to shareholders and the public;
d) Approve capital expenditure, acquisitions and the disposal of the Bank's assets as per delegated powers;
e) Review committee minutes and board circular resolutions for notation;

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.3 Board Charter (Continued)

f) Review changes in directorships and disclosure of interests;
g) Review disclosure of dealings by directors and principle officers;
h) Approve policies/manuals as recommended by its Sub Committees;
i) Approve the Bank's corporate plan covering short term and long term business objectives, strategy together with appropriate policies to execute the strategy, including those relating to risk management, capital adequacy, liquidity, risk appetite, compliance, internal controls, communication policy, director selection, and orientation and evaluation;
j) Require Management to review periodically the effectiveness of the established corporate plan and report results to the Board;
k) Appoint and monitor senior management, question and scrutinise its performance in the achievement of corporate objectives;
l) Question, scrutinise and monitor the performance of Board Sub-Committees, and individual directors;
m) Ensure that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders;
n) Require management to review and assess periodically the efficiency and effectiveness of policies, systems and controls and report results to the Board; and
o) Any other matters requiring its authority.

The Board Charter which is available on the Bank's website is reviewed by the Corporate Governance, Nomination and Compensation Committee ("CGNCC") on a yearly interval or earlier if so required.

2.4 Responsibilities of the Board of Directors

The fundamental statutory responsibilities of the Board of Directors are to:

a) Determine the overall policies regulating the various businesses/activities of the Bank;
b) Supervise the management of the business and conduct of affairs by the Management;
c) Monitor the performance of the Management to ensure satisfactory implementation of the policies it has laid down; and
d) Enunciate and oversee the Bank's strategic direction and ensure that its organisational structure and capabilities are appropriate for implementing the chosen strategies.

On top of the responsibilities outlined in the Board Charter, and described in Section 2.3 of this report, the approval of the Board is specifically required for the following:

- The capital and operating budgets of the Bank including the internal capital adequacy assessment process ("ICAAP"), capital and liquidity plans;
- Significant business decision/matter requiring the convening of a general meeting of shareholders or any matter required by the laws;
- Interim and annual report including audited financial statements, corporate governance report and directors report;
- Changes to accounting policies and any other significant internal policies;
- Director's fee/remuneration in general including staff compensation policies;
- Capital expenditure/bad debts write-off/investment or divestment decisions;
- Granting of powers of attorney;
- Considering and, if deemed appropriate, declare or recommend the payment of dividends; and
- Reports and recommendations from the Audit Committee, Risk Management Committee and Corporate Governance, Nomination and Compensation Committee.

The Board discharges the above responsibilities either directly or through its Sub-Committees for more in-depth analysis and review of various issues. The minutes of the Sub-Committees are placed before the Board for approval or information, as the case may be.

In line with the Banking Act 2004 and with the best practices of Corporate Governance, the Board of SBIML has set up four Sub-Committees of the Board of Directors namely:

- Executive Committee of Directors
- Audit Committee
- Risk Management Committee of the Board and ("RMCB")
- Corporate Governance, Nomination & Compensation Committee

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.4 Responsibilities of the Board of Directors (Continued)

The Executive Management team (comprising the different Vice Presidents) is invited to the Board and Sub-Committee meetings as required. The Board remains directly accountable to the shareholders for the overall performance of the Bank.

The Board promotes openness, integrity, and accountability to improve corporate behaviour, strengthens internal control systems and reviews senior management's performance on a regular basis. To fulfill their responsibilities, Board members of SBIML have unhindered access to accurate, relevant and timely information by accessing the Board pack which is communicated to them at least ten working days before the meeting.

The Board has further delegated the day to day running of the business and affairs of the Bank to the Executive Management but remains ultimately responsible and accountable. There are the Central Management Committee ("CENMAC") and the Risk Management Committee ("RCOM") comprising key management staff who are responsible for specific tasks within the limits of the authority determined and powers delegated.

Issues are debated and decisions in Management Committees are taken unanimously. All the main management committees such as CENMAC, RCOM and the Assets and Liabilities Committee are chaired by the MD & CEO.

In compliance with the Bank of Mauritius Guideline on Corporate Governance, there is a clear demarcation of responsibilities of the Board and Management in the interest of an effective accountability regime.

2.5 Board Composition

As of 31st March 2026, the Board of Directors comprised the following members:

SN	Name of directors	Category	Resident / Non – Resident	Other directorships in listed companies	Date of appointment
1	Mr. Kishore Kumar Poludasu	Non-Executive Director and Chairperson	Non-Resident	None	31 December 2025
2	Mr. Venkata Vamsidhar Kunchaa	Non-Executive Director	Non-Resident	None	01 August 2025
3	Mr. Biranchi Narayan Rath	Non-Executive Director	Non-Resident	None	05 December 2022
4	Mr. Prashant Kumar Babhale	Executive Director	Resident	None	23 May 2025
5	Mrs. Marie Annick Pamela Bussier	Independent Director	Resident	None	18 December 2023
6	Mr. Yognandan Sharma Mahabirsingh	Independent Director	Resident	ABC Motors Co Ltd	25 July 2024

The below directors have ceased to hold office during the year ended 31st March 2026:

SN	Name of directors	Category	Resident / Non – Resident	Other directorships in listed companies	Ceased to hold office w.e.f
1	Ms. Jayati Bansal	Non-Executive Director and Chairperson	Non-Resident	None	31 December 2025
2	Mr. Niraj Kumar Panda	Non-Executive Director	Non-Resident	None	01 August 2025
3	Mr. Somnath Adhya	Executive Director	Resident	None	23 May 2025

The Non-Executive Directors are based in India.

2. PRINCIPLE 2- THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.6 Board Evaluation

The performance evaluation of the Board and its Sub-Committees and the individual Directors including the CEO and the Chairperson is conducted every year. The evaluation exercise for the financial year ended 31st March 2025 was conducted internally by completing a comprehensive questionnaire by all the directors as well as the Chairperson, CEO and review of documents, procedures, etc. Some recommendations were given based on the evaluation exercise and same is in the process of implementation during the course of the financial year.

The methodology adopted is provided below:

- Plan and collect preliminary information pertaining to key governance documents which includes the charter of the Board and its sub-Committees, minutes of meetings, the Code of Ethics and other SBIML policies.
- Perform desktop review of above-mentioned key governance documents.
- Review and circulate a survey questionnaire to the Directors of SBIML.
- Interact with each member of the Board & sub-committees to discuss their responses to the questionnaire as may be required.
- Interact with key management to understand how the Bank complies with the Code and BoM Guideline.
- Collate and analyse the survey results.
- Document and circulate a report of factual observations to the Board of Directors.

2.7 Shareholding Interest of Directors

None of the directors has any direct or indirect shareholding in the Bank. The MD & CEO is on deputation from SBI and the non-executive directors are Senior Executives from SBI.

2.8 Sub-Committees of the Board

The Board and its sub-committees meet regularly as per the periodicity approved by the Board. The details of attendance by each director at the different meetings held during the year are as follows:

	Board of Directors	Executive Committee Of Directors	Audit Committee	Risk Management Committee of the Board	Corporate Governance Nomination & Compensation Committee
Current directors as of 31st March 2026	Meeting Attended / Held	Meeting Attended/ Held	Meeting Attended / Held	Meeting Attended / Held	Meeting Attended/ Held
Mr. Kishore Kumar Poludasu (appointed on 31.12.2025)	1/1	▲	▲	▲	▲
Mr. Venkata Vamsidhar Kuncha (appointed on 01.08.2025)	3/3	3/3	▲	▲	- *
Mr. Biranchi Narayan Rath (appointed on 05.12.2022)	4/4	1/1	4/4	4/4	4/4 **
Mr. Prashant Kumar Babhale (appointed on 23.05.2025)	4/4	4/4	▲	4/4	4/4
Mrs. Marie Annick Pamela Bussier (appointed on 18.12.2023)	3/4	▲	4/4	4/4	4/4 **
Mr. Yognandan Sharma Mahabirsingh (appointed on 25.07.2024)	4/4	4/4	4/4	4/4	4/4

* Inducted as a member with effect from 15.03.2026.
** Ceased to be a member with effect from 15.03.2026.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Sub-Committees of the Board (Continued)

Directors who ceased to hold office during the year:

	Board of Directors	Executive Committee Of Directors	Audit Committee	Risk Management Committee of the Board	Corporate Governance Nomination & Compensation Committee
Directors who ceased to hold office during the year	Meeting Attended / Held	Meeting Attended/ Held	Meeting Attended / Held	Meeting Attended / Held	Meeting Attended/ Held
Ms. Jayati Bansal (ceased to hold office w.e.f 31.12.2025)	3/3	▲	▲	▲	▲
Mr. Niraj Kumar Panda (ceased to hold office w.e.f 01.08.2025)	1/1	1/1	▲	▲	▲
Mr. Somnath Adhya (ceased to hold office w.e.f 23.05.2025)	-	-	▲	-	-

NOTE: ▲ Not a member

With the exception of the Executive Committee of Directors, which is chaired by a Non-Executive Director, all the remaining Committees are chaired by an Independent Director.

Each Committee has its own charter, a summary of which is given below. The charters are available on the Bank's website and are reviewed by CGNCC every year or earlier if so required.

I. Executive Committee of Directors

The Executive Committee of Directors' ("ECOD") Charter provides that the Committee comprises a number of Executive and non-Executive Directors as may be decided by the Board from time to time. As of 31st March 2026, the ECOD was made of the following three Directors:

- Mr. Venkata Vamsidhar Kuncha (Chairperson)
- Mr. Prashant Kumar Babhale
- Mr. Yognandan Sharma Mahabirsingh

The ECOD acts as a sub-Committee of the Board of Directors and meets frequently at short notice to dispose of credit proposals and operational matters as per the Delegation of Powers vested with it. Minutes of the ECOD are put up to the Board for Approval / information.

The mandate of the ECOD includes:

a) Review and approve of credit proposals within its power;
b) Review and approve expenditure falling within its power;
c) Review control reports for facilities sanctioned by Executive Credit Committee;
d) Review of decisions taken by the Procurement Committee;
e) Review minutes of Central Management Committee (CENMAC) meetings;
f) Review statement of expenditure for the Bank on a monthly basis;
g) Review of Top 20 Non-Performing Assets ("NPAs") and NPA positions on a regular basis;
h) Regularly review the performance of the Bank against the Board approved benchmarks; and
i) Deal with such other matters as are delegated by the Board to the Executive Committee from time to time.

The Executive Committee of Directors met four times during the period under review and considered matters relating to the above at each meeting.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Sub-Committees of the Board (Continued)

II. Audit Committee

The Audit Committee's Charter provides that the Committee consists of 3 Directors with at least 1 Independent Director or such other composition as may be determined by the regulator and the Board. The Committee consists of 2 Independent Directors and 1 non-Executive Director, namely:

- Mrs. Marie Annick Pamela Bussier (Chairperson)
- Mr. Yognandan Sharma Mahabirsingh
- Mr. Biranchi Narayan Rath

In compliance with the Bank of Mauritius Guidelines and the provisions contained in Section 54 of the Mauritius Banking Act 2004, the Audit Committee ("AC") oversees the financial stewardship of the Bank's management and also the performance of the external and internal audit functions. It maintains direct communications with the external auditor especially during periodical review of the Bank's accounts. The external auditor is invited to participate in the Audit Committee meetings at the time of the review and adoption of the Bank's quarterly and annual financial statements.

The mandate of the Audit Committee includes, inter alia:

a) Examine the audited financial statements before they are approved by the Board.
b) Require the Management of the Bank to implement and maintain appropriate accounting, internal control and financial disclosure procedures and review, evaluate and approve such procedures.
c) Review such transactions as could adversely affect the sound financial condition of the Bank as the external auditor or any officers of the Bank may bring to the attention of the committee or as may otherwise come to its attention.
d) Review the quality and integrity of the financial statements of the Bank, including its annual and half-yearly reports, interim reports and any other formal announcement relating to the Bank's financial performance.
e) Review and report to the Board on significant financial reporting issues and judgments which these financial statements contain having regard to matters communicated to the Committee by the auditor.
f) Perform such additional duties as may be assigned to it by the Board of Directors.
g) Evaluate the independence and effectiveness of the external auditor and consider any non-audit services rendered by such auditor as to whether this substantively impairs its independence.
h) Evaluate the performance of the external auditor.
i) Discuss and review, with the external auditor before the audit commences, the auditor's engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fees.
j) Provide oversight of the Bank's internal and external auditor and prior endorsement for their appointment and removal.
k) Establish and maintain policies and procedures for employees of the Bank to submit confidentially information with respect to accounting, internal control, compliance, audit and any other related matters of concern
l) Implement a process for ensuring that employees are aware of the policies covered under (i) above and for dealing with matters raised by employees with it, under these policies.
m) Examine policies and escalate the findings to the Board for consideration and necessary action.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Sub-Committees of the Board (continued)

II. Audit Committee (Continued)

n) Approve audit plans (external and internal) to ensure that these are risk-based and address all activities over a measurable cycle, and that the work of the external and internal auditors is coordinated.

o) Recommend to shareholders the appointment, removal, and remuneration of the external auditor.

p) Approve the remuneration of the Head of Internal Audit.

q) Assess periodically the skills, resources, and independence of the external audit firm and its practices for quality control.

r) Assess whether the accounting practices of the Bank are appropriate and within the bounds of acceptable practice.

s) Ensure that there is appropriate structure in place for identifying, monitoring, and managing compliance risk as well as a reporting system to advise the Committee and the Board of instances of non-compliance on a timely basis.

t) Discuss with senior management and the external auditor the overall results of the audit, the quality of financial statements and any concerns raised by the external auditor. This should include:

- Key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures;
- Changes in audit scope and whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
- Significant or unusual transactions and internal control deficiencies identified during the course of the audit.

u) Review of any transactions brought to its attention by auditors or any officers of the institution, or that might otherwise come to its attention, which might adversely affect the financial condition of the Bank.

v) Report to the Board on the conduct of its responsibilities in frequency specified by the Board, with particular reference to section 39 of the Banking Act 2004.

w) Ensure that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.

Reporting Responsibilities for the Audit Committee

The Chairperson of the Audit Committee reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and also formally reports to the Board on how it has discharged its responsibilities. This report includes:

- The significant issues that it considered in relation to the financial statements and how these were addressed;
- Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
- Any other issues on which the Board has requested the Committee's opinion.

The Audit Committee also makes recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

During the year under review, the Audit Committee met four times and the main issues discussed at the Audit Committees are as follows:

- Examining, reviewing and challenging the quality and integrity of the quarterly condensed financial information the annual financial statements of the Bank;
- Reviewing of the annual report including the directors' report, corporate governance report, management discussion & analysis and the audited financial statements for the financial year.;

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Sub-Committees of the Board (continued)

II. Audit Committee (Continued)

Reporting Responsibilities for the Audit Committee (Continued)

- Reviewing the management letter, external auditor's report on the operating effectiveness of the Bank's controls over financial reporting in line with the Bank of Mauritius Guideline on Maintenance of Accounting and Other Records and Internal Control Systems for the financial year.;
- Reviewing the half yearly reports, interim reports and any other formal announcement relating to the Bank's financial performance;
- Overseeing appropriateness of the process, models and the assumptions made for IFRS 9 and assessing their impact on the Bank's financial statements;
- Approving the Annual Audit Plan of External Auditor, Forvis Mazars LLP for the financial year.;
- Approving the Internal Audit Plan for the financial year.;
- Approving the Annual Compliance Audit Plan for the financial year.; and
- Approving the examination of the Institutional Risk Assessment and related Internal Control Systems in the areas of AML/CFT by Internal Audit.

The external auditor, Forvis Mazars LLP, was invited to attend all of the Meetings convened to review the quarterly and yearly results.

III. Corporate Governance, Nomination and Compensation Committee ("CGNCC")

Per its Terms of Reference, the CGNCC must be made of at least 3 members with a majority of non-Executive Directors or Independent Directors and the MD&CEO must be part of the Committee. The Committee presently consists of the following three members:

- Mr. Yognandan Sharma Mahabirsingh (Chairperson)
- Mr. Venkata Vamsidhar Kuncha
- Mr. Prashant Kumar Babhale

The CGNCC ensures enforcement of good governance practices in line with the Guideline on Corporate Governance issued by the Bank of Mauritius and the National Code of Corporate Governance for Mauritius. Its mandate includes, among others, nomination and selection of "Fit and Proper Persons" as Directors and Senior Executives of the Bank, determination of the Bank's general policy on Directors' fees, remuneration of Executives and Senior Management and consideration of other important staff related matters.

The Committee aims to attract and retain qualified and experienced management personnel and executives necessary to meet the Bank's objectives.

The Committee has regard to the size and composition of the Board to ensure that there is the appropriate mix of skills, experience and competencies for the Board to fulfill its responsibilities. The Committee also seeks that any recommended candidate for directorship has the right profile, resources and time commitment to contribute to the Board.

The minutes of the Committee are put up to the Board for Approval/information.

The mandate of CGNCC includes to:

(a) Consider, evaluate and recommend to the Board any new Board appointments;

(b) Recommend to the Board candidates for Board positions, including the Chairperson of the Board and Chairpersons of the Board's Committees;

(c) Recommend the criteria for the selection of board members and the criteria for the evaluation of their performance;

(d) Evaluate on an annual basis, the effectiveness of the Board as a whole, the Board's Committees and each director's ability to contribute to the effectiveness of the Board and the relevant Board Committees;

(e) Ensure an appropriate framework and plan for Board and management succession in the Bank;

(f) Provide adequate training and orientation to new directors as well as continuous training for all Directors during the year;

(g) Review and ensure that the policy on directors' fees for the company are reflective of the contribution of each individual director;

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Sub-Committees of the Board (continued)

III. Corporate Governance, Nomination and Compensation Committee ("CGNCC") (Continued)

(h) Prepare for approval of the Board the remuneration and compensation package for directors, senior managers, and other key personnel, taking into account the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms;
(i) Review management's recommendation on appointment or promotion of senior management personnel;
(j) Approve overall conditions of other employees of the Bank, taking into consideration proposals of trade union/s;
(k) Recommend to the Board an incentive package, as necessary, to enhance staff performance, while ensuring that incentives embedded within remuneration structures do not incentivize staff to take excessive risk;
(l) Determine the level of fees for directors to be recommended to the shareholders;
(m) Review policies and recommend to the Board for approval; and
(n) Comment on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of their attendance at the Board and Committee meetings.

During the year under review, the CGNCC met four times and the main issues discussed at the said Committee are as follows:

- Reviewing the Bank's HR related policies and the Corporate Governance Policy in accordance with the recommendations of the National Code of Corporate Governance;
- Reviewing Board appointments, recruitments, manpower budget and training requirements of the Board members, and
- Discussing and recommending the Annual Board assessment report to the Board for approval;
- Reviewing and Recommending the Bank's Organisation Structure and Role & Responsibilities of Senior Management team to the Board for Approval; and
- Reviewing the Code of Ethics for Directors in compliance with the National Code of Corporate Governance 2016.

IV. Risk Management Committee of the Board ("RMCB")

The RMCB was set up to advise the Board on the Bank's overall current and future risk appetite, to oversee senior management's implementation of the risk appetite framework and to report on the state of risk culture in the Bank. It also monitors and reviews related party transactions and the overall risk management of the Bank. Its mandate also includes, among others:

(a) Approving, reviewing or overseeing the process, framework, principles, operating procedures and systems developed by the management to identify, evaluate and oversee the appropriate management of principal risks;
(b) Maintaining an orientation, with continuing education as the risk in the market changes and/or standards for measuring risks are enhanced;
(c) Reviewing the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the Bank;
(d) Establishing risk management processes namely by facilitating and reviewing the development and implementation of improvements to simplify and enhance the effectiveness of the existing risk management system;
(e) Review minutes of the Risk Management Committee;
(f) Review the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") with a view to address the risk management of the Bank; and
(g) To provide prior endorsement for the appointment and removal of the Chief Risk Officer;
(h) Appointment of a Chief Risk Officer who, among other things, shall provide assurance that the oversight of risk management is independent from operational management and is adequately resourced with proper visibility and status in the Bank;
(i) Ensuring independence of the Chief Risk Officer from operational management without any requirement to generate revenues;
(j) Requirement of the Chief Risk Officer to provide regular reports to the Committee, Senior Management and the Board on his activities and findings relating to the institution's risk appetite framework;
(k) Receive from senior officers periodic reports on risk exposures and activities to manage risks; and
(l) Formulate and make recommendations to the Board on risk management issues.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Sub-Committees of the Board (continued)

IV. Risk Management Committee of the Board ("RMCB") (Continued)

As of the reporting date, RMCB was composed of four Directors out of whom two are Independent Directors, one is a non - Executive Director and one Executive Director. The members are:

- Mr. Yognandan Sharma Mahabirsingh (Chairperson)
- Mr. Biranchi Narayan Rath
- Mr. Prashant Kumar Babhale
- Mrs. Marie Annick Pamela Bussier

During the year under review, the RMCB met four times and the main issues discussed at the said meeting are as follows:

- Quarterly reporting to the Board of Directors on policies and processes reviewed and approved by the Committee;
- Identifying, reviewing and assessing the principal risks, including but not limited to credit, market, liquidity;
- operational, technological, legal & compliance, reputational risks and the action taken to mitigate these risks;
- Assessing adequacy of ECL (Expected Credit Loss) provisioning under IFRS;
- Reviewing and approving of the Risk Appetite Parameters;
- Recommending to the Board of Directors on the Permissible Global Limits (PGL) for countries;
- Reviewing and approving the Permissible Global Limits (PGL) for Banks;
- Reviewing and approving the Annual Risk Plan of the Bank.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

2.9 Management Team

Details of the management team are given below:

Senior Management	
Mr. Prashant Kumar Babhale	Managing Director & CEO
Mr. Ranjit Radhakrishnan	Chief Operating Officer
Mrs. Shweta Prabhakar	Chief Risk Officer
Mr. Samir H. Ambatkar	Vice President - Information Technology
Mrs. Anubha Bhargava	Vice President - Corporate Banking
Mr. Kamalakkannan Raju	Vice President - Treasury & Planning
Mr. Heetesh Kumar Choony	Vice President - Accounts & Services
Mr. Pankaj Singh	Vice President - Global Banking
Ms. Babitha Koyipilly Sivanandan	Vice President - Retail Banking
Mr. Aboo Bakar Mosaheb	Vice President - Compliance and Company Secretary

The profile of the senior management team is given in section 1.2 of this report.

Managers	
Mr. Shyam Sundar Bera	Manager, Credit of Global Business
Mr. Nitish Gupta	Manager, Corporate Banking
Mr. Rajesh Kumar Bhundhoo	Manager, SME
Mr. Adarsh Sridhar	Manager, Trade Finance
Mrs. Khevina Devi Woodun	Manager, Internal Audit
Mr. Yovich Rajnish Chineah	Manager, Legal & Compliance
Mr. Soumyogit Sarkar	Manager, Global Business
Mr. Sidharth Ramlagan	Manager, Accounts
Mr. Indracoomarsingh Gungah	Manager, Corporate
Mr. Varun Sharma	Manager, Treasury Back Office
Mr. Arpit Kukkar	Manager, Risk
Mr. Ankit Jain	Manager, Systems
Mr. Ramjeet Tetarie	Manager, Retail
Ms. Sharmistha Tarat	Manager, Main Branch
Mr. Gavin Sangaren Narayanen	Money Laundering Reporting Officer, Integrity Reporting Officer & Compliance Manager
Mrs. Ovanee Vencatachellum	Manager, Human Resources
Mr. Jean Francois Navet	Manager, IT
Mr. Ram Nellapotesawmy	Manager, Retail Banking
Mr. Ankit Vani	Dealer

3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES

3.1 Appointment and induction of new directors

The Board is responsible for appointment, induction and succession planning of Directors.

The Board is empowered by virtue of its constitution, to approve proposals from the Corporate Governance, Nomination and Compensation Committee for the appointment of a director to fill a casual vacancy. The director, upon appointment, stays in office until the next annual meeting of shareholders and is entitled for re-appointment.

Immediately after the appointment of a new director, the Bank provides a comprehensive, formal and tailored induction. The purpose of the orientation program is to help new directors assume their responsibilities quickly, maximising their potential contribution and the capacity of the Board as a whole. The Board aims to foster a culture that encourages new directors to participate fully and effectively in board activities as soon as possible. Directors' recruitment is conducted through an agency as required.

All directors are required to sign off their letter of appointment as evidence of having read and acknowledged their roles and responsibilities.

During the financial year, Mr. Prashant Kumar Babhale, Mr. Venkata Vamsidhar Kuncha and Mr. Kishore Kumar Poludasu were inducted on the Board of SBIML

As part of orientation programme for new Directors, information on the following are shared with the directors:

- Constitution of SBIML
- Corporate Governance Policy
- Mauritius Companies Act 2001
- Data Protection Act 2017
- National Code of Corporate Governance for Mauritius (2016)
- Mauritius Banking Act 2004
- Financial Reporting Act 2004
- The Financial Intelligence & Anti-Money Laundering Act ("FIAMLA")
- Constitution of SBIML
- Bank of Mauritius ("BoM") Guidelines
- Code of Ethics for directors of SBIML
- The latest Annual Report of SBIML
- A list of policies of SBIML
- Role of the Company Secretary of SBIML
- The minutes of the Board and all sub-committees of the Board for the preceding 12 months
- Details of major litigations
- The Bank's organizational chart
- Brief Profile of SBIML including details such as the shareholding pattern, market share, financial highlights for the past 3 years, and details of dividend paid for the past 6 years among others
- Details of key clients, contractors and stakeholders
- Panel of barristers for the Bank
- Latest Board Assessment Report
- Legal duties of Directors
- Schedule of dates for upcoming Board and Sub Committee meetings

3.2 Succession planning

The Board has an effective succession planning policy in place for the orderly succession of appointments to the Board and to Senior Management positions in order to maintain an appropriate balance of knowledge, skills and experience within the Bank and on the Board, and to ensure progressive refreshing of the Board. The Corporate Governance, Nomination and Compensation Committee also ensures an appropriate framework and plan for Board and Management succession.

DIRECTOR'S PROFILE

3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

3.3 Professional Development of Directors

In addition to the initial orientation program, the Board ensures that all Directors maintain or improve their skills and that they continue to deepen their understanding of the Bank's services and the environment in which it functions. In that regard, the Board hired the services of consultants to provide professional training to the Directors on emerging topics such as, AML/ CFT & P - Evolving trends in Money Laundering & Terrorism Financing; Role of the Board in Ensuring AML/CFT Compliance under regulatory Guidelines; Red Flag Indicators, Board's Role in Strategy, Digital Transformation & Growth, Governance & Board Oversight of ESG Commitments, Strategic Data Protection Governance for Board Members and Cyber Threats, Cloud Risks & Data Governance.

3.4 Profile of directors

The profile of the current Directors is given below:

1. Mr. Kishore Kumar POLUDASU

Mr. Poludasu joined State Bank of India as a Probationary Officer in 1991 and has held various important assignments in the Bank. He holds an MBA (PG EMP) (Finance, Strategy, Project Management, Marketing, Operations & Risk Management) and is also a Certified Associate of Indian Institute of Bankers (CAIIB). The International Banking Group comprises international operations of the Bank which are spread across 245 offices in 29 countries with a business portfolio of more than USD 71 bn and a staff complement exceeding 3000. As the DMD (IBG), Mr. Poludasu is responsible for overseas strategy, business development, operational efficiency, and other functional areas of the International Banking Operations of the Bank. During a career spanning around 33 years, Mr. Poludasu has worked in various areas of the Bank such Human Resources, Internal Audit, SME & Retail lending, project financing, rural credit, IT & digital architecture and gained expertise in equal measure in all the areas. His previous assignments in the Bank include DMD (Human Resources) & Corporate Development Officer, DMD (Internal Audit), MD & CEO of SBI General Insurance Company Ltd, Officer on Special Duty, National Bank for Financing infrastructure and development, Country Head & CEO, State Bank of India (Singapore Operations), General Manager, Local Head Office, State Bank of India, Bengaluru, Regional Head, Corporate Accounts Group (CAG), State Bank of India, New Delhi.

2. Mr. Venkata Vamsidhar KUNCHA

Mr. Kuncha joined State Bank of India (SBI) as a Probationary Officer in 1992. He holds a MBA from the University of Poona, Pune, and is a Certified Associate of the Indian Institute of Banking. Currently he is the Chief General Manager of International Banking Group, which oversees Bank's entire foreign operations. Prior to that he was the Regional Head – East Asia, stationed at Hong Kong, Japan and South Korea, in addition to the Representative Office at Manila. In a banking career spanning more than three decades, Mr. Kuncha has handled several assignments at the Bank, particularly in the areas of Credit Management and Operations, both in India and abroad. Prior to his Regional Head Assignment, he worked as Chief Executive Officer of Antwerp Branch, Belgium. After his elevation as a Top Executive of the Bank, he headed the Commercial Branch Chennai, India and oversaw the business development and relationship management with various large corporate customers of the Bank, besides other previous assignments as Branch Head.

3.4 Profile of directors (Continued)

3. Mr. Biranchi Narayan RATH

Mr. Biranchi Narayan Rath joined State Bank in 1992 and has held various important assignments in the Bank. He is a Postgraduate in Physics, a Certified Associate of Indian Institute of Bankers and also a Diploma in Management from IMT. The International Banking Group comprises international operations of the Bank which are spread across 245 offices in 29 countries with a business portfolio of more than USD 71 bn and a staff complement exceeding 3000. In his current role as General Manager (IBD, R&S), Mr. Rath is responsible for business strategy, business development, operational efficiency, and other functional areas of all the foreign offices of State Bank of India.

A career Banker with experience of over 33 years. His previous assignments in the Bank include Deputy General Manager (Retail and Subsidiaries) and (Overseas Corporate Banking). Prior to that, he worked as Vice President (Corporate Banking) at SBI (Mauritius) Ltd and was heading credit and International Banking business at the SBI Overseas Branch, Mumbai as Assistant General Manager.

4. Mr. Prashant Kumar BABHALE

Mr. Babhale joined State Bank of India in 2000 as a Probationary Officer with State Bank of India in Mumbai Circle. He holds a master's degree in science and is certified in key banking and financial disciplines including CAIIB, CICC (Moody's), along with certifications in Artificial Intelligence, Business Analytics, and Leadership. With over 25 years of rich and diverse experience in the banking sector, Mr. Babhale has held various strategic positions across retail banking, corporate credit, and international banking. In addition, his professional journey includes a significant international stint as Vice President at SBI Canada Bank at Vancouver's BC. Also, as a Team Leader in the Project Finance Business Unit, he led the appraisal and structuring of large-scale infrastructure projects. His extensive experience included leadership in risk management, trade finance operations and regulatory compliance, particularly in areas such as AML, CFT, and Basel III frameworks. Prior to assuming his current responsibilities, Mr. Babhale was the Deputy General Manager & Relationship Manager, Corporate Banking at the State Bank of India, New Delhi. Mr. Babhale is a seasoned banker who has assumed charge as Managing Director & CEO of SBI (Mauritius) Ltd on 23rd May 2025.

5. Mrs. Marie Annick Pamela BUSSIER

A distinguished Mauritian woman leader and corporate finance expert shaping the insurance landscape. Mrs. Marie Annick Pamela Bussier embodies the strength and vision of women in leadership, leveraging over 35 years of expertise to guide organizations through intricate restructurings, international expansions, and capital market strategies in the finance and insurance sectors. Mrs. Bussier established her formidable reputation through progressive senior roles including Chief Financial Officer, Executive Director, and Independent Director, culminating in her appointment as Executive Director and CEO of Jubilee Allianz General Insurance Mauritius Limited, now SanlamAllianz General Insurance, in 2018. Holding prestigious qualifications as a Fellow of the Association of Chartered Certified Accountants (FCCA) and an MBA in International Business from Coventry University, UK, Mrs. Bussier blends academic rigor with practical mastery to foster innovation and excellence. Her impactful leadership as a woman in a traditionally male-dominated industry is reflected in her role steering Sanlam Allianz General Insurance Ltd (formerly known as Jubilee Allianz General Insurance (Mauritius) Limited) through market transformations. Her pivotal contributions include leading the company through dynamic market changes—driving sustainable growth, operational precision, and sector-wide influence. Mrs. Bussier remains a beacon of visionary leadership, continuing to elevate Mauritius' financial ecosystem. Mrs. Bussier is presently an independent Director on the Board of SBI (Mauritius) Ltd.

6. Mr. Yognandan Sharma MAHABIRSINGH

Mr. Mahabirsingh holds an MBA with distinction at the Edinburgh Business School, Heriot Watt University, B.Tech in Electrical and Electronic Engineering (First Class, Hons.) at the University of Mauritius and M.Phil in Microelectronic Engineering and Semiconductor Physics at the University of Cambridge. Mr. Mahabirsingh is currently the Managing Director at Central Depository & Settlement Co. Ltd (CDS) which performs the clearing and settlement of transactions executed on the Stock Exchange of Mauritius. He is responsible for overall operations, financial performance, risk management, regulatory compliance, and the promotion and development of the company. He also provides consultancy services to African Stock exchanges and central depositories and is currently, a member of the Ratings Committee of CARE ratings Africa and an Independent Director of ABC Motors Ltd which is listed on the Stock Exchange of Mauritius. He was previously an Independent Director of ABC Banking Corporation Limited (Dec 2013 to Dec 2015). He is experienced in information systems, cyber security, risk management, corporate governance, and capital markets among others. He is a regular speaker on African capital market development at international conferences.

Mr. Mahabirsingh Yognandan Sharma was appointed as independent director on the board of SBI (Mauritius) Ltd on 25.07.2024.

3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

3.4 Profile of directors (Continued)

Profile of Directors who have ceased to hold office during the Financial year ended 31st March 2026:

1. Ms. Jayati BANSAL

Ms. Jayati Bansal joined State Bank of India as a Probationary Officer in 1990 and has held various important assignments in the Bank. She is a postgraduate in English literature and holds an MBA degree. She is also a Certified Associate of Indian Institute of Bankers (CAIIB). The International Banking Group comprises international operations of the Bank which are spread across 245 offices in 29 countries with a business portfolio of more than USD 71 bn and a staff complement exceeding 3000. In her current role as DMD (IBG), Ms. Bansal is responsible for overseas strategy, business development, operational efficiency, and other functional areas of the International Banking Operations of the Bank. During a career spanning around 37 years, Ms. Bansal has worked in various areas of the Bank such as Operations, Credit, Treasury, FIG, International Banking etc. and gained expertise in equal measure in all the areas. Ms. Bansal has had three prior foreign assignments in the Bank - at SBI Frankfurt, SBI New York and as the Regional Head of East Asia operations at Hongkong. Her previous assignments in the Bank include Chief General Manager (International Banking); General Manager (Financial Institutions Group), International Banking Group; Deputy General Manager (Treasury Management), International Banking group; Deputy General Manager (Overseas Corporate Banking), International Banking Group; Deputy General Manager (Overseas Branch), New Delhi. Ms. Bansal was a Non-Executive Director and the Chairperson on the Board of SBI (Mauritius) Ltd and has ceased to hold office with effect from 31 December 2025.

2. Mr. Niraj Kumar PANDA

Mr. Niraj Kumar Panda joined State Bank of India in 1995 and has held various important assignments in the Bank. He holds a Master's degree in Business Administration and Certified Associate of Indian Institute of Bankers (CAIIB). The International Banking Group comprises international operations of the Bank which are spread across 245 offices in 29 countries with a business portfolio of more than USD 71 bn and a staff complement exceeding 3000.Mr. Panda is the Chief General Manager of International Banking Group, which oversees Bank's entire foreign operations. A career Banker with 30 years' experience with State Bank of India in India and abroad, Mr. Panda has handled assignments in diverse areas of Corporate Credit, International Banking, Private Equity and Retail Banking. Prior to his Chief General Manager assignment, he was heading the Network-3 of Chennai Circle of the Bank as General Manager. As the Deputy General Manager, he worked in Private Equity, Global Markets, Mumbai and before that he was the Vice-President & Head, Syndication, SBI, US Operations. Prior to that, he worked as Head of Credit, SBI, New York Branch. His other previous roles also included Assistant General Manager & Relationship Manager in Corporate Accounts Group Branch, Ahmedabad, India and oversaw the business development and relationship management with various large corporate customers of the Bank and various assignment as Branch Head. Mr. Panda was a Non-Executive Director on the Board of SBI (Mauritius) Ltd and has ceased to hold office with effect from 01 August 2025.

3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

3.4 Profile of directors (Continued)

Below is the profile of the director who has ceased to hold office during the year ended 31st March 2026 (Continued)

3. Mr. Somnath ADHYA

Mr. Adhya Joined State Bank of India as a Probationary Officer in 1995 and has held various important assignments in the Bank. He is Postgraduate in Agriculture from GB Pant University of Agriculture and Technology and done Post Graduate Executive Management Programme (PGEMP) from S.P. Jain Institute of Management & Research (SPJIMPR), Mumbai. Mr Adhya is a Certified Associate of Indian Institute of Bankers (C.A.I.I.B.) and also Certified Anti Money Laundering Specialist (CAMS). A career Banker with experience of over 30 years, Mr. Adhya has held various positions across a wide range of domains including Corporate Banking, Retail Banking, HR, Risk and Compliance. Prior to assuming his current responsibilities, he was the Chief Executive Officer of SBI, DIFC Dubai which is a wholesale Banking outfit of SBI. In India, Mr. Adhya handled senior responsibilities in the Retail & Digital Banking vertical of the Bank, heading various operations in West Bengal and Assam. He has also worked in Senior positions in Human Resources Department at Local Head Office in Kolkata and Corporate Centre of the Bank in Mumbai. He also handled SBI Superannuation Funds during his tenure at Corporate Centre, Mumbai. Mr. Adhya had assumed charge as Managing Director & CEO of SBI (Mauritius) Ltd on 8th December, 2022 and ceased to hold office on 23 May 2025.

4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE

4.1 Legal Duties of Directors

All directors of the Bank are fully apprised of their fiduciary duties as provided in the Mauritius Companies Act 2001 and they have confirmed to abide by the terms set out in their letter of appointment as directors of the Bank.

4.2 Code of Ethics

The Bank has a policy in place on 'Code of Ethics and Conduct' for its Directors which is promulgated by the Board of Directors of the Bank to promote honest and ethical conduct and compliance with applicable rules and regulations. The Bank has also a Code of Ethics and Conduct for its employees in place. Both these policies are designed to assist in defining appropriate conduct, to provide guidance in the identification and resolution of ethical issues, and to help all personnel to maintain the Bank's longstanding culture of honesty, integrity and accountability. Compliance with same is addressed periodically.

4.3 Directors' and Senior Officers' Interests and Dealings in Shares

The directors of the Bank do not hold any relationship with the Bank, other than the three non-executive directors and one executive director who are salaried employees of the Parent Bank, State Bank of India. A formal register of interests which include details of all directorships and other relevant interests declared by Board Members and Senior Officers is maintained by the Company Secretary. The interest register is available to shareholders upon written request to the Company Secretary. The Bank has also maintained a register of related parties of Directors and Senior Offices which include name of their spouse, child / children, parent or ascendent or descendent, their immediate / close family members.

4.4 Conflicts of Interest

In compliance with section 48 of the Mauritius Banking Act 2004 with respect to the disclosure of interest, the Board has implemented policies and procedures to identify situations of conflict of interest and steps to address such situations.

The Board of Directors has established a policy on Related Party Transactions in line with the Bank of Mauritius Guideline on Related Party Transactions and has put in place suitable procedures to ensure that any board member with identified conflict of interest is excluded from the approval process of related party transactions. The Board has also put in place a robust system of checks and balances to monitor compliance with the regulatory limits and to prevent any credit activity which overrides established credit approval policies and procedures when granting credit facilities to related parties.

Besides, the Board of Directors has established the RMCB to review and approve related party transactions. Please refer to section 2.8 (IV) for more details on the RMCB.

All related-party transactions have been conducted in compliance with relevant policies and the Bank's Code of Ethics.

4.5 Information Governance, Information Security and Information Technology

The Bank has a comprehensive Information Security Policy and Standards as well as Information Security Procedures and Guidelines. This policy contains a set of global IT and IS standards, procedures, guidelines and prescriptions that are used for mitigating all the IT risks associated with respective domains. The policy is approved by the Board and is reviewed on a yearly basis. The policy was last approved by the Board in 2026. Information Governance is a part of the above-mentioned policy. The policy, besides addressing all IT & IS related areas, has strict guidelines for physical and logical controls to access the information assets. In addition to the above Bank has also come up with its Cyber Security & Technology risk management framework as per guidelines issued by BOM.

4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (CONTINUED)

4.5 Information Governance, Information Security and Information Technology (Continued)

With a vision to further strengthen the Information Security Governance structure, an Information Security Steering Committee (ISSC) has been formulated to have oversight over such matters like compliance with physical and logical controls for securing our Information assets. The said committee is chaired by MD&CEO and comprises of members from all verticals viz. Business, Compliance, IT, Risk, HR along with a representative from our Group CISOs office

With a view to have the Board oversight of Bank's IT initiatives, the Bank has a well-defined Information Technology Steering Committee ("ITSC") in place with the following charter.

- Ensure that IT projects are implemented/ reviewed in a time bound manner and necessary risks are understood and properly managed.
- Ensure the development of an IT strategic plan aligned with the Bank's business strategy; and
- Promote optimization of resources, enhance IT value delivery and enable effective measurement of performance.

The ITSC also focuses on:

- IT Strategic Planning.
- Alignment of all IT initiatives across the Bank.
- Prioritize and approve projects.
- Review existing projects.
- Formulate recommendations on major IT investments; and
- Information Security

The Committee, chaired by MD & CEO, meets at monthly intervals and reports to the Risk Management Committee of the Board, thereby facilitating the Board oversight of the information governance. All the major IT expenditures is monitored, evaluated and approved by the Bank's Executive Committee of Directors. The Board also ensures deployment of IT resources to support business objectives and plays a major role in aligning the IT objectives with the Bank's Vision-Mission-Value Statement.

4.6 Board Evaluation

In line with the requirements of the National Code of Corporate Governance and the Bank of Mauritius Guideline on Corporate Governance, the Board evaluates its own activities, those of its sub-committees, individual Directors, the Chairperson and that of the CEO on various aspects of their performance and effectiveness every year. The Board evaluation exercise was conducted internally for the Financial year ended 31st March 2025. All the Directors including the Chairperson and the CEO completed a comprehensive questionnaire and the procedures and governance documents were reviewed. Following the Board evaluation exercise, an action plan was agreed upon, approved by the Board and are in the process of implementation during the course of the financial year.

4.7 Statement of remuneration philosophy

A: Board of Directors

The non-Executive independent local directors ("NEID") are paid a fixed base fee as consideration for their Board duties. In addition to a fixed sitting fee, NEID are paid a separate sitting fee which reflects the complexity and responsibility to shoulder for their work on the Executive Committee of Directors as established by the Board of Directors from time to time.

The remuneration of the NEID is determined on the basis of standards in the market and reflects their competencies, skills, scope of work and the number of Board and Committee Meetings.

The Executive Director is on deputation from SBI for a maximum period of four years only after which the incumbent returns to SBI to continue his terms of service and a replacement is provided. The remuneration for the Executive Director is governed by the service conditions of the Parent Bank State Bank of India, as applied to all public sector entities.

4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (CONTINUED)

4.7 Statement of remuneration philosophy (Continued)

A: Board of Directors (continued)

The authority to recommend to the Board of Directors the remuneration to be paid to NEID is delegated to the CGNCC which ensures that adequate remuneration is paid to NEID taking into consideration the Bank's financial performance and market condition. The CGNCC ensures that the remuneration paid to NEID is fair and reasonable, especially in a competitive market for skills, knowledge and experience.

The non-executive directors have not received remuneration in the form of share options or bonuses associated with the performance of SBIML.

During the period 01st April 2025 to 31st March 2026, the NEID received fees and emoluments as indicated below:

Non-Executive Independent Local Directors	USD
Mr. Y. S. Mahabirsingh	14,600
Mrs. M. A. P. Bussier	13,800

Mr. Prashant Kumar Babhale, Executive Director, currently on deputation from SBI group was paid USD 45,359.20 during the financial year ended 31st March 2026 as salary and allowances.

The executive and non-executive directors are not paid any separate sitting fees individually. However, an aggregate amount of USD 325,973 was paid to SBI as Management Fees for the current financial year (2025 USD 592,600). There is no contractual agreement with SBI pertaining to management fees.

SBIML does not have any link between executive remuneration and the Bank's performance, nor does the Bank provide long-term incentive plans.

B: Management

In line with the provisions in section 18(5) of the Mauritius Banking Act 2004, remuneration is not linked to the income of the Bank or to the level of activities on customers' accounts.

The CGNCC makes recommendation to the Board for approval of the remuneration policy and determines the remuneration package for each member of Executive Management, which must be fair and reasonable. The CGNCC ensures that adequate remuneration is paid to Executive Management taking into consideration:

- Qualifications, skills, knowledge and experience;
- Trend within market including scarcity for position within the labour market;
- Duties and responsibilities of the Executives; and
- Financial performance of the Bank.

The remuneration strategy is designed to attract, retain and motivate competent and experienced executive positions.

The guiding principles that underpin the remuneration strategy include:
• Supporting the achievement of business goals;
• Being competitive within the market in which the Bank operates;
• Being sufficiently flexible to meet the needs of the executives; and
• Recognising the differences in roles.

The remuneration package is reviewed at periodic intervals and approved by the CGNCC. Any change in remuneration is recommended by the CGNCC to the Board for approval.

C: Staff on Deputation from SBI

For staff on deputation from the SBI Group, their remuneration shall be governed by the Parent Bank's guidelines and the contractual arrangement between SBI and the deputed staff member.

5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

5.1 Risk Management

The Board of SBIML is responsible for the overall risk management framework and internal control systems of the Bank. Oversight of the Bank's risk management process and internal control systems is delegated to the Risk Management Committee of the Board ("RMCB") and the Audit Committee ("AC") respectively. Risk Management refers to the process of identification, measurement, monitoring and mitigating the various risks the Bank is exposed to.

The Bank prepares Internal Capital Adequacy Assessment Process ("ICAAP") document with a view to assess its Capital requirement against Pillar I & Pillar II Risks. Risk and internal control reports are presented to RMCB and AC on a quarterly basis or earlier if so required and the Board is informed of same on a quarterly basis as well. The Management has set up a Risk Management Committee ("RCOM") which meets monthly where all risk issues are discussed, and appropriate actions are initiated as required and the minutes are placed before the RMCB for review/ information on a quarterly basis. There is an Operational Risk Management Committee to discuss the operational risks at monthly interval and its minutes are placed before the monthly RCOM.

The Risk Management process is monitored through the Risk Management Committee of the Board. The minutes of which are placed before the Board for approval/information.

Details of the risk management framework, policies and controls are elaborated in the Management Discussion and Analysis (MDA) part of the Annual Report.

The top emerging risks of the Bank are as follows:

(i) Credit outlook and macro-economic environment:

The Bank continues to closely monitor the credit quality of its portfolio and the wider implications on its operations. At the same time, the Bank is closely monitoring its liquidity levels and other key metrics under different stress test scenarios.

(ii) Cyber security risk:

As the Bank launches new online customer applications, it continues to strengthen its cyber control framework and implements initiatives to enhance its resilience and cyber security capabilities.

(iii) Changing priorities of the regulators:

The Bank has placed emphasis around consumer protection, and on AML-CFT regulatory provisions including identification of beneficial ownership.

(iv) Climate-related and Environmental Financial Risk:

The Bank of Mauritius (BoM) issued Guidelines on Climate-related and Environmental Finance Risk Management in April 2022. Accordingly, the Bank is submitting half-yearly progress report on the roadmap on managing climate and environment related financial risk to the BoM, starting from 31 March 2023.

Acknowledging the importance of the issue, Senior Management of the Bank and Independent Directors of the Board have attended a capacity-building workshop on climate and environment related financial risk.

The SBIML has introduced Climate and Environmental Risk Assessment toolkit which measures the impact of borrower's activity on the local environment and overall climate. The Bank has been enhancing its product line with a focus on green financing. Further, SBIML has designed Stress Testing and Scenario Analysis, on the lines of scenarios as envisaged by Network for Greening the Financial System (NGFS), towards implementation of Climate-related and Environmental Financial Risk Management guideline.

5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

5.2 Internal controls

The Internal Audit Department provides assurance to the Board of Directors ("BOD") through the Audit Committee ("AC") on the adequacy and effectiveness of the internal control systems. The Manager Internal Audit ("MIA") has unrestricted access to the Chairperson of the AC and reports directly to the AC. Internal Audit reports, including significant observations and actions taken to address residual risks, are presented to both the AC and the BOD. The AC meets with the MIA and the statutory auditors quarterly, without the presence of management. Additionally, the MIA submits a quarterly memorandum to the AC detailing the audits, inspections, and verifications conducted during the period.

Systems and processes are established to implement, maintain, and monitor the Bank's internal controls. These internal control systems are reviewed in accordance with the applicable Bank of Mauritius guidelines and through risk assessments that evaluate their adequacy and effectiveness. The Board of Directors obtains assurance on the effectiveness of the internal control systems through the following measures:

- The Audit Committee of the Board approves an annual internal audit plan covering key risks for the Bank. The Internal Audit Department carries out audits, inspections, reviews and other assignments during the financial year in accordance with the plan.
- Synopsis of the Internal Audit reports is presented to the AC and BOD without any undue filtering of findings by Management.
- The Internal Audit Department prepares a consolidated report on the Bank's internal control systems, which also assesses the adequacy and effectiveness of the Bank's compliance function, risk management framework, and governance processes. Overall, it was observed that the internal controls are generally well-designed and effectively implemented. Senior Management additionally provides an annual representation on the effectiveness of the Bank's internal control systems, in line with the Bank of Mauritius Guideline on Maintenance of Accounting and Other Records and Internal Control Systems, reporting to both the Board of Directors and the regulator.
- Review of the Bank's internal control systems by External Auditor as part of statutory audits.

The Bank's internal controls encompass all significant areas to mitigate key risks. Where any material deficiencies are identified, the internal control system is promptly strengthened as required. The five components of the COSO framework are applied to these significant areas to ensure comprehensive coverage of the Bank's internal controls:

- Control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Self-assessment and monitoring

5.3 Whistleblowing

The Bank has a whistleblowing policy which helps to uncover any malpractice/ misconduct committed by its employees that could potentially affect the smooth running of the Bank. Such a policy aims to reduce significantly the risks associated with non-disclosure of malpractice/ misconduct to go unnoticed by management and the Board.

The policy is applicable throughout the Bank and every employee is required to be guided by its contents and to enforce it without fail. Training on whistleblowing is imparted to all staff members as well as Senior Management on a yearly basis. The Board and the Management of SBIML are committed to ensuring the highest standards of honesty, openness, accountability, good governance and recognise that all employees have an important role to play in achieving this goal. The policy is reviewed on an annual basis and the Risk Management Committee is the authority to review the functioning of the whistleblowing scheme at the Bank.

The policy provides for undesirable conduct to be reported to Vice President (Compliance) ("VPC") and reporting may be made anonymously, using a dedicated telephone number or by e-mail. In case of whistleblowing against the designated official VPC, Chief Operating Officer shall be the official contact.

The report/ information/ emails are required to be forwarded/ communicated to the VPC for appropriate action and investigation. If any person is aggrieved by any action on the ground that he is being victimized due to the

5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

5.3 Whistleblowing (Continued)

fact that he had filed a complaint or disclosure, the MD & CEO shall take appropriate action as may be deemed necessary.

The VPC ensures that the identity of the whistleblower is not disclosed. Anonymous complaints are also investigated based on the information disclosed. A written report on the findings is prepared by the VPC and submitted to MD & CEO.

Whistleblowing cases, if any, are reported at the RMCB at a quarterly interval, regardless of whether the complaints were justified or not. No whistleblowing cases were reported to RMCB during the financial year.

6. PRINCIPLE 6 – REPORTING WITH INTEGRITY

6.1 Statement of management's responsibility

The Board is responsible for the preparation and fair presentation of the financial statements of the Bank, in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and in compliance with the requirements of the Mauritius Companies Act 2001, the Mauritius Banking Act 2004, the Financial Reporting Act 2004 and the regulations and guidelines of the Bank of Mauritius.

6.2 Website

The annual report is fully published on the Bank's website: https://mu.statebank.

6.3 Performance and outlook

Please refer to the Directors' Report on pages 7 to 11.

6.4 Related Party transactions

Related party transactions of the Bank were conducted in line with relevant internal policies and guidelines. For related party transactions please refer to note 38 of the financial statements.

6.5 Health and Safety Practice

The Bank is fully committed to bring about a health and safety culture. The Bank maintains a very conducive working environment within its premises for higher productivity and the general wellbeing of its employees and customers. The Bank's objectives are to identify, remove, reduce or control material risks relating to fires and accidents or injuries to employees and visitors. The Bank has a Health and Safety Officer to help achieve these objectives. SBIML has a 'Health and Safety Policy' in place through which it shows its commitment towards the safety, health and welfare of its employees and visitors; it binds all employees and visitors and also supports all those who endeavour to implement it.

The Bank also values the health and safety of its employees by abiding to the Health and Safety policy, as approved by the Board.

Work from Home

The Bank's HR Policy makes provision for staff to work from home. Employees may, with advance notice where necessary, be required to work from home in the following circumstances:
- Pandemic situation
- Bad weather
- Other situations as may be decided by Management from time to time.

6.6 Environmental Practices

SBIML fully subscribes to and actively supports a Clean Environment Policy. To the extent possible, unnecessary printing is avoided and information and instructions are conveyed through secure electronic channels.

6. PRINCIPLE 6 – REPORTING WITH INTEGRITY (CONTINUED)

6.7 Corporate Social Responsibility ("CSR")

SBI (Mauritius) Ltd's CSR initiatives extend beyond delivering measurable social benefits, playing a key role in strengthening the Bank's presence and reputation within the community. Through strategic partnerships with credible institutions and the support of impactful, well-governed projects, SBIML consistently demonstrates its commitment to responsible and sustainable business practices. These initiatives enable the Bank to actively contribute to national development priorities while fostering meaningful engagement with diverse stakeholder groups, including communities, regulators and partner organizations.

In addition, such sustained involvement enhances SBIML's brand visibility and reinforces its identity as a socially conscious and trusted financial institution. By aligning its values with initiatives that create tangible positive change, the Bank builds stronger emotional connections with customers and the wider public. This, in turn, supports increased customer confidence, loyalty and goodwill, while also opening avenues for new business opportunities. Ultimately, SBIML's CSR efforts contribute to long-term brand equity and reflect its broader vision of creating shared and sustainable value for society and the organization.

SBI (Mauritius) Ltd has consistently demonstrated a strong commitment to corporate social responsibility, with a focus on key areas such as education, healthcare and environmental sustainability. Over the years, the Bank has actively supported initiatives aimed at promoting social development, reducing poverty and enhancing the overall well-being of the community.

CSR Fund Allocation

For the financial year 2025-26, our total CSR contribution stands at USD 188, 282, out of which, USD 141,174 was remitted to the Mauritius Revenue Authority (MRA), while the remaining amount of USD 47,108 was allocated to support various NGOs. Through these sponsorships, we reaffirm our commitment to fostering positive social change and making a lasting difference in the lives of those in need.

Spotlight on Key Initiatives

1. Muscular Dystrophy Association (MDA)

Establishment of a Comprehensive Care & Rehabilitation Centre

SBI (Mauritius) Ltd is supporting the Muscular Dystrophy Association in establishing a dedicated Comprehensive Care & Rehabilitation Centre at Sir Seewoosagur Ramgoolam National Hospital. This initiative aims to enhance the quality of care for individuals living with muscular dystrophy in Mauritius, many of whom require continuous medical attention, specialised equipment and psychosocial support.

The project focuses on upgrading an allocated hospital ward into a fully equipped facility with adapted infrastructure to ensure safe patient handling, rehabilitation support and improved comfort. This initiative will contribute to dignified inpatient care, support caregivers and healthcare professionals and ultimately improve patient outcomes and overall well-being.

2. Enn Rev Enn Sourir

Access to Specialised Pediatric Healthcare

Through its partnership with Enn Rev Enn Sourir, SBIML supports access to specialised pediatric healthcare for children requiring critical medical treatment locally and abroad, especially in India. The initiative aims to ease the financial burden on families while ensuring children receive timely and high-quality medical interventions.

In addition to facilitating treatment, the programme also raises awareness on key health issues. By addressing critical healthcare needs, SBIML reinforces its commitment to community well-being while strengthening its position as a socially responsible institution.

MAIN EVENTS

6.7 Corporate Social Responsibility ("CSR") (continued)

Spotlight on Key Initiatives (Continued)

3. Mauritian Wildlife Foundation (MWF)

Mauritian Fody Conservation Project

SBIML is contributing to the Mauritian Wildlife Foundation's efforts to protect endangered endemic species through the Mauritian Fody Conservation Project. This initiative focuses on ecosystem restoration, scientific research and biodiversity conservation.

By supporting this project, the Bank contributes to preserving Mauritius' unique natural heritage, promoting environmental sustainability and ensuring that future generations benefit from a healthier and more balanced ecosystem.

4. SOS Children's Village Bambous

Support for Vulnerable Children SBIML continues its long-standing support to SOS Children's Village Bambous, contributing towards the operational costs of the village and the educational needs of children under its care. Over the years, this partnership has played a vital role in providing a stable and nurturing environment for vulnerable children. The Bank also aims to further support awareness initiatives on child protection and safeguarding, reinforcing its commitment to building a safer and more resilient community.

5. Friends of the Environment

La Citadelle Native Re-Vegetation Project

SBIML is supporting the restoration of La Citadelle, a site of significant cultural and environmental importance in Mauritius. The project focuses on reintroducing native plant species, improving biodiversity and transforming the area into a sustainable green space.

This initiative contributes to improved environmental quality, reduced soil erosion and enhanced urban biodiversity. It also promotes community engagement, environmental awareness and eco-tourism, while fostering long-term collaboration between stakeholders committed to sustainability.

6. Link to Life

Empowering Cancer Patients Through Holistic Wellness

SBIML is supporting Link to Life in delivering holistic wellness programmes for cancer patients. The initiative focuses on improving physical, emotional and psychological well-being throughout treatment and recovery.

Activities include nutrition education, wellness sessions such as yoga and Tai Chi, as well as beauty and self-care workshops to help restore confidence. These programmes provide continuous support, enabling patients to rebuild strength, enhance self-esteem and improve their overall quality of life.

7. Beau Bassin Swastika Committee

Blood Donation Drive

SBIML supported a blood donation campaign organised by the Beau Bassin Swastika Committee, contributing to a vital healthcare need within the community. Despite challenging weather conditions, the initiative successfully mobilised donors and resulted in a significant collection of blood units.

This initiative highlights the spirit of solidarity within the community and reflects SBIML's commitment to supporting life-saving efforts and promoting public health.

8. MBC College Hindi Quiz Competition

Promotion of Language and Academic Excellence

SBIML sponsored the Inter-College Hindi Quiz Competition organised by MBC Radio, which brought together students from across Mauritius. The initiative aims to promote the Hindi language, encourage academic excellence and foster intellectual engagement among youth. The competition, culminating in a nationally televised finale, provided a platform for students to showcase their knowledge while enhancing the Bank's visibility in educational and cultural initiatives.

9. International Council for Physically and Mentally Challenged Student Quality Circle (ICPMCSQC) Christmas Celebration for Children with Special Needs

SBIML supported the annual Christmas celebration organised by ICPMCSQC for children with special needs. The event brought together students, parents and educators in a festive and inclusive environment.

The Bank's contribution towards gifts helped create a joyful and memorable experience for the children, reinforcing its commitment to inclusivity, compassion and community engagement.

10. Pamplemousses Dolphin Swimming Club

Supporting Youth Development Through Sports

SBIML is supporting the Pamplemousses Dolphin Swimming Club, a community-based organisation dedicated to nurturing young swimmers from modest socio-economic backgrounds. The club provides training and opportunities to participate in regional and national competitions. The Bank's support helps provide essential equipment and promotes discipline, teamwork and sportsmanship among youth. This initiative aligns with SBIML's focus on community upliftment and youth development, while strengthening its engagement at the grassroots level.

MAIN EVENTS

1. Customer connect event

2. Launching of MAUCAS QR code for merchant

3. Staff address

4. Port louis Branch Visit

5. CSR Event

6. Launch of New Credit Card

7. Community Connect

8. Yoga Day

6. PRINCIPLE 6 – REPORTING WITH INTEGRITY (CONTINUED)

6.8 Initiatives

Implementation of Audit Management System

The Bank is implementing an in-house and fully customised Audit Management System for internal audits and compliance audits. The system has built-in audit templates and enhanced functionalities for initiation of audit assignments, comprehensive documentation of audit procedures and testing, real-time communication of audit observations with risk ratings, and prompt input of management actions taken during audits to mitigate key risks for the Bank. Accordingly, it provides for the streamlining of audit workflows while enabling the digitalisation of key information and documents through-out the audit process. The system also provides enhanced visibility over audit reports after issuance for follow-up and rectification of any residual issues.

Visibility and Brand Impact

Beyond delivering tangible social benefits, these initiatives also provide valuable visibility for SBIML within the community. By aligning our brand with reputable institutions and impactful projects, we reinforce our reputation as a responsible and socially conscious corporate citizen. This enhanced visibility contributes to stronger brand recognition, increased customer trust and loyalty and potential growth in business opportunities.

6.9 Other IT-related activities

During the year, the following major IT initiatives were undertaken:

Enhancements in our 24x7 Mobile Banking App - YONO

YONO (YOU ONLY NEED ONE), the flagship mobile payment application of SBIML, launched in the year 2020 & we are continuously adding new features to make it more efficient and relevant to customer needs.

- We started the facility of paying to shops by scanning MauCAS QR through our YONO App
- Customers can now authorize payments up to MUR 5000 in YONO using their phone biometrics / FaceID
- Narration in Account Statement now provides more visibility on nature of transaction to our customers.
- Personalized Debit card issuance facility was enabled through YONO Mobile App.
- Geolocation based auto-enabling of UPI payment facility on YONO App was introduced as soon as customers are in India.
- Online fixed deposit opening facility through YONO has been enabled for both MUR & USD currencies.
- We also enabled 24x7 local payments through IPS on our retail Internet banking platform.

SMART OTP facility for all Customers

With the commitment to continually facilitate all our esteemed Customers, SBIML has now provided an option to choose Smart OTP facility. This facility does not require even a mobile network/internet connection to generate OTP for your login or transactions through our YONO App and Internet banking platform.

Increase of POS purchase limits for Platinum card holders

Platinum ATM debit card limit was enhanced to MUR 300,000 per day for facilitating customers' needs.

Launch of MAUCAS QR facility for Merchants

In line with the vision of the Bank of Mauritius to promote digital services, we are now providing our merchants /SME/Corporate customers to accept payments through MauCAS QR system.

Information Security

SBIML is making significant efforts to improve the IT Security Posture of the Bank. All the systems are connected to a 24x7 Security Operations Centre which monitors security risks and provides alerts. Also, the Bank has well controlled systems for Anti-Virus updation, windows patch management and access management.

7. PRINCIPLE 7 – AUDIT

7.1 Internal audit

The Bank has an Internal Audit Department reporting to the Audit Committee. The Internal Audit department is an independent and objective assurance function that is guided by a philosophy of promoting a sound and effective internal control environment while adding value to improve the operations of the Bank. It assists the Bank in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and enhance the effectiveness of the Bank's risk management, internal controls and governance processes. The department is under the responsibility of the Manager Internal Audit, who reports directly to the Audit Committee.

The mandate of the Internal Audit Department is established by the Board of Directors in compliance with the section 54 of the Mauritius Banking Act and the Guideline on Corporate Governance issued by the Bank of Mauritius. The Internal Audit department is governed by an Internal Audit Charter endorsed by the Audit Committee and approved by the Board of Directors which sets out its core role, responsibilities, authority and structure. An Internal Audit policy, approved by the Board of Directors upon recommendation by the Audit Committee, is put in place and communicated to all staff through SBIML's Intranet, contains the principles, criteria, guidelines and audit reporting requirements to ensure that Internal Audit's objectives are aligned to the Bank and that the objectives are met.

Independence and objectivity

The Internal Audit Department operates independently in accordance with its mandate and is free from interference in determining audit selection, scope, procedures, frequency, timing, and report content. Internal auditors within the Bank do not hold any direct operational responsibilities or authority over the activities they audit, and the Manager Internal Audit does not perform any additional functions within the Bank.

The Bank's Internal auditors maintain the highest level of professional objectivity when gathering, evaluating, and

communicating information related to the risks, controls, activities, and processes under review. They are expected to provide balanced and impartial assessments of all relevant circumstances and must not be influenced by personal interests or external parties when forming their judgments.

In cases where the independence or objectivity of the Internal Audit Department is impaired, whether in fact or in appearance, such impairment must be promptly disclosed to Senior Management and the Audit Committee.

Internal Auditors have full access to all documents, records, files, management information systems, minutes of Board, Sub-Committees and management committees, as well as physical properties of the Bank for the effective completion of their work. Details of the Internal Audit function of SBIML are available on the Bank's website: https://mu.statebank.

Audit planning and fieldwork

Annually, the Manager Internal Audit submits an internal audit plan to the Audit Committee for the financial year for approval. Any significant deviation from the approved internal audit plan is communicated to Senior Management and the Audit Committee. A risk-based approach is applied to the work performed by the Internal Audit department which takes into consideration the Bank's policies, operating guidelines, standard operating procedures and risk management framework (e.g. risk registers, risk profiling, risk appetite, enterprise/ operational risk management policies) as well as specific requirements mandated under the Bank of Mauritius Guidelines. Audit notes are issued to management during the audit to ensure timely communication and rectification of any irregularities identified.

In accordance with the approved audit plan, full inspections and surprise cash verifications are conducted at all retail branches during the year. Retail branches are assessed using a risk-scoring model and may be subject to more frequent audits depending on their respective risk ratings.

Periodic audits are also carried out at the Main Branch, Global Business Branch, Treasury Department, and the Remittance & Services Department to review significant transactions and other high-risk areas. In addition, monthly and quarterly audits are conducted at the centralised processing cells to verify KYC due diligence, customer account opening procedures, and retail credit processes.

The audit plan further provides for comprehensive audits of all Head Office departments, business units, and functions (such as Corporate Banking, Trade Finance, IT, Procurement, and Marketing). It also includes the preparation of a consolidated report on the Bank's Internal Control System, as well as specific AML/CFT/P controls, in accordance with the guidelines issued by the Bank of Mauritius.

7. PRINCIPLE 7 – AUDIT (CONTINUED)

7.1 Internal audit (Continued)

Audit planning and fieldwork (Continued)

Through this plan, the Internal Audit function seeks to ensure adequate coverage of the Bank's key risks, including operational risk, ML/FT/P risk, credit risk, compliance risk, liquidity risk, market risk, fraud risk, and information technology risk.

Apart from the audits, inspections and verifications in the internal audit plan, the Internal Audit Department can also conduct reviews, assessments, special audits/assignments and investigations as instructed by the Board of Directors or Audit Committee, at the request of Senior Management or depending on any significant risk or requirement identified by the Internal Audit department during the course of the financial year.

Internal Audit Reports

Full audit reports and synopsis of reports are submitted to Senior Management after completion of audits and inspections. The branches/departments provide responses and actions which have been taken for rectification and timelines for resolution of any residual issues. The audit reports are then put up for closure after the irregularities and observations made during the audits have been adequately addressed.

A synopsis of internal audit reports and irregularities identified during audits and inspections is presented to the Audit Committee and to the Board of Directors on a quarterly basis. The synopsis also includes a timeframe within which corrective action must be taken for any residual issue.

Qualifications and experience

Since 01 December 2025, Mrs. Khevina Devi Woodun has been leading the Internal Audit Department in her capacity as Manager – Internal Audit. Mrs. Woodun is a Certified Internal Auditor (CIA) from the Institute of Internal Auditors, a Fellow Member of the Association of Chartered Certified Accountants (FCCA), and a member of the Mauritius Institute of Professional Accountants as well as the Institute of Internal Auditors. She holds a Degree in Accounting and Finance and an MBA.

Prior to joining the Bank, Mrs. Woodun served as a Manager in the Risk Consulting division of EY Mauritius, where she specialised in reviewing risk management frameworks and validating internal control environments for major financial institutions and large conglomerates. She also previously held the position of Manager within the Risk Assurance function at PwC Mauritius.

Throughout her professional career, Mrs. Woodun has developed extensive experience working with both local and international clients, managing and reviewing diverse portfolios across multiple industries, including manufacturing, hospitality, healthcare, and predominantly the financial services sector. This exposure has enabled her to build strong expertise in risk management, governance, and internal control practices within complex and highly regulated environments.

Mrs. Woodun is supported in her role by a team of experienced professionals who contribute to the effective execution of the Internal Audit function and the strengthening of the Bank's governance and risk management framework.

7.2 External audit

The external auditor is appointed by the shareholders at the Annual Meeting of shareholders. The Board of Directors nominates an audit firm to the Annual Meeting of shareholders for re-appointment or appointment after rotation which is based on an open, transparent and competitive selection process, and may also recommend replacement of the external auditor subject to any regulatory approval. A tender for selection of the audit firm was last conducted in 2022. The Audit Committee advises the Board of Directors on such matters.

As at 31st March 2026, the Bank's external auditor is Forvis Mazars LLP (Mauritius), who was first appointed for the statutory and interim audits for the financial year ended 31st March 2023.

Rotation and appointment of External Auditor is subject to recommendation of the Audit Committee, approval the Board of Directors, approval from Bank of Mauritius, approval of Shareholders and legislative provisions.

7. PRINCIPLE 7 – AUDIT (CONTINUED)

7.2 External audit (continued)

Members of the Audit Committee have a solid financial experience in both Banking and financial services. Please refer to section 3.4 for the profile of the directors sitting in the Audit Committee.

The Audit Committee evaluates the effectiveness and efficiency of the external auditor and conducts an annual assessment of the audit firm. To support this process, the MD & CEO, COO, and Manager – Internal Audit provide annual performance feedback. This feedback is based on a range of assessment criteria and is used within a performance scoring model to assign an overall rating of "Good," "Satisfactory," or "Unsatisfactory" to the external auditor.

Credentials of External Audit firm:

- Quality processes;
- Commitment to timelines;
- Value delivery for money;
- Identification of opportunities and risks;
- Responsive and communicative during management meetings/ Audit Committee;
- Demonstrate integrity and objectivity;
- Quality, timeliness, skills of the team;
- Delivery of quality services;
- Technical competence;
- Meet agreed-upon performance criteria as reflected in engagement letter and audit plan;
- Adequate key team member succession plans; and
- Involvement of engagement partner/ other senior personnel.

The review offers the Audit Committee a structured framework for evaluating the external auditor's performance in delivering the agreed engagement services and meeting the Bank's audit and assurance requirements.

The external audit firm is considered for rotation every 5 years. As per 39(5A) of the Banking Act, the Bank of Mauritius may, upon a request from the Bank and on just and reasonable grounds shown, grant an approval in writing for the extension of the appointment of its firm of auditors for an additional period of not more than 2 years. Forvis Mazars LLP has served as external auditors of the Bank for three years.

The Bank may engage the firm responsible for its external audit to provide non-audit services. This would be done with prior approval of the Audit Committee, which would ensure that the non-audit work does not entail any conflict with the audit work. Furthermore, the firm's partner responsible for non-audit work should bear no responsibility for the audit of the Bank and the remuneration for non-audit work should be based on the nature complexity and duration of work.

The external auditor reports to the Audit Committee on the interim review of financial statements at quarterly intervals and on the annual audited financials of the Bank on a yearly basis. The Manager Internal Audit and the external auditor meet with the Audit Committee without the presence of management every quarter during Audit Committee meetings. The following areas, amongst others are given due consideration during the external audit and reviews:

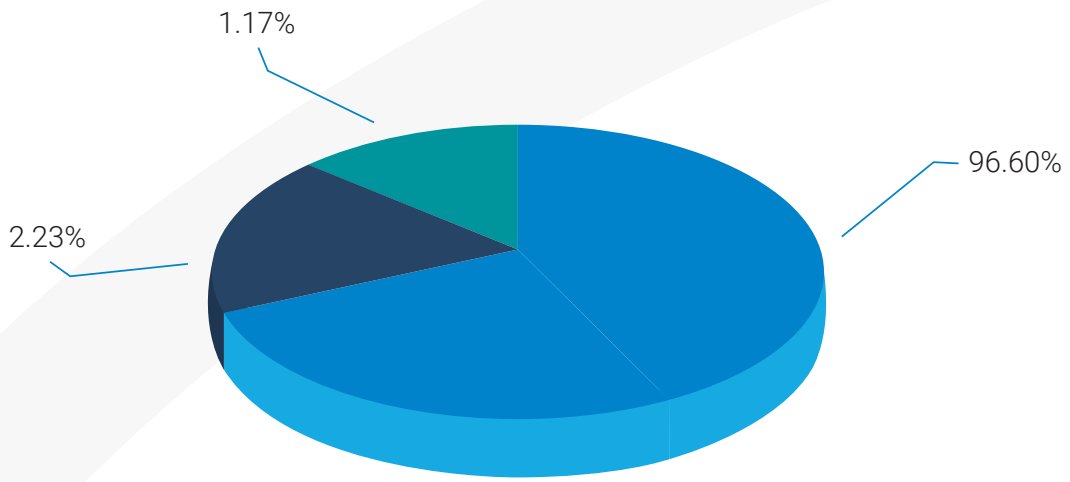
- o IFRS7- Disclosures
- o IFRS9 – Financial Instruments
- o IFRS13 – Fair Value Measurement
- o IFRS16 - Leases
- o Impact of changes in tax regulations on the Bank
- o The accounting policies adopted by the Bank, and
- o Provisioning requirements with respect to the Bank's Expected Credit Loss (ECL) model.

The total fees payable to Forvis Mazars LLP for quarterly interim audits, annual audits and review mandated by BOM for the financial year ended 31st March 2026 amounted to MUR 5.22 million (2025 MUR 5.45 million) exclusive of VAT. Forvis Mazars LLP Mauritius has not provided any non-audit services to SBIML during the reporting period.

8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

8.1 Shareholding

By virtue of section 3 (2) of the Mauritius Companies Act 2001, the Bank continues as a subsidiary of the State Bank of India ("SBI"). SBI, incorporated in the Republic of India is the holding company of SBIML. The following shareholders hold more than 1% of the equity Share Capital in SBIML as on 31st March 2026:



- 1.17% Indian Ocean General Assurance Co. Ltd
- 2.23% Other small shareholder holding less than 1%
- 96.60% State Bank of India

The shareholding of other 392 minority shareholders stands at 2.23%.

The shares of SBIML are not quoted on the Stock Exchange of Mauritius.

Analysis of Shareholding as on 31.03.2026

Defined Brackets	Number of Shareholders	No. of Shares	Percent (%)
1 - 500	387	12,444	1.61
501 - 1,000	2	1,482	0.19
1,001 - 5,000	3	3,363	0.43
5,001 - 10,000	1	9,134	1.17
Over 10,001	1	751,612	96.60
TOTAL	**394**	**778,035**	**100**

8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

8.1 Shareholding (Continued)

Shareholder Category as on 31.03.2026:

	Number of Shareholders	Shares	Percent (%)
Individual	368	12,444	1.65
Insurance & Assurance Co.	9	9,345	1.20
Investment & Trust Co	1	1,147	0.15
Other Corporate Bodies	16	754,699	97
TOTAL	**394**	**778,035**	**100**

Address for Correspondence: The Company Secretary
SBI (Mauritius) Ltd
6th Floor, SBI Tower Mindspace
45, Ebène Cybercity 72201
Mauritius

Telephone: 404 4900
404 4951(Direct Line)

E-mail: info@sbimauritius.com or
vpc@sbimauritius.com

8.2 Shareholders' Rights under Bank's Constitution

On October 14, 2008, SBIML adopted a new constitution which complies with the provisions of the Mauritius Companies' Act 2001. The constitution provides that:

- There shall be no restrictions on the transfer of fully paid-up Shares.
- The quorum for holding a Special Meeting of Shareholders is where shareholders holding at least ten per cent (10%) of the shares of the Company are present or represented.
- A special meeting of shareholders may be called at any time by the Board on the written request of shareholders holding shares carrying together not less than 5% of the voting rights entitled to be exercised on the issue.
- The Board shall consist of no less than five (5) or more than eleven (11) Directors. On 31st March 2026 the Board comprised 6 Directors.
- Notwithstanding Section 55 of the Mauritius Companies Act 2001 and unless the terms of issue of any class of shares specifically provide otherwise, the Board may, if authorised by the shareholders by ordinary resolution, issue shares that rank (as to voting, distribution or otherwise) equally with or in priority to, or in subordination to, the existing shares without any requirement that the shares be first offered to existing shareholders.

The Annual Meeting of Shareholders of SBIML was held on 25th September 2025 at its Office, 8th Floor, SBI Tower Mindspace, 45, Ebène Cybercity, Mauritius.

The Annual Meeting of Shareholders of SBIML will be held latest by September 2026 at a suitable time and date after issuing appropriate notice to the shareholders as provided by the Mauritius Companies Act 2001. Shareholders present at the Annual Meeting are given opportunities by the directors to ask questions. The full annual report is shared with the shareholders prior to the Annual Meeting of Shareholders.

8.3 Shareholders' Agreement

There are no third-party agreements with any of its shareholders affecting the governance of SBIML by the Board.

8.4 Significant Contracts

There is no significant third-party management agreement entered by the Bank as at date.

8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

8.5 Donations

During the period under review, donations were made under CSR activities, details of which have been outlined under section 6.7.

8.6 Political contributions

No political contribution was made during the year under review.

8.7 Dividend

Dividend is proposed to the Board to be paid in line with the provisions of the Mauritius Banking Act 2004 and the Guideline on Payment of Dividend issued in September 2020 which has been revised in 2021, the Mauritius Companies Act 2001, the Bank's Constitution, the Bank's Dividend Policy and after regulatory approval is obtained. The Board also takes into account the need to conserve resources for further growth of the Bank. Refer to Note 33(b) under notes to the Financial Statements for details of dividend.

8.8 Our Key Stakeholders

An overview of the key stakeholders of the Bank is provided below:

A: Regulators

The primary regulator of the Bank is the Bank of Mauritius ("BoM") which provides the enabling regulatory framework, and issues guidelines, instructions and other regulatory pronouncement. Senior Management and Officers of the Bank regularly meet with the Regulator at various forums. Bank of Mauritius Officials also come for onsite and carry out offsite supervision at SBIML. The Trilateral meeting between the Bank's, external auditors and Bank of Mauritius is held on a yearly basis to discuss the Bank's progress and state of affairs.

The Bank is also accountable to the Financial Services Commission ("FSC") and is strictly required to comply with its rules and regulations, and disclosure obligations. SBIML maintains an open channel of communication with all its regulators with whom co-operation is always ensured.

B: Employees

As an equal opportunity employer, SBIML adopts and applies an Equal Opportunity Policy whereby the employees make full use of their talents, skills, experience and competence. The employees also feel respected and valued regardless of their status that is, their age, caste, colour, etc, at the workplace. The Bank further undertakes that selection for employment, promotion, transfer, training and access to benefits, facilities and services is fair and equitable and based solely on merit. SBIML ensures the growth of its manpower and is committed to enhance its capabilities to full potential seconded by a good work life balance.

C: Customers

The Bank recognises the huge importance of its customers since without them, there would be no business. Management and staff always try their level best to achieve customer satisfaction. Periodic meetings are held with key customers at branches to obtain their suggestion and feedback. Customers are free to report any grievances to the Bank's complaint desk and the matter is escalated through the appropriate channel for corrective action.

The Bank has also adopted the Complaints Policy and Procedure which has been approved by the Board. Same is available on the Bank's website.

8. PRINCIPLE 8 : RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

8.8 Our Key Stakeholders (Continued)

D: Shareholders

The Bank believes that good governance enhances shareholder value, protects the interests o f shareholders. It promotes transparency, integrity in communication and accountability for performance. Communication with Shareholders i s given priority. Information about our activities are provided t o Shareholders i n the Annual Report and Accounts, Annual Review and the Interim Report which are available at https://mu.statebank. Enquiries from shareholders are dealt with in an informative and timely manner. The Company Secretary ensures that there is an open line of communication with the Shareholders and their queries and complaints are disposed of within a reasonable period of time.

The Board remains directly accountable to the shareholders for the overall performance of the Bank. Interaction is held with shareholders at least at Annual Meeting of Shareholders. Shareholders are kept informed through the media of dates and agenda of the Annual Meeting of Shareholders and also payment of dividend.

The Board is responsible for ensuring that appropriate communications take place between SBI (Mauritius) Ltd and its key stakeholders and also commitments with the stakeholders are well managed. The interests of its stakeholders within the context of its fundamental purpose are respected. In addition, material information with regard to the views, meetings and discussions of stakeholders in light of Bank's decisions are timely communicated through the media as required. The opinions of the stakeholders are apprised in whatever ways that are most practical and efficient.

8.9 Calendar of events

The following is the forthcoming calendar of events:

Important dates	Events
July 2026	Release of first quarter results as of 30th June 2026
August 2026	Payment of Dividend, subject to regulatory approval
Latest by September 2026	Annual Meeting of Shareholders
October 2026	Release of half-yearly results as of 30th September 2026
January 2027	Release of results for the 9-month period as of 31st December 2026
May 2027	Release of full year results as of 31st March 2027

Prashant Kumar Babhale
Managing Director & CEO

Yognandan Sharma Mahabirsingh
Director

Aboo Bakar Mosaheb
Company Secretary

STATEMENT OF COMPLIANCE

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

Name o f Public Interest Entity (PIE): SBI (Mauritius) Ltd

Reporting Period: 31st March 2026

We, the Directors of SBI (Mauritius) Ltd ("PIE"), confirm that to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance.

Kishore Kumar Poludasu
Chairperson

Prashant Kumar Babhale
Managing Director & CEO

22 April 2026

SBI (MAURITIUS) LTD

("the Company")

FILE NO.8318

CERTIFICATE FROM THE COMPANY SECRETARY

In terms of section 166(d) of the Mauritius Companies Act 2001, I certify that to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required of the Company in terms of the Mauritius Companies Act 2001 during the financial year ended 31st March 2026.

Aboo Bakar Mosaheb, ACG, MSc,FMIoD
Company Secretary

22 April 2026

Statement of Management's Responsibility for Financial Reporting

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

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

The Bank's Board of Directors, acting in part through the Audit Committee and Risk Management Committee of the Board, which comprise of Independent Directors, oversees the Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

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

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

The Bank's external auditor, Forvis Mazars LLP, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations and fairness of financial reporting and the adequacy of internal controls.

Prashant Kumar Babhale
Managing Director & CEO

Marie Annick Pamela Bussier
Director

Biranchi Narayan Rath
Director

22 April 2026

forvis mazars

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBI (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SBI (Mauritius) Ltd (the "Bank") on pages 68 to 153 which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements on pages 68 to 153 give a true and fair view of the financial position of the Company as at 31 March 2026 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

What we have audited

The Bank's accompanying financial statements comprise:

- the statement of financial position as at 31 March 2026;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

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 Responsibitities for the Audit of Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

FORVIS MAZARS LLP
Regulated by Financial Reporting Council

4th Floor, Unicorn Centre
18N, Frère Félix de Valois St,
Port Louis
Mauritius

Tel: +230 208 7777
forvismazars.mu

forvis mazars

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBI (MAURITIUS) LTD

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our audit approach to the Key Audit Matter
Expected Credit Losses	
Refer to the following notes *Note 3 (i) (B) – Material accounting policies (Financial Assets: Impairment)* *Note 4 – Key sources of estimation uncertainty* *Note 21 and 22 – Loan and advances to banks; Loan and advances to customers* *Note 5.3 – Financial Risk Management – Credit Risk*	
The estimation of Expected Credit Losses ("ECL") on financial assets involves Management's judgements and estimates which are subjective due to the significant uncertainty associated with the underlying assumptions in the calculation of ECLs. These include: > accounting interpretations, assumptions and data points applied to estimate the Probability of Default ("PD"), Exposure At Default ("EAD") and Loss Given Default ("LGD") (the net exposure), used to build and run the model that calculates the ECL; > allocation of assets between Stage 1 or 2, i.e., identifying triggers for Significant Increase in Credit Risk ("SICR"); > inputs and assumptions relating to forward looking adjustments; The estimation of Stage 3 ECLs also includes Management's judgement and estimates to estimate the occurrence of "default" or "loss" event and the eventual recovery of the expected future cash flows, including the realisation of any securities. Change in Management assumptions may have significant impacts on the estimation of Stage 3 ECL provisions. The Bank is also required to compute ECL under the Guideline on Classification, Provisioning and Write-Off of Credit Exposures ("Guideline"). In the event ECL under IFRS 9 are higher than ECL under the Guideline, the Bank is required to book the IFRS 9 provisions in the statement comprehensive income. On the other hand, in the event ECL under the Guideline are higher than IFRS 9, the Guideline provides the option to either charge the difference as additional accounting provisions or through an appropriation of earnings. Due to the significance of the judgements and estimates involved in the determination of ECL, additional audit effort was applied and thus ECL, this item is considered as a key audit matter.	Our audit approach and procedures comprised of the following: > Inspecting the minutes of the Board and its Sub Committees to ensure that there are governance control in place in relation to assessment of ECL; > Evaluated the design and operating effectiveness of controls across the processes relevant to ECL calculation; > Evaluated the criteria used to allocate financial assets between Stage 1 or 2 or 3 in accordance with IFRS 9 requirements; > Reviewed the list of debit balances to determine number of days in arrears for staging (including default); > Our IFRS 9 Specialist team reviewed and tested the assumptions, inputs and formulae used in the ECL model. This included assessing the appropriateness of model design, refinements made, and recalculating the key inputs such as PD and LGD; > Assess the reasonableness of forward-looking information; > Agreed ECL calculation data points to source system extracts on sample basis, to evaluate data quality; > Review of collateral considered as part of the IFRS 9 calculation and reviewed their enforceability; > Review of the ECL calculated under the Bank of Mauritius' Guideline across both performing and non-performing asset classes. This includes ensuring that provisioning rules required have been correctly applied; > For a sample of non-performing assets, enquired about the provisioning policy and cross-checked valuation reports; > Enquired about the application of the option provided by the Guideline where BOM ECL provisions are higher than IFRS 9. > Considered the complexity of management's process to design and create financial statement disclosures given the granularity and complexity; and > Assessed the adequacy of disclosures in the financial statements in accordance with the requirements of IFRS 9 and regulatory considerations.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBI (MAURITIUS) LTD

Report on the Audit of the Financial Statements (Continued)

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Annual Report, Statement of Management's Responsibility for Financial Reporting, Corporate Governance Report, Certificate from Company Secretary and Management Discussion Analysis, but, does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBI (MAURITIUS) LTD

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBI (MAURITIUS) LTD

Report on Other Legal and Regulatory Requirements (continued)

Banking Act 2004

The Banking Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

• in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines issued by the Bank of Mauritius in relation to banks; and

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

Financial Reporting Act 2004

Corporate Governance report

Our responsibility under the Financial Reporting Act 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 report in the annual report, the Bank has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of our report

This report is made solely to the Bank'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 Bank's shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

Forvis Mazars

Forvis Mazars LLP
Port Louis, Mauritius

Sandiren Ramsawmy, FCCA
Licensed by FRC

Date: 22 April 2026

FINANCIAL STATEMENT

SBI (MAURITIUS) LTD

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2026

	Notes	2026 USD	2025 USD	2024 USD
Interest income calculated using the effective interest method		**70,964,395**	71,010,857	66,349,097
Interest expense		**(42,387,437)**	(37,713,652)	(33,546,199)
Net interest income	11	**28,576,958**	33,297,205	32,802,898
Net fee and commission income	12	**4,036,779**	3,803,837	3,320,708
Net trading income	13	**4,638,477**	3,678,836	2,864,567
Other operating income	14	**748,959**	773,644	303,750
		5,387,436	4,452,480	3,168,317
Operating income		**38,001,173**	41,553,522	39,291,923
Net (impairment) / reversal on financial assets	15	**(5,489,537)**	221,627	219,930
Personnel expenses	16	**(6,291,883)**	(4,860,643)	(4,858,272)
Depreciation and amortisation	24,25,28	**(1,052,104)**	(1,016,761)	(980,954)
Other expenses	17	**(5,474,022)**	(4,363,643)	(4,071,584)
Profit before income tax		**19,693,627**	31,534,102	29,601,043
Income tax expense	18b	**(2,363,864)**	(3,400,000)	(2,285,000)
Profit for the year		**17,329,763**	28,134,102	27,316,043
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligations, net of deferred tax		**(1,114,903)**	108,494	(1,059,143)
Fair value (losses)/gains on investment in equity securities		**(280,886)**	(910)	35,674
Items that may be reclassified subsequently to profit or loss				
Fair value gains/(losses) on investment in debt securities		**(77,080)**	353,208	1,158,355
Other comprehensive (loss)/income for the year		**(1,472,869)**	460,792	134,886
Total comprehensive income for the year		**15,856,894**	28,594,894	27,450,929
Earnings per share	19	**22.27**	36.16	35.11

Approved and authorised for issue by the Board of Directors on 22 April 2026.

Prashant Kumar Babhale Managing Director & CEO	Marie Annick Pamela Bussier Director and Chairperson of the Audit Committee	Biranchi Narayan Rath Director

The notes from pages 73 to 153 form an integral part of these financial statements.

SBI (MAURITIUS) LTD

Statement of Financial Position

As at 31 March 2026

	Notes	2026 USD	2025 USD	2024 USD
ASSETS				
Cash and cash equivalents	20	**178,014,064**	296,054,172	205,557,488
Loans and advances to banks	21	**437,412,183**	349,597,065	300,847,127
Loans and advances to customers	22	**551,671,284**	574,850,925	503,221,072
Investment securities	23	**215,356,502**	207,235,415	277,204,428
Derivative assets	39	**31,029**	-	3,039
Property and equipment	24	**8,138,002**	7,196,030	7,084,585
Intangible assets	25	**80,780**	73,729	84,106
Right-of-use assets	28	**496,216**	650,373	660,055
Deferred tax assets	26	**2,710,488**	578,209	645,972
Other assets	27	**35,367,615**	34,672,968	28,485,354
Total assets		**1,429,278,163**	1,470,908,886	1,323,793,226
LIABILITIES				
Deposits from customers	29	**942,130,484**	931,665,199	836,671,799
Other borrowed funds	30	**247,981,545**	325,494,775	289,543,766
Derivative liabilities	39	**-**	73,374	-
Current tax liabilities	31	**1,943,397**	1,684,131	1,676,906
Retirement benefit obligations	40	**2,635,241**	2,481,380	3,785,318
Lease liabilities	35	**532,273**	699,557	702,147
Other liabilities	32	**34,962,967**	11,034,791	8,865,864
Total liabilities		**1,230,185,907**	1,273,133,207	1,141,245,800
SHAREHOLDERS' EQUITY				
Share capital	33a	**48,627,188**	48,627,188	48,627,188
Share premium	33a	**54,078,062**	54,078,062	54,078,062
Retained earnings		**56,231,854**	57,538,737	48,514,865
Statutory and other reserves	41	**42,645,137**	40,063,960	35,157,807
Actuarial loss reserve	41	**(2,489,985)**	(2,532,268)	(3,830,496)
Total equity		**199,092,256**	197,775,679	182,547,426
Total equity and liabilities		**1,429,278,163**	1,470,908,886	1,323,793,226

Approved and authorised for issue by the Board of Directors on 22 April 2026.

Prashant Kumar Babhale Managing Director & CEO	Marie Annick Pamela Bussier Director and Chairperson of the Audit Committee	Biranchi Narayan Rath Director

The notes from pages 73 to 153 form an integral part of these financial statements.

SBI (MAURITIUS) LTD

Statement of changes in equity

for the year ended 31 March 2026

	Note	Share capital USD	Share Premium USD	Statutory reserve USD	General banking reserve USD	Other reserves USD	Actuarial loss reserve USD	Retained earnings USD	Total equity USD
Balance at 1 April 2023		48,627,188	54,078,062	30,624,791	603,175	(1,361,594)	(3,951,601)	38,430,216	167,050,237
Profit for the year		-	-	-	-	-	-	27,316,043	27,316,043
Other comprehensive income for the year		-	-	-	-	1,194,029	(1,059,143)	-	134,886
Dividend paid	33b	-	-	-	-	-	-	(12,156,797)	(12,156,797)
Reversal of unclaimed dividend		-	-	-	-	-	-	203,057	203,057
Transfer to actuarial loss reserve		-	-	-	-	-	1,180,248	(1,180,248)	-
Transfer to statutory reserve		-	-	4,097,406	-	-	-	(4,097,406)	-
Balance at 31 March 2024		48,627,188	54,078,062	34,722,197	603,175	(167,565)	(3,830,496)	48,514,865	182,547,426
Balance at 1 April 2024		48,627,188	54,078,062	34,722,197	603,175	(167,565)	(3,830,496)	48,514,865	182,547,426
Profit for the year		-	-	-	-	-	-	28,134,102	28,134,102
Other comprehensive income for the year		-	-	-	-	352,298	108,494	-	460,792
Dividend paid	33b	-	-	-	-	-	-	(13,366,641)	(13,366,641)
Transfer to actuarial loss reserve		-	-	-	-	-	1,189,734	(1,189,734)	-
Transfer to general banking reserve		-	-	-	333,740	-	-	(333,740)	-
Transfer to statutory reserve		-	-	4,220,115	-	-	-	(4,220,115)	-
Balance at 31 March 2025		48,627,188	54,078,062	38,942,312	936,915	184,733	(2,532,268)	57,538,737	197,775,679
Balance at 1 April 2025		**48,627,188**	**54,078,062**	**38,942,312**	**936,915**	**184,733**	**(2,532,268)**	**57,538,737**	**197,775,679**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**17,329,763**	**17,329,763**
Other comprehensive loss for the year		**-**	**-**	**-**	**-**	**(357,966)**	**(1,114,903)**	**-**	**(1,472,869)**
Dividend paid	33b	**-**	**-**	**-**	**-**	**-**	**-**	**(14,588,156)**	**(14,588,156)**
Reversal of unclaimed dividend		**-**	**-**	**-**	**-**	**-**	**-**	**47,839**	**47,839**
Transfer to actuarial loss reserve		**-**	**-**	**-**	**-**	**-**	**1,157,186**	**(1,157,186)**	**-**
Transfer to general banking reserve		**-**	**-**	**-**	**339,679**	**-**	**-**	**(339,679)**	**-**
Transfer to statutory reserve		**-**	**-**	**2,599,464**	**-**	**-**	**-**	**(2,599,464)**	**-**
Balance at 31 March 2026		**48,627,188**	**54,078,062**	**41,541,776**	**1,276,594**	**(173,233)**	**(2,489,985)**	**56,231,854**	**199,092,256**

The notes from pages 73 to 153 form an integral part of these financial statements.

SBI (MAURITIUS) LTD

Statement of Cash Flows

For the year ended 31 March 2026

	Notes	2026 USD	2025 USD	2024 USD
Cash flows from operating activities				
Profit before income tax		**19,693,627**	31,534,102	29,601,043
Adjustments for:				
Depreciation on property and equipment and right-of-use assets	24,28	**990,792**	970,833	930,342
Amortisation of intangible assets	25	**61,312**	45,928	50,612
Profit on sale of investments	14	**(382,888)**	(343,212)	-
Dividend income on investments	14	**(76,511)**	(76,540)	(55,095)
Exchange rate difference		**(1,454,649)**	(686,561)	(100,929)
Profit on disposal of property and equipment		**(35,194)**	(4,525)	(5,229)
Fair value movement on financial instruments carried at FVTPL		**(27,694)**	12,483	(18,039)
(Decrease)/increase in provision for retirement benefit obligations		**(25,747)**	(25,258)	(87,045)
Interest on lease liabilities	28	**24,422**	31,585	34,502
Net impairment / (reversal) on financial assets	15	**5,489,537**	(221,627)	(219,930)
		24,257,007	31,237,208	30,130,232
Changes in operating assets and liabilities				
(Increase)/Decrease in loans and advances to banks	21	**(87,672,981)**	(47,703,690)	(175,338,650)
Decrease/(Increase) in loans and advances to customers	22	**18,616,418**	(71,881,123)	(18,288,311)
(Increase)/Decrease in other assets	27	**(694,647)**	(6,187,614)	(1,239,008)
(Decrease)/Increase in derivative assets/liabilities	39	**(42,345)**	76,413	(216,994)
Increase in deposits from customers	29	**7,212,818**	93,875,657	83,470,180
Increase/(Decrease) in other liabilities	32	**24,067,052**	1,501,145	(8,262,799)
Net change in interest receivable		**(911,938)**	1,546,684	(806,304)
Net change in interest payable		**(594,363)**	5,016,222	3,710,897
Income tax paid	31	**(4,040,734)**	(3,330,722)	(2,194,801)
Net cash (used in)/generated from operating activities		**(19,803,713)**	4,150,180	(89,035,558)
Cash flows from investing activities				
Increase in investment securities (net)		**(275,019,377)**	(398,185,148)	(488,349,763)
Proceeds from sale of investment securities		**266,923,161**	466,870,841	474,555,587
Purchase of property and equipment	24	**(1,589,467)**	(673,534)	(304,991)
Purchase of intangible assets	25	**(68,363)**	(35,551)	(48,789)
Proceeds from sale of property and equipment		**43,976**	8,849	11,177
Dividend on investments	14	**76,511**	76,450	55,095
Net cash (used in)/generated from investing activities		**(9,633,559)**	68,061,907	(14,081,684)
Cash flows from financing activities				
Net movement in other borrowed funds	34a	**(83,666,400)**	59,052,530	139,613,870
Repayment of lease liability	28,34b	**(348,280)**	(401,292)	(441,929)
Dividend paid	33b	**(14,588,156)**	(13,366,641)	(12,156,797)
Net cash (used in)/generated from financing activities		**(98,602,836)**	45,284,597	127,015,144
Net (Decrease)/Increase in cash and cash equivalents		**(128,040,108)**	117,496,684	23,897,902
Cash and cash equivalents at beginning of year		**296,054,172**	178,557,488	154,659,586
Cash and cash equivalents at end of year	20b	**168,014,064**	296,054,172	178,557,488

The notes from pages 73 to 153 form an integral part of these financial statements.

1 . GENERAL INFORMATION

SBI (Mauritius) Ltd ("the Bank") is incorporated in Mauritius as a public company under the Mauritius Companies Act 2001. Its registered office is at 7th Floor, SBI Tower Mindspace, 45, Ebène Cybercity, 72201, Mauritius. It holds a banking licence issued by the Bank of Mauritius and carries banking operations both locally and internationally.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting standards issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001, the Mauritius Banking Act 2004, the Financial Reporting Act 2004 and the regulations and guidelines issued by the Bank of Mauritius.

The financial statements were authorised for issue by the Bank's board of directors on 22 April 2026.

(b) Presentation of financial statements

The financial statements are presented in United States Dollar ("USD"). The Bank presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes to the financial statements, where applicable.

(c) Basis of accounting

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values or amortised cost at the end of the reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

The principal accounting policies adopted are set out below:

(d) Application of new and revised standards and interpretations

New and revised accounting standards as issued by the IASB that are effective but with no material effect on the financial statements

In the current year, the Bank has applied all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("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 1 April 2025.

2. BASIS OF PREPARATION (CONTINUED)

(d) Application of new and revised standards and interpretation (continued)

New and revised accounting standards as issued by the IASB that are effective but with no material effect on the financial statements (continued)

• Lack of Exchangeability (Amendments to IAS 21)

These amendments will apply when an entity has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments are effective for reporting periods beginning on or after 1 January 2025.

The Amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised Standards and Interpretations in issue but not yet effective

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 March 2026 reporting period and have not been early adopted by the bank. These have been listed below:

	Effective for reporting periods beginning on or after
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	01 January 2026
Annual Improvements to IFRS Accounting Standards - Volume II (Various Standards)	01 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	01 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures (Original issue)	01 January 2027

The directors anticipate that these standards and interpretation will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments and new accounting standards.

(e) Going concern

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

(f) Rounding of amounts

All amounts disclosed in these financial statements and notes have been rounded off to the nearest US Dollar ("USD") unless otherwise stated.

2. BASIS OF PREPARATION (CONTINUED)

(g) Segmental reporting

In accordance with section 58(B) of the Bank of Mauritius Guideline on 'Public disclosure of Information', the Bank's business has been split into Resident and Non-Resident:

- Non-Resident is essentially directed to the provision of international financial services. Such services may be fund based or non-fund based.

- Resident relates to banking business other than Non-Resident business.

Expenditure incurred by the Bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner. Neither the above guideline nor IFRS Accounting Standards mandate the application of IFRS 8 Operating Segments to the financial statements of the Bank.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in the financial statements unless otherwise stated.

(a) Foreign currency translation

(i) Functional and presentation currency

These financial statements are prepared in USD, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Transactions denominated in foreign currencies are accounted for at the closing rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the closing rate of exchange ruling at the reporting date. Differences arising from reporting monetary items are dealt with in the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as investments i n equities classified as fair value through other comprehensive income, are included in the fair value reserve in other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the statement of profit or loss and other comprehensive income using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period within 'Net trading income'.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

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

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- Interest on financial assets measured at amortised cost;

- Interest on debt instruments measured at FVOCI

Interest expense presented in the statement of profit or loss and other comprehensive income includes:

- financial liabilities at amortised cost.

- interest expense on lease liabilities.

(c) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends, and gains/ losses on dealings in foreign exchange currency.

(d) Net fees and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Please refer to 3(b) above.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission income - including account servicing fees, investment management fees, sales commission, placement fees and syndication fees - is recognised as the related services are performed. Fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including any significant payment terms and the related revenue recognition policies.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Net fees and commission income (continued)

Type of Service	Nature and timing of satisfaction of performance obligations, including any significant payment terms	Revenue recognition policies under IFRS 15
Retail, corporate and global banking services	The Bank provides banking services to retail, corporate and global banking customers, including account management, provision of overdraft and other credit facilities, foreign currency transactions, trade finance facilities and servicing fees.	Revenue from account services and servicing fees is recognised over time as the services are provided.
	Fees for ongoing account management are charged to the customers' account on a monthly basis (or any other pre- determined frequency). The Bank sets the rates separately for retail, corporate and global business customers and reviews them annually.	Revenue related to transactions is recognised at a point in time when the transcations take place.
	Transaction-based fees for interchange, foreign-currency transactions, overdrafts and trade finance facilities are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank.	

The Bank does not offer services with multiple non-distinct/ distinct performance obligations.

(e) Leases

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. In this case, the Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The lease liability is presented separately in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

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

The Bank did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Bank applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Income tax expense

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

Current tax

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

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

Effective from the year of assessment commencing 01 July 2020, banks are taxed as follows:

Chargeable income	Tax rate
Up to 1.5 billion Mauritian rupees (MUR)	5%
Remainder	15%

The Bank is also liable to pay a special levy on its leviable income (Net interest income and other income from banking transactions with residents before deduction of expenses) as per the below criteria:

Leviable income	Tax rate
Up to 1.2 billion Mauritian rupees (MUR)	5.5%
More than 1.2 billion Mauritian rupees (MUR)	4.5%

The special levy is included in the income tax expense and tax liability in the financial statements.

Corporate Social Responsibility (CSR) is also payable by the Bank at the rate of 2% of the income derived by transactions with residents of the preceding year.

Effective the year of assessment commencing 01 July 2024, Corporate Climate Responsibility (CCR) Levy is applicable at 2% of the Bank's chargeable income.

Following the enactment of the Finance Act 2025, the Bank is liable to a 'Fair Share Contribution' (FSC) for a three-year period commencing 01 July 2025 up to 30 June 2028. As the Bank's chargeable income exceeds the statutory threshold of MUR 24 million, the Bank is subject to a 5% FSC on its total chargeable income, plus an additional 2.5% FSC on its chargeable income arising from transactions with residents (excluding Global Business Companies), payable on a quarterly basis.

The Bank is subject to the Advances Payment System ("APS") whereby it pays income tax on a quarterly basis.

Deferred tax

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Income tax expense (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The principal temporary differences arise from depreciation of property and equipment, provisions for impairment losses on loans and advances and provisions for employee benefits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The deferred tax asset is computed at the effective tax rate (inclusive of 2% for CSR, 2% for CCR levy and a minimum of 5% for FSC) representing the rate at which the asset will be utilised in future years.

Current tax and deferred tax for the year

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

(g) Property and equipment

Property and equipment are carried at historical cost or deemed cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Depreciation is calculated to write down the cost or amount of the valuation of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings on lease	Over the remaining term of the lease
Buildings	2%
Office equipment, furniture and fittings	10% - 33.33%
Motor vehicles	20%

Land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over an estimated useful life of three years. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(i) Financial assets and liabilities

A: Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an ECL is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 5.3.2.2, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Refer to note 3(h)(B) for the accounting policy on fair value measurement.

B: Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. '

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets and liabilities (continued)

B: Fair value measurement (continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure.

Portfolio-level adjustments – e.g., bid-ask adjustment or credit risk adjustments that reflect the measurement based on the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(j) Financial assets

A: Classification and subsequent measurement

The Bank classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVTPL").
- Fair value through other comprehensive income ("FVOCI"); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government or corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

(i) the Bank's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

A: Classification and subsequent measurement (continued)

Debt instruments (continued)

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories based on the business model and SPPI test, detailed further below:

Amortised cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 5.3.2.2. Interest income from these financial assets is included in 'Interest income' using the effective interest method.
Fair value through other comprehensive income ("FVOCI")	Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other operating income '. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
Fair value through profit or loss ("FVTPL")	Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss within 'Net trading income ' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model:

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a Bank of assets include:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

A: Classification and subsequent measurement (continued)

Business model: (continued)

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

The Bank's retail, corporate banking and global banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts and unsecured personal lending. In the corporate and global banking business, the loans are made up of import loans, term loans, syndicated loans and overdrafts. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Bank's Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Certain other debt securities are held by the Bank's Treasury in separate portfolios to meet everyday liquidity needs. The Bank's Treasury seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

SPPI:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

A: Classification and subsequent measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

The Bank has designated all its equity investments at FVOCI.

B: Impairment

The Bank assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 5.3.2.2 provides more detail of how ECL is measured.

C: Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

C: Modification of loans (continued)

The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

D: Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- the Bank transfers substantially all the risks and rewards of ownership, or
- the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

- has no obligation to make payments unless it collects equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- has an obligation to remit any cash it collects from the assets without material delay.

(k) Financial liabilities

A: Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g., short positions in the trading book) and other financial liabilities designated as such at initial recognition.
- Financial guarantee contracts and loan commitments.

B: Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Financial liabilities (continued)

B: Derecognition (continued)

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(l) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 5.3.2.2); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance (calculated as described in note 5.3.2.2). The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(m) Derivative financial instruments

Derivative financial instruments include foreign exchange contracts and currency swaps. These are initially recognised in the statement of financial position at cost and subsequently remeasured at their fair value.

Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies. Fair values of forwards involving Mauritian Rupees are based on treasury bills rate or LIBOR/ reference rates. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss.

The Bank's derivative transactions, while providing effective economic hedges under the Bank's risk management policies, do not qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading with fair value gains and losses reported through profit and loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss.
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method.
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Bank elects to present changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(o) Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents include unrestricted balances held with the Bank of Mauritius and highly liquid financial assets and liabilities (e.g. other borrowed funds) with original maturities of three months or less from the acquisition date including balances with financial institutions. Cash and cash equivalents do not include the mandatory balances with the Central Bank.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(p) Deposits and other borrowed funds

Deposits and other borrowed funds are the Bank's main sources of debt funding.

Deposits and other borrowed funds are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(r) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(s) Employee benefits

A: Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

B: Defined benefit plans

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (continued)

C: Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

D: State pension contribution

State pension plan contributions to the Contribution Sociale Generalisée ("CSG") are recognised in profit or loss in the period in which they fall due.

E: Termination benefits

Termination benefits are recognised when the Bank is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. A liability is recognised for the termination benefit representing the best estimate of the amount payable and the termination benefits are recognised as an expense.

(t) Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

(u) Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances and letters of credit are accounted for as off-balance sheet items and are disclosed as contingent liabilities and commitments (Refer to Note 36).

(v) Stated capital

Ordinary shares are classified as equity. Share issue costs are incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) 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.

(x) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Comparatives (continued)

Where necessary, comparative figures are restated or reclassified to conform to the current year's presentation and to the changes in accounting policies.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank's accounting policies, which are described in note 3, the directors are required to make judgements, 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 Bank's accounting policies

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

(a) Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Significant increase of credit risk:

As explained in note 5.3.2.2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 5.3.2.1 for more details.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the Bank's accounting policies (continued)

(c) Establishing groups of assets with similar credit risk characteristics:

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 5.3.1(a) for details of the characteristics considered in this judgement. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

(d) Models and assumptions:

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 5.3.2.2 for more details on ECL.

(e) Determining the functional currency

The determination of the functional currency of the Bank is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered the criteria set out in IAS 21 *The Effects of Changes in Foreign Exchange Rates* and have determined the functional currency of the Company to be the United States Dollar ("USD").

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(a) Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and determining the forward-looking information relevant to each scenario:

When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to notes 5.3.2.2 and 5.3.2.3 for more details.

(b) Probability of default ("PD")

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to notes 5.3.2.2 and 5.3.2.3 for more details.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(c) Loss Given Default ("LGD")

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to notes 5.3.2.2 and 5.3.2.3 for more details.

(d) Pension benefits

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 Bank 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 Bank 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 are based on current market conditions. Additional information is disclosed in Note 40.

5. FINANCIAL RISK MANAGEMENT

5.1 Introduction

The Bank has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risks (including interest rate and foreign currency risks)

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risks, and the Bank's management of capital. The measurement of ECL under IFRS 9 uses the information and approaches that the Bank uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is discussed in note 5.3.2.

5.2 Risk Management Framework

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Conduct Review and Risk Management Committee which is responsible for approving and monitoring the Bank's risk management policies.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Bank's Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls.

5.3 Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees and letters of credit.

The Bank is also exposed to other credit risks arising from other exposures arising from its trading activities ('trading exposures').

Credit risk is the single largest risk for the Bank's business; the Bank therefore carefully manages its exposure to credit risk. Management and Board committee approach is adopted for sanction of all the loans. All the credit related risk parameters are discussed threadbare in the respective committee before sanctioning of the credit exposures.

During the current financial year, the Bank recognised regulatory provisions through a charge to equity, in accordance with the Bank of Mauritius Guideline on Classification, Provisioning and Write-off of Credit Exposures (20 August 2024), by appropriating amounts to the provision reserve. Expected Credit Loss (ECL) provisions were recognised through profit or loss in line with IFRS 9.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.1 *Credit Risk Measurement*

(a) Loans and advances (including loan commitments and guarantees)

The estimation of credit risk exposure for risk management purposes is complex and requires the use of models, as the credit risk varies with changes in market conditions, expected cash flows and the passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

Credit risk grading

The Bank uses internal credit risk gradings that reflect its assessment of the underlying credit risk of individual and corporate counterparties. The Bank use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

Grouping of instruments for losses measured on a collective basis

ECL is measured on a collective basis having shared risk characteristics. The different segments reflect differences in PDs and in recovery rates in the event of default.

The objective of segmentation is to arrive at homogenous groups of borrowers to determine default rates in a meaningful manner. This is done by conducting homogeneity tests and taking inputs from business. In-cases where certain groups were non-homogenous business inputs were taken to decide if they should be pooled together or not. The characteristics and any supplementary data used to determine groupings are outlined below:

Portfolios	Pool	Parameters	USD
Retail Portfolio	Pool 1	Loans secured by housing/land property and have similar risk	70,227,594
	Pool 2	Fully secured by deposits	2,924,829
	Pool 3	Secured by vehicle	28,136,451
	Pool 4	Loans for education purposes	59,454
	Pool 5	Other loans all classified together as separate volume would have been immaterial	1,133,813
Corporate Portfolio	Pool 2	Fully secured by deposits	0
	Pool 3	Secured by vehicle	0
	Pool 6	Loans with internal rating between SBIML1 – SBIML 6.	19,521,580
	Pool 7	Loans with internal rating between SBIML 7- SBIML 16.	192,588,523
Global Business Portfolio	Pool 8	All long-term loans of Global Business Branch	663,798,550
	Pool 9	All short term loans of Global Business Branch	25,045,133

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.1 *Credit Risk Measurement (continued)*

(a) Loans and advances (including loan commitments and guarantees)

Credit risk grading (continued)

Retail and Corporate

Each pool is mapped to a historical PD.

Treasury

For debt securities in the Treasury portfolio, external rating agency credit grades are used.

Global Business

PDs are calculated on the basis of ratings provided by external credit rating agency. For unrated entities, the default rates considered in arriving at the Probability of Default are derived from the weighted average default rates of the cohort from the external rating agency's default tables.

5.3.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Please refer to note 5.3.2.1 for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 5.3.2.1 (G) for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of 12-month expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 5.3.2.2 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Note 5.3.2.3 includes an explanation of how the Bank has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

5.3.2.1 Significant increase in credit risk ("SICR")

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

To determine whether credit risk has significantly increased since initial recognition, the Bank will compare the risk of default at the assessment date with the risk of default at previous assessment date. This assessment is to be carried out at each assessment date.

A: Quantitative criteria

Global business:

All assets are categorised as Stage 1 if all the criteria listed below are satisfied:

- Up to one notch downgrade in external rating from previous rating to current rating;
- Up to two notches downgrade in internal rating from previous rating to current rating; and
- Current days past due ("DPD") status is within 30 days from last repayment.

All assets are categorised as Stage 2 if any of the below criteria is satisfied:

- More than one notch downgrade in external rating from previous rating to current rating; More than two notches downgrade in internal rating from previous rating with resultant rating below hurdle rating; and
- Within 31 to 90 days past due.

All impaired assets are recognised as Stage 3 when they are more than 90 days overdue.

Corporate and retail business

All assets are categorised as Stage 1 if all the criteria listed below are satisfied:

- Up to two notches downgrade in internal rating from previous rating.
- Current days past due ("DPD") status is within 30 days from last repayment.

All assets are categorised as Stage 2 if any of the below criteria is satisfied:

- More than two notches downgrade in internal rating from previous rating with resultant rating below hurdle rating.
- Within 31-90 days past due.

All impaired assets are recognised as Stage 3 when they are more than 90 days overdue.

Investment portfolio:

The Bank applies the below criteria for determining the respective stage for its investment products:

Stage 1: No downgrade in external rating

Stage 2: One notch downgrade in external rating since the assets were brought in the Bank's books.

Stage 3: When interest/ instalment (including maturity proceeds) for investments is due and remains unpaid for more than 90 days.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

5.3.2.1 Significant increase in credit risk ("SICR") (continued)

B: Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. The exposure will move from Stage 1 to 2.

C: Qualitative criteria

For retail and corporate portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Direct debit or standing order cancellation; and
- Extension to the terms granted.

For Treasury portfolios, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

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

The assessment of SICR incorporates forward-looking information (refer to note 5.3.2.3 for further information) and is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank.

In relation to Treasury financial instruments, credit risk assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

D: Low credit risk expedient

IFRS 9 offers a low credit risk expedient for the purpose of allocating exposures into stages based on SICR assessment. On application of this expedient, the Bank may assume that the credit risk of a financial instrument has not increased significantly since initial recognition if it is determined that the financial instrument has low credit risk at the assessment date. According to IFRS 9, the credit risk on a financial instrument is considered low if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Bank applies the low credit risk expedient on its "Cash and cash equivalents" line item in the statement of financial position, and certain categories for investment securities which have an investment grade.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

5.3.2.1 Significant increase in credit risk ("SICR") (continued)

E: Rebuttal of 30 days past due ("30+DPD")

Regardless of the indicators used by the Bank to determine SICR, there is a rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Bank shall rebut the 30+ DPD presumptions in the case of any technical delinquencies (i.e., accounts marked as 30+DPD owing to administrative reasons and non-credit related concerns) and cases of delinquencies where payment is linked to government payments with approved invoices which have caused such delinquency. Approval for such instances will be obtained from the MD & CEO.

F: Backwards transition ("Curing")

IFRS 9 staging model is of symmetrical nature as exposures may migrate from lifetime ECL measurement (Stage 2, Stage 3) to 12-month ECL measurement (Stage 1). However, movement across stages are determined by their respective stages as defined in this policy or any corresponding changes incorporated in the Loan Policy / Investment Policy of the Bank.

The different scenarios for movement are discussed below:

From Stage 2 to Stage 1	Once SICR indicators are no longer triggered, movement back to Stage 1 has to be 'calibrated' and cannot be automatic or immediate. Across all portfolios, the Bank must exhibit the following to move an exposure from Stage 2 to Stage 1: • SICR indicators used to classify into Stage 2 are no longer triggered; • Up-to-date payments with no arrears.
From Stage 3 to Stage 2	Across all portfolios, the Bank must exhibit the following to move an exposure from Stage 3 to Stage 2: • Indicators used to classify as Stage 3 are no longer triggered; • Up-to-date payments with no arrears.

An asset in Stage 3 shall be upgraded only when the irregularity/deficiency in the account which led to the account being classified as Stage 3 is fully rectified on a sustainable basis. A transient rectification of the irregularity/deficiency near the reporting date may not result in the upgrade of the account unless there is satisfactory evidence to support that the rectification of the irregularity/deficiency is sustainable and the inherent credit weakness has mitigated substantially.

However, as regards the upgrade of restructured Stage 3 accounts to Stage 1, the same shall be upgraded only when all the outstanding loans/facilities perform satisfactorily for a period of 6 months from the commencement of the first payment of interest or principal, whichever is later, on the credit facilities with the longest period of moratorium under the terms of restructuring.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

5.3.2.1 Significant increase in credit risk ("SICR") (continued)

G: Definition of default and credit-impaired assets

The Bank's definition of default is aligned with the stricter of the Bank of Mauritius guidelines and internal credit risk management practices.

Defaulted assets will fall under the Stage 3 category, and a specific provision will be recognised against all such assets. As per the Bank's Loan Policy and Bank of Mauritius Guideline on *Credit Impairment Measurement and Income Recognition*, impaired loans and overdrafts are recognised as follows:

Category	Definition of "impaired"
Loans and advances	A loan can be classified as impaired asset when instalments of principal and/or interest are due and remain unpaid for more than 90 days, or such unpaid amount has been capitalised, refinanced or rolled over. Past due loans are loans where payment of principle or interest is contractually due but remains unpaid.
Overdraft	An overdraft facility can be classified as impaired asset when one or more conditions as mentioned below are satisfied: • the advance exceeds the customer's approved limit continuously for more than 90 days; • the customer's approved limit has expired for more than 90 days; • interest on the advance is due and remains unpaid for 90 days; or • the account has been dormant for more than 90 days and deposits are insufficient to cover the interest capitalised during the period. For this purpose, dormant accounts include accounts, which have only a few transactions of insignificant amounts.
Bills Purchased and Discounted	The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
Investments	Interest/ instalment (including maturity proceeds) for Investments is due and remains unpaid for more than 90 days.

5.3.2.2 Measuring ECL – Explanations of inputs, assumptions and estimation techniques

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation.

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months ("12M EAD") or over the remaining lifetime ("Lifetime EAD"). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default ("LGD") represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default ("EAD"). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

5.3.2.2 Measuring ECL – Explanations of inputs, assumptions and estimation techniques (continued)

- The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.
- The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.
- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.
- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month period or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.
- The 12-month and lifetime LGDs are determined using a combination of regulatory and historical vintage analysis. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.
- Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 5.3.2.3 for an explanation of forward-looking information and its inclusion in ECL calculations.
- The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on an annual basis.
- There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

5.3.2.3 Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are sourced from the Bank of Mauritius, IMF and WEO Forecast Database depending upon the type of portfolio.

The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

The bank has recalibrated its existing ECL model. As per revised methodology for ECL calculation, the bank has computed has provided following weights to three scenarios; baseline, adverse and favourable.

Scenario probability weighting	Baseline	Adverse	Favourable
31 March 2026	40%	35%	25%
31 March 2025	40%	35%	25%
31 March 2024	40%	30%	30%

PD is computed for each of the scenario by giving a shock to baseline PD curve in upward and downward direction. Final ECL is computed by giving the weightages to each of the scenario to arrive at weighted average ECL.

Periodically, the Bank carries stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by the Risk Team.

Based on management's annual review and assessment performed, they have determined the above scenario probability weights to be appropriate for both the current and prior years, taking into account the ongoing uncertainties relating to the ongoing pandemic and increasing inflationary local environment linked with the global geopolitical tensions.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios and economic variable assumptions.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.3 Risk limit control and mitigation policies

The Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counter parties and companies, and to industries and countries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a monthly frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrower to meet interest and capital repayment obligation and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

Collaterals

The Bank employs a range of policies and practices to mitigate credit risk. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types for loans and advances are:

- Fixed and Floating Charges over business assets such as premises, inventory and trade receivables;
- Charges over financial instruments such as cash collateral, debt securities and equities;
- Mortgages over residential properties;
- Corporate guarantees and letter of support;
- Personal guarantees; and
- Credit Insurance.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.3 Risk limit control and mitigation policies (continued)

Collaterals (continued)

Longer-term finance and lending to corporate entities are generally secured; revolving individual short-term credit facilities are at times unsecured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. The Bank closely monitors collaterals held for financial assets considered as credit impaired, as it becomes more likely that the Bank will take possession of the collaterals to mitigate potential credit losses. Financial assets that are credit impaired and related collaterals held in order to mitigate potential losses are shown below:

31 March 2026	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired asset	**USD**	**USD**	**USD**	**USD**
Loans to individuals:				
- Overdrafts	-	-	-	-
- Term loans	6,277	4,733	1,544	58,960
- Mortgages	165,786	136,959	28,827	434,956
Loans to corporate entities:				
- Large corporate customers	4,438,192	4,438,192	-	-
- SMEs	896,946	515,805	381,141	1,419,074
Total credit-impaired assets	**5,507,201**	**5,095,689**	**411,512**	**1,912,990**

31 March 2025	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired asset	**USD**	**USD**	**USD**	**USD**
Loans to individuals:				
- Overdrafts	1,992	1,992	-	3,287
- Term loans	23,620	23,620	-	60,869
- Mortgages	278,352	278,352	-	385,705
Loans to corporate entities:				
- Large corporate customers	-	-	-	-
- SMEs	176,159	176,159	-	334,319
Total credit-impaired assets	**480,123**	**480,123**	**-**	**784,180**

31 March 2024	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired asset	**USD**	**USD**	**USD**	**USD**
Loans to individuals:				
- Overdrafts	4,496	4,496	-	9,054
- Term loans	42,356	42,356	-	89,976
- Mortgages	362,397	362,397	-	732,373
Loans to corporate entities:				
- Large corporate customers	57,427	57,427	-	195,239
- SMEs	165,108	165,108	-	249,104
Total credit-impaired assets	**631,784**	**631,784**	**-**	**1,275,746**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.3 Risk limit control and mitigation policies (continued)

Collaterals (continued)

Residential mortgage lending

The following tables stratify credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value ("LTV") ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. For credit-impaired residential loans, the value of collateral is based on the most recent appraisals.

Mortgage portfolio – LTV distribution	31 March 2026	31 March 2025	31 March 2024
	USD	USD	USD
Lower than 50%	**95,366**	64,291	119,442
50 to 59%	**-**	-	111,230
60 to 69%	**-**	29,747	16,529
70 to 79%	**-**	36,693	28,304
80 to 89%	**13,731**	-	51,946
90 to 100%	**56,689**	147,621	34,946
Total	**165,786**	278,352	362,397

Credit - related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties carry the same credit risks as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

The Bank's policy is to require suitable collateral to be provided by certain customers prior to the disbursement of approved loans.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.4 Write off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

(i) ceasing enforcement activity and

(ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity. The below table shows the outstanding contractual amounts of such assets written off:

	31 March 2026	31 March 2025	31 March 2024
	USD	USD	USD
Financial assets written off (Note 22c)	-	27,651	172,759

The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.5 *Maximum exposure to credit risk – Financial instruments subject to impairment*

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amounts of financial assets below also represent the Bank's maximum exposure to credit risk on these assets. This includes both loans to banks and loans to customers.

	2026				2025	2024
	Stage 1 12-month ECL Performing	Stage 2 Lifetime ECL Special mention	Stage 3 Lifetime ECL Impaired	Total USD	Total USD	Total USD
Retail	USD	USD	USD			
Gross carrying amount	101,973,920	336,158	172,063	102,482,141	94,006,060	85,871,549
Loss allowance	(1,589,245)	(5,390)	(141,691)	(1,736,326)	(1,768,311)	(1,543,208)
Net carrying amount	**100,384,675**	**330,768**	**30,372**	**100,745,815**	**92,237,749**	**84,328,341**
Corporate						
Gross carrying amount	193,559,601	13,215,364	5,335,138	212,110,103	217,753,338	174,478,738
Loss allowance	(2,371,402)	(263,922)	(4,953,997)	(7,589,321)	(3,038,250)	(2,648,650)
Net carrying amount	**191,188,199**	**12,951,442**	**381,141**	**204,520,782**	**214,715,088**	**171,830,088**
Global Business						
Gross carrying amount	688,843,683	-	-	688,843,683	621,612,932	554,330,837
Loss allowance	(5,026,813)	-	-	(5,026,813)	(4,117,779)	(6,421,067)
Net carrying amount	**683,816,870**	-	-	**683,816,870**	**617,495,153**	**547,909,770**
Investment securities						
Gross carrying amount	215,970,532	-	-	215,970,532	207,678,198	277,240,030
Loss allowance	(614,030)	-	-	(614,030)	(442,783)	(35,602)
Net carrying amount	**215,356,502**	-	-	**215,356,502**	**207,235,415**	**277,204,428**
Undrawn commitments						
Gross carrying amount	46,214,773			46,214,773	64,795,033	59,287,437
Loss allowance	(337,148)			(337,148)	(522,950)	(105,325)
Net carrying amount	**45,877,625**	-	-	**45,877,625**	**64,272,083**	**59,182,112**

The maximum exposure to credit risk for the below items is as follows:

	2026	2025	2024
	USD	USD	USD
Financial guarantees and other credit-related contingent liabilities (Note 36)	26,893,612	21,329,899	22,102,901
Loan and other credit-related commitments (Note 37)	46,214,773	64,795,033	59,287,437

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.6 *(a) Maximum exposure to credit risk – Financial instruments not subject to impairment (continued)*

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment, i.e. those at FVTPL.

	2026	2025	2024
	USD	USD	USD
Investment securities at FVTPL	13,011,875	54,983,444	85,081,002

5.3.6 (b) Management has further assessed the ECL on cash and cash equivalents and investment securities at fair value through comprehensive income as not being material at 31 March 2026, 31 March 2025 and 31 March 2024.

5.3.7 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Retail				
Loss allowance as at 1 April 2025	**1,452,902**	**11,445**	**303,964**	**1,768,311**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(705)	705	-	-
Transfer from Stage 2 to Stage 3	-	(840)	840	-
Transfer from Stage 2 to Stage 1	886	(886)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	57,940	-	(57,940)	-
New financial assets originated or purchased	369,574	-	-	**369,574**
Net remeasurement of loss allowance	(204,584)	(4,918)	-	**(209,502)**
Other movements with no P&L impact				
Repayments/ matured loans	(86,768)	(116)	(105,173)	**(192,057)**
Loss allowance as at 31 March 2026	**1,589,245**	**5,390**	**141,691**	**1,736,326**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Retail				
Loss allowance as at 1 April 2024	**1,100,090**	**33,868**	**409,250**	**1,543,208**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(8,929)	8,929	-	-
Transfer from Stage 2 to Stage 3	-	(677)	677	-
Transfer from Stage 2 to Stage 1	20,536	(20,536)	-	-
Transfer from Stage 1 to Stage 3	(110)	-	110	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New financial assets originated or purchased	275,508	-	-	**275,508**
Net remeasurement of loss allowance	112,911	2,050	(1,831)	**116,793**
Other movements with no P&L impact				
Repayments/ matured loans	(47,104)	(12,190)	(107,904)	**(167,198)**
Loss allowance as at 31 March 2025	**1,452,902**	**11,445**	**303,964**	**1,768,311**

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Corporate				
Loss allowance as at 1 April 2025	**2,852,303**	**9,787**	**176,160**	**3,038,250**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(42,551)	42,551	-	-
Transfer from Stage 2 to Stage 3	-	(202,459)	202,459	-
Transfer from Stage 2 to Stage 1	886	(886)	-	-
Transfer from Stage 1 to Stage 3	(4,556,361)	-	4,556,361	-
New financial assets originated or purchased	1,070,599	-	-	**1,070,599**
Net remeasurement of loss allowance	4,195,003	417,963	28,430	**4,641,396**
Other movements with no P&L impact				
Repayments/ matured loans	(1,148,477)	(3,034)	(9,413)	**(1,160,924)**
Loss allowance as at 31 March 2026	**2,371,402**	**263,922**	**4,953,997**	**7,589,321**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Corporate				
Loss allowance as at 1 April 2024	**2,425,750**	**366**	**222,534**	**2,648,650**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(3,671)	3,671	-	-
Transfer from Stage 2 to Stage 1	339	(339)	-	-
Transfer from Stage 1 to Stage 3	(167)	-	167	-
Transfer from Stage 3 to Stage 1	17,118	-	(17,118)	-
New financial assets originated or purchased	1,255,564	7,546	-	**1,263,110**
Net remeasurement of loss allowance	(255,507)	(1,430)	10,887	**(246,050)**
Other movements with no P&L impact				
Repayments/ matured loans	(587,124)	(27)	(40,309)	**(627,460)**
Loss allowance as at 31 March 2025	**2,852,303**	**9,787**	**176,160**	**3,038,250**

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Global Business				
Loss allowance as at 1 April 2025	**4,117,779**	-	-	**4,117,779**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
New financial assets originated or purchased	3,288,243	-	-	**3,288,243**
Net remeasurement of loss allowance	(383,947)	-	-	**(383,947)**
Other movements with no P&L impact				
Repayments/ matured loans	(1,995,262)	-	-	**(1,995,262)**
Loss allowance as at 31 March 2026	**5,026,813**	-	-	**5,026,813**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Global Business				
Loss allowance as at 1 April 2024	**6,255,799**	**165,268**	**-**	**6,421,067**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
New financial assets originated or purchased	1,615,510	-	-	**1,615,510**
Net remeasurement of loss allowance	(1,747,087)	-	-	**(1,747,087)**
Other movements with no P&L impact				
Repayments/ matured loans	(2,006,443)	(165,238)	-	**(2,171,711)**
Loss allowance as at 31 March 2025	**4,117,779**	-	-	**4,117,779**

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Purchased credit-impaired USD	Total USD
Investment securities					
Loss allowance as at 1 April 2025	**442,783**	-	-	-	**442,783**
Movements with P&L impact					
Transfers:					
Net remeasurement of loss allowance	171,247	-	-	-	**171,247**
Loss allowance as at 31 March 2026	**614,030**	-	-	-	**614,030**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Purchased credit-impaired USD	Total USD
Investment securities					
Loss allowance as at 1 April 2024	**35,602**	-	-	-	**35,602**
Movements with P&L impact					
Transfers:					
Net remeasurement of loss allowance	407,181	-	-	-	407,181
Loss allowance as at 31 March 2025	**442,783**	**-**	**-**	**-**	**442,783**

Note:

(a) The unwind of discount on Stage 3 financial assets is reported within 'Interest Income' so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Retail				
Gross carrying amount as at 1 April 2025	**92,969,248**	**732,848**	**303,964**	**94,006,060**
Movements with P&L impact				
Transfers:				
Transfer from Stage 3 to Stage 2	-	1,558	(1,558)	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 1 to Stage 2	(55,883)	55,883		
Transfer from Stage 2 to Stage1	41,475	(41,475)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets originated or purchased	23,837,548	-	-	**23,837,548**
Net remeasurement of loss allowance	(9,244,813)	(405,465)	(90,432)	**(9,740,710)**
FX and other movements	-	-	-	-
Repayments/ matured loans	(5,573,655)	(7,191)	(39,911)	**(5,620,757)**
Gross carrying amount as at 31 March 2026	**101,973,920**	**336,158**	**172,063**	**102,482,141**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Retail				
Gross carrying amount as at 1 April 2024	**84,438,958**	**1,023,341**	**409,250**	**85,871,549**
Movements with P&L impact				
Transfers:				
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	(8,705)	-	8,705	-
Transfer from Stage 2 to Stage 1	710,785	(710,785)	-	-
Transfer from Stage 2 to Stage 3	-	(19,463)	19,463	-
New financial assets originated or purchased	17,629,445	-	-	**17,629,445**
Net remeasurement of loss allowance	(4,855,708)	(18,968)	(25,550)	**(4,900,225)**
FX and other movements	-	-	-	-
Repayments/ matured loans	(4,222,152)	(264,653)	(107,904)	**(4,594,709)**
Gross carrying amount as at 31 March 2025	**92,969,248**	**732,848**	**303,964**	**94,006,060**

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Corporate				
Gross carrying amount as at 1 April 2025	**216,864,209**	**712,969**	**176,160**	**217,753,338**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,132,357)	2,132,357		-
Transfer from Stage 2 to Stage 3	-	(23,907)	23,907	-
Transfer from Stage 1 to Stage 3	(43,481)	-	43,481	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New financial assets originated or purchased	98,018,270	-	-	**98,018,270**
Net remeasurement of loss allowance	(20,634,817)	10,697,364	5,101,004	**(4,836,450)**
FX and other movements	-	-	-	-
Repayments/ matured loans	(98,512,223)	(303,419)	(9,414)	**(98,825,055)**
Gross carrying amount as at 31 March 2026	**193,559,601**	**13,215,364**	**5,335,138**	**212,110,103**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Corporate				
Gross carrying amount as at 1 April 2024	**174,233,654**	**22,550**	**222,534**	**174,478,738**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	20,772	(20,772)		-
Transfer from Stage 1 to Stage 3	(11,075)	-	11,075	-
Transfer from Stage 3 to Stage 1	17,118	-	(17,118)	-
New financial assets originated or purchased	92,587,188	488,929	-	**93,076,117**
Net remeasurement of loss allowance	(8,263,407)	(19,595)	(22)	**(8,283,024)**
FX and other movements	-	-	-	-
Repayments/ matured loans	(41,476,406)	(1,778)	(40,309)	**(41,518,493)**
Gross carrying amount as at 31 March 2025	**216,864,209**	**712,969**	**176,160**	**217,753,338**

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Global Business				
Gross carrying amount as at 1 April 2025	**621,612,932**	-	-	**621,612,932**
Movements with P&L impact				
New financial assets originated or purchased	432,728,656	-	-	**432,728,656**
Net remeasurement of loss allowance	(38,246,486)	-	-	**(38,246,486)**
FX and other movements	-	-	-	-
Closed accounts	(327,251,419)	-	-	**(327,251,419)**
Gross carrying amount as at 31 March 2026	**688,843,683**	-	-	**688,843,683**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Loss allowance (continued)

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Global Business				
Gross carrying amount as at 1 April 2024	**538,494,325**	**15,836,512**	-	**554,330,837**
Movements with P&L impact				
New financial assets originated or purchased	238,271,240	-	-	**238,271,240**
Net remeasurement of loss allowance	(10,500,177)	-	-	**(10,500,177)**
FX and other movements	-	-	-	-
Closed accounts	(144,652,456)	(15,836,512)	-	**(160,488,968)**
Gross carrying amount as at 31 March 2025	**621,612,932**	-	-	**621,612,932**

	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Investment securities at amortised cost				
Gross carrying amount as at 1 April 2025	**32,811,492**	-	-	**32,811,492**
Net movement in investment securities	16,780,557	-	-	**16,780,557**
Gross carrying amount as at 31 March 2026	**49,592,049**	-	-	**49,592,049**
Investment securities at amortised cost				
Gross carrying amount as at 1 April 2024	**51,100,823**	-	-	**51,100,823**
Net movement in investment securities	(18,289,331)	-	-	**(18,289,331)**
Gross carrying amount as at 31 March 2025	**32,811,492**	-	-	**32,811,492**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3.9 Credit quality for loans and advances

Credit concentration of risk by industry sectors

Refer to the Management Discussion and Analysis document for the disclosures on the Bank's approach to managing credit concentration.

5.4 Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Bank's operations and investments.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Bank's Board of Directors sets the Bank's strategy for managing liquidity risk and oversight of the implementation is administered by the relevant Board Committee which approves the Bank's liquidity policies and procedures. The Bank's Treasury team manages the Bank's liquidity position on a day-to-day basis. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. As part of its liquidity strategy, the Bank maintains a well-diversified funding base, carries a portfolio of highly liquid assets to meet its liquidity coverage ratio per regulatory requirements, monitors maturity mismatches and behavioural characteristics of its financial assets and liabilities and performs stress testing on the Bank's liquidity position.

The following tables set out the remaining contractual maturities of the Bank's financial liabilities and financial assets. The figures below are on an undiscounted basis.

	Less than 3 months USD	Between 3 and 12 months USD	Over 1 year to 5 years USD	Over 5 years USD	Total USD
As at 31 March 2026					
Cash and cash equivalents	178,014,064	-	-	-	178,014,064
Investment securities	23,379,574	118,447,143	77,435,440	7,144,942	226,407,099
Loans and advances	222,253,729	243,873,051	509,967,471	183,662,851	1,159,757,102
Other assets	986,205	-	-	-	986,205
	424,633,572	**362,320,194**	**587,402,911**	**190,807,793**	**1,565,164,470**
Loan commitments	(46,214,773)				(46,214,773)
Deposits from customers	580,390,378	200,173,412	178,967,403	432,509	959,963,703
Other borrowed funds	12,960,916	128,919,826	134,462,194	-	276,342,936
Lease liabilities	66,633	180,726	284,914		532,273
Other liabilities	34,962,967	-	-	-	34,962,967
	628,380,894	**329,273,965**	**313,714,511**	**432,509**	**1,271,801,878**
Net liquidity gap	**(203,747,322)**	**33,046,229**	**273,688,400**	**190,375,284**	**293,362,592**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Liquidity Risk (continued)

	Less than 3 months USD	Between 3 and 12 months USD	Over 1 year to 5 years USD	Over 5 years USD	Total USD
As at 31 March 2025					
Cash and cash equivalents	296,054,172	-	-	-	296,054,172
Investment securities	80,644,462	78,584,129	50,389,904	7,929,699	217,548,194
Loans and advances	189,457,845	282,811,188	432,591,076	178,800,077	1,083,660,186
Other assets	585,112	-	-	-	585,112
	566,741,591	**361,395,317**	**482,980,980**	**186,729,776**	**1,597,847,664**
Loan commitments	(64,795,033)				(64,795,033)
Deposits from customers	537,169,709	269,512,383	146,205,074	293,108	953,180,274
Other borrowed funds	64,369,299	171,464,659	114,340,275	-	350,174,233
Lease liabilities	106,185	292,649	300,723	-	699,557
Other liabilities	11,034,791	-	-	-	11,034,791
	612,679,984	**441,269,691**	**260,846,072**	**293,108**	**1,315,088,855**
Net liquidity gap	**(45,938,393)**	**(79,874,374)**	**222,134,908**	**186,436,668**	**282,758,809**

	Less than 3 months USD	Between 3 and 12 months USD	Over 1 year to 5 years USD	Over 5 years USD	Total USD
As at 31 March 2024					
Cash and cash equivalents	205,557,488	-	-	-	205,557,488
Investment securities	141,393,638	96,400,004	45,655,789	1,117,593	284,567,024
Loans and advances	156,983,421	150,527,750	518,599,082	152,507,400	978,617,653
Other assets	950,193	-	-	-	950,193
	504,884,740	**246,927,754**	**564,254,871**	**153,624,993**	**1,469,692,358**
Loan commitments	(59,287,437)	-	-	-	(59,287,437)
Deposits from customers	619,225,444	167,374,357	59,919,124	245,944	846,764,869
Other borrowed funds	131,304,567	101,983,114	72,579,721	-	305,867,402
Lease liabilities	15,211	266,702	420,234	-	702,147
Other liabilities	8,865,864	-	-	-	8,865,864
	759,411,086	**269,624,173**	**132,919,079**	**251,859**	**1,162,200,282**
Net liquidity gap	**(254,526,346)**	**(22,696,419)**	**431,335,792**	**153,373,134**	**307,492,076**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market Risk

Market risk is the risk of losses due to adverse changes in market variables – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk.

The Assets & Liabilities Committee (ALCO) is responsible for ensuring the effective management of market risk throughout the Bank. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate authority within the Bank.

The core market risk management activities are:

- the identification of all key market risks and their drivers;
- the independent measurement and evaluation of key market risks and their drivers;
- the use of results and estimates as the basis for the Group's risk/return-oriented management; and
- monitoring risks and reporting on them.

The Bank considers market risk principally on the below positions:

- Investments
- Open Forex Position

Equity price risk arises due to unfavourable movement of equity prices. We do not have any significant position in equity and regularly monitored by the Bank's Treasury team.

The Bank's investments are categorised under the following categories as per the Investment Policy:

- Hold to Collect ("HTC") – As per the policy, the investments under the HTC category are acquired by the Bank with the intention to hold them up to maturity and hence, they need not be marked to market. The Bank has the intent and the ability to hold them till maturity. Therefore, there is no stress testing required on the HTC portfolio.
- Hold to Collect and Sell ("HTCS") – Out of our total investment portfolio of USD 215.36 million as on 31 March 2026, which consists of Government of Mauritius Bonds, Equity, T-Bills and Notes in MUR currency as well as foreign currency investments, the portfolio kept in HTCS category amounts to USD 165.23 million. The investment of USD 165.23 million also includes investments of USD 13.18 million in T-Bills.

The below table shows the impact of movement in the bond yield under 3 different scenarios:

Market Risk-Stress Testing Analysis for Investments in HTCS Category					
Amount (USD Mio)	**Average yield**	**Average Time to Maturity**	**Scenario 1 Impact Yield rises by 15 bps**	**Scenario 2 Impact Yield rises by 20 bps**	**Scenario 3 Impact Yield rises by 25 bps**
HTCS under FVTPL - USD 13.18 Mio	3.73%	129 days	USD 6,982	USD 9,307	USD 11,632
Other HTCS - USD 152.05 Mio	4.27%	439 days	USD 273,540	USD 364,501	USD 455,354

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market Risk (continued)

Open Forex Position

As on 31 March 2026, the net open position of our Bank in USD terms stood at USD 6,655,220. The below tables show the impact of an adverse impact in interest rate under different scenarios on the Bank's profit:

Open Position	Scenario 1 Impact of Forex Rate moves adversely by 0.5%	Scenario 2 Impact of Forex Rate moves adversely by 1.5%	Scenario 3 Impact of Forex Rate moves adversely by 2.5%
USD 6,655,220	USD 33,276	USD 99,828	USD 166,381

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which monitored daily by the Treasury department.

The table below summarises the Bank's exposure after ECL to interest rate risks. The Bank's assets and liabilities at carrying value are categorised by their repricing dates:

At at 31 March 2026

	Less than 3 months USD	Between 3 months and 1 year USD	Over one year USD	Non-Interest Sensitive USD	Total USD
Cash and cash equivalents	170,200,668	-	-	7,813,396	178,014,064
Investment securities	21,012,161	114,407,617	78,846,492	1,704,262	215,970,532
Loans and advances	718,141,493	133,863,632	132,130,528	4,947,814	989,083,467
	909,354,322	**248,271,249**	**210,977,020**	**14,465,472**	**1,383,068,063**
Deposits from customers	362,670,861	237,459,188	116,732,157	225,268,278	942,130,484
Other borrowed funds	85,001,096	160,000,000	-	2,980,448	247,981,544
Lease liabilities	66,633	180,726	284,914	-	532,273
	447,738,590	**397,639,914**	**117,017,071**	**228,248,726**	**1,190,644,301**
Interest Sensitivity Gap	**461,615,732**	**(149,368,665)**	**93,959,949**	**(213,783,254)**	**192,423,762**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

At at 31 March 2025

	Less than 3 months USD	Between 3 months and 1 year USD	Over one year USD	Non-Interest Sensitive USD	Total USD
Cash and cash equivalents	288,806,494	-	-	7,247,678	296,054,172
Investment securities	79,428,000	74,982,000	51,760,000	1,065,415	207,235,415
Loans and advances	704,133,662	118,837,000	97,307,000	4,170,328	924,447,990
	1,072,368,156	**193,819,000**	**149,067,000**	**12,483,421**	**1,427,737,577**
Deposits from customers	365,484,000	253,306,000	137,368,000	175,507,199	931,665,199
Other borrowed funds	108,666,400	210,000,000	-	6,828,375	325,494,775
Lease liabilities	106,185	292,649	300,723	-	699,557
	474,256,585	**463,598,649**	**137,668,723**	**182,335,574**	**1,257,859,531**
Interest Sensitivity Gap	**598,111,571**	**(269,779,649)**	**11,398,277**	**(169,852,153)**	**169,878,046**

At at 31 March 2024

Cash and cash equivalents	191,183,854	-	-	14,373,634	205,557,488
Investment securities	138,001,000	93,429,000	43,425,747	2,348,681	277,204,428
Loans and advances	610,950,824	106,212,125	82,070,889	4,834,361	804,068,199
	940,135,678	**199,641,125**	**125,496,636**	**21,556,676**	**1,286,830,115**
Deposits from customers	490,298,000	159,366,000	56,483,000	130,524,799	836,671,799
Other borrowed funds	131,835,870	139,778,000	15,000,000	2,929,896	289,543,766
Lease liabilities	15,211	266,702	420,234	-	702,147
	622,149,081	**299,410,702**	**71,903,234**	**133,454,695**	**1,126,917,712**
Interest Sensitivity Gap	**317,986,597**	**(99,769,577)**	**53,593,402**	**(111,898,019)**	**159,912,403**

The management of interest rate risk against interest rate gaps limits is supplemented by monitoring the sensitivity of Bank's financial assets and liabilities to various standard and non-standard interest scenarios. Analysis of the Bank 's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves on the constant reporting date is as follows:

	200 bp Parallel Increase/Decrease		
	2026 USD (million)	2025 USD (million)	2024 USD (million)
Sensitivity of projected Net Interest Income	8.32	9.14	4.92

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market risk (continued)

Currency Risk

Foreign exchange rate risk or currency risk is the adverse impact that may occur on profits and market value of assets and liabilities due to fluctuation in exchange rates depending on the spot as well as forward positions created by commercial, inter-bank and proprietary trading transactions in any particular currency. As a means to prudent management of the risk, the Bank has set up foreign exchange position limits, duly approved by the Board, both for daylight and overnight positions. In addition to these, cut loss limits have been set up on per deal and per day basis. Besides, suitable hedging techniques are also used for risk mitigation.

Management monitors the exchange positions and profits arising out of operations on a daily basis, and quarterly reports are submitted to the board. Any exception is promptly reported to the Board for ratification. The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 March 2026.

At at 31 March 2026

Assets	United States Dollar USD	Great Britain Pound USD	EURO USD	MUR USD	Others USD	Total USD
Cash and cash equivalents	172,601,858	803,872	301,077	2,669,185	1,638,071	178,014,064
Loans and advances	723,381,894	-	25,857,390	239,844,183	-	989,083,467
Derivative Assets	31,029	-	-	-	-	31,029
Investment securities	180,576,952	-	1,548	34,778,002	-	215,356,502
Other assets	4,210,199	167,773	1,695,044	29,254,277	40,322	35,367,615
	1,080,801,932	**971,646**	**27,855,060**	**306,545,646**	**1,678,393**	**1,417,852,677**
Liabilities						
Deposits from customers	548,586,096	2,343,038	71,953,333	317,537,165	1,710,851	942,130,484
Other borrowed funds	247,981,545	-	-	-	-	247,981,545
Lease Liabilities	-	-	-	532,273	-	532,273
Derivative liabilities	-	-	-	-	-	-
Other Liabilities	11,465,630	-	19,312,295	4,134,479	50,562	34,962,967
	808,033,271	2,343,038	91,265,629	322,203,917	1,761,413	1,225,607,268
Net on Statement of Financial Position	**272,768,661**	**(1,371,393)**	**(63,410,569)**	**(15,658,271)**	**(83,020)**	**192,245,409**

The effects of a reasonable possibly movement of the currency rates, to which the Bank had significant exposure as at 31 March 2026 against USD, with all other variable held Constant.

	Increase/ (decrease) in profit or loss		
	Great Britain Pounds USD	EURO USD	MUR USD
+5% in currency rate	(68,570)	(3,170,528)	(782,914)
-5% in currency rate	68,570	3,170,528	782,914

At at 31 March 2025

Assets	United States Dollar USD	Great Britain Pound USD	EURO USD	MUR USD	Others USD	Total USD
Cash and cash equivalents	290,598,680	1,023,570	943,369	3,250,960	237,592	296,054,171
Loans and advances	661,470,664	-	36,056,736	226,920,590	-	924,447,990
Investment securities	173,023,073	-	1,462	33,936,106	274,775	207,235,416
Other assets	6,192,310	163,861	2,059,161	26,212,810	44,825	34,672,967
	1,131,284,727	1,187,431	39,060,728	290,320,466	557,192	1,462,410,544
Liabilities						
Deposits from customers	599,420,573	2,407,942	26,148,575	301,865,449	1,822,660	931,665,199
Other borrowed funds	316,817,927	-	8,676,848	-	-	325,494,775
Derivative liabilities	73,374	-		-	-	73,374
Lease liabilities	-	-	-	699,557	-	699,557
Other liabilities	5,922,340	8,920	47	5,103,484	-	11,034,791
	922,234,214	2,416,862	34,825,470	307,668,490	1,822,660	1,268,967,696
Net on Statement of Financial Position	**209,050,513**	**(1,229,431)**	**4,235,258**	**(17,348,024)**	**(1,265,468)**	**193,442,848**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market risk (continued)

Currency Risk (continued)

At at 31 March 2024

Assets	United States Dollar USD	Great Britain Pound USD	EURO USD	MUR USD	Others USD	Total USD
Cash and cash equivalents	187,617,078	1,527,583	4,170,427	10,270,012	1,972,388	205,557,488
Loans and advances	575,820,322	231,076	33,213,594	194,803,207	-	804,068,199
Investment securities	258,183,826	-	1,469	18,730,593	288,540	277,204,428
Derivative assets	3,039	-	-	-	-	3,039
Other assets	4,875,247	217,657	1,356,477	21,983,333	52,640	28,485,354
	1,026,499,512	**1,976,316**	**38,741,967**	**245,787,145**	**2,313,568**	**1,315,318,508**
Liabilities						
Deposits from customers	566,010,600	3,158,533	22,403,677	243,150,861	1,948,127	836,671,798
Other borrowed funds	273,327,126	-	16,216,640	-	-	289,543,766
Derivative liabilities	213,955	-	-	-	-	213,955
Lease liabilities	-	-	-	702,147	-	702,147
Other Liabilities	4,099,147	55	32	4,766,630	-	8,865,864
	843,650,828	**3,158,588**	**38,620,349**	**248,619,638**	**1,948,127**	**1,135,997,530**
Net on Statement of Financial Position	**182,848,684**	**(1,182,272)**	**121,618**	**(2,832,493)**	**365,441**	**179,320,978**

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

A: Valuation methods

The Bank measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank also uses a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities; and credit spreads. Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market.
- Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Where possible, fair value is determined by reference to a quoted market price for the instrument valued. The Bank holds financial assets and liabilities for which quoted prices are not available, such as over the counter derivatives. For these financial instruments the Bank uses valuation techniques to estimate fair value. The valuation techniques used include discounted cash flow models, comparison with similar instruments for which observable market prices exist, and other valuation models. These valuation techniques use as their basis independently sourced market parameters, such as interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

The Bank uses generally accepted valuation models to determine the fair value of simple and liquid financial instruments, such as currency swaps in G7 currencies, that use only observable market data and involve minimum judgement. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on general conditions and specific events in the financial markets.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A: Valuation methods (continued)

The Bank also holds equity securities not quoted in active markets. The fair value of these instruments is determined using the net asset value ("NAV") model and applying a discount rate. The selection of the appropriate valuation model, as well as the determination of key inputs used such as the appropriate discount rate to be used, require management judgement and estimation.

The Bank has an established control framework for the measurement of fair values which include amongst others:

- Verification of observable pricing;
- Review and approval process for any changes in models; and
- Analysis and investigation of any significant movements.

B: Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

At 31 March 2026

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Debt securities measured at FVTPL	-	13,011,875	-	13,011,875
Debt securities measured at FVOCI	-	152,483,948	-	152,483,948
Equity securities measured at FVOCI	-	-	882,660	882,660
Total	-	**165,495,823**	**882,660**	**166,378,483**

At 31 March 2025

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Debt securities measured at FVTPL	-	54,983,444	-	54,983,444
Debt securities measured at FVOCI	-	118,709,567	-	118,709,567
Equity securities measured at FVOCI	277,550	-	896,145	1,173,695
Total	**277,550**	**173,693,011**	**896,145**	**174,866,706**

At 31 March 2024

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Debt securities measured at FVTPL	-	85,081,002	-	85,081,002
Debt securities measured at FVOCI	-	139,940,612	-	139,940,612
Equity securities measured at FVOCI	305,266	-	812,327	1,117,593
Total	**305,266**	**225,021,614**	**812,327**	**226,139,207**

There has been no transfer between the fair value hierarchy level during the year.

Sensitivity analysis of Level 3 Equity securities measured at FVOCI

5% increase in value of equity of the company (+5%) = USD 926,793

5% decrease in value of equity of the company (-5%) = USD 840,615

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

C: Financial instruments not measured at fair value

The following tables set out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

At 31 March 2026	Level 1 USD	Level 2 USD	Level 3 USD	Total fair values USD	Total carrying amount USD
Assets					
Cash and cash equivalents	178,014,064	-	-	178,014,064	178,014,064
Loans and advances to banks	-	437,412,183	-	437,412,183	437,412,183
Loans and advances to customers	-	551,671,284	-	551,671,284	551,671,284
Investment securities at amortised cost	-	49,340,602	-	49,340,602	49,340,602
Other assets	-	986,205	-	-	986,205
Liabilities					
Deposits from customers	-	952,928,730	-	952,928,730	942,130,484
Other borrowed funds	-	247,981,545	-	247,981,545	247,981,545
Other liabilities	-	34,962,967	-	34,962,967	34,962,967
At 31 March 2025					
Assets					
Cash and cash equivalents	294,054,172	-	-	294,054,172	294,054,172
Loans and advances to banks	-	349,597,065	-	349,597,065	349,597,065
Loans and advances to customers	-	574,850,925	-	574,850,925	574,850,925
Investment securities at amortised cost	-	32,608,669	-	32,608,670	32,608,669
Other assets	-	585,110	-	-	585,110
Liabilities					
Deposits from customers	-	947,668,684	-	947,668,684	931,665,199
Other borrowed funds	-	325,494,775	-	325,494,775	325,494,775
Other liabilities	-	11,034,791	-	11,034,791	11,034,791
At 31 March 2024					
Assets					
Cash and cash equivalents	205,557,488	-	-	205,557,488	205,557,488
Loans and advances to banks	-	300,847,127	-	300,847,127	300,847,127
Loans and advances to customers	-	503,221,072	-	503,221,072	503,221,072
Investment securities at amortised cost	-	51,065,221	-	51,065,221	51,065,221
Other assets	-	950,193	-	-	950,193
Liabilities					
Deposits from customers	-	846,657,792	-	846,657,792	836,671,799
Other borrowed funds	-	289,543,766	-	289,543,766	289,543,766
Other liabilities	-	8,865,864	-	8,865,864	8,865,864

Where they are available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates and primary origination or secondary market spreads. The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

7. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Amortised cost USD	FVOCI USD	FVTPL USD	Total carrying amount USD
At 31 March 2026				
Assets				
Cash and cash equivalents	178,014,064	-	-	178,014,064
Loans and advances to banks	437,412,183	-	-	437,412,183
Loans and advances to customers	551,671,284	-	-	551,671,284
Derivative assets	31,029	-	-	31,029
Investment securities	49,340,602	153,004,025	13,011,875	215,356,502
Liabilities				
Deposits from customers	942,130,484	-	-	942,130,484
Other borrowed funds	247,981,545	-	-	247,981,545
Lease liabilities	532,273	-	-	532,273
Derivative liabilities	-	-	-	-
Other liabilities	34,962,967	-	-	34,962,967
At 31 March 2025				
Assets				
Cash and cash equivalents	294,054,172	-	-	294,054,172
Loans and advances to banks	349,597,065	-	-	349,597,065
Loans and advances to customers	574,850,925	-	-	574,850,925
Investment securities	32,608,669	119,643,302	54,983,444	207,235,415
Other assets	963,200	-	-	963,200
Liabilities				
Deposits from customers	931,665,199	-	-	931,665,199
Other borrowed funds	325,494,775	-	-	325,494,775
Lease liabilities	699,557	-	-	699,557
Derivative liabilities	73,374	-	-	73,374
Other liabilities	11,034,791	-	-	11,034,791
At 31 March 2024				
Assets				
Cash and cash equivalents	205,557,488	-	-	205,557,488
Loans and advances to banks	300,847,127	-	-	300,847,127
Loans and advances to customers	503,221,072	-	-	503,221,072
Derivative assets	3,039	-	-	3,039
Investment securities	51,065,221	141,058,205	85,081,002	277,204,428
Other assets	950,193	-	-	950,193
Liabilities				
Deposits from customers	836,671,799	-	-	836,671,799
Other borrowed funds	289,543,766	-	-	289,543,766
Lease liabilities	702,147	-	-	702,147
Other liabilities	8,865,864	-	-	8,865,864

8. CAPITAL RISK MANAGEMENT

Capital risk is the risk that the Bank has insufficient capital resources to meet the minimum regulatory requirements, to support its credit rating and to support its growth and strategic options.

The Bank's regulator is the Bank of Mauritius and sets the capital requirements for the Bank. The Bank of Mauritius has adopted Basel III as from June 2014 through the *Guideline on Scope of Application of Basel III and Eligible Capital.*

The Bank's regulatory capital consists of the sum of the following elements:

- Tier 1 capital, which comprises Common Equity Tier 1 ("CET1) and Additional Tier 1 Capital. This comprises ordinary share capital, statutory reserve and retained earnings.
- Tier 2 capital comprises of fixed assets revaluation reserves and provision or loan loss reserves subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach.

For each of the three categories above, there is a single set of criteria that the instruments are required to meet before they can be included in the relevant category. For the purpose of determining the capital adequacy ratio, the capital base is the sum of Tier 1 and Tier 2 capital net of regulatory adjustments applied.

As of 31 March 2026, the Bank has complied with all externally imposed capital requirements. The Bank's Capital Adequacy Ratio stood at 21.58% and is well above the regulatory specification of 12.50%.

Please refer to the disclosures in sections 2.7 and 2.8 of the *Management and Discussion Analysis* part of the annual report for more details on capital risk management disclosures.

9. Segmental Reporting

Statement of Financial Position

	Notes	Resident			Non resident			TOTAL		
		2026 USD	2025 USD	2024 USD	2026 USD	2025 USD	2024 USD	2026 USD	2025 USD	2024 USD
ASSETS										
Cash and cash equivalents	20	**32,556,298**	162,850,290	100,720,728	**145,457,766**	133,203,882	104,836,760	**178,014,064**	296,054,172	205,557,488
Loans and advances to banks	21	**69,370,435**	73,717,720	37,820,954	**368,041,748**	275,879,345	263,026,173	**437,412,183**	349,597,065	300,847,127
Loans and advances to customers	22	**344,392,552**	391,106,538	331,105,131	**207,278,732**	183,744,387	172,115,941	**551,671,284**	574,850,925	503,221,072
Investment securities	23	**35,135,019**	37,266,440	22,058,008	**180,221,483**	169,968,975	255,146,420	**215,356,502**	207,235,415	277,204,428
Derivative assets	39	**-**	-	-	**31,029**	-	3,039	**31,029**	-	3,039
Property and equipment	24	**8,138,002**	7,196,030	7,084,585	**-**	-	-	**8,138,002**	7,196,030	7,084,585
Intangible assets	25	**80,780**	73,729	84,106				**80,780**	73,729	84,106
Right-of-use assets	28	**496,216**	650,373	660,055	**-**	-	-	**496,216**	650,373	660,055
Deferred tax assets	26	**2,710,488**	578,209	645,972	**-**	-	-	**2,710,488**	578,209	645,972
Other assets	27	**35,367,615**	34,672,968	28,485,354	**-**	-	-	**35,367,615**	34,672,968	28,485,354
Total assets		**528,247,405**	708,112,297	528,664,893	**901,030,758**	762,796,589	795,128,333	**1,429,278,163**	1,470,908,886	1,323,793,226
LIABILITIES										
Deposits from customers	29	**897,432,650**	903,319,410	812,120,558	**44,697,834**	28,345,789	24,551,241	**942,130,484**	931,665,199	836,671,799
Other borrowed funds	30	**10,001,097**	-	15,042,804	**237,980,448**	325,494,775	274,500,962	**247,981,545**	325,494,775	289,543,766
Derivative liabilities	39	**-**	-	-	**-**	73,374	-	**-**	73,374	-
Current tax liabilities	31	**1,943,397**	1,684,131	1,676,906	**-**	-	-	**1,943,397**	1,684,131	1,676,906
Retirement benefit obligations	40	**2,635,241**	2,481,380	3,785,318	**-**	-	-	**2,635,241**	2,481,380	3,785,318
Lease liabilities	35	**532,273**	699,557	702,147	**-**	-	-	**532,273**	699,557	702,147
Other liabilities	32	**6,783,723**	7,294,924	6,768,865	**28,179,244**	3,739,867	2,096,999	**34,962,967**	11,034,791	8,865,864
Total liabilities		**919,328,381**	915,479,402	840,096,598	**310,857,526**	357,653,805	301,149,202	**1,230,185,907**	1,273,133,207	1,141,245,800
SHAREHOLDERS' EQUITY										
Stated capital	33a							**48,627,188**	48,627,188	48,627,188
Share premium	33a							**54,078,062**	54,078,062	54,078,062
Retained earnings								**56,231,854**	57,538,737	48,514,865
Other reserves	41							**42,645,137**	40,063,960	35,157,807
Actuarial loss reserve	41							**(2,489,985)**	(2,532,268)	(3,830,496)
Total equity								**199,092,256**	197,775,679	182,547,426
Total equity and liabilities								**1,429,278,163**	1,470,908,886	1,323,793,226

9. Segmental Reporting (Continued)

Statement of Profit or Loss and Comprehensive Income

	Notes	Resident			Non resident			TOTAL		
		2026 USD	2025 USD	2024 USD	2026 USD	2025 USD	2024 USD	2026 USD	2025 USD	2024 USD
Interest income calculated using the effective interest method		**29,356,362**	24,295,116	25,378,478	**41,608,033**	46,715,741	40,970,619	**70,964,395**	71,010,857	66,349,097
Interest expense		**(28,745,523)**	(21,189,259)	(24,025,293)	**(13,641,914)**	(16,524,393)	(9,520,906)	**(42,387,437)**	(37,713,652)	(33,546,199)
Net interest income	11	**610,839**	3,105,857	1,353,185	**27,966,119**	30,191,348	31,449,713	**28,576,958**	33,297,205	32,802,898
Fee and commission income	12	**1,960,120**	1,717,430	1,172,296	**2,076,659**	2,086,407	2,148,412	**4,036,779**	3,803,837	3,320,708
Net trading income	13	**4,638,477**	3,678,836	2,864,567	**-**	-	-	**4,638,477**	3,678,836	2,864,567
Other operating income	14	**176,155**	211,946	104,573	**572,804**	561,698	199,177	**748,959**	773,644	303,750
		4,814,632	3,890,782	2,969,140	**572,804**	561,698	199,177	**5,387,436**	4,452,480	3,168,317
Operating income		**7,385,591**	8,714,069	5,494,621	**30,615,582**	32,839,453	33,797,302	**38,001,173**	41,553,522	39,291,923
Net impairment reversal /(loss) on financial assets	15							**(5,489,537)**	221,627	219,930
Personnel expenses	16							**(6,291,883)**	(4,860,643)	(4,858,272)
Depreciation and amortisation	24,25,28							**(1,052,104)**	(1,016,761)	(980,954)
Other expenses	17							**(5,474,022)**	(4,363,643)	(4,071,584)
Profit before income tax								**19,693,627**	31,534,102	29,601,043
Income tax expense	18b							**(2,363,864)**	(3,400,000)	(2,285,000)
Profit for the year								**17,329,763**	28,134,102	27,316,043
Other comprehensive income										
Items that will not be reclassified to profit or loss										
Remeasurement of defined benefit obligations, net of deferred tax								**(1,114,903)**	108,494	(1,059,143)
Fair value (losses)/gains on investment in equity securities								**(280,886)**	(910)	35,674
Items that may be reclassified subsequently to profit or loss										
Fair value gains/(losses) on investment in debt securities								**(77,080)**	353,208	1,158,355
Other comprehensive (loss)/income for the year								**(1,472,869)**	460,792	134,886
Total comprehensive income for the year								**15,856,894**	28,594,894	27,450,929

10. Exchange rate

	2026	2025	2024
USD to MUR (year end)	**47.56**	46.08	46.90

These exchange rates are average rates on the statement of financial position date as published by Bank of Mauritius.

11. Net interest income

	2026 USD	2025 USD	2024 USD
Interest income			
Recognised on financial assets at amortised cost			
Cash and cash equivalents	**10,422,971**	10,136,716	7,856,471
Loans and advances to banks	**19,309,659**	17,282,277	9,763,354
Loans and advances to customers	**32,847,061**	33,801,304	37,219,196
Investment in debt securities	**3,152,869**	3,485,408	4,158,032
Recognised on financial assets at FVOCI			
Investment in debt securities	**5,219,576**	6,284,246	7,351,953
Others	**12,259**	20,906	91
Interest income calculated using the effective interest method	**70,964,395**	71,010,857	66,349,097
Interest expense			
Recognised on financial liabilities at amortised cost			
Other borrowed funds	**15,714,196**	16,573,428	9,788,508
Deposits from customers	**26,648,819**	21,108,638	23,723,189
Lease liabilities	**24,422**	31,586	34,502
Total interest expense	**42,387,437**	37,713,652	33,546,199
Net interest income	**28,576,958**	33,297,205	32,802,898
Resident			
Interest income			
Cash and cash equivalents	**3,897,186**	2,855,628	2,401,903
Loans and advances to banks	**4,334,381**	3,201,960	889,421
Loans and advances to customers	**19,382,548**	16,853,074	21,165,379
Investment in debt securities	**1,742,247**	1,384,454	921,775
Interest income calculated using the effective interest method	**29,356,362**	24,295,116	25,378,478
Interest expense			
Other borrowed funds	**2,090,657**	400,192	291,474
Deposits from customers	**26,630,444**	20,757,482	23,699,317
Lease liabilities	**24,422**	31,585	34,502
Total interest expense	**28,745,523**	21,189,259	24,025,293
Net interest income	**610,839**	3,105,857	1,353,185
Non resident			
Interest income			
Cash and cash equivalents	**6,525,785**	7,281,088	5,454,568
Loans and advances to banks	**14,975,278**	13,841,880	8,657,785
Loans and advances to customers	**13,464,513**	17,186,667	16,269,966
Investment in debt securities	**6,630,198**	8,385,200	10,588,209
Others	**12,259**	20,906	91
Interest income calculated using the effective interest method	**41,608,033**	46,715,741	40,970,619

	2026 USD	2025 USD	2024 USD
11. Net interest income (continued)			
Non resident			
Interest expense			
Borrowings from banks	**13,623,539**	16,173,237	9,497,034
Deposits from customers	**18,375**	351,156	23,872
Total interest expense	**13,641,914**	16,524,393	9,520,906
Net interest income	**27,966,119**	30,191,348	31,449,713
12. Net fee and commission income			
Retail banking customer fees	**744,326**	756,411	350,475
Corporate banking customer fees	**1,495,116**	1,532,270	2,068,626
Other	**1,797,337**	1,515,156	901,607
Total fee and commission income	**4,036,779**	3,803,837	3,320,708
Resident			
Retail banking customer fees	**744,326**	756,412	508,386
Corporate banking customer fees	**-**	-	1,418
Other	**1,215,794**	961,018	662,492
Total fee and commission income	**1,960,120**	1,717,430	1,172,296
Non resident			
Corporate banking customer fees	**1,495,116**	1,532,270	1,605,341
Other	**581,543**	554,137	543,071
Total fee and commission income	**2,076,659**	2,086,407	2,148,412
13. Net trading income			
Gains on remittances	**5,807,046**	4,238,232	2,294,891
Foreign exchange (loss)/gains	**(1,489,070)**	(884,204)	237,024
Gains on FX dealings	**320,501**	324,808	332,652
	4,638,477	3,678,836	2,864,567
Resident			
Gains on remittances	**5,807,046**	4,238,232	2,294,891
Foreign exchange (loss)/gains	**(1,489,070)**	(884,204)	237,024
Gains on FX dealings	**320,501**	324,808	332,652
	4,638,477	3,678,836	2,864,567

Foreign exchange also includes the fair value gain and losses.

	2026 USD	2025 USD	2024 USD
14. Other operating income			
Profit on sale of investments	**382,888**	343,212	-
Dividend income on equity investments	**76,511**	76,450	55,095
Other income	**289,560**	353,982	248,655
	748,959	773,644	303,750
Resident			
Profit on sale of investments	**-**	70,019	-
Dividend income on equity investments	**51,139**	50,350	36,041
Other Income	**125,016**	91,577	68,532
	176,155	211,946	104,573
Non resident			
Profit on sale of investments	**382,888**	273,193	-
Dividend income on equity investments	**25,372**	26,100	19,054
Other income	**164,544**	262,405	180,123
	572,804	561,698	199,177
15. Net impairment (reversal)/ loss on financial assets			
IFRS 9			
Loans and advances to customers	**5,713,956**	(7,751,128)	1,485,555
Loans and advances to banks	**(80,717)**	944,849	(1,497,984)
Non-fund based exposures	**(63,043)**	633,574	(46,216)
Debt securities measured at amortised cost	**(40,931)**	(376,805)	58,645
Recoveries during the year	**(39,727)**	(221,627)	(219,930)
BOM prudential			
Transfer to Macro Prudential provision	**-**	6,549,510	-
	5,489,537	(221,627)	(219,930)
16. Personnel expenses			
Wages and salaries	**5,047,999**	3,796,683	3,872,268
Compulsory social security obligations	**201,526**	185,864	170,195
Other personnel expenses	**741,286**	628,092	594,612
Workers' Rights Act - Unfunded obligations	**27**	25	6,120
Pension costs	**301,045**	249,979	215,077
	6,291,883	4,860,643	4,858,272

17. Other expenses

	2026 USD	2025 USD	2024 USD
Other expenses	**5,474,022**	4,363,643	4,071,584

Other expenses comprise general administrative expenses, software maintenance and other IT costs, legal and professional charges amongst others.

18a. Current tax expense

Income tax reconciliation	2026 USD	2025 USD	2024 USD
Accounting profit	**19,693,627**	31,534,102	29,601,043
Tax on accounting profit at 5%	**984,681**	1,576,705	1,480,052
Add/(less) : Net effect of non taxable income, non allowable expenses and other items	**443,526**	745,209	(169,091)
Under/(over) provision in previous years (Note 31)	**136,165**	252,129	(33,684)
Special Levy on Banks (Note 31)	**1,050,000**	800,000	975,000
Fair Share Contribution	**1,450,000**	-	-
Corporate Social Responsibility contribution	**47,108**	25,957	32,723
Effect of changes in deferred tax rate	**(1,747,616)**	-	-
Tax expense for the year	**2,363,864**	3,400,000	2,285,000

18b. Income tax expense

Current tax expense for the year	**1,663,835**	2,285,818	1,483,684
Under/(over) provision in previous years	**136,165**	252,129	(33,684)
Movement in deferred tax (Note 26)	**(1,936,136)**	62,053	(140,000)
	(136,136)	2,600,000	1,310,000
Special Levy on Banks (Note 31)	**1,050,000**	800,000	975,000
Fair Share Contribution Levy (Note 31)	**1,450,000**	-	-
	2,363,864	3,400,000	2,285,000

18c. As at 31 March 2026 the Bank has no accumulated tax losses.

19. Earnings per share

	2026 USD	2025 USD	2024 USD
Profit for the year	**17,329,763**	28,134,102	27,316,043
Number of ordinary shares	**778,035**	778,035	778,035
Earnings per share	**22.27**	36.16	35.11

20a. Cash and cash equivalents

Current			
Cash in hand	**1,695,164**	2,418,588	94,190
Foreign currency notes and coins	**148,618**	135,141	1,076,317
Unrestricted balances with central bank	**1,336,415**	1,433,516	5,671,950
Money market placements	**170,200,668**	288,806,494	191,183,854
Balances with banks abroad	**5,352,169**	3,623,668	7,447,738
Interest receivable	**15,288**	306,504	83,439
Less Allowance for impairment	**(734,258)**	(669,739)	-
	178,014,064	296,054,172	205,557,488
Resident			
Cash in hand	**1,695,164**	2,418,588	94,190
Foreign currency notes and coins	**148,618**	135,141	1,076,317
Unrestricted balances with central bank	**1,336,415**	1,433,516	5,671,950
Money market placements	**29,373,468**	158,806,494	93,838,054
Interest receivable	**2,633**	56,551	40,217
Less Allowance for impairment	**-**	-	-
	32,556,298	162,850,290	100,720,728
Non resident			
Money market placements	**140,827,200**	130,000,000	97,345,800
Balances with banks abroad	**5,352,169**	3,623,668	7,447,738
Interest receivable	**12,655**	249,953	43,222
Less Allowance for impairment	**(734,258)**	(669,739)	-
	145,457,766	133,203,882	104,836,760

20b. Analysis of net cash and cash equivalents as shown in the statement of cash flows

Cash and cash equivalents	**178,014,064**	296,054,172	205,557,488
Other borrowed funds (less than 3 months)	**(10,000,000)**	-	(27,000,000)
Net cash and cash equivalents	**168,014,064**	296,054,172	178,557,488

21. Loans and advances to banks

Loans and advances to banks	**438,172,995**	350,500,014	302,796,324
Interest receivable	**2,459,174**	1,669,769	1,650,049
Less Allowance for credit impairment	**(3,219,986)**	(2,572,718)	(3,599,246)
	437,412,183	349,597,065	300,847,127

	2026 USD	2025 USD	2024 USD
a. Resident			
Loans and advances to banks	**69,550,000**	74,000,000	38,000,000
Interest receivable	**361,441**	259,279	231,147
Less Allowance for credit impairment	**(541,006)**	(541,559)	(410,193)
	69,370,435	73,717,720	37,820,954
Non resident			
Loans and advances to banks- outside Mauritius	**368,622,995**	276,500,014	264,796,324
Interest receivable	**2,097,733**	1,410,490	1,418,902
Less Allowance for credit impairment	**(2,678,980)**	(2,031,159)	(3,189,053)
	368,041,748	275,879,345	263,026,173

b. Remaining term to maturity

Current			
Up to 3 months	**98,814,995**	23,971,460	37,290,956
Over 3 months and up to 6 months	**74,500,000**	26,660,054	25,505,368
Over 6 months and up to 12 months	**98,808,000**	184,268,500	45,000,000
Non current			
Over 1 year and up to 5 years	**166,050,000**	115,600,000	195,000,000
Interest receivable	**2,459,174**	1,669,769	1,650,049
	440,632,169	352,169,783	304,446,373

c. Allowance for credit impairment

Balance at beginning of year	**2,572,718**	3,599,246	2,101,263
Impairment charge for the year - Stage 1 ECL	**647,268**	(1,026,528)	1,497,983
Balance at end of year	**3,219,986**	2,572,718	3,599,246

22. Loans and advances to customers

	2026 USD	2025 USD	2024 USD
Retail customers	**102,321,375**	93,920,001	85,795,011
Mortgages	**55,437,815**	50,456,213	45,698,780
Other retail loans	**46,883,560**	43,463,788	40,096,231
Corporate customers	**243,750,450**	283,697,004	231,306,183
Governments	**16,368,318**	27,532,056	17,244,984
Entities outside Mauritius	**197,875,000**	173,782,500	172,704,259
Interest receivable	**2,488,615**	2,270,984	3,184,314
	562,803,758	581,202,545	510,234,751
Less Allowance for credit impairment	**(11,132,474)**	(6,351,620)	(7,013,679)
	551,671,284	574,850,925	503,221,072

a. Remaining term to maturity

Current			
Up to 3 months	**112,059,055**	158,411,680	109,892,157
Over 3 months and up to 6 months	**30,153,793**	8,422,225	46,093,633
Over 6 months and up to 12 months	**12,762,495**	41,372,401	5,204,647
Non-current			
Over 1 year and up to 5 years	**281,915,616**	248,363,809	245,591,421
Over 5 years	**123,424,184**	122,361,446	100,268,579
Interest receivable	**2,488,615**	2,270,984	3,184,314
	562,803,758	581,202,545	510,234,751

b. Credit concentration of risk by industry sectors

Agriculture and fishing	**12,559,392**	680,041	2,596,954
Manufacturing	**124,732,515**	150,043,236	144,383,914
Tourism	**21,743,972**	25,921,827	19,923,772
Transport	**41,769,835**	36,088,658	31,725,041
Construction	**109,170,282**	101,309,230	83,898,571
Financial and business services	**115,318,716**	64,145,156	48,658,682
Global Business Licence holders	**54,534,573**	110,314,746	90,399,737
Traders	**23,977,194**	19,092,263	26,978,638
Personal	**5,675,475**	5,187,420	5,755,443
Professional	**374,880**	4,755,992	5,332,152
Others	**50,458,309**	61,392,992	47,397,533
Interest receivable	**2,488,615**	2,270,984	3,184,314
	562,803,758	581,202,545	510,234,751
Resident			
Agriculture and Fishing	**12,559,392**	680,041	2,596,954
Manufacturing	**43,857,515**	48,260,736	28,679,655
Tourism	**21,743,972**	25,921,827	19,923,772
Transport	**41,769,835**	36,088,658	31,725,041
Construction	**109,170,282**	101,309,230	83,898,571
Financial and business services	**23,318,716**	17,145,156	16,658,682
Global Business Licence holders	**54,534,573**	110,314,746	90,399,737
Traders	**23,977,194**	19,092,263	26,978,638
Personal	**5,675,475**	5,187,420	5,755,443
Professional	**374,880**	4,755,992	5,332,152
Others	**15,458,309**	26,392,992	22,397,533
Interest receivable	**1,423,546**	831,566	1,766,529
	353,863,689	395,980,627	336,112,707
Non resident			
Manufacturing	**80,875,000**	101,782,500	115,704,259
Financial and business services	**92,000,000**	47,000,000	32,000,000
Others	**35,000,000**	35,000,000	25,000,000
Interest receivable	**1,065,069**	1,439,418	1,417,785
	208,940,069	185,221,918	174,122,044

22. Loans and advances to customers (continued)

c. Allowance for credit impairment	ECL allowances Stage 3 USD	ECL allowances Stage 1 & 2 USD	Total allowances for impairment USD
Balance at 01 April 2023	**910,034**	**7,782,534**	**8,692,568**
Exchange difference	(5,817)	(709)	(6,526)
Movement from Stage 3 to Stage 1&2 ECL	(99,674)	(1,399,930)	(1,499,604)
Loans written off out of credit impairment allowance	(172,759)	-	(172,759)
Balance at 01 April 2024	**631,784**	**6,381,895**	**7,013,679**
Exchange difference	4,695	(2,107)	2,588
Movement from Stage 3 to Stage 1&2 ECL	(128,705)	(508,291)	(636,996)
Loans written off out of credit impairment allowance	(27,651)	-	(27,651)
Balance at 01 April 2025	**480,123**	**5,871,497**	**6,351,620**
Exchange difference	-	-	-
Impairment charge for the year	4,768,553	760,711	5,529,264
Movement from Stage 3 to Stage 1 & 2 ECL (including repayment)	(152,987)	(595,423)	(748,410)
Loans written off out of credit impairment allowance	-	-	-
Balance at 01 April 2026	**5,095,689**	**6,036,785**	**11,132,474**

d. Allowance for credit impairment by industry sectors

	2026 USD					2025 USD	2024 USD
	Gross amount of loans	Credit-impaired loans	ECL allowances Stage 3	ECL allowances Stage 1 &2	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
Agriculture and Fishing	**12,559,392**	-	-	**68,898**	**68,898**	6,658	71,781
Manufacturing	**124,732,515**	-	-	**1,185,851**	**1,185,851**	1,274,104	1,734,667
Tourism	**21,743,972**	-	-	**396,845**	**396,845**	450,379	293,392
Transport	**41,769,835**	**4,525**	**2,981**	**628,550**	**631,531**	564,665	453,773
Construction	**109,170,282**	**4,871,204**	**4,728,515**	**1,830,139**	**6,558,654**	2,059,497	1,546,871
Financial and business services	**115,318,716**	-	-	**881,834**	**881,834**	626,564	535,695
Global business licence holders	**54,534,573**	-	-	**403,378**	**403,378**	425,695	1,012,043
Traders	**23,977,194**	**610,903**	**362,441**	**225,180**	**587,621**	351,606	505,927
Personal	**5,675,475**	**1,752**	**1,752**	**35,747**	**37,499**	54,664	147,852
Professional	**374,880**	-	-	**543**	**543**	44,341	79,968
Others	**50,458,309**	-	-	**379,820**	**379,820**	492,425	630,060
Interest receivable	**2,488,615**	**18,818**	-	-	-	1,022	1,650
	562,803,758	**5,507,202**	**5,095,689**	**6,036,785**	**11,132,474**	6,351,620	7,013,679

22. Loans and advances to customers (continued)

d. Allowance for credit impairment by industry sectors (continued)

	2026					2025	2024
			USD			USD	USD
	Gross amount of loans	Credit-impaired loans	ECL allowances Stage 3	ECL allowances Stage 1 &2	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
Resident							
Agriculture and fishing	**12,559,392**	**-**	**-**	**68,898**	**68,898**	6,658	71,782
Manufacturing	**43,857,515**	**-**	**-**	**466,244**	**466,244**	512,209	431,912
Tourism	**21,743,972**	**-**	**-**	**396,845**	**396,845**	450,379	293,392
Transport	**41,769,835**	**4,525**	**2,981**	**628,550**	**631,531**	564,665	453,773
Construction	**109,170,282**	**4,871,204**	**4,728,515**	**1,830,139**	**6,558,654**	2,059,497	1,546,871
Financial and business services	**23,318,716**	**-**	**-**	**167,664**	**167,664**	138,807	188,163
Global Business Licence holders	**54,534,573**	**-**	**-**	**403,378**	**403,378**	425,695	1,012,044
Traders	**23,977,194**	**610,903**	**362,441**	**225,180**	**587,621**	351,606	505,927
Personal	**5,675,475**	**1,752**	**1,752**	**35,747**	**37,499**	54,664	147,851
Professional	**374,880**	**-**	**-**	**543**	**543**	44,341	79,968
Others	**15,458,309**	**-**	**-**	**152,260**	**152,260**	264,546	274,243
Interest receivable	**1,423,546**	**18,818**	**-**	**-**	**-**	1,022	1,650
	353,863,689	**5,507,202**	**5,095,689**	**4,375,448**	**9,471,137**	4,874,089	5,007,576
Non resident							
Manufacturing	**80,875,000**	**-**	**-**	**719,607**	**719,607**	761,895	1,302,755
Financial and business services	**92,000,000**	**-**	**-**	**714,170**	**714,170**	487,757	347,532
Others	**35,000,000**	**-**	**-**	**227,560**	**227,560**	227,879	355,816
Interest receivable	**1,065,069**	**-**	**-**	**-**	**-**	-	-
	208,940,069	**-**	**-**	**1,661,337**	**1,661,337**	1,477,531	2,006,103

23. Investment securities

	2026 USD	2025 USD	2024 USD
Investment securities measured at fair value through profit and loss	**13,011,875**	54,983,444	85,081,002
Debt securities measured at amortised cost	**49,592,049**	32,811,492	51,100,823
Debt securities measured at FVOCI	**152,483,948**	118,709,567	139,940,612
Equity securities designated at FVOCI	**882,660**	1,173,695	1,117,593
	215,970,532	207,678,198	277,240,030
Less Allowance for credit impairment	**(614,030)**	(442,783)	(35,602)
	215,356,502	207,235,415	277,204,428
a. Investment securities at fair value through profit and loss			
Treasury/BOM Bills held for trading purposes	**13,011,875**	54,983,444	85,081,002
Resident			
Treasury/BOM Bills held for trading purposes	**3,139,315**	5,436,693	1,061,332
Non resident			
Treasury/BOM Bills held for trading purposes	**9,872,560**	49,546,751	84,019,670
b. Investment securities at amortised cost			
Government bonds	**2,086,364**	2,836,088	2,798,541
Treasury/ BOM Bills	**2,138,537**	2,181,606	6,500,444
Corporate bonds and notes	**44,870,291**	27,466,987	41,224,215
Interest receivable	**496,857**	326,811	577,623
Less allowance for credit impairment - Stage 1	**(251,447)**	(202,823)	(35,602)
	49,340,602	32,608,669	51,065,221
Resident			
Government bonds	**2,086,364**	2,836,088	2,798,541
Treasury/ BOM Bills	**2,138,537**	2,181,606	1,462,950
Corporate bonds and notes	**-**	2,973,261	3,000,000
Interest receivable	**88,686**	78,941	55,694
Less allowance for credit impairment - Stage 1	**-**	(30,033)	(2,741)
	4,313,587	8,039,863	7,314,444
Non resident			
Corporate bonds and notes	**44,870,290**	24,493,726	38,224,215
Treasury/ BoM Bills	**-**	-	5,037,494
Interest receivable	**408,172**	247,870	521,929
Less allowance for credit impairment - Stage 1	**(251,447)**	(172,790)	(32,861)
	45,027,015	24,568,806	43,750,777
c. Allowance for impairment			
Opening balance	**442,783**	35,602	135,589
Net remeasurement of ECL	**171,247**	407,181	-
(Reversal)/ impairment charge for the year	**-**	-	(99,987)
Balance at end of year	**614,030**	442,783	35,602

23. Investment securities (continued)

	2026 USD	2025 USD	2024 USD
d. Investment securities at FVOCI			
Investment in equity instruments	**882,660**	1,173,694	1,117,593
Less allowance for credit impairment - Stage 1	**(8,543)**	(11,737)	-
	874,117	1,161,957	1,117,593
Corporate and government bonds and notes	**151,276,542**	117,528,233	138,133,953
Interest receivable	**1,207,406**	1,181,334	1,806,659
Less allowance for credit impairment - Stage 1	**(354,040)**	(228,222)	-
	152,129,908	118,481,345	139,940,612
Resident			
Investment in equity instruments	**824,369**	837,942	770,857
Less allowance for credit impairment - Stage 1	**(8,244)**	(8,379)	-
	816,125	829,563	770,857
Investment in debt instruments - government bonds and notes	**26,642,495**	22,737,299	12,805,479
Interest receivable	**223,497**	223,022	105,896
	26,865,992	22,960,321	12,911,375
Non resident			
Investment in Equity instruments	**58,291**	335,752	346,736
Less allowance for credit impairment - Stage 1	**(299)**	(3,358)	-
	57,992	332,394	346,736
Investment in debt instruments - foreign corporate bonds and notes	**124,634,047**	94,790,934	125,328,474
Interest receivable	**983,909**	958,312	1,700,763
Less allowance for credit impairment - Stage 1	**(354,040)**	(228,222)	-
	125,263,916	95,521,024	127,029,237

24. Property and equipment - Resident

	Building on lease land	Land and buildings	Furniture, fittings and office equipment	Motor vehicles	TOTAL
	USD	USD	USD	USD	USD
Cost					
Balance at 01 April 2023	318,680	9,003,907	5,184,666	203,598	14,710,851
Acquisitions	-	-	272,176	32,815	304,991
Disposals	-	-	-	(20,994)	(20,994)
Balance at 31 March 2024	318,680	9,003,907	5,456,842	215,419	14,994,848
Acquisitions	-	-	629,368	44,166	673,534
Disposals	-	-	(257,258)	(20,994)	(278,252)
Balance at 31 March 2025	**318,680**	**9,003,907**	**5,828,952**	**238,591**	**15,390,130**
Acquisitions	**-**	**1,072,485**	**398,571**	**118,411**	**1,589,467**
Disposals				**(90,318)**	**(90,318)**
Balance at 31 March 2026	**318,680**	**10,076,392**	**6,227,523**	**266,684**	**16,889,279**
Accumulated depreciation					
Balance at 01 April 2023	253,295	2,730,040	4,291,570	116,669	7,391,574
Depreciation for the year	16,346	164,332	316,088	36,969	533,735
Disposal adjustment	-	-	-	(15,046)	(15,046)
Balance at 31 March 2024	269,641	2,894,372	4,607,658	138,592	7,910,263
Depreciation for the year	16,346	164,332	340,095	36,997	557,770
Disposal adjustment	-	-	(254,690)	(19,243)	(273,933)
Balance at 31 March 2025	**285,987**	**3,058,704**	**4,693,063**	**156,346**	**8,194,100**
Depreciation for the year	**16,346**	**182,207**	**392,276**	**47,883**	**638,712**
Disposal adjustment				**(81,535)**	**(81,535)**
Balance at 31 March 2026	**302,333**	**3,240,911**	**5,085,339**	**122,694**	**8,751,277**
Net book value					
At 31 March 2026	**16,347**	**6,835,481**	**1,142,184**	**143,990**	**8,138,002**
At 31 March 2025	32,693	5,945,203	1,135,889	82,245	7,196,030
At 31 March 2024	49,039	6,109,535	849,184	76,827	7,084,585

25. Intangible assets

	Computer Software	TOTAL
	USD	USD
Cost		
Balance at 01 April 2023	329,208	**329,208**
Acquisitions	48,789	**48,789**
Balance at 31 March 2024	377,997	**377,997**
Acquisitions	35,551	**35,551**
Balance at 31 March 2025	413,548	**413,548**
Acquisitions	68,363	**68,363**
Balance at 31 March 2026	481,911	**481,911**
Accumulated Amortisation		
Balance at 01 April 2023	243,279	**243,279**
Charge for the year	50,612	**50,612**
Balance at 31 March 2024	293,891	**293,891**
Charge for the year	45,928	**45,928**
Balance at 31 March 2025	339,819	**339,819**
Charge for the year	61,312	**61,312**
Balance at 31 March 2026	401,131	**401,131**
Net book value		
At 31 March 2026	**80,780**	**80,780**
At 31 March 2025	73,729	**73,729**
At 31 March 2024	84,106	**84,106**

During the year, management performed a review of the classification of non-current assets. As a result of this review, certain assets previously presented under Property, plant and equipment were identified as meeting the definition of intangible assets, as they are identifiable non-monetary assets without physical substance.

Accordingly, these assets have been reclassified from Property, plant and equipment to Intangible assets in the statement of financial position. The reclassification relates primarily to software and related licences. This reclassification represents a change in presentation and has no impact on total assets, profit or loss or equity for the current or comparative periods. The comparative figures have been reclassified where applicable to ensure consistency of presentation.

26. Deferred tax assets - Resident

	2026 USD	2025 USD	2024 USD
At 1 April	**578,209**	645,972	505,972
Movement during the year accounted in profit or loss (Note 18b)	**1,936,136**	(62,053)	140,000
Movement during the year accounted in other comprehensive income	**196,143**	(5,710)	-
At 31 March	**2,710,488**	578,209	645,972
Analysed as follows			
Accelerated capital allowances	**178,369**	94,844	96,157
Allowances for credit losses	**2,683,235**	536,851	538,104
Employee benefit obligations	**434,815**	124,069	189,266
Revaluation of building	**(585,931)**	(177,555)	(177,555)
	2,710,488	578,209	645,972

Deferred income tax is calculated on all temporary differences under the liability method using an effective tax rate of 16.5% (2025 and 2024- 5%) for Resident and an effective tax rate of 16.5% (2025 and 2024 - 5%) for Non-resident.

27. Other assets

	2026 USD	2025 USD	2024 USD
Mandatory balance with central bank	**34,381,410**	34,087,858	27,535,161
Other	**986,205**	585,110	950,193
	35,367,615	34,672,968	28,485,354
Resident			
Mandatory balance with central bank	**34,381,410**	34,087,858	27,535,161
Other	**986,205**	585,110	950,193
	35,367,615	34,672,968	28,485,354

28. Right-of-use assets

	USD
Buildings	
Cost	
At 01 April 2023	2,231,662
Additions	191,444
Discontinued leases	(79,339)
At 31 March 2024	2,343,767
Additions	403,381
Discontinued leases	-
At 31 March 2025	2,747,148
Additions	318,617
Discontinued leases	(120,694)
At 31 March 2026	**2,945,071**
Accumulated Depreciation	
At 01 April 2023	(1,287,105)
Charge for the year	(396,607)
At 31 March 2024	(1,683,712)
Charge for the year	(413,063)
At 31 March 2025	(2,096,775)
Charge for the year	(352,080)
At 31 March 2026	**(2,448,855)**
Carrying amount	
At 31 March 2026	**496,216**
At 31 March 2025	650,373
At 31 March 2024	660,055

	2026	2025	2024
Amounts recognised in profit or loss	**USD**	USD	USD
Depreciation expense on right-of-use assets	**352,080**	413,063	396,607
Interest expense on lease liabilities	**24,422**	31,585	34,502
Total cash outflows for leases	**348,280**	401,292	441,929

The Bank does not have any short term lease, low value lease or lease with variable components.

The Bank has multiple leases to operate its branches as well as accomodating expatriate staff members in Mauritius. The average lease term for branches is of 5 years and rental for residence of expatriates staff members varies between 2 years and 4 years.The Bank does not have an option to purchase the leased assets at the end of the lease term. The Bank's obligations are secured by the lessor's title to the leased assets for such leases.

To determine the interest rate implicit in a lease, the Bank uses its Incremental Borrowing Rate (IBR) to discount future lease payments and calculate the present value of lease liabilities. For the current year, the weighted average IBRs applied to the lease portfolio were 4.46% for branch premises and 5.02% for staff residences.

29. Deposits from customers

	2026 USD	2025 USD	2024 USD
Savings Deposit	**161,508,765**	152,894,501	133,228,054
Demand Deposit	**255,471,175**	227,455,897	239,689,379
Time Deposit			
Within three months	**154,701,945**	150,332,284	240,579,943
Over 3 and up to 6 months	**84,508,085**	75,077,605	57,639,690
Over 6 months and up to 12 months	**103,709,769**	180,932,008	102,933,814
Over 1 year and up to 5 years	**170,967,701**	137,084,526	55,880,990
Over 5 years	**388,467**	266,268	215,562
Interest payable	**10,874,577**	7,622,110	6,504,367
	942,130,484	931,665,199	836,671,799
Resident			
Savings Deposit	**160,238,561**	151,686,219	132,206,971
Demand Deposit	**241,343,477**	220,043,963	218,651,464
Time Deposit			
Within three months	**146,519,459**	147,605,780	239,146,220
Over 3 and up to 6 months	**71,534,849**	69,165,774	57,632,987
Over 6 months and up to 12 months	**103,529,341**	170,300,170	102,168,814
Over 1 year and up to 5 years	**163,224,252**	136,733,442	55,654,650
Over 5 years	**388,467**	266,268	215,562
Interest payable	**10,654,244**	7,517,794	6,443,890
	897,432,650	903,319,410	812,120,558
Non resident			
Savings Deposit	**1,270,204**	1,208,282	1,021,083
Demand Deposit	**14,127,698**	7,411,934	21,037,915
Time Deposit			
Within three months	**8,182,486**	2,726,504	1,433,723
Over 3 and up to 6 months	**12,973,236**	5,911,831	6,703
Over 6 months and up to 12 months	**180,428**	10,631,838	765,000
Over 1 year and up to 5 years	**7,743,449**	351,084	226,340
Interest payable	**220,333**	104,316	60,477
	44,697,834	28,345,789	24,551,241
Current	**759,899,739**	786,692,295	774,070,880
Non Current	**182,230,745**	144,706,636	62,385,357

29. Deposits from customers(continued)

	2026 USD	2025 USD	2024 USD
Retail Customers			
Savings Deposit	**140,889,335**	136,081,366	116,985,885
Demand Deposit	**3,496,189**	5,144,187	4,275,787
Time Deposit			
Within three months	**7,242,699**	5,282,712	4,477,986
Over 3 and up to 6 months	**11,335,413**	7,634,830	4,029,501
Over 6 months and up to 12 months	**18,565,031**	18,138,632	13,134,343
Over 1 year and up to 5 years	**36,405,363**	31,755,655	29,529,069
Over 5 years	**176,190**	47,117	-
	218,110,220	204,084,499	172,432,571
Corporate customers			
Savings Deposit	**20,537,392**	16,733,864	16,133,573
Demand Deposit	**251,062,412**	218,024,576	224,764,646
Time Deposit			
Within three months	**147,384,246**	144,975,211	235,912,807
Over 3 and up to 6 months	**73,172,672**	67,442,550	53,610,189
Over 6 months and up to 12 months	**72,844,738**	160,601,869	89,260,565
Over 1 year and up to 5 years	**133,076,179**	103,794,816	22,687,142
Over 5 years	**212,277**	219,151	215,562
	698,289,916	711,792,037	642,584,484
Government			
Savings Deposit	**82,038**	79,271	108,596
Demand Deposit	**912,574**	4,287,134	10,648,946
Time Deposit			
Within three months	**75,000**	74,360	189,150
Over 3 and up to 6 months	**-**	225	-
Over 6 months and up to 12 months	**12,300,000**	2,191,507	538,906
Over 1 year and up to 5 years	**1,486,159**	1,534,056	3,664,779
	14,855,771	8,166,553	15,150,377
Interest payable	**10,874,577**	7,622,110	6,504,367
TOTAL	**942,130,484**	931,665,199	836,671,799

30. Other borrowed funds

	2026 USD	2025 USD	2024 USD
Borrowings from banks			
in Mauritius	**10,000,000**	-	15,000,000
abroad	**235,000,000**	318,666,400	271,613,870
Interest payable	**2,981,545**	6,828,375	2,929,896
	247,981,545	325,494,775	289,543,766
Remaining term to maturity			
Current			
Within three months	**10,000,000**	58,666,400	126,835,870
Over 3 and up to 6 months	**-**	25,000,000	42,778,000
Over 6 months and up to 12 months	**120,000,000**	135,000,000	52,000,000
Non-current	**115,000,000**		
Over 1 year and up to 5 years	**2,981,545**	100,000,000	65,000,000
Interest payable		6,828,375	2,929,896
	247,981,545	325,494,775	289,543,766
Resident			
Borrowings from banks	**10,000,000**	-	15,000,000
Interest payable	**1,097**	-	42,804
	10,001,097	-	15,042,804
Non resident			
Borrowings from banks	**235,000,000**	318,666,400	271,613,870
Interest payable	**2,980,448**	6,828,375	2,887,092
	237,980,448	325,494,775	274,500,962

Borrowings are at fixeds and floating rates and are unsecured.The rate of interest is 3.95% to 5.52% per annum.(2024: 3.10% to 6.07% per annum)

31. Current tax liabilities

	2026 USD	2025 USD	2024 USD
Resident			
At 1 April	**1,684,131**	1,676,906	1,446,707
Current tax expense (Note 18b)	**1,663,835**	2,285,818	1,483,684
Special levy (Note 18b)	**1,050,000**	800,000	975,000
Fair Share Contribution Levy (Note 18b)	**1,450,000**	-	-
Under/(over) provision in previous years	**136,165**	252,129	(33,684)
Special levy paid	**(769,940)**	(767,919)	(33,684)
Fair share contribution paid	**(881,545)**	-	-
Tax paid	**(2,389,249)**	(2,562,803)	(1,484,173)
At 31 March	**1,943,397**	1,684,131	1,676,906

32. Other liabilities

Bills payable	**996,521**	1,751,643	818,350
Others	**33,405,160**	8,582,986	7,933,957
Allowance for credit impairment on non-fund based exposures	**561,286**	700,162	113,557
	34,962,967	11,034,791	8,865,864
Resident			
Bills payable	**996,521**	1,751,643	818,350
Others	**5,395,635**	4,855,46	5,849,975
Allowance for credit impairment on non-fund based exposures	**391,567**	687,815	100,540
	6,783,723	7,294,924	6,768,865
Non-Resident			
Others	**28,009,525**	3,727,520	2,083,982
Allowance for credit impairment on non-fund based exposures	**169,719**	12,347	13,017
	28,179,244	3,739,867	2,096,999

Others also include expected credit losses of USD 561,286 on non-fund based exposures (2025: USD 700,162).

33a. Stated Capital

	2026 USD	2025 USD	2024 USD
Issued and fully paid capital	**48,627,188**	48,627,188	48,627,188
(778,035 Ordinary Shares of USD 62.50 each)			
Share premium	**54,078,062**	54,078,062	54,078,062

Fully paid ordinary shares, which have a par value of USD 62.50, carry one vote per share and carry a right to dividends.

33b. Dividend proposed and paid

Dividend proposed and paid	**14,588,156**	13,366,641	12,156,797
Dividend per share	**18.75**	17.18	15.625

The Board of Directors proposed a dividend of USD 18.75 per share on 26 June 2025, approval for which was obtained from the Bank of Mauritius on 14 July 2025 and paid on 27 August 2025.

34. Reconciliation of liabilities arising from financing activities

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank's statement of cash flows from financing activities.

		Opening balance	Financing cash flows	Others (i)	Closing balance
a	Other borrowed funds (Note 30)	USD	USD	USD	USD
	Year 2026	**325,494,775**	**(83,666,400)**	**6,153,170**	**247,981,545**
	Year 2025	289,543,766	59,052,530	(23,101,521)	325,494,775
	Year 2024	121,573,927	139,613,870	28,355,969	289,543,766
		Opening balance	Repayment of lease liability	Others	Closing balance
b	Lease liabilities (Note 35)	USD	USD	USD	USD
	Year 2026	**699,557**	**(348,280)**	**180,996**	**532,273**
	Year 2025	702,147	(401,292)	398,702	**699,557**
	Year 2024	960,451	(441,929)	183,625	**702,147**

(i) Others include movement in short term borrowings classified as cash and cash equivalents.

35. Lease liabilities

Leasing Arrangements

Operating lease relates to the lease of buildings with leased terms between one to five years with an option to extend for a further period of up to five years. All operating lease contracts contain market review clauses in the event that the Bank exercises its option to renew. The Bank does not have an option to purchase the building after expiry of the lease period.

	2026	2025	2024
Analysed as follows:	**USD**	USD	USD
Current	**247,359**	398,834	281,908
Non-current	**284,914**	300,723	420,239
	532,273	699,557	702,147
Disclosure required by IFRS 16:			
Maturity analysis			
Year 1	**247,359**	398,834	281,908
Year 2	**183,131**	178,324	208,716
Year 3	**77,404**	96,568	141,622
Year 4	**19,830**	19,404	65,114
Year 5	**4,549**	6,427	4,787
Onwards	**-**	-	-
	532,273	699,557	702,147

The Bank does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Bank's Procurement and Services Department.

36. Contingent liabilities

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and are generally extended over the period of the facility. The commitments and contingent liabilities have off balance sheet credit risk.

	2026	2025	2024
	USD	USD	USD
Acceptances on account of customers	**156,866**	414,920	521,673
Guarantees on account of customers	**12,954,381**	19,856,496	17,231,437
Letters of credit and other obligations on account of customers	**13,782,365**	1,058,483	4,349,791
	26,893,612	21,329,899	22,102,901

37. Commitments

Loans and other facilities			
Undrawn credit facilities	**46,214,773**	64,795,033	59,287,437
	46,214,773	64,795,033	59,287,437

38. Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

The Bank considers related parties as key management personnel, directors and shareholders.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans and management fees. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end, and relating expense and income for the year are as follows:

Transaction with State Bank of India (Ultimate holding company)	2026	2025	2024
	USD	USD	USD
Statement of profit or loss and other comprehensive income			
Management fees paid to parent bank	**325,973**	592,600	415,339
Statement of financial position			
Loans and advances to banks	**314,995**	10,900,014	12,796,324
Accrued interest	**7,638**	79,100	128,422
Related companies - Companies within SBI group			
Statement of financial position			
Assets			
Balance and placements with banks	**184,937,375**	67,252,474	100,568,424
Liabilities			
Deposits	**172,024**	200,479	199,190
Other borrowed funds	**235,000,000**	188,619,200	212,167,000
Accrued interest	**2,980,448**	3,441,265	2,807,494

Statement of profit or loss and other comprehensive income			
Interest income	**4,388,604**	3,043,250	2,514,106
Interest expense	**10,734,819**	11,170,397	9,254,064
Dividends paid	**14,092,725**	12,912,694	11,743,938
Commision received on bank guarantees issued	**36,848**	31,257	65,490
Off Balance sheet balance			
Bank guarantee	**1,490,079**	5,335,863	3,696,596
Key management personnel			
Loans	**472,666**	333,605	230,530
Interest income earned	**19,196**	16,800	12,333
Deposits	**162,328**	361,628	295,559
Interest expense on deposits	**4,954**	5,945	2,571
Directors			
Deposits	**74,256**	83,955	184,070
Interest Expense	**1,155**	1,280	538
Compensation to Key Management personnel & Directors			
Short term benefits	**878,241**	830,266	961,601
Post employment benefits	**115,073**	101,081	126,557

Compensation of the Bank's key management personnel includes salaries and contributions to post-employment benefit plan. There are no other long term benefits or share option programme.

None of the facilities granted to related parties were non performing for both the current and prior years. These facilities carry a Stage 1 ECL, which is not material.

39. Derivatives

Cross currency swaps	Total Notional Principle USD	Fair Value Assets USD	Fair Value Liabilities USD	Fair Value Net USD
2026	**36,314,472**	**(25,782)**	**(5,247)**	**(31,029)**
2025	7,090,321	(22,937)	(50,437)	(73,374)
2024	2,363,436	(1,344)	4,383	3,039

40. Retirement benefit obligations

The Bank's retirement benefit obligations as disclosed below include a final salary defined benefit plan to employees which is wholly funded and the residual gratuities as required under the Workers' Rights Act which is unfunded. The most recent actuarial valuation of the pension plan was carried out at 31 March 2026 by The State Insurance Company of Mauritius Ltd, actuaries and consultants.

	2026 USD	2025 USD	2024 USD
Non-current			
Amounts recognised in statement of financial position			
Present value of funded obligations	**9,504,234**	8,461,329	8,320,325
Fair value of plan assets	**(6,868,993)**	(5,979,949)	(4,535,007)
Liabilities recognised in statement of financial position	**2,635,241**	2,481,380	3,785,318
Movements in liabilities recognised in the statement of financial position			
At the beginning of the year	**2,481,380**	3,785,318	3,906,423
Exchange difference	**(192,701)**	(245,560)	(269,942)
Amount recognised in profit or loss	**245,883**	303,640	273,215
Amount recognised in other comprehensive income	**1,311,046**	(114,204)	1,114,887
Funding of past service deficit	**(1,131,438)**	(1,164,475)	(1,148,947)
Employer contribution paid	**(78,929)**	(83,337)	(90,318)
At the end of the year	**2,635,241**	2,481,380	3,785,318
The amounts recognised in profit or loss is as follows:			
Current service cost	**142,621**	130,285	112,373
Employee contributions	**(47,358)**	(50,003)	(57,648)
Fund expenses	**7,182**	7,551	8,157
Interest cost (net)	**143,438**	215,849	210,333
Total included in employee benefit expense	**245,883**	303,682	273,215

40. Retirement benefit obligation (continued)

	2026	2025	2024
	USD	USD	USD
Movement in the fair value of plan assets were as follows			
Fair value of plan assets at 1 April	**5,979,949**	4,535,007	3,376,200
Return of on plan assets	**345,567**	252,737	183,752
Contributions from the employer	**78,929**	83,337	90,318
Contributions from plan participants	**47,358**	50,003	57,648
Funding of past service deficit	**1,131,438**	1,164,475	1,148,947
Exchange difference	**(169,657)**	61,323	87,682
Benefits paid	**(416,810)**	(488,991)	(342,069)
Remeasurement gains	**(127,781)**	322,058	(67,471)
Fair value of plan assets at 31 March	**6,868,993**	5,979,949	4,535,007
Actual return on plan assets	**316,401**	366,498	31,311
Reconciliation of the present value of defined benefit obligation			
Present value of obligations at 1 April	**8,461,329**	8,320,325	7,282,623
Current service cost	**142,621**	130,285	112,373
Exchange rate difference	**(240,056)**	(298,552)	(139,764)
Interest cost	**489,005**	468,585	394,084
Benefits paid	**(409,628)**	(481,440)	(333,912)
Remeasurement gains/(losses)	**1,060,963**	322,126	1,004,921
Present value of obligation at 31 March	**9,504,234**	8,461,329	8,320,325

The main categories of plan assets at statement of financial position date for each category are as follows:

Percentage of assets at end of the year			
Government securities and cash	46.2%	48.8%	52.8%
Loans	3.2%	3.0%	3.0%
Local entities	17.6%	16.6%	15.0%
Overseas bonds and equities	32.5%	31.1%	28.7%
Property	0.5%	0.5%	0.5%
Total	100%	100%	100%

The amounts recognised in other comprehensive income are as follows:

	2026	2025	2024
	USD	USD	USD
Asset experience gains during the year	**(127,781)**	322,092	47,111
Liability experience (losses)/gains during the year	**(1,183,265)**	(207,888)	(1,161,998)
	(1,311,046)	114,204	(1,114,887)

The principal actuarial assumptions used for accounting purposes were			
Discount Rate	**5.90%**	6.10%	5.72%
Expected salary escalation	**4.50%**	4.50%	4.00%
Future pension increases	**3.50%**	3.00%	3.00%
Retirement age		**65 years**	
Mortality before retirement	**Nil**	A 6770 Ultimate Tables	
Mortality in retirement	**PMA/PFA92 rated down by 1 year**	PA(90) rated down by 2 years	PA(90)

The discount rate is determined by reference to market yields on bonds.

40. Retirement benefit obligation (continued)

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

	Increase USD	Decrease USD
Discount rate (1% movement)	1,528,396	1,209,98
Future long-term salary assumptions (1% movement)	575,271	490,360
Life expectancy (one year movement)	307,802	299,311

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

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

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

The defined benefit pension plan exposes the Bank to actuarial risks, such a s investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

The Bank expects to pay USD 1,212,757 in contributions to its post-employment benefit plans for the year ending 31 March 2027.

The weighted average duration of the defined benefit obligation is 14 years at the end of the reporting period.

41. Reserves

a Statutory reserve

The Bank maintains a statutory reserve and transfers each year to the statutory reserve out of the profit for the year, a sum equal to not less than 15% of the profit for the year until the balance in the statutory reserve is equal to the amount paid as stated capital.

b General banking reserve

This relates to a general provision for both performing and non-performing exposures in line with the Guideline on classification, provisioning and write-off of credit exposures revised in August 2024. In addition to the general provisions for performing exposures, macro-prudential provisions are also recognised on certian sectors for performing exposures.

c Other reserves

Other reserves comprise:

i) Revaluation surplus, which relates to the surplus on revaluation of land and buildings

i) Fair value reserve, which comprises of the cumulative net change in the fair value of financial assets at fair value through other comprehensive income that has been recognised in other comprehensive income until the investments are derecognised or impaired.

d Actuarial losses reserve

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

42. Holding Company

The holding company is State Bank of India, a public corporation in India, holding 96.60% 2025 & 2024: 96.60%) of shareholding of the Bank. The Government of India holds a majority stake in the State Bank of India.

43. Events after reporting date

There are no material events after the reporting date which require amendments to or additional disclosures in the financial statements for the year ended 31 March 2026.

Subsequent to the reporting date o f 31 March 2026,the geopolitical situation in the Middle East deteriorated further following the escalation of armed conflict involving Iran. The conflict resulted in heightened global economic uncertainty, volatility in financial markets, fluctuations in commodity prices (including oil) and temporary interuption to certain international trade and supply routes.In early April 2026, a temporary ceasefire was approved between certain parties to the conflict.

The above events arose after the reporting date and therefore do not provide evidence of conditions that existed at 31 March 2026. Accordingly, they have been treated as non adjusting events in accordance with IAS 10- Events after the Reporting Period.

Management has assessed the potential implications of these developments in the Bank's operations, financial position, liquidity and risk exposures. As at the date of authorisation of these financial statements, the ultimate financial impact of the conflict remain uncertain and cannot be reliably quantified. The Bank continues to monitor the situation closely and will reflect any impacts, as appropriate in future reporting periods .

Management Discussion Analysis

Management Discussion and Analysis

Economic and Financial Environment

In 2025, the global economy progressed through a gradual disinflation phase while maintaining moderate growth momentum. Inflationary pressures eased further across major economies, although growth divergence persisted between advanced and emerging markets. The cumulative impact of prior monetary tightening, persistent geopolitical tensions and climate-related shocks continued to influence global trade and capital allocation. The IMF estimated global growth at approximately 3.3% for the year. Financial markets remained sensitive to policy signals, with volatility driven by shifting expectations around the pace and timing of interest rate cuts.

Global liquidity conditions in 2025 showed early signs of easing, as major central banks transitioned toward policy normalisation. Bond yields eased across major markets as expectations of interest rate cuts grew, while equity markets remained buoyant on the back of improving investor confidence. Commodity markets diverged in 2025, with energy prices softening on oversupply while gold and silver surged to record highs driven by safe-haven demand and US dollar weakness. Currency movements reflected relative growth and interest rate differentials, with investors reallocating capital toward higher-yielding emerging markets.

The US economy demonstrated notable resilience in 2025, recording a full-year GDP growth of 2.1% supported by steady consumer spending and a stable, albeit softening, labour market. The Federal Reserve successfully transitioned to a gradual easing cycle, implementing three consecutive quarter-point cuts to bring the federal funds rate to a range of 3.50%–3.75% by December 2025. While headline inflation moderated to 2.7% by year-end, monetary conditions remained restrictive in real terms as core price pressures proved persistent. The US equity markets maintained sustained strength throughout the year; however, the US dollar weakened significantly, losing nearly 10% of its value against major currencies as interest rate differentials narrowed and growth expectations for other regions improved.

India

India maintained its robust growth trajectory in FY 2025-26 (April 2025 to March 2026), with real GDP expanding by a remarkable pace of 7.6%, bolstered by resilient domestic demand, a revival in manufacturing and buoyant services exports. Inflationary pressures moderated significantly, with headline CPI projected at 1.7% for the April-December 2025 period (a figure set against the backdrop of a new 2024=100 base year series that reduces the food weight), supported by improved supply conditions and strategic policy measures.

In response to this shifting macroeconomic landscape, the Reserve Bank of India transitioned to a neutral policy stance, implementing a cumulative reduction in the repo rate to 5.25% by late 2025 to support growth while ensuring price stability. Equity markets continued their upward momentum, driven by sustained corporate earnings and increased domestic investor participation. Furthermore, the Indian rupee remained relatively stable compared to regional peers, underpinned by record foreign exchange reserves and consistent capital inflows.

Mauritius

GDP growth remained positive, with Statistics Mauritius estimating expansion at around 3.2% for 2025, supported by tourism recovery, information and communication, agriculture, forestry and fishing and financial and insurance activities. Inflationary pressures remained persistent in 2025, with headline inflation averaging 3.7% as resilient domestic demand and core price stickiness offset the cooling of imported cost pressures. In response to evolving macroeconomic conditions, the Bank of Mauritius maintained the Key Rate at 4.50% during 2025, balancing inflation control with currency stability considerations. Liquidity conditions remained elevated despite gradual normalisation efforts, while exchange rate management remained a key policy focus.

Outlook for 2026

Global economic conditions are expected to remain broadly stable in 2026, as inflation moderates across major economies and monetary policy, led by the US economy, gradually shifts towards a more accommodative

Sources: IMF WEO January 2026, US Federal Reserve Board, Statistics Mauritius, Bank of Mauritius and Reserve Bank of India

stance. With inflation easing closer to target levels, the US Federal Reserve is expected to maintain a cautious easing bias, supporting a gradual decline in global interest rates and improving overall financial conditions.

This shift is expected to enhance global liquidity and support capital flows into emerging markets. However, the outlook remains subject to downside risks. Geopolitical tensions, particularly in the Middle East, continue to pose risks to global energy prices and supply chains, with potential spillover effects on inflation and trade dynamics. As a result, imported inflation remains a key vulnerability for open economies.

India is expected to remain one of the fastest-growing major economies globally, with the IMF projecting real GDP growth of approximately 6.4% in 2026, supported by sustained public infrastructure investment, policy-driven manufacturing expansion under the "Make in India" initiative, and strong digital adoption.

While domestic demand remains resilient, external risks persist, particularly from volatility in global energy markets and its implications for inflation and the current account.

In Mauritius, economic growth is expected to remain moderate, with real GDP projected in the range of 3.0% to 3.4% in 2026, supported by continued activity in tourism, financial services, construction, and public investment. Inflation is expected to ease and stabilise at around 3.6%, remaining within the Bank of Mauritius' target range. Nevertheless, the economy remains exposed to import-related inflationary pressures, particularly in the event of sustained increases in global fuel prices or disruptions to international supply chains.

Over the medium term, structural transformation through digitalisation and increased focus on sustainability, including the development of the blue and green economies, will be critical in enhancing economic resilience and diversification.

Against this backdrop, global financial conditions are expected to ease further in 2026, supporting capital flows into emerging markets and improving funding conditions. Financial institutions will play a central role in intermediating liquidity into the real economy through prudent credit expansion, efficient balance sheet management, and targeted financing of productive sectors. At the same time, continued investment in digital capabilities and participation in sustainable financing will remain key priorities as banks support the evolving economic landscape. Nonetheless, heightened geopolitical volatility necessitates continuous monitoring and strategic assessment of potential disruptions to international operations and market positioning.

2. FINANCIAL REVIEW

The financial year ended 31 March 2026 was characterised by a complex and evolving global operating environment, marked by the normalisation of monetary policy across major economies, significant USD depreciation of approximately 10% against key currencies and heightened volatility in global financial markets. These macro-financial headwinds weighed on interest margins industry-wide, as the repricing of liabilities outpaced that of assets amidst a shifting rate cycle.

Against this backdrop, the Bank focused on consolidating and growing its franchise, diversifying its income streams, and strengthening its risk and capital position. While profit after tax for the financial year stood at USD 17.33 Mio, the result reflects the compounded impact of margin compression from elevated funding costs, a one-off impairment charge recognised in line with prudent and proactive risk management practices and deliberate investments in human capital and operational infrastructure to support the Bank's long-term strategic objectives.

While overall profitability moderated during the year under review, the Bank's non-interest income recorded a robust growth of 14.15% year-on-year, underpinned by strong treasury activities, while gross loans and advances expanded by 7.51% and the capital adequacy ratio remained well above regulatory requirements at 21.58%, underscoring the Bank's continued financial soundness and resilience.

The Management Discussion and Analysis of SBI (Mauritius) Ltd includes forward-looking statements. The forecasts, projections and assumptions contained therein may not materialise. Actual results may vary materially from the plans and assumptions. The Bank may update any forward-looking statement depending on changes in macroeconomic conditions. The reader should not place any undue reliance on these forecasts.

2.1 PERFORMANCE AGAINST OBJECTIVES

Parameters (%)	Actual 31-Mar-26	Budget 31-Mar-26	Budget 31-Mar-27
Revenue Growth			
Net Interest Income/Total Income	75.20	81.95	75.13
Non-Interest Income/Total Income	24.80	18.05	24.87
Net Interest Margin	2.09	2.52	2.24
Operational Efficiency			
Cost-to-Income Ratio	33.73	22.04	31.03
Profitability and Efficiency			
Return on Average Equity	9.27	16.98	11.31
Return on Average Assets	1.21	2.25	1.56
Asset Quality			
Gross Non-Performing Asset Ratio	0.55	0.05	0.50
Net Non-Performing Asset Ratio	0.04	-	-
Capital Structure			
Capital Adequacy Ratio	21.58	Above 12.50	Above 12.50

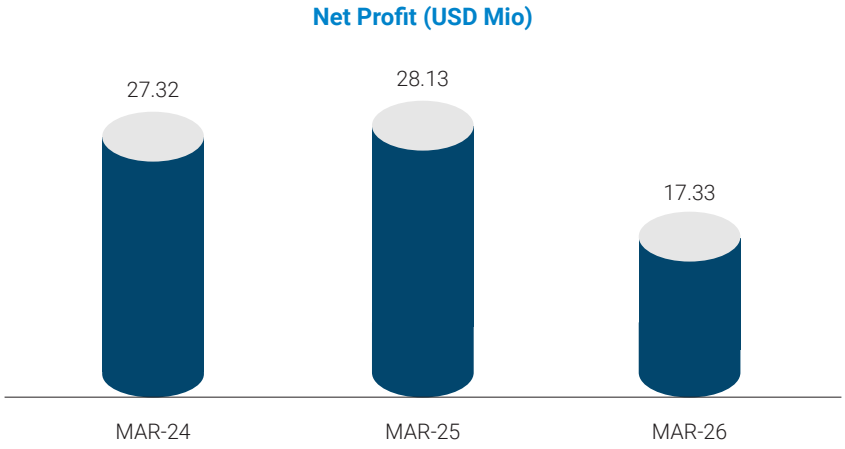
2.2 PERFORMANCE HIGHLIGHTS

(USD Mio)

FINANCIAL YEAR	31-Mar-24	31-Mar-25	31-Mar-26
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Net Interest Income	32.80	33.30	28.58
Non-Interest Income	6.49	8.26	9.42
Total Operating Income	39.29	41.55	38.00
Recovery from Written Off Account	*0.22*	*0.22*	-
Impairment Charges	-	-	*5.49*
Total Operating Expenses	9.91	10.24	12.82
Profit After Tax	27.32	28.13	17.33
STATEMENT OF FINANCIAL POSITION			
Total Assets	1,323.79	1,470.91	1,429.28
Loans and Advances (Net)	804.06	924.45	989.08
Deposits from Customers	836.67	931.67	942.13
Total Equity	182.55	197.78	199.09
PERFORMANCE RATIOS (%)			
Return on Average Equity	17.00	16.04	9.27
Loan to Deposit Ratio	96.10	99.23	104.98
Cost to Income Ratio	25.22	24.65	33.73
CAPITAL ADEQUACY RATIO (%)	22.97	24.85	21.58

2.2.1 NET PROFIT

The Bank recorded a profit after tax of USD 17.33 Mio for the financial year ended 31 March 2026. The performance reflects a challenging operating environment shaped by the normalisation of global monetary policy, the resultant compression of net interest margins driven by elevated funding costs, and an impairment charge of USD 5.49 Mio recognised in line with the Bank's conservative risk management approach, reflecting selective stress in the portfolio.



Notwithstanding the above, the Bank demonstrated positive momentum in its core business activities. Non-interest income grew by 14.15% year-on-year, driven by higher trade finance and payment flows as well as strong treasury performance, reflecting the Bank's deliberate efforts to diversify its revenue base.

The continued expansion of the loan portfolio further demonstrates the Bank's ability to grow its business even in a subdued environment, while the maintenance of a strong capital adequacy ratio affirms its capacity to support future growth and meet its regulatory obligations.

2.2.2 INCOME ANALYSIS

The Bank's total operating income for the year ended 31 March 2026 amounted to USD 38.00 Mio, compared to USD 41.55 Mio in the previous financial year. The moderation in total income was primarily attributable to compression in net interest income, driven by an asymmetric rise in funding costs relative to asset yields, a trend observed broadly across the banking sector amid the global monetary policy transition.

A) NET INCOME ANALYSIS

USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Interest Income	66.35	71.01	**70.96**
Interest Expenses	33.55	37.71	**42.39**
Net Interest Income	32.80	33.30	**28.58**

Interest income remained broadly stable at USD 70.96 Mio for the year ended 31 March 2026, compared to USD 71.01 Mio in the prior financial year, despite the steady expansion of the loan portfolio. This near-flat performance reflects the moderating yield environment associated with global monetary policy normalisation, particularly the easing bias adopted by the US Federal Reserve, which exerted downward pressure on the pricing of USD-denominated assets.

Meanwhile, interest expenses increased by 12.42% to USD 42.39 Mio, driven by elevated deposit costs and the repricing of existing borrowings at higher rates - a reflection of the competitive funding environment and the lagged effect of prior monetary tightening on liability costs. The resulting compression in net interest margin from 2.27% to 2.09% was consistent with broader industry trends and is expected to stabilise as the rate cycle turns more accommodative.

B) NON-INTEREST INCOME:

USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Net Fees and Commission	3.32	3.80	**4.04**
Net Trading Income	2.86	3.68	**4.64**
Other Operating Income	0.30	0.77	**0.75**
Non-Interest Income	6.48	8.25	**9.42**

Non-interest income, which includes fee and commission income as well as gains from foreign exchange and treasury activities, registered a robust year-on-year growth of 14.15%, rising from USD 8.25 Mio to USD 9.42 Mio. This strong performance was underpinned by a substantial 26.09% increase in net trading income, reflecting higher transaction volumes and favourable market conditions.

The sustained growth in non-interest income demonstrates the Bank's successful efforts to diversify its revenue base and reduce its reliance on interest income alone, which is strategically important in the current margin-compressed environment.

C) OPERATING EXPENSES:

USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Staff Expenses	4.86	4.86	**6.29**
Other Expenses	5.05	5.38	**6.53**
Operating Expenses	9.91	10.24	**12.82**

D) COST CONTROL

The cost-to-income ratio stood at 33.73% for the year ended 31 March 2026, compared to 24.65% in the prior financial year. The increase reflects a combination of factors: the moderation in total operating income as discussed above and investments in talent acquisition, digital capabilities and operational strengthening initiatives.

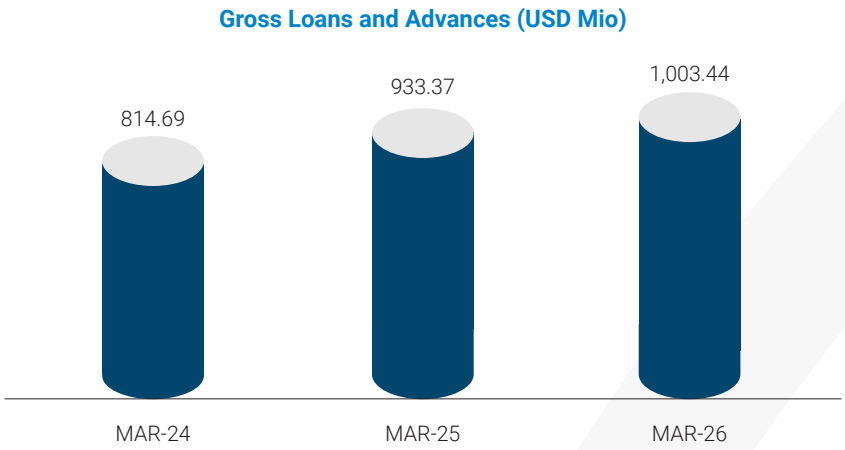
USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Staff Expenses	4.86	4.86	**6.29**
Rent, Insurance and Taxes	0.19	0.18	**0.20**
Communications	0.29	0.33	**0.51**
Depreciation	0.98	1.02	**1.05**
Others	3.59	3.86	**4.77**
Total	9.91	10.24	**12.82**

2.2.3 BUSINESS ANALYSIS

A: ASSET MIX

USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Net Loans and Advances	804.07	924.45	**989.08**
Investments	277.20	207.24	**215.36**
Placements	198.63	292.43	**170.20**
Cash and cash equivalents	6.93	3.62	**7.81**
Other Assets (including Derivative Assets)	36.96	43.17	**44.94**

A1: Gross Loans and Advances



Gross loans and advances reached USD 1,003.44 Mio as at 31 March 2026, registering a healthy growth of 7.51% on a year-on-year basis, notwithstanding a challenging credit environment characterised by higher borrowing costs. The expansion was primarily driven by continued momentum in the Global Business and Corporate segments, as the Bank capitalised on cross-border trade flows. The Bank maintained a disciplined approach to credit origination, favouring medium- to long-term, high-quality assets with an emphasis on trade-linked and structured exposures. Notably, gross advances in the foreign (non-resident) segment grew by a robust 24.20% to USD 575.32 Mio, more than offsetting the deliberate recalibration of the domestic portfolio, where the Bank prioritised risk-adjusted returns and asset quality over volume growth.

B: LIABILITY MIX

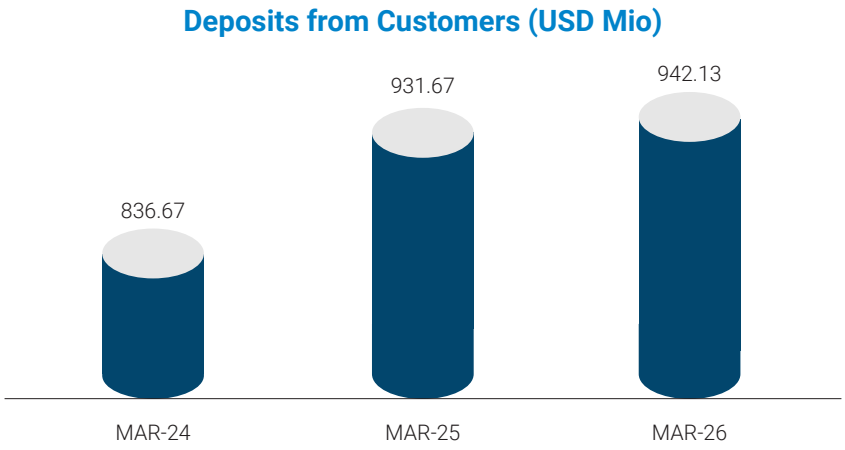
USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Equity	182.55	197.78	**199.09**
Deposits from Customers	836.67	931.67	**942.13**
Borrowings	289.54	325.49	**247.98**
Other Liabilities	15.03	15.97	**40.07**

B1: Capital and Reserves

Shareholders' equity stood at USD 199.09 Mio as at 31 March 2026, broadly stable compared to USD 197.78 Mio in the prior year. The Bank's capital adequacy ratio of 21.58%, whilst moderating from 24.85% as at 31 March 2025 on account of loan portfolio growth, remains significantly above the regulatory minimum of 12.50%, reflecting the Bank's strong capital base and its capacity to absorb unexpected losses whilst continuing to support business expansion. The robust capital buffer positions the Bank well to pursue its strategic objectives and respond to evolving regulatory requirements in the period ahead.

B2: Deposits

Deposits from customers grew by 1.12% to USD 942.13 Mio as at 31 March 2026. The measured pace of deposit growth reflects a competitive funding environment, where the Bank of Mauritius' decision to hold the Key Rate at 4.50% throughout 2025 sustained elevated deposit pricing pressures across the market. In this context, the Bank focused on deposit quality and mix optimisation rather than volume-driven growth. The Retail and Global Business segments registered noteworthy expansion, driven by an increasing customer base and targeted relationship banking efforts. Non-resident deposits recorded strong growth of 57.6% to USD 44.70 Mio, reflecting the Bank's deepening presence in the global business segment. Corporate deposits moderated, consistent with the Bank's approach of managing the cost of wholesale funding. Overall, the deposit base provides a stable and diversified funding foundation for the Bank's lending activities.



B3: Borrowings

Total borrowings declined by 23.8% to USD 247.98 Mio as at 31 March 2026, compared to USD 325.49 Mio in the prior year. This reduction was deliberate and reflects the Bank's strategic decision to optimise its funding mix by reducing higher-cost wholesale borrowings as deposit mobilisation improved and excess liquidity in the system was managed more efficiently. The Bank retains ready access to interbank funding through the domestic call money market and international interbank lines, underpinned by its strong credit standing and the backing of its Parent Bank, State Bank of India. The reduction in borrowings has contributed positively to managing the overall cost of funds, partially mitigating the pressure on net interest margins experienced during the year.

2.3 CREDIT QUALITY

The Bank has been complying with the guidelines issued by the Bank of Mauritius for identifying non-performing assets and making appropriate provisions. The credit quality for the last three years has been as follows:

(USD MIO)

Financial Year	31-Mar-24	31-Mar-25	31-Mar-26
Standard Assets	814.06	932.89	**997.93**
Impaired Loans	0.63	0.48	**5.51**
Total Loans	814.69	933.37	**1,003.44**

Gross and net NPA stood at USD 5.51 Mio and USD 0.41 Mio, respectively, for the year ended 31 March 2026 as compared to USD 0.48 Mio and nil as at 31 March 2025. The ratio of gross and net NPAs stood at 0.55% & 0.04%, respectively, for the financial year under review as compared to 0.05% and 0.00%, respectively, as at 31 March 2025.

While closely monitoring the loan portfolio to restrict further slippages, the Bank has stepped up its efforts to recover its dues in sticky accounts and it expects further recoveries / upgradation in some accounts in the current financial year.

Industry-wise breakup of the credit quality in the current year is as under:

All figures are in USD Mio	31-Mar-26					31-Mar-25	31-Mar-24
	Gross Amount of Loans	Non-Performing Loans	Specific Provisions	Collective Provision	Total Provisions	Total Provisions	Total Provisions
Agriculture and Fishing	12.56	-	-	0.07	0.07	0.01	0.07
Manufacturing	124.73	-	-	1.19	1.19	1.27	1.73
Tourism	21.74	-	-	0.40	0.40	0.45	0.29
Transport	41.77	-	-	0.63	0.63	0.57	0.45
Construction	109.17	4.87	4.73	1.83	6.56	2.06	1.55
Financial & Business Services	115.32	-	-	0.88	0.88	0.63	0.54
Global Business License Holders	54.53	-	-	0.40	0.40	0.43	1.01
Traders	23.98	0.61	0.36	0.23	0.59	0.35	0.51
Personal	5.68	-	-	0.04	0.04	0.06	0.15
Professional	0.37	-	-	-	-	0.04	0.08
Others	50.46	-	-	0.38	0.38	0.48	0.63
Interest Receivable	2.49	0.02	-	-	-	-	-
Total Advances*	**562.80**	**5.51**	**5.10**	**6.04**	**11.13**	6.35	7.01

** Excluding loans and advances to banks.*

2.4 CAPITAL ADEQUACY

As per Basel III framework, banks are required to hold capital for the following three risk areas:

a) Credit Risk

b) Market Risk

c) Operational Risk

The Capital Adequacy Ratio is the ratio which determines the capacity of the bank in terms of meeting the time liabilities and other risks such as credit risk, market risk and operational risk.

The Bank of Mauritius requires each bank to:

• Hold a minimum level of the regulatory capital of MUR 400 Mio.

• Maintain a ratio of total regulatory capital to risk weighted assets (CAR) at or above the internationally agreed minimum of 10 percent. The minimum Total CAR plus Capital Conservation Buffer required to be maintained for the financial year ended 31 March 2026 is 12.50% percent.

The risk weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of the asset and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure with some adjustments to reflect the more contingent nature of potential losses.

The Capital Adequacy Ratio computed as per Basel III as of 31 March 2026 stood at 21.62 % (31 March 2025: 24.85%) and was well above the minimum capital adequacy ratio of 12.50 % prescribed by the regulator. The details are given below:

	(USD MIO)
Total on-balance sheet risk-weighted credit exposures	880.11
Total non-market–related off-balance sheet risk-weighted credit exposures	9.24
Total market-related off-balance sheet risk-weighted credit exposures	0.15
Risk weighted assets for operational risk	59.42
Aggregate net open foreign exchange position	6.63
Total Risk Weighted Assets (A)	**955.55**
Total Capital Base (B)	**206.16**
Capital Adequacy Ratio (B/A) (percent)	**21.58%**

The table below summarises the composition of Regulatory Capital and the Capital Adequacy Ratio of the Bank for the past three years.

Financial Year	31-Mar-24	31-Mar-25	**31-Mar-26**
Tier 1	USD Mio	USD Mio	**USD Mio**
Share Capital	48.63	48.63	**48.63**
Share Premium	54.08	54.08	**54.08**
Statutory Reserve	34.72	38.94	**41.54**
General Reserve	0.60	0.94	**-**
Retained Earnings	48.51	57.54	**56.23**
Less (Deferred Tax)	(0.65)	(0.58)	**(2.71)**
Revaluation of Retired Benefits			
Obligations / AFS	(4.10)	(2.46)	**(2.77)**
Total	181.79	197.09	**195.00**
Tier 2			
Undisclosed Reserve	0.05	0.05	**0.05**
Portfolio Provisions	9.84	9.71	**11.12**
Total	9.89	9.76	**11.17**
Total Gross Capital (Tier 1 plus Tier 2)	191.68	206.85	**206.16**
CAPITAL ADEQUACY RATIO (%)	22.97	24.85	**21.58**

2.5 REVIEWS BY SEGMENT / BUSINESS LINE

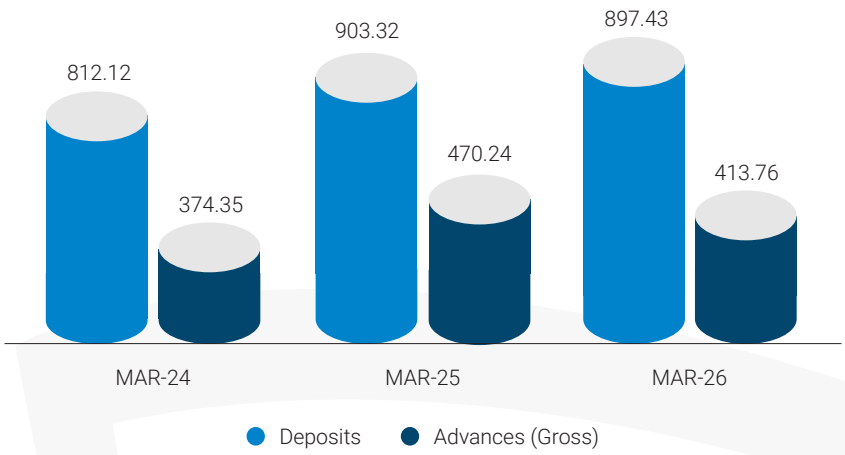
2.5.1 : Domestic Business – Residents

USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Deposits	812.12	903.32	**897.43**
Advances (Gross)	374.35	470.24	**413.76**

For the financial year under review, deposits in the domestic business (resident) segment stood at USD 897.43 Mio, reflecting a marginal moderation of 0.65% relative to the prior year, broadly in line with the Bank's strategy of optimising its deposit mix and managing funding costs. Domestic business continues to constitute approximately 95% of total deposits.

Gross advances in the domestic segment were recalibrated to USD 413.76 Mio, compared to USD 470.24 Mio as at March 2025, as the Bank adopted a selective and disciplined approach to credit deployment in the domestic market, prioritising asset quality and risk-adjusted returns in an environment of heightened credit risk awareness.

Domestic Business



2.5.2: Foreign Business – Non-Residents

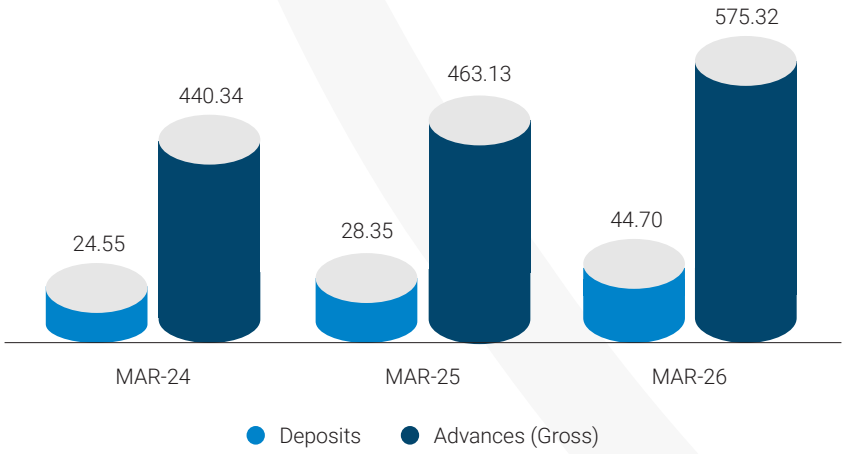
USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Deposits	24.55	28.35	**44.70**
Advances (Gross)	440.34	463.13	**575.32**

The foreign (non-resident) business segment delivered strong performance for the year ended 31 March 2026, with gross advances growing by 24.2% to USD 575.32 Mio from USD 463.13 Mio in the prior year, driven by robust cross-border trade finance activity and expanding Global Business relationships.

Non-resident deposits also recorded significant growth of 57.6% to USD 44.70 Mio, reflecting the Bank's deepening engagement with international clients and its growing reputation as a preferred banking partner for India-linked and cross-border transactions in the region.

While the foreign segment constitutes approximately 5% of total deposits, it accounts for over 57% of total gross advances, underscoring its strategic importance to the Bank's overall business model. The Bank continues to leverage its Parent Bank's global network and brand equity to deepen its international franchise and capture high-quality cross-border business opportunities.

Foreign Business



2.5.3 : Treasury & Investments

USD Mio	31-Mar-24	31-Mar-25	**31-Mar-26**
Investments	277.20	207.24	**215.36**
Net Trading Income	2.86	3.68	**4.64**

The Bank's investment portfolio stood at USD 215.36 Mio as at 31 March 2026, reflecting a recovery from USD 207.24 Mio in the prior year. The expansion was driven by strategic deployment of liquidity into high-quality liquid assets (HQLAs), in compliance with the Liquidity Coverage Ratio (LCR) requirements prescribed by the Bank of Mauritius, as well as selective investments to optimise returns on surplus liquidity.

The investment portfolio is actively managed to balance regulatory compliance, liquidity adequacy, and yield optimisation. The treasury function also contributed significantly to non-interest income, with net trading income growing by 26.09% to USD 4.64 Mio as at 31 March 2026, from USD 3.68 Mio in the prior year, reflecting higher transaction volumes and the Bank's ability to capitalise on favourable market conditions arising from currency movements and interest rate dynamics during the period.

The Bank remains committed to maintaining adequate HQLA buffers to meet its liquidity obligations at all times, while continuing to seek optimal risk-adjusted returns on its investment portfolio within the parameters of its approved investment policy.

2.5.4 : HUMAN RESOURCES

SBIML is an Equal Opportunity Employer where all employees are treated fairly without discrimination. It is the Bank where you can grow both on a personal and professional level. Throughout their journey with the Bank, employees are empowered and coached with the best exposure which subsequently helps the Bank to have a well-trained workforce. Having a workforce with all age generation and culture, the Bank wants to continue with its vision which is To Be a Bank of Choice for Vibrant Mauritius.

Gender equality is also maintained within the Bank and since the last few years, many female staffs have moved to the top positions.

44% Male: 56% Female

51% Top positions are held by women and the Bank aims to increase this in near future.

Employee Well Being

SBIML continuously aims to promote a healthy work life balance for its employees. This not only nurtures a sense of motivation at work but also encourage staff members to have time for their family as the Bank believes this ultimately creates a positive impact in return.

Yoga sessions for all employees on the premises of the Bank are still being conducted annually in the same spirit since it started in 2023. This initiative was taken positively by the staff members as it was gesture to show that physical and mental health of the employees is of utmost importance.

In continuation to SBIML's annual Bank Day, another show was organized in its Head Office in October 2025 to celebrate Bank Day bringing together all staff together. It was a platform for employees to showcase their talents. Employees showed a huge enthusiasm and expressed their satisfaction to this initiative started by the Bank.

On the occasion of Women's Day and Independence Day of Mauritius, a get together was organized for staff members allowing all employees to come together during office time.

Additionally, an awareness campaign on cancer was organised bringing in interaction from NGO Link to Life on the different understanding and detection phases.

Growth, Retention and Reward of employees

As part of its upskilling of the employees, monthly trainings both in-house and external have been organized. The Bank has successfully conducted training for all the employees for the year ended 31 March 2026. SBIML also works in close collaboration with State Bank of India for online session on Cyber Security and this interaction is viewed as a uniformity towards global knowledge.

Focus has been made during the year on leadership development. It was a way of facilitating, and purposefully influencing positive emotions that will ultimately encourage team members and employees to excel in their work. The Bank's yearly team building event was organized in December 2025 with the aim to foster a sense of unity among staff members, emphasizing the importance of a strong team and a family-like atmosphere. Such event is designed to strengthen bonds, improve communication, and boost morale within the workplace.

Like every year, four employees at SBIML have been given the opportunity to attend a one-week conclave at State Bank of India, Staff College, Hyderabad, India. It is a way to recognize the efforts of deserving staff member and allows them to meet officials across the world on one platform.

The Bank also believes that encouraging job rotation among employees allows them to acquire diverse knowledge of the banking industry. Each year the Bank aims to develop all its employees having completed a certain year of service within a unit to shift to another section thus enabling more skills development. The promotion exercise top up with that allows opportunity for staff members to grow quickly in their career. Today, the Bank has a generation who wants to move ahead quickly in their career, and SBIML believes that it has the necessary plans to allow this progression.

Employee appreciation through monthly and yearly award is in place to recognize the outstanding performance or initiative taken by the individual staff. Coupled with that, the Bank has initiatives like birthday celebration and awarding employees in different campaigns.

With young employees on the lookout for better opportunities in the financial sector, the Bank is managing to keep its turnover as low as possible, showing efforts towards employee well-being.

Employee Engagement

The Bank believes that to nurture the level of enthusiasm and dedication of its employees, a need for an employee engagement was necessary. The Employee Engagement Survey was successfully concluded by capturing the views of the staff members and the strategies derived from the survey have been adopted in true spirit.

All together the Bank not only makes employees feel engaged towards its growth but make them feel valuable.

2.5.5 : DIGITAL INITIATIVES

In the financial year 2025-26, SBIML kept on growing in its commitment to provide more digital enablers to improve customer satisfaction and operational excellence, further cementing customers' faith in its services. SBIML's commitment to leveraging technology to innovate and add to customer experience is still the cornerstone of its strategy. This report showcases the innovative IT initiatives and digital advancements undertaken during the year, reflecting the unwavering dedication to service excellence and digitization.

A significant development this year was the integration of the 24x7 Mobile Banking Application YONO-MU with MauCAS platform provided by the Bank of Mauritius, enabling the Bank's patrons to make seamless payments in local markets just by a simple scan of QR code.

All the digital banking platforms (mobile application, Retail and Corporate Internet Banking) has seen a new one-of-its kind companion this year which is the "SMART OTP" mobile application. This free of cost facility once enrolled for, eliminates the requirement of any mobile/internet connection for receiving OTPs.

SBIML has also enabled biometric based authorization for low value payments up to MUR 5,000 on YONO-MU to reduce transaction processing time, eliminating the need for OTP. Further unlocking the full potential of IPS transaction limits, the Bank has enabled 24x7 local interbank IPS fund transfer facility on its internet banking platform for retail customers.

With key focus on digital processing; the Bank has rolled out the online fixed deposits opening facility (both in MUR & USD currencies), and request for a personalised debit card via the YONO-MU itself without any need to visit the branch. In view of the encouraging demands from premium customers, the purchase limit of the Platinum debit card has also been enhanced to MUR 300,000 per day, enabling clients to make high value purchases while in Mauritius or travelling abroad.

This year, SBIML also installed a brand-new ATM recycler machine at its Rodrigues branch. This initiative is part of its broader strategy aligning to the Bank of Mauritius directive to promote economic infrastructure in Rodrigues Island, to ensure best, accessible banking services for all.

All these features reflect on the Bank's commitment to providing secure and convenient banking solutions, tailored to the evolving needs of its customers.

With a view to strengthen its security framework and digitally safeguard customers' data against emerging cyber threats, the Bank remains truly committed to ensure the highest levels of security and trust in all its operations and infrastructure.

As the Bank reflects on its achievements of the past year, it is elated by a number of significant customer-centric deliveries. Its dedication to customer satisfaction is prime and it is continuously enhancing its service offerings, with many more such initiatives already in pipeline. Its journey towards growing continually and contributing to the digital landscape of Mauritius continues with everlasting determination.

2.6 CREDIT EXPOSURE

The Bank's Loan Policy remains a purpose-driven and dynamic framework, designed in accordance with the guidelines issued by the Bank of Mauritius and aligned with the Bank's strategic objective of prudent credit risk management. It provides a comprehensive structure for the administration of the loan and trade finance portfolios, with emphasis on product innovation, customer service, and asset quality preservation.

Strengthening Credit Risk Controls: In response to the increase in Non-Performing Assets (NPAs) observed during the year, the Bank has undertaken a tightening of credit sanction guidelines. These measures are aimed at reinforcing risk discipline, ensuring sustainable portfolio growth, and safeguarding the long-term resilience of the Bank's balance sheet. Enhanced due diligence procedures and stricter approval thresholds have been introduced across all business verticals.

Policy Coverage Across Verticals: The Loan Policy applies comprehensively to Retail Banking, Corporate Banking, Global Business Banking, and Trade Finance. Recognizing the diverse needs of customers and the complexities of business operations in Mauritius, the policy incorporates adaptations to the local environment, legal framework, and commercial practices. Supplementary policies — including the Risk Participation Policy, Cross Border Exposure Policy, and Bank Exposure Limits Policy — provide additional governance and risk management layers.

Governance and Oversight: All credit exposures continue to be approved by the Board of Directors or designated credit committees, in accordance with the Loan Policy and delegated financial powers. This governance framework ensures that credit decisions are taken with due regard to regulatory compliance, risk appetite, and commercial viability.

Commitment to Asset Quality: The Bank remains committed to maintaining asset quality and compliance resilience. The strengthened framework reflects a proactive approach to credit risk management, balancing growth objectives with prudent risk controls. By embedding stricter sanction guidelines and reinforcing oversight mechanisms, the Bank aims to deliver sustainable value to stakeholders while navigating evolving market conditions.

2.7 CAPITAL CHARGE ASSESSMENT

The Bank complies with the Bank of Mauritius guidelines for the computation of regulatory capital. Capital charges for credit risk are calculated in accordance with the Guideline on the Standardised Approach to Credit Risk, while capital charges for market risk are determined in line with the Guideline on Measurement and Management of Market Risk. The capital requirement for operational risk is assessed using the Basic Indicator Approach.

2.8 CAPITAL MANAGEMENT

The Bank's objectives while managing its capital are:

- To comply with the capital requirements set by the regulators of the banking sector where the Bank operates.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns to shareholders.
- To maintain a strong capital base to support the development of its business.

No fresh capital was injected during the financial year ended 31 March 2026. The Bank's capital, however, has increased on account of ploughing profits back into business. The Capital Adequacy Ratio remained well above the regulatory requirements and will continue to support the Bank's growth objectives stated for current fiscal.

2.9 ADHERENCE TO BASEL III RULES

The Bank of Mauritius came up with its final guidelines in relation to the implementation of Basel III rules in Mauritius with a view to strengthening the regulation, supervision and risk management of the banking sector. Bank of Mauritius issued Guidelines on Scope of Application of Basel III and Eligible Capital in June 2014 which came into effect on 01 July 2014, superseding the existing Guideline on Eligible Capital issued in April 2008 and the Guideline on Scope of Application of Basel II issued in May 2008, for making the banking sector more resilient against shocks arising from financial and economic stresses.

The guidelines set out the rules text and timelines to implement some of the elements related to the strengthening of the capital framework. It also formulates the characteristics that an instrument must have in order to qualify as regulatory capital, and the various adjustments that have to be made in determining the regulatory capital of a bank. Moreover, the document lays down the limits and minima of the different capital components, while stipulating that banks should apply a capital conservation buffer to ensure that operators build up adequate buffers above the minimum during normal times, to be drawn down should losses be incurred during a stressed period.

Phase-in arrangements of capital requirements for banks operating in Mauritius:

Basel III Timetable							
	2014	2015	2016	2017	2018	2019	2020
	01 July ..... (All dates are as at 01 January)						
Minimum CET 1 CAR	5.5%	6.0%	6.5%	6.5%	6.5%	6.5%	6.5%
Capital Conservation Buffer	-	-	-	0.625%	1.25%	1.875%	2.5%
Minimum CET 1 CAR plus Capital Conservation Buffer	5.5%	6.0%	6.5%	7.125%	7.75%	8.375%	9.0%
Phase-in of deductions from CET 1	-	50%	50%	60%	80%	100%	100%
Minimum Tier 1 CAR	6.5%	7.5%	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum Total CAR	10%	10%	10%	10%	10%	10%	10%
Minimum Total CAR plus Capital Conservation Buffer	10%	10%	10%	10.625%	11.25%	11.875%	12.50%
Capital instruments that no longer qualify as Tier I capital or Tier 2 capital	Phased out over 10-year horizon beginning 01 July 2014						

Total CAR plus Capital Conservation Buffer required to be maintained for the year ended 31 March 2026 shall be 12.50%.

As of 31 March 2026, the Bank is complying with the regulatory guidelines and our ratios stands as under as compared to the stipulations.

Actual information	As per Timetable	Actual 31-Mar-26
Minimum CET 1 CAR	6.50%	20.41%
Minimum CET 1 CAR plus Capital Conservation Buffer	9.00%	20.41%
Phase-in of deductions from CET 1	100.00%	N/A
Minimum Tier 1 CAR	8.00%	20.41%
Minimum Total CAR	10.00%	21.58%
Minimum Total CAR plus Capital Conservation Buffer	12.50%	21.58%

The tables below give a full reconciliation of all regulatory capital elements with the balance sheet in the audited financial statements:

Common Equity Tier 1 capital: instruments and reserves	USD	USD
Ordinary shares (paid-up) capital	48,627,188	
Share premium (from issue of ordinary shares included in CET1)	54,078,063	
Retained earnings	56,231,854	
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	41,541,776	
Current year's interim profits (subject to certification by the Bank's external auditors)		
Common Equity Tier 1 capital before regulatory adjustments		**200,478,880**
Deferred tax assets	2,710,488	
Other Adjustments to Common Equity Tier 1 capital (please specify: Actuarial loss Reserve/FV Reserve)	2,771,468	
Adjustments to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions		
Total regulatory adjustments to Common Equity Tier 1 capital		**5,481,956**
Common Equity Tier 1 capital (CET1)		**194,996,924**
Additional Tier 1 capital (AT1)		**-**
Tier 1 capital (T1 = CET1 + AT1)		**194,996,924**
Tier 2 capital: instruments and provisions		
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach)	11,118,707	
Surplus arising from revaluation of land and buildings owned by the Bank (subject to a discount of 55 per cent)	48,713	
Tier 2 capital before regulatory adjustments		**11,167,420**

Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	**11,167,420**
Total Capital (capital base) (TC = T1 + T2)	**206,164,344**
Total risk weighted assets	**955,551,877**
Capital ratios (as a percentage of risk weighted assets)	
CET1 capital ratio	**20.41%**
Tier 1 capital ratio	**20.41%**
Total capital ratio	**21.58%**
Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus D-SIB buffer requirement expressed as a percentage of risk-weighted assets)	**9.00%**
of which: minimum CET1 requirement	**6.50%**
of which: Capital conservation buffer requirement	**6.50%**
of which: D-SIB buffer requirement	**0.00%**
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	**13.91%**

Reconciliation with Audited Financial Statements	Balance Sheet as per Published Financial Statements as at 31-Mar-26
Assets	**USD Mio**
Cash and Cash Equivalents	178.01
Derivative Assets held for Risk Management	0.03
Loans and Advances to Banks	437.41
Loans and Advances to Customers	551.67
Investment Securities	215.36
Property, Plant and Equipment	8.14
Intangible Assets	0.58
Deferred Tax Assets	2.71
Other Assets	35.37
Total Assets	**1,429.28**
Liabilities	**USD Mio**
Deposits from Customers	942.13
Other Borrowed Funds	247.98
Derivatives Liabilities held for Risk Management	-
Current Tax Liabilities	1.94
Other Liabilities	38.13
Total Liabilities	**1,230.19**
Shareholders' Equity	**USD Mio**
Share Capital and Share Premium	102.71
of which amount eligible for CET1	*102.71*
Retained Earnings	56.23
Other Reserves	40.16
Accumulated Other Comprehensive Income	-
Total Equity	**199.09**
Total Equity and Liabilities	**1,429.28**

2.10 DETAILS OF RISK-WEIGHTED ASSETS

The details of risk-weighted assets used for calculating Capital Adequacy Ratio are as below:

Risk-weighted on-balance sheet assets	31-Mar-26			
	Amount before CRM USD 000	Amount After CRM USD 000	Risk Weight Bracket %	Weighted Assets USD 000
Cash Items	1,884	1,884	0% - 20%	-
Claims on Sovereigns	111,221	111,221	0% - 150%	10,252
Claims on Bank of Mauritius	68,304	68,304	0%	-
Claims on Multilateral Development Banks (MDBs)	98,602	98,602	0% - 150%	61,897
Claims on Banks	552,614	552,614	20% - 150%	309,141
Claims on domestic PSEs	6,393	6,393	20% - 150%	3,197
Claims on other PSEs	68,233	68,233	20% - 150%	68,233
Claims on Corporates	384,118	357,451	20% - 150%	301,709
Claims included in the Regulatory Retail Portfolio	31,341	28,660	75%	21,495
Claims secured by Residential Property	70,264	70,264	35% - 125%	51,839
Claims secured by Commercial Real Estate	32,574	32,574	100% - 125%	38,162
Past Due Claims	5,507	412	50% - 150%	220
Fixed Assets & Other Assets	13,964	13,964	100% - 1250%	13,964
Total	**1,444,979**	**1,410,535**		**880,108**

The details of risk-weighted off-balance sheet assets are as below:

Off-Balance Sheet Exposures - Non-Market-Related Off-Balance Sheet Credit Exposures

Risk-weighted off-balance sheet assets	Amount before CRM USD 000	Amount after CRM USD 000	Risk Weight Bracket (%)	Weighted Assets USD 000
Direct Credit Substitutes	1,694	-	100%	-
Transaction-related Contingent Items	11,418	-	50%	-
Trade-related Contingencies	13,782	-	20% - 100%	-
Other Commitments	46,215	46,215	0% - 50%	9,243
Total	**73,109**	**46,215**		**9,243**

Off-Balance Sheet Exposures - Market-Related Off-Balance Sheet Credit Exposures

Risk-weighted off-balance sheet assets	Amount before CRM USD 000	Amount after CRM USD 000	Risk Weight Bracket (%)	Weighted Assets USD 000
Foreign Exchange Contracts				
Original maturity of 1 year or less	36,314	726	0% -20%	145
Original maturity greater than 1 year to 2 years	-	-	0% -20%	-
Original maturity greater than 2 years	-	-	0% -20%	-
Total	**36,314**	**726**		**145**

	Risk Weighted Assets USD 000
Risk weighted assets for operational risk	59,423
Aggregate net open foreign exchange position	6,632

3. RISK MANAGEMENT POLICIES AND CONTROLS

A. Overview

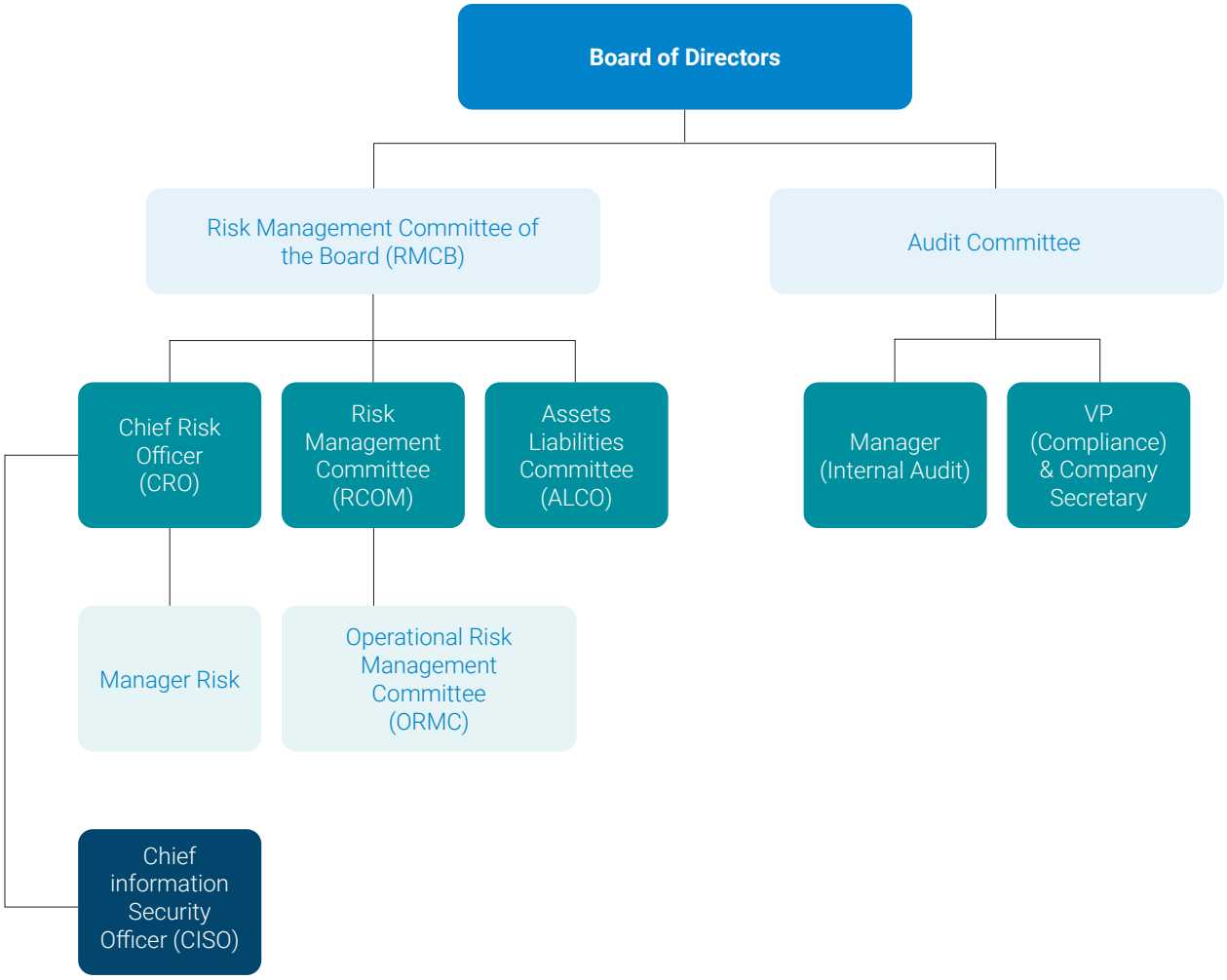
Risk is an integral part of banking business and the process of risk management entail identification and assessment of the potential risks to the Bank and formulating strategies to eliminate or mitigate their negative impact on liquidity, profitability and capital by putting adequate and appropriate processes and control mechanism in all the areas of banking operation. The key risks faced by the Bank are credit risk, market risk and operational risk, including IT and technology related risk.

The Bank has implemented its risk management framework through three-lines-of-defence (TLOD) model:

1. First Line of Defence: Comprises Frontline Operations and Support Functions. They directly deal with risk in daily activities and identify, assess and mitigate risk in their areas.
2. Second Line of Defence: Comprises Risk and Compliance Functions. They are responsible to establish policies and control measures, monitor risk and ensure adherence to regulations and internal control.
3. Third Line of Defence: Comprises Internal and External Audit. They provide independent assessment and assurance on the effectiveness of risk management and control processes.

B. Risk Governance Structure

The Bank has an independent risk governance structure conferring ultimate responsibility for risk management on the Board, through various sub-committees which are closely supervised to ensure that strategic decisions are in line with Board approved risk appetite and risk tolerance limits. Risk Governance Structure at the Bank is as under:



B.1 Risk Management Committee (RCOM)

RCOM is headed by the MD & CEO and meets at monthly intervals to monitor the compliance of major policy prescriptions, the Bank's risk profile, review strategies of risk management and provide guidance for Risk functions. The minutes of the proceedings of RCOM are submitted to the RMCB, a sub-committee of the Board with a view to monitor and mitigate such risks.

Matters discussed include the following:

- All matters relating to Credit Risks, Market Risk including Interest Rate Risk, Forex Risk and Liquidity Risk.
- Monitoring of credit concentration, country / sectoral exposures and review / renewal of accounts.
- Overall health of the Credit Portfolio.
- Matters relating to Operational Risk including Anti-Fraud measures, Internal Audit findings, Security, Insurance of asset, Technology etc.
- Overall robustness of the operating guidelines and practices of the Bank.
- Review of non-KYC accounts.
- Review of pending court and fraud cases.
- Report of MLRO.

B.2 Asset Liabilities Committee (ALCO)

ALCO is headed by the MD & CEO and meets at quarterly intervals (or earlier as required) to monitor the liquidity position. The minutes of the proceedings of the ALCO are submitted to the RMCB with a view to monitor and mitigate such risks.

Matters discussed include the following:

- Assess the impact of Assets Liabilities management on Bank's Financial Performance.
- Review of market position and competition.
- Discuss all matters related to Asset Liabilities Management (Mauritian Rupee & Foreign Currency denominated).
- Review of asset liability issue, interest spread, maturity mismatch.
- Approval of Prime Lending Rate (PLR); and
- Approval of interest rates on deposits.

B.3 Operational Risk Management Committee (ORMC)

ORMC is headed by CRO and meets at monthly intervals to monitor the operational risks. The minutes of the proceedings of the ORMC are submitted to the RCOM with a view to monitor and mitigate such risks.

Matters discussed include the following:

- Review of KRIs pertaining to credit, market and operational risk.
- Status of new / existing Policies, Manuals and Framework.
- Review the Status of BCP, BC & OR plans and Test Results.
- Internal/External Loss Data Analysis and Near Miss Events of Branches.
- Status of KYC Compliance and updation.
- Incidence of Cyber Crimes/Frauds.
- Status of Irregularity Reports & Control Returns.
- Internal Audit Irregularities.
- Compliance Audit Irregularities; and
- Report on Frauds & Penalties.

C. Management of Key Risks

C.1 Credit Risk

Credit Risk is the possibility of losses associated with the diminution in the credit quality of borrowers or counterparties from outright default or from reduction in portfolio value. It covers both on and off-balance sheet obligations.

C.1.1 Credit Risk

The Bank has the following policies in place for managing credit risk:

- Loan Policy
- Credit Risk Assessment (CRA) Policy
- Country Risk Management Policy
- Risk Participation Policy
- Related Party Transactions policy
- Cross-Border Exposure Policy
- IFRS-9: ECL Provisioning Policy
- Bank Exposure Limit Policy

Loan Policy: Credit Risk Management is covered in the Loan Policy of the Bank, which is approved by RMC of the Board on a yearly basis. The policy comprehensively covers guidelines issued to meet the credit appraisal standards and control systems, monitoring advances and exposure levels, pricing of advances, documentation standards, NPA management and tools for mitigation of credit risks. It prescribes, inter-alia, limits for exposures - industry-wise, Non-Fund Based vs Fund Based wise, secured/unsecured basis and sector-wise exposure. The credit appraisal system of the Bank is constantly reviewed and upgraded, taking into account the latest regulatory guidelines.

Credit Risk Assessment Policy: The Bank also has a Board approved policy on Credit Risk Assessment system which is implemented through a Risk Validation Committee which independently reviews the scores assigned to all borrowers enjoying credit facilities of MUR 10 Mio and above.

Country Risk Management Policy: The Bank is exposed to Country Risk given the considerable portion of its offshore business dealings. Any disruption, disturbance or breakdown in the economy of a particular region could adversely affect Bank's business, financial condition and results of operations depending on the extent of Bank's exposure in that area. The Bank has formulated its Country Risk Management policy in consonance with the Guidelines prescribed by the Bank of Mauritius which is approved by the Board of Directors and is subject to annual review. The Permissible Country Limit for each country is calculated as per the Policy and breaches are put up to RCOM at monthly intervals and to the Board of Directors at quarterly intervals.

Risk Participation Policy: The Purpose of the Risk Participation Policy is to facilitate the process of mutually sharing assets among banks in order to diversify our portfolio of assets and income sources. The framework provides step by step process to ensure that transactions are undertaken strictly as per the laid down policy and procedures.

Related Party Transactions Policy: BoM has issued guidelines regarding Related Party transactions in respect of credit exposures, financial leasing, non-fund-based commitments, placements, conditional sales agreements, consulting or professional service contracts, investments in equity, deposits, acquisition, sale or lease of assets etc. These are being monitored by the Board on a quarterly basis, apart from being reported to the regulators at prescribed intervals.

Cross-Border Exposure Policy: The Policy on Cross-Border Exposures supplements the existing Loan Policy, Country Risk Management Policy and the Risk Management Framework of the Bank and provides a set of additional minimum standards that need to be followed by operating functionaries in respect of cross-border exposures. These minimum standards provide a risk-based management framework aiming to mitigate the main cross-border banking risks.

IFRS-9 ECL Provisioning Policy: The Bank has put in place this policy to adhere to the provisioning requirements set out in the International Accounting Standards Board (IASB) International Financial Reporting Standard 9-("IFRS 9") standard and covers certain aspects of the credit life cycle including credit impairment, expected loss computation and governance structure.

- The policy provides brief overview of underlying important concepts under IFRS 9 and the approach adopted to develop the ECL Model for the Bank, which serves as a foundation and guidance for implementation of the Model in our Bank. IFRS 9 reinforces the risk mitigation process through internal controls and credit monitoring.
- IFRS 9 'Expected Credit Loss Model' is forward-looking and more aligned to prudential regulation with regard to Credit Risk Management and eliminates the delays in recognition of credit losses.
- The adoption of IFRS 9 has enabled Bank to enhance its internal control system with a better end-to-end management on an ongoing basis, which is critical to avoid unintended consequences. In addition, IFRS 9 implementation has enhanced the quality of risk assessment of our portfolios while still delivering a consistent customer experience within set risk parameters.

Bank Exposure Limit Policy: The policy is applicable to Foreign Banks, Local Banks and Supranational Banks Under the policy, a robust Bank Exposure Model (BEM) has been prepared with a view to improve the risk assessment of each bank qualitatively and quantitatively and build a robust BEM. This model will assist us in setting up Permissible Bank Exposure Limits (PBEL) for commercial banks and NBFI for different product lines like Forex, Derivatives, Money Market, LC/BG, Investments, Lines of Credit etc. as per the requirements. The Policy will also be used to effectively monitor the exposure limits on Foreign Banks, Local Banks and Supranational Banks on a daily basis from a risk perspective, report breach of limits to top management and to review the global and financial situation and amend the limits, as required.

C.1.2 Concentration Risk

Concentration risk is being monitored in line with the BoM Guideline on Credit Concentration Limits, Bank's internal Loan Policy and Risk Appetite Statement. The Bank measures the concentration risk to any single customer or group of connected counterparties with the potential of producing losses which are substantial enough to affect the soundness of a financial institution. The credit exposure of the Bank is diversified across geography, Industry, sector and counterparty to mitigate credit concentration risks. Concentration risk is monitored by RCOM on a monthly basis, and it is being ensured that the exposures are well within the limits prescribed internally and by the regulator.

The top six single borrowers of the Bank as on 31.03.2026 are as below:

Borrower	Exposure as on 31-Mar-26 (in USD Mio)	% of Bank's Tier-I Capital as on 31-Mar-26
Borrower 1	54.00	27.69%
Borrower 2	43.50	22.31%
Borrower 3	40.00	20.51%
Borrower 4	33.21	17.03%
Borrower 5	31.68	16.25%
Borrower 6	31.50	16.15%

C.1.3 Credit Risk Identification, Assessment and Measurement

The process of identifying and assessing the credit risk underlying in a proposal incorporates the following steps:

- Industry scenario analyzed by Business departments.
- Credit Risk Assessment (CRA) Models used for commercial units with exposure of and above MUR 10 Mio. Credit risk rating is worked out as soon as the audited balance sheet of the company is received. This facilitates an independent and objective risk rating without the influence of operations/ budgetary considerations.
- For Retail Banking exposures, Debt to Income ratio and Loan to Value ratio are computed as per Regulatory guidelines
- External Ratings (ECRA) is factored for Global Business loans to large corporates. The Bank uses the ratings assigned by External Credit Assessment Institutions (ECAIs) recognized by the Bank of Mauritius for evaluation of credits / exposures related to high value advances, placements and investments.

- Committee based approach for sanction of Loans.
- Key Risk Indicators on Credit Risk Management and compliance with Policy prescriptions are measured and put up to ORMC/RCOM.

C.1.4 Credit Risk Monitoring

- Monitoring of Stressed Assets / Special Mention Accounts / Restructured Assets
- Monitoring of Quick Mortality cases (accounts turning NPA within 2 years after sanction)
- Monitoring breaches in limits as per our internal Policy Prescriptions & Regulatory Guidelines
- Risk Appetite Monitoring under Credit Risk parameters
- Stress Testing for the Credit Portfolio and impact on capital (Downgrade in risk weights)
- Review of Credit Risk Rating on an annual basis
- Risk Rating Analysis of credit portfolio
- Quarterly review of all Cross-Border exposures by the Board of Directors
- Half-Yearly credit review of Segment A and Segment B presented to the Board of Directors.

C.2 Market Risk

Market Risk is the possibility of loss to the Bank on account of deterioration in the value of its trading portfolio due to change in market variables such as exchange rate, interest rate, key policy rates and equity price, among others. Market variables are often influenced by changes in geopolitical and economic environment. The Bank has put in place policy guidelines for the identification and monitoring of market risk on a regular basis and has prescribed stringent measures to mitigate those risks, including flagging off any issues immediately to the appropriate authorities for a prompt redressal of the situation. Market risks are controlled through various risk limits, such as Net Overnight Open Position, Modified Duration, Stop Loss, Concentration and Exposure Limits.

The bank has following policies in place for managing Market Risk:

- Liquidity Risk Management Policy
- Investment Policy
- Derivatives Policy
- Interest Rate Risk Management Policy

Liquidity Risk Management Policy: The Bank has a well laid out process of liquidity planning which assesses potential future liquidity needs, taking into account changes in economic, political, regulatory or other operating conditions. The Bank has a Board approved Liquidity Risk Management Policy in place which sets out the Bank's liquidity philosophy and defines the liquidity tolerance parameters as well as a contingency funding plan in the event of liquidity crisis. Guidelines issued by the Bank of Mauritius are incorporated in the policy. The Management monitors the liquidity position of the Bank on a daily basis through liquidity planning schedule, on monthly basis through maturity mismatch report and LCR and on quarterly basis through NSFR. Position on key liquidity parameters is also being put up before the RMCB on a quarterly basis. Bank also conducts analysis of behavioral patterns of deposit / liabilities for the previous 60 months in regard to the sources and volatility of the deposits and this study is put up to MD & CEO on monthly basis.

Liquidity Coverage Ratio (LCR)

Particulars	Regulatory Prescription	Actual Position as on 31-Mar-26
LCR in MUR	100%	795%
LCR in USD	100%	138%
Consolidated LCR	100%	180%

Net Stable Funding Ratio (NSFR)

Particulars	Regulatory Prescription	Actual Position as on 31-Mar-26
NSFR in MUR	100%	129.47%
NSFR in USD	100%	108.50%
Consolidated NSFR	100%	115.80%

The LCR report and NSFR reports are submitted to BOM on a fortnightly and quarterly basis respectively; in MUR, USD and consolidated for all currencies. The Bank also publishes disclosures of LCR and NSFR at quarterly intervals along with financial statements.

Investment Policy: All investments made by Bank follow the principle of safety, liquidity and return - in that order. The primary purpose of the policy is to ensure proper deployment of surplus funds while ensuring safety through proper assessment and appraisal of underlying risks while ensuring alongside optimal return commensurate with the stability and liquidity requirement.

Derivatives Policy: It lays down the framework for undertaking derivative activities for trading, hedging or consumer products by specifying various risk limits, such as Net Overnight Open Position, Modified Duration, PV01, Stop Loss and counterparty Exposure Limits.

Interest Rate Risk Management: Interest Rate Risk represents the potential adverse impact on profits and market value of assets and liabilities due to fluctuation on interest rates and its management is in close coordination with and as a part of other ALM processes such as liquidity and exchange risk management. Managing interest rate risk is a fundamental concept of safe and sound management of the Bank. Sound interest rate risk management involves prudent management of interest rate risk positions for optimization of returns, while remaining within the tolerance limits set for various risk parameters. Appropriate hedging techniques such as Interest Rate Swaps, Cross Currency Swaps etc are used as a means of managing and controlling interest rate risk. The risk positions are monitored on a monthly basis by Management and quarterly by the RMCB through Interest Rate Sensitivity Monitor (IRSM) report.

EaR Analysis:

Interest Rate Movement	Impact on Earnings (in USD Mio)
+25	1.04
-25	-1.04
+50	2.08
-50	-2.08
+75	3.12
-75	-3.12
+100	4.16
-100	-4.16

Foreign Exchange Risk: Foreign Exchange is managed by setting Position limits, duly approved by the Board, both for daylight and overnight positions. In addition, cut loss limits have been set up on per deal and per day basis. The Management monitors the exchange position and profits arising out of operations on a daily basis and being reported daily to the MD & CEO, monthly to CENMAC and quarterly reports are submitted to the Risk Management Committee of the Board. Bank's open position is also reported to Bank of Mauritius on a daily basis.

C.3 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes financial as well as non-financial risks like loss of reputation. Some of the

operational risks that the bank is exposed to in the ordinary course of business are in respect of settlement processing, documentation, accounting, legal/regulatory, technology and human error. In order to mitigate such risks, the Bank has a Board approved Operational Risk Management Policy and comprehensive systems and procedures.

The Bank has an Operational Risk Management Committee (ORMC), headed by the Chief Risk Officer, which comprises senior officials of the Bank and meets at monthly intervals to discuss all operational risks of the Bank including Key Risk Indicators (KRIs) in credit, market and operational area, internal and compliance audit recommendations, review of fraud cases, penalties and near miss events etc. The Action Points arising out of the ORMC are further discussed and reviewed in the monthly Risk Management Committee meetings.

The Bank has in place a Business Continuity and Disaster Recovery policy which clearly details the availability of critical business activities at acceptable pre-defined service levels. The Bank also continuously reviews its IT system infrastructure to ensure that systems are robust, resilient, readily available to customers and secure from cyber-attacks / phishing attempts. The Bank has a well-defined Business Continuity & Operational Resilience Policy that sets out the procedures and establishes the necessary processes and systems to continue or restore the operation of the bank at an acceptable level of service, in the event of disruptions whether for a short or long duration, thereby limiting the impact on people, processes, infrastructure and systems to ensure.

Key elements of the Operational Risk Management Policy, among others, include ongoing review of systems and controls, creation of awareness of operational risk throughout the Bank, timely incident reporting, enhancing operational risk awareness through Risk Awareness workshops, improving early warning information through Key Risk Indicators (KRIs), resolution of risk issues by effectively tracking and follow-up of outcomes of assessment, assigning risk ownership and, aligning risk management activities with business strategy. All these components ensure better capital management and improve quality of the Bank's services/ products/ processes, besides ensuring compliance with regulatory requirements.

In addition, the Internal Audit department addresses operational risks arising in day-to-day business operations during the course of their audit, and major irregularities are placed to the Audit Committee of the Board on a quarterly basis.

C.4 Enterprise Risk

Enterprise Risk Management aims to put in place a comprehensive framework to manage various risks and alignment of risk with future strategy at the Bank level. It encompasses global best practices such as Risk Appetite, Material Risk Assessment and ICAAP, among others.

C.4.1 Enterprise Risk Management (ERM) Policy: The Bank has a Board approved Enterprise Risk Management (ERM) Policy in place. The purpose of the ERM Policy is to establish an ERM Framework in the Bank that would result in the systematic and proactive identification, assessment, mitigation, monitoring, reporting and aggregation of the enterprise-wide risks. It has been framed in line with the Bank of Mauritius guidelines on Credit, Market and Operational Risk Management, Capital Adequacy and AML / CFT.

C.4.2 Risk Appetite: The Bank defines risk appetite as the maximum level of risk it is willing to assume within its risk capacity to achieve its strategic objectives and business plan. With the objective of maintaining a sound risk profile, the Bank has developed a Risk Appetite Framework incorporating limits for major risk metrics which provides guidance to acquire, retain, avoid and / or remove risks from operations. The Risk Appetite Statement (RAS) sets out types and levels of risks that Bank is willing to accept in order to achieve its business objectives. The RAS essentially sets the tone for consistent risk management across the business

Risk Capacity is the maximum level of risk the Bank can assume before breaching any regulatory constraints and, from a conduct perspective, breaching its obligations to depositors, other customers and shareholders.

Risk Tolerance range consists of maximum/minimum qualitative and quantitative limits alongside Early Warning Indicators (EWIs), which provides the business, ability to optimize its risk positioning and provides management with early warning ahead of any potential issue which may require invocation of recovery action and/or advice to the regulatory authorities.

C.4.3 Internal Capital Adequacy Assessment Process (ICAAP): The Bank conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) exercise on a yearly basis with respect to adequacy of Capital under normal and stressed conditions. The Pillar 2 risks, such as Liquidity Risk, Interest Rate Risk in Banking Book (IRRBB), Concentration Risk and others along with the Pillar 1 risks such as Credit, Market and Operational risks are covered under ICAAP. The annual ICAAP document reviews all material risks to the Bank and assess the future capital requirement in proportion to its risk profile, nature, scale and complexity of business operations.

The core elements of the ICAAP document are as follows:

- Policies and procedures in place to ensure that all material risks are identified and assessed taking into consideration operating environment, its vision and long-term objectives.
- Adequate level of capitalisation relative to the risks identified under normal and stressed scenarios.
- Management and control of those risks to align with our profit maximisation goal.
- Internal controls, reviews and audit in place to ensure the integrity of the overall Risk Management process.

C.5 Compliance and Legal Risk

- Compliance Risk is defined as the risk of legal or regulatory sanctions, material financial loss or reputational loss, a Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, best practices guidelines and codes of conduct applicable to its banking activities.
- The compliance function of the Bank operates independently from the business activities and monitors the compliance processes in terms of consistency, adequacy and effectiveness through participation, co-ordination and monitoring of the total compliance risk. The compliance function operates as per good corporate governance practices.
- One of the significant risks that banks are facing today is the global phenomenon of Money Laundering, Terrorist Financing and Proliferation financing risks. Banks have become the major targets since they provide a variety of financial services and instruments.
- The Bank, aware of its duties as a responsible corporate citizen, has an AML/CFT&P Policy and "Know Your Customer" guidelines. These policies are duly approved by the Board and are in conformity with the relevant guidelines of the Bank of Mauritius.
- Compliance Risk is being reviewed at the monthly Risk Committee and periodically by the Risk Management Committee of the Board. All the members of the Staff are informed of changes in laws, regulations and guidelines for compliance through the intranet portal.
- The compliance officer conducts on-site inspection of all Branches and departments with the aim of ensuring ongoing adherence to legal and regulatory requirements. Regular training is also imparted to staff on topics pertaining to Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation financing and other compliance issues.

C.6 Quantitative Disclosures:

(a) Gross Credit Risk Exposures

Particulars	Amount (in USD Mio)
Fund Based Exposures	1,430.72
Non-Fund Based Exposures & Other Off-Balance Sheet Exposures	116.40
Total Gross Credit Exposures	1,547.12

(b) Geographical Distribution of Exposures (Top 10 countries)

S. No.	Name of Country	Exposure (in USD Mio)	Exposure as % of Tier-I Capital
1	India	513.20	263.18%
2	Mauritius	504.14	258.54%
3	South Africa	82.76	42.44%
4	USA	71.52	36.68%
5	Egypt	45.25	23.21%
6	Nigeria	45.00	23.08%
7	UAE	43.50	22.31%
8	Bahrain	25.00	12.82%
9	France	25.00	12.82%
10	Vietnam	15.00	7.69%

(c) Industry wise Distribution of Loan Portfolio (Top 10 Sectors)

S. No.	Industry / Sector	Fund Based Exposure (in USD Mio)	Exposure as % of Tier-I Capital
1	Financial and Business Services	553.49	283.85%
2	Manufacturing	124.73	63.97%
3	Construction	109.17	55.99%
4	GBL Licence Holders	54.53	27.96%
5	Transportation	41.77	21.42%
6	Information Comm and Technology	25.77	13.22%
7	Traders	23.98	12.30%
8	Tourism	21.74	11.15%
9	Agriculture & Fishing	12.56	6.44%
10	Electricity	6.68	3.43%

D. Disclosure on Climate-related and Environmental Financial Risk:

Climate-related and environmental risks play a vital role in our modern-day economy. With the effect of climate change happening faster than anticipated and impacting our planet, people and prosperity are leading to financial concerns. Therefore, addressing and disclosing climate-related and environmental risks, both to mitigate the alarming effects of climate change and to become more climate-resilient has become important. The SBI (Mauritius) Ltd. [SBIML] has developed an integrated strategy to minimize and mitigate climate-related and environmental financial risks that may arise in the future.

Adhering to the disclosure requirement of the guidelines issued by Bank of Mauritius (BOM) on "Climate-related and Environmental Financial Risk Management", the disclosures of SBIML are also aligned with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

i. Governance

The governance of risk management in SBIML includes Board Level Committees and Senior Management Committees. SBIML follows three lines of defence for its risk management. The governance of climate-related and environmental risks comprises different roles and responsibilities at each governance level.

The Board of the Bank is accountable for the adequacy and appropriate functioning of the climate-related and environmental financial risk management policy. The existing risk management committee supports the Board Committee members to design and effectively implement the developed climate risk policy.

The oversight of the policy and its implementation is delegated to the Chief Risk Officer (CRO). In addition to reporting to the Risk Management Committee of the Board, the CRO provides central oversight to the implementation of the climate-related and environmental financial risk management framework across the Bank and is supported by the compliance and legal department.

• Roles and Responsibilities of the Board

The Board of SBI (Mauritius) Ltd. makes decisions in respect of climate-related and environmental financial risk management, in accordance with this policy and its underpinning policies and procedures. The key responsibilities of the Board are:

a) Ensure an appropriate collective understanding of and relevant expertise on climate-related and environmental financial risks;
b) Determine and review the Bank's strategic and business goals in the context of the climate-related and environmental financial risk faced by SBIML;
c) Reviewing and approving the policy, scenarios on climate-related and environmental financial risk;
d) Assigning relevant roles and responsibilities of senior management, internal organizational structures as well as board sub-committees, as applicable, for the management of climate-related and environmental financial risks;
e) Ensure relevant capacity development and training programs on climate-related and environmental financial risks are arranged as required;
f) Reviewing and approving climate-related and environmental risk policies.

• Roles and Responsibilities of Senior Management

The senior management of SBIML includes the CRO, COO and all the Vice-Presidents (VP) of the respective departments. Their roles and responsibilities in climate-related and environmental financial risk policy are:

a) Development and implementation of the climate-related and environmental financial risk management policy within the Bank;
b) Regularly reviewing the effectiveness of the climate-related and environmental financial risk policies, tools, and controls;
c) To provide periodic reports, at least on a half-yearly basis, to the board on climate-related and environmental financial risks issues and opportunities as well as on the effectiveness and adequacy of the framework;
d) Ensure to fulfil the requirements that the internal structures responsible for managing climate-related and environmental financial risks are clearly defined and have adequate resources, skills, and expertise.
e) Ensure adequacy and appropriateness of the training and capacity development plans. In particular, first line of defence shall have sufficient awareness and understanding to identify potential climate-related and environmental financial risks; and
f) Ensure that material climate-related and environmental financial risk issues are addressed in a timely manner.
g) Ensure compliance with the regulatory and legal provisions.

ii. Strategy

Mauritius being a small island country needs special attention and demands a specific strategy for climate-related and environmental financial risks. The Bank has carried out a specific study by reviewing its portfolio and probable financial risk that can be caused by adverse climate and environmental activities. Physical and transitional risks are accounted to estimate the financial risk to the bank.

The Bank aims to evaluate its corporate lending, global lending, and retail portfolios through an internally developed "Climate Risk Assessment Toolkit" which is an excel based tool. The toolkit is a strategic business move for assessing the threshold of the risk implacable to the Bank by lending security or money for a particular project.

Various categories are classified under each portfolio for further assessment:

1. Corporate Lending – Manufacturing, Building and Hospitality, Trading, and Agriculture
2. Retail Lending – Home loan and Vehicle Loan

The toolkit assesses each portfolio on qualitative and quantitative climatic and environmental data like GHG

emissions, water consumption, and waste generation. Based on the answered qualitative questions and input quantitative data, a risk score will be calculated on a scale of 1-15. The lower the score, higher the risk.

Based on various NGFS scenarios like Net Zero 2050, Below 2°C, Divergent Net Zero, Delayed transition, Nationally Determined Contributions (NDCs), and Current Policies, the scenario analysis model is defined by the Bank for the severity of the risk and its shock level. Severity up to 5% is a low impact, >5%-10% is a medium impact, and above 10% is a high impact of risk on the portfolio of the bank.

The identified climate-related and environmental financial risks are classified under short, medium, and long-term based on the probability of occurrence of the event and the impact thereof on strategy and financial planning. The short and medium includes transitional changes like policy changes, carbon dioxide reduction, weather, etc. events which are targeted to be achieved by 2030 – 2040. While the medium and long-term include the carbon tax, carbon pricing, sea-level rise, etc. which is targeted by 2040 – 2050.

iii. Risk Management

The Bank has a risk management team that integrates climate-related risks and environmental financial risks as a dedicated risk assessment policies alongside credit risks, operational risks, market risks etc.

• Operation of framework

The business line of the risk management process of the Bank is carried out in three lines of defence with different roles and responsibilities as mentioned:

a) First Line of Defence ("1LOD")

a) The role of the First Line of Defence ("1LOD") is to own and manage the risks of the business;

b) To undertake climate-related and environmental financial risk assessments for instance during credit application, and credit review process;

c) Responsible for climate risk identification, assessment, and reporting;

d) Prepare climate risk assessment report for each client using the "Climate risk assessment toolkit".

e) Monitoring climate-related and environmental risk events and losses, identifying issues and implementing remedial actions to address these issues;

f) The 1LOD also reports and escalates material risk events, losses, and any other risk-related issues to the VP Compliance or the CRO as appropriate.

b) Second Line of Defence ("2LOD")

The Second Line of Defence ("2LOD"), which comprises the Risk and Compliance functions, is pivotal to the effective functioning of the climate-related and environmental risk policy.

Risk Department:

a) Reporting key climate-related and environmental risks and findings and recommendations for enhancement to Risk Committee (RCOM).

b) Reviewing and challenging the climate-related and environmental risk management toolkit and controls used by the 1LOD;

c) Support in decision making and approval process of the evaluated climate risk score by first line;

d) Challenging the actions and decisions of the first line and helping the first line in considering risk when managing key decisions; and

e) Developing and delivering climate-related and environmental risk education and training across Bank.

f) Conduct independent climate-related and environmental risk & assessment and monitoring.

Compliance Department:

a) Compliance function shall ensure adherence to applicable guidelines, rules and regulations;

b) Communicating periodic material regulatory updates;

c) Taking responsibility for promoting a strong regulatory climate-related and environmental risk and compliance culture within the Bank and ensuring employees are aware of their responsibilities.

c) Third Line of Defence ("3LOD")

The Third Line of Defence ("3LOD") is comprised of internal and external audit and provides an independent layer of assurance with respect to validating the effectiveness of internal controls, including effectiveness of Climate-related and environmental risk management and compliance functions.

Internal Audit

a) Developing the climate-related and environmental risk-based internal audit plan for Audit Committee;
b) Validating the systems and controls that will be in place to ensure that procedures are complied with in line with business policies and directives;
c) Validating credit procedures, scenario analysis results;
d) Reviewing the reporting procedures and monitoring mechanisms for internal controls;
e) Providing recommendations on how climate-related and environmental risk management can be more effective based on the findings from internal audits.
f) Perform regular reviews of the adequacy, appropriateness and effectiveness of the risk management and internal control framework for climate-related and environmental financial risk.

External Audit

a) External Audit provides independent assurance to the Board that the Bank is in compliance with accounting standards and regulatory requirements and that the Bank's financial statements are true and fair; and
b) As part of their role, external auditors, as per the letter of engagement also undertake reviews of internal controls and other areas as mandated under Bank of Mauritius Guidelines.

• Risk Identification

SBIML identifies climate-related and environmental financial risks in all its portfolios considering the business line, sector etc. The process of climate risk identification involves:

a) Identification of possible climate and environmental risks like the carbon tax, policy change, floods, drought, etc.
b) Identification of the climate risks assessment criteria like energy consumption, water consumption, and waste generation.
c) Considering the potential impact of such climatic and environmental risks in the short-, medium-, and long-term.

• Risk Measurement and Monitoring

a) The Bank measures its climate-related and environmental financial risk by categorizing it into retail, corporate, and global portfolios which are further divided into sectors and sub-sectors.
b) The Bank uses a climate risk assessment toolkit to evaluate the risk of the project which uses qualitative and quantitative parameters to calculate risk.
c) Financial risk is estimated using scenario analysis and relevant risk exposure limit and thresholds of risk.

The Bank remains committed to strengthening its climate risk framework by enhancing data collection and reporting processes, build internal capabilities in climate risk analysis, collaborating with regulators and industry partners, and progressively improving disclosures in alignment with BoM expectations and global best practices.

4. INSPECTION & AUDIT

The Internal Audit (IA) Department operates in accordance with an Internal Audit Charter and Internal Audit Policy, both of which are approved by the Board of Directors upon the recommendation of the Audit Committee. The IA function adopts a risk-based approach and executes its mandate through an annual Internal Audit Plan, which is reviewed and approved by the Audit Committee. The Bank also follows an approved IA strategy which defines the risk-based approach for delivering independent assurance aligned with the organisation's objectives, risks, and regulatory requirements.

The Internal Audit Plan is developed based on a comprehensive risk assessment process, ensuring appropriate coverage of all key business lines and support functions, including Retail Branches, Global Business, Corporate Banking, Trade Finance, Treasury, and Information Technology. The plan also incorporates specific reviews required under applicable regulatory frameworks, including guidelines issued by the Bank of Mauritius (BoM), as well as assessments of the effectiveness of the second line of defence.

In line with its risk-based methodology, increased audit attention is directed towards high-risk areas, complex processes, significant transactions, and functions with material exposures. Selected branches and departments are subject to more frequent audits. The IA Department also conducts periodic surprise cash verifications at retail branches and undertakes comprehensive inspections of Centralised Processing Cells at Head Office to assess compliance with Know Your Customer (KYC) requirements, Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT&P) regulations, retail credit risk controls, and other operational and regulatory obligations.

As part of the audit planning process, risks are systematically mapped to key processes and internal controls to ensure adequate assurance over the Bank's control environment, governance framework, and systems. The scope of internal audit coverage includes, inter alia, operational risk, fraud risk, compliance risk, credit risk, reputational risk, market risks (including interest rate and foreign exchange risks), liquidity risk, and information technology risks. In addition, the IA Department undertakes special assignments and investigations as required to address emerging risks, specific concerns, or significant events impacting the Bank or the wider banking sector.

Internal audit reports are issued to management following each review and include observations on the design and operating effectiveness of internal controls. These encompass, among others, compliance with internal policies and procedures, adherence to regulatory requirements, validity and integrity of transactions, adequacy of supporting documentation, segregation of duties, and compliance with delegated authorities. Management is responsible for implementing corrective actions, and audit findings are tracked to closure in accordance with the Internal Audit Policy.

A summary of key audit findings and status of implementation of agreed actions is reported quarterly to the Audit Committee and the Board of Directors. Furthermore, annual reports on the effectiveness of the Bank's Internal Control Systems and AML/CFT&P framework are prepared in line with BoM guidelines and submitted to the Audit Committee, the Board, and the Bank of Mauritius.

The Bank is also subject to periodic on-site examinations by the Bank of Mauritius and management audits conducted by its parent institution, State Bank of India. The outcomes of these reviews, together with management's action plans, are reported to the Audit Committee, the Board of Directors, and the parent bank in accordance with applicable reporting requirements.

5. COMPLIANCE DEPARTMENT

The Compliance department of the Bank is an independent function that identifies, assesses, advises on, monitors and reports on the Bank's compliance risk, that is, the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, Bank of Mauritius guidelines, codes of conduct and standards of good practice. The compliance department, as the second line of defence, plays a critical role in overseeing the implementation and improvement of policies and procedures designed to safeguard the Bank's reputation, integrity, and financial stability while fostering a culture of ethics and responsibility throughout the Bank.

In order to ensure the above, the Bank's Compliance department conducts a compliance audit of all branches and Head Office departments using a risk-based approach as per the yearly approved plan and appropriate recommendations for enhancement of processes and controls are made as required. In addition to the compliance audit, 100 percent verification about the correctness of reporting by the branches and departments pertaining to high-risk areas is also carried out following closure of audit report issued by the Internal Audit Department.

The Compliance department also provides timely advice in relation to compliance and legal queries emanating from the branches and departments. The Compliance Department ensures training is imparted to all staff on Compliance and Anti Money Laundering and Combatting Financing Terrorism and Proliferation issues on a yearly basis and keeps the staff updated on any changes in the law, regulations and guidelines as and when required.

In compliance with regulatory requirements, the Bank conducts a yearly Enterprise-Wide Risk Assessment to identify, assess and manage the Money Laundering, Terrorism and Proliferation Financing risk present at an institutional level including product, delivery channels, jurisdictions and its customer base. The Bank has in place systems of internal controls towards protecting the Bank from being used as a medium for financial crimes and it fully cooperates with Investigatory and Enforcement Authorities.

6. RELATED PARTY TRANSACTION POLICIES AND PRACTICES

As per the extant guidelines of Bank of Mauritius on Related Party Transactions, which had become effective from 19th January 2009 (Revised in May 2022), related party exposures are classified into three categories namely,

Category 1:

This includes credit exposures to:

- A person who has significant interest in the financial institution.
- A director of the financial institution;
- A director of a body corporate that controls the financial institution;
- The spouse, child and parent of a natural person covered in (a) or (b) or (c) above;
- Any entity that is controlled by a person described in (a) or (b) or (c) above; and
- Any entity in which the financial institution has significant interest, excluding a subsidiary of the financial institution.

Category 2

This includes credit exposures to:

- Senior officers, which are outside the terms and conditions of employment contracts;
- The spouse, child and parent of senior officers;
- Senior officers of a body corporate that controls the financial institution;
- Any entity that is controlled by a person described in (a) or (b) or (c) above, and;
- A subsidiary of the financial institution with no shareholder (natural person) holding directly or indirectly more than a significant shareholding in the parent financial institution.

Category 3

This includes credit exposures to senior officers, which are within the terms and conditions of employment contracts.

Regulatory limits

Credit exposure to any single borrower/group of closely related customers who are related parties to the Bank shall be governed by the Guideline on Credit Concentration Risk, subject to the following conditions:

1. The aggregate of credit exposures to and investments in equity shares of all related parties in Category 1, other than investments in subsidiaries and associates, should not exceed 60 per cent of the financial institution's Tier 1 capital and

2. The aggregate of credit exposures to and investments in equity shares of all related parties in Category 1 and Category 2, other than investments in subsidiaries and associates should not exceed 150 per cent of the financial institution's Tier 1 Capital.

The Bank may consider requests for the grant of facilities to related parties, which would cause the credit exposure of a financial institution to exceed the regulatory limits. Such requests shall be entertained by the Bank on the express condition that the additional credit exposure shall be deducted from the financial institution's Tier 1 capital. The Bank may also impose other conditions thereto.

The treatment of lending of a capital nature by banks to their subsidiaries and associates shall be in accordance with the Guideline on Scope of Application of Basel III and Eligible Capital.
Consequently, such exposures shall be excluded from the regulatory limits.

Rules governing Related Party Transactions

As per BOM guidelines, "related party transactions" include the following:

a) Credit exposure, that is credit, financial leasing, non-fund based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party to a related party; investment in equity or other debt instruments of a related party and any other commitment to provide funds or substitute of funds to a related party;
b) Placements made by the financial institution with a related party;
c) Conditional sales agreements with a related party;
d) Consulting or professional service contracts with a related party;
e) Deposits placed with the financial institution by a related party;
f) Acquisition, sale or lease of assets of a related party; and
g) Any pecuniary relationship or other transactions or arrangement with a related party (including by way or service arrangements or contracts).

Deposits from Related Parties

Under SECTION II - Rules Governing Related Party Transactions, related party transactions include the deposits placed with the financial institution by a related party.

Exemptions from regulatory limits

The Bank shall be exempted from the Regulatory Limits on the following credit exposures:

- A credit exposure to the extent to which it is collateralised by deposits with the financial institution or Government of Mauritius securities or a loan to the extent to which it is guaranteed by Government of Mauritius;
- A credit exposure to the extent which it is collateralised by securities issued by another government or a loan to the extent to which it is guaranteed by another government provided that the exposure is (i) denominated and funded in its national currency, and (ii) approved by the Bank under paragraph 6 of the *Guideline on Standardised Approach to Credit Risk* for a Zero per cent risk weight;
- A credit exposure to parastatal bodies and to an entity in which Government has more than 50 percent shareholding;
- Inter-bank transactions as part of treasury operations;
- Category 3 type of related party exposures; and
- Credit exposures, including aggregate credit exposures to a group of connected counterparties as defined as Annex II to the Guideline on Credit Concentration Risk, representing less than 2 per cent of the financial institution's Tier 1 capital.

Reporting Requirement

The Bank is expected to report to the Bank of Mauritius (BOM) on a quarterly basis, in such form and manner as may be determined by the Bank, all information relating to credit exposures to related parties, including exemptions from the regulatory limits on credit exposures.

The Board of Directors of the Bank is expected, inter alia to establish a policy on related party transactions and suitable procedures to ensure that board members with conflict of interest are excluded from the approval

process of related party transactions and to ensure that the financial institution has a robust system of checks and balances to monitor compliance with the regulatory limits, uphold impartially and prevent credit activities of any kind which override established credit approval policies and procedures when granting credit facilities to related parties.

The Board of Directors of the Bank shall receive periodic reports, at intervals not exceeding three months, from the Audit Committee, the Risk Management Committee, senior management, the Chief Risk Officer. The report shall, inter alia, cover:

i. New related party transactions.
ii. The performance of the bank's related party exposures including compliance with policies and procedures (including internal/regulatory limits), breach of covenants, deterioration in credit quality, impairment of assets and non-perfection of collateral;
iii. The performance of services provided by related parties and other arrangements/contracts with related parties including compliance with agreed service level agreements; and
iv. The findings and status of recommendations of control functions, the Audit Committee and the Risk Management Committee in respect of related party transactions.

The Bank has a policy on Related Party Transactions approved by the Board of Directors on 19 June 2023. Bank of Mauritius, vide its Letter No. Ref: BSD 318 Vol 2 dated 12 May 2022 has amended the guidelines and revised instructions are as follows.

"The requirement for Financial Institution to set up a Conduct Review Committee and approve Related Party Transaction has been removed. The Roles and responsibilities of Conduct Review Committee will now be entrusted to the financial institutions' Board of Directors."

In light of requests for clarifications and representations received on the revised Guideline, we hereby advise as follows with regards to the requirements for board approval as specified under paragraph 6 of the guideline:

(i) the dedicated board sub-committee comprises at least three members:
(ii) all exposures approved by the dedicated board sub-committee are duly noted by the board on a quarterly basis:
(iii) the dedicated board sub-committee shall be distinct from the Risk Management Committee and Audit Committee
(iv) the member of the dedicated board sub-committee do not form part of the Audit Committee
(v) only one member of the dedicated board sub-committee may be a member of the Risk Management Committee
(vi) the members of the dedicated board sub-committee ensure compliance with board approved policies and procedures, and terms and conditions are at market terms and conditions and
(vii) the board receives quarterly reports on the performance of credit exposures and any other transactions approved by the dedicated board sub committee.

(2) With regard to 'special risks', the onus will be on the approval authorities to assess the characteristics of and risks posed by related party transactions and accordingly determine which related party transactions necessitate board approval and/or board sub-committee approval as designated under (1) above: and

(3) The requirements for approval of related party transactions by the board and board sub-committee will not apply to transactions related to day-to-day operations such as transfer, withdrawals, deposits placed with the financial institution, cheque clearing and foreign exchange as well as spot transactions which are carried out on market terms and conditions and do not result into a credit exposure. The financial institution shall establish the approval authorities and processes for these transactions.

Accordingly, we are submitting the report to RMC for onward recommendation to the Board of Directors for their Review and Ratification of Related Party Transactions performed within the Approved Limit and Delegation of Financial Power.

Wherein, we confirm that all operations are conducted within the Board approved policy and the quarterly reports are promptly submitted to the Bank of Mauritius as required and Register of Related Party is being maintained.

The details of Related Party Transactions for the quarter ended 31 March 2026 are furnished hereunder in a tabular format:

USD Mio

Category	Related Party	Outstanding Balance as at 31-Mar-26	Remarks
Category 1 Non-Exempted	State Bank of India	1.49	Bank Guarantees (BG) against Counter Guarantee of SBI
	State Bank of India	0.32	Buyer's Credit (BC) against Counter Guarantee of SBI
Category 2			
Non-Exempted	Credit exposures to Senior officers, which are outside the terms and conditions of employment contracts.	0.40	Loans extended to **Local** Senior Officers which are outside the terms and conditions of employment contracts.
Category 3			
Exempted	Sundry Transactions Loans to Senior Officers	0.07	Loans extended to Senior Officers (IBO & SIBO) as per Terms of Contract
Tier I Capital		**195.00**	
Total Exempted Exposures		**0.07**	**0.04% of Tier 1 Capital**
Total Non-Exempted Exposures		**2.21**	**1.14% of Tier 1 Capital**

	Deposits From Related Parties as at 31 March 2026 (USD Mio)		
(a)	Related companies - Companies within SBI group	0.17	SBI Funds Management (International) Private Ltd, SBI India Opportunities Fund, SBI Resurgent India Opportunities Fund, State Bank of India New York.
(b)	Deposits placed with the financial institution by a related party (other than a)	0.23	Deposits Of Key Management Personnel and Deposits of SBIML Directors.
	TOTAL	**0.41**	

Placement with SBI /SBI Group entities: **USD 180.83 Mio** (Money Market -Treasury Operations) We confirm that the above transactions were conducted on an arm's length basis and the rates applied were market driven.

We further confirm that:

(a) The aggregate of credit exposures to and investments in equity shares of all related parties in Category 1, other than investments in subsidiaries and associates, does not exceed 60 per cent of the financial institution's Tier 1 capital.

(b) The aggregate of credit exposures to and investments in equity shares of all related parties in Category 1 and Category 2, other than investments in subsidiaries and associates, does not exceed 150 per cent of the financial institution's Tier 1 Capital.

(c) All Related Party Transactions are in compliance with BOM guidelines and Bank's Policy.

7. CORPORATE GOVERNANCE

Corporate Governance encompasses a comprehensive framework of processes, systems, structures, policies, laws, through which businesses are directed and controlled. The Bank is committed to upholding the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct across all levels.

Good corporate governance is an essential element for a sound banking system. In that regard, the Bank maintains a robust governance framework that ensures effective oversight by the Board of Directors and senior management, promotes sound risk management, safeguards the interests of its stakeholders, and upholds the integrity of the Bank, thereby fostering long term financial stability and regulatory compliance. Furthermore, the Bank complies with the provisions outlined in both the National Code of Corporate Governance for Mauritius and the guidelines on Corporate Governance issued by the Bank of Mauritius.

In its efforts to ensure transparency and accountability, the Bank diligently adheres to regulatory provisions governing the disclosure of pertinent information on its website, in annual reports, and to its esteemed shareholders. Additionally, the Bank's website serves as a repository of supplementary resources, catering for shareholders, stakeholders and the general public.

The role of the Company Secretary is pivotal in maintaining open channels of communication with shareholders and promptly addressing their inquiries or concerns. Acting as the primary point of contact, the Company Secretary engages with shareholders through various channels including email, telephone, written correspondences, personal interactions at Annual Shareholder Meetings, dividend declarations, press releases and the corporate website. This proactive engagement ensures that shareholders' interests, concerns and feedback regarding the Bank's operations are duly considered. At the Annual Shareholder Meetings, members of the Board are readily available to respond to queries from shareholders, gather feedback and address any relevant concerns.

Through these measures, the Bank seeks to maintain a governance framework that not only meets regulatory expectations but also supports sustainable growth and long-term value creation for all stakeholders.

8. OUTLOOK FOR 2026-27:

SBIML enters its new financial year well-positioned, supported by a resilient balance sheet, sound capital adequacy and strong liquidity buffers. Backed by a diversified business model, experienced leadership, and the continued support of its Parent Bank, State Bank of India, the Bank remains equipped to pursue sustainable growth while maintaining financial stability.

During FY 2026-27, strategic initiatives will continue to be aligned with evolving macroeconomic conditions and regulatory expectations. Key areas of focus include:

- **Enhancing customer acquisition and retention:** Ongoing efforts will aim to strengthen customer engagement under the "Grow Local" strategy across both retail and corporate segments, supported by deeper relationship management and competitive product offerings.
- **Digital transformation:** The Bank will continue to strengthen its digital capabilities by advancing onboarding processes, enhancing mobile and internet banking platforms and leveraging technology to improve efficiency.
- **Strengthening core business segments:** Focus will remain on improving asset quality, optimising the balance sheet mix and driving sustainable growth across lending and deposit portfolios.
- **Staff Engagement:** Continued emphasis will be placed on fostering a culture of inclusion, collaboration and capability development to enhance employee engagement and overall effectiveness.

Through disciplined execution of its strategic priorities and a proactive risk management approach, the Bank remains well-placed to navigate evolving market conditions, support its customers, and deliver sustainable long-term value to stakeholders.

Ranjit Radhakrishnan
Chief Operating Officer

Prashant Kumar Babhale
Managing Director & CEO

SBIML

Bank to grow with

7 th Floor, SBI Tower Mindspace, 45 Ebene, Cybercity, 72201, Mauritius

(230) 404 4900 | info@sbimauritius.com | https://mu.stateBank