CHARTING **NEW** HEIGHTS



ANNUAL REPORT **2024**

SBI (Mauritius) Ltd

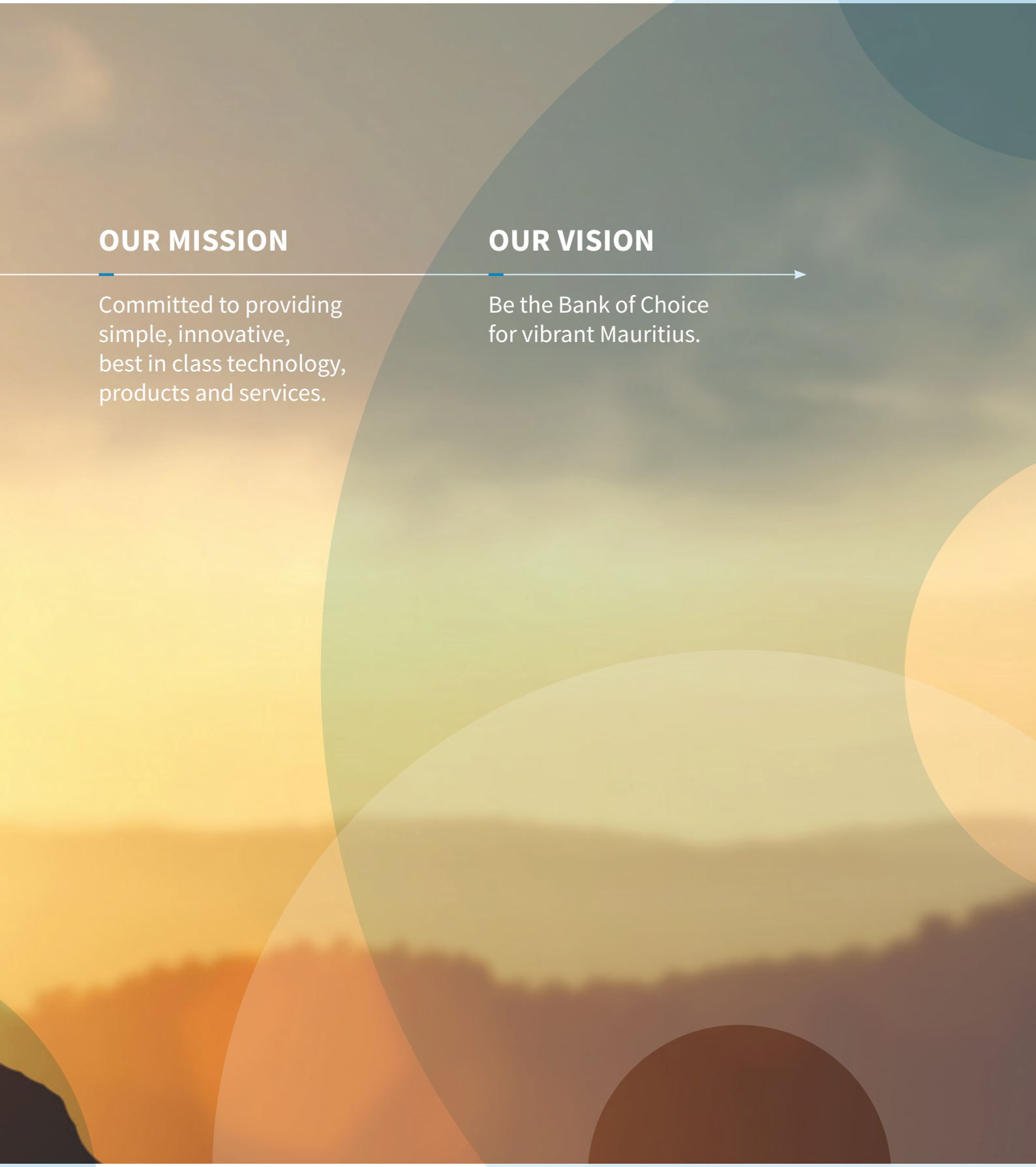
Bank to grow with

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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
Fax : (230) 454 6890
Email : info@sbimauritius.com
Website : https://mu.statebank
BRN : C09008318

GROUP

State Bank of India Group

COMPANY SECRETARY

Registrar and Transfer Office

Mr. A. B. Mosaheb, ACG, M. MIoD
SBI (Mauritius) Ltd
7th Floor, SBI Tower Mindspace
45 Ebène Cybercity - 72201
Mauritius.
Tel : (230) 404 4900
Fax : (230) 454 6890
Email : info@sbimauritius.com

AUDITOR

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



DIRECTORS' REPORT

DIRECTORS' **REPORT** OF SBI (MAURITIUS) LTD

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, which presents an overview of the Bank's financial and non-financial performance for the year ended 31 March 2024 - a year that will be celebrated for the achievement of many milestones, setting a precedent for the Bank to strive for in the year to come.

A record performance in a volatile context

The financial year 2024 was marred by some volatile situations, brought on by geopolitical tensions in Europe and the Middle East. The global economy continued to see sticky inflation, prompting central banks to maintain a restricted monetary stance as a measure to curb consumer spending and stabilise prices.

On a positive note, Mauritius showed remarkable resilience. The economy saw a buoyancy in economic activity, spurred by the strong rebound of tourism exceeding pre-pandemic levels, and major construction and transportation projects underway across the country. While inflation has eased considerably, it has remained above the target range set by the central bank, a level considered optimal for economic expansion.

We are also pleased to share that SBI (Mauritius) Ltd delivered an exceptional performance amid a challenging operating context. In FY 2024, the Bank registered its highest profit ever since its inception, marking an important milestone in its history.

The Bank saw impressive growth, bolstered by the financing of high-quality assets, the prudent management of resources and risks, along with the introduction of enhanced digital solutions. This historic performance is a strong testament to our strategic vision, and above all, affirms the strength and resilience of our SBIML team.

Performance highlights

During FY 2024, the Bank's performance reached new heights, culminating in a record-breaking Profit after Tax of USD 27.32 mio, up by 12% compared to FY 2023. The Bank also demonstrated notable improvements in crucial indicators and efficiency metrics: Return on Average Equity (ROAE) stood at 17% (FY 2023: 16.67%), while Return on Average Assets (ROAA) improved to 2.24%, in excellent financial health and poised for sustained growth.

Deposits

Healthy growth across all customer and product segments led to an 11% increase in deposits during this financial year. The Bank has successfully onboarded over 8,500 new deposit accounts, laying a solid foundation to build upon our business momentum.

Advances

The loan book saw a significant growth of 32%, with a strategic and judicious focus on booking quality-loans across geographies. Total advances (net) for the year ended March 2024 reached USD 804.06 Mio.

Investment

Our investment portfolio grew by 5%, maintaining sufficient liquidity to fulfill the Bank's High-Quality Liquid Assets (HQLA) requirements and to cover any potential cash outflows, while prioritising sustainable returns that align with the risk profile of our assets.

Net Interest Income

Our prudent and adept utilisation of resources, along with asset growth, have led to the Bank's Net Interest Income (NII) surging by 51% to reach USD 32.80 Mio, compared to USD 21.65 Mio in the previous year. Additionally, Net Interest Margin improved by 70 basis points from 2.11% to 2.81%.

Asset Quality

The Bank's asset quality improved substantially during the year, as evidenced by a decrease in our Gross Non-Performing Assets (NPA) ratio, which stood at 0.08% compared to 0.15% the previous year. This enhancement is credited to our continuous and diligent monitoring of the loan book, and efficient risk management practices.

Dividend

The Bank has maintained a steady record of rewarding its shareholders. We are pleased to share that the Board approved and declared a final dividend of 25% of the Share Capital for FY 2023, equating to USD 15.625 per share, marking a considerable increase from the previous year's 20%.

Capital Adequacy

The Bank remains well-capitalised, with a Capital Adequacy Ratio (CAR) of 22.97%, far exceeding the regulatory minimum of 12.50%. This not only lends us a substantial buffer to withstand potential economic downturns, but it also affords us more flexibility to pursue our growth plans. As of 31 March 2024, the Bank's Capital level increased to USD 182.54 million from USD 167.05 million the previous year.

Strategic direction

Our strategy is to position SBI (Mauritius) Ltd as a versatile and dependable banking partner, recognised for meeting diverse local and international financial needs, and serving a wide range of customers. To achieve this, we are pursuing a 'Grow Local' strategy to boost our market share and strengthen our footprint domestically, while simultaneously embarking on an international expansion strategy. This past year, notable strides were made in line with this strategy:



Retail

The Bank expanded its retail customer base, witnessing a steady growth in deposits and advances, testifying to our growing appeal among customers. During the year, we maintained the largest volume of personal money transfers made in Indian Rupee (INR) from Mauritius to India, indicating that we have carved a distinct competitive advantage in this area. Our continued focus on digital channels and digital engagement led to 84% of our customer base using YONO (You Only Need One), the Bank's flagship digital app. Equally, almost 84% of transactions are conducted through channels other than our traditional bank branches, pointing to a real shift towards technology driven banking.



Corporate

With a focus on establishing strong relationships with quality businesses in Mauritius, the Bank continued to successfully engage with Top companies. Looking ahead, considering both the size of the SME segment, and their crucial importance to the Mauritian economy, the Bank is developing a strategy to onboard a substantial number of SME customers.



Global business

The Global business segment saw a notable increase, the culmination of our efforts to meet the most sophisticated needs of international clients. Having also established connections with new partners, the Bank is now well-positioned to expand into new markets. Meanwhile, Africa's vibrant markets present ample growth and expansion prospects. The Bank is formulating an exclusive Africa strategy, rooted in prudent strategic planning, deep market analysis, and effective risk mitigation strategies, aiming for a tailored approach to harness the numerous opportunities.

A customer-centric bank

In the highly competitive banking landscape in Mauritius, the Bank is intent on distinguishing itself through personalised and attentive service to our valued customers. Our dedication to putting customers first stands as a cornerstone of our operations, driving us to constantly innovate and seek out new ways to exceed our customers' expectations in every interaction. Comprehensive training sessions have been designed to equip our staff with the tools and skills necessary to deliver unparalleled service, not just keeping pace with industry best practices, but also setting new benchmarks of excellence.

A customer-centric bank (Cont'd)

The Bank is also focused on harnessing technology to deliver a multi-channel banking experience for our customers, offering them the convenience to carry out any transaction from anywhere, in just a few clicks. RuPay Card and UPI (Unified Payment Interface), introduced by the Bank of Mauritius, was launched in February 2024 by the Honourable Prime Ministers of India and Mauritius. We take great pride in being selected as the pilot bank for the introduction of these two products in Mauritius. The successful launch of UPI services and the RuPay card, which allow customers to make payments and transfer money instantly, exemplifies our commitment to offering more secure and efficient banking solutions to our customers. They also represent a great leap towards facilitating smoother cross-border transactions between India and Mauritius and advancing towards a cashless society, aligning with global trends.

Prioritising our Human Resources

Our strength as an organisation lies in the people who form part of it, who embody the values that set us apart, and who work hard each day to deliver on our promise to customers. Recognising that our team members are the backbone of our strategy and operations, we place utmost importance on their engagement and wellbeing. This commitment begins with fostering a work culture and environment in which they feel supported, productive, fulfilled and valued. Through various reward-recognition programmes, team-building activities, employee engagement initiatives, the Bank tries to foster high levels of collaboration across departments and branches, ensuring we are all unified in purpose and action. SBIML continuously aims to promote a healthy work life balance for its employees. The Bank also prioritises to provide adequate infrastructure, pleasant ambiance and healthy working environment for its employees.

Addressing climate change

The Bank is committed to fulfilling its responsibility for environmental preservation and social inclusiveness, positioning them at the forefront of its strategic agenda. In line with regulations, the Bank has set up a roadmap outlining how it plans to identify, assess and mitigate climate-related and environmental risks, encompassing both physical and transitional hazards.

While we recognise that climate change poses significant risks, it has also unveiled a host of opportunities within the Bank to innovate and contribute more positively to the environment. This dual perspective has guided us to launch several notable initiatives:

- The Bank has developed a Climate and Environmental Risk Assessment toolkit to measure the impact of borrowers' activities on the environment, helping us in turn to make more informed lending decisions and align our portfolio with sustainable practices.
- The Bank has also embraced digital innovations to reduce its carbon footprint, such as transitioning several paper-based processes to digital systems, reducing both consumption of paper and energy: account statements are now sent to customers electronically, meeting their need for both speed and accessibility, while the extensive use of 'Easy Approval' has significantly streamlined internal approval processes, eliminating the need for unnecessary paperwork.
- The 'SBI Green Car Loan Scheme', which offers lower interest rates for the purchase of hybrid and electric cars, is incentivising buyers to opt for more sustainable means of transportation.

The Bank is committed to expanding these efforts by consciously weaving environmental and social considerations into every facet of our operations, with a firm intent to progress towards a low-carbon and climate-resilient future.

Upholding high standards of governance

SBIML is committed to upholding high standards of corporate governance as the foundation of its long-term success. Beyond adhering to the principles outlined in the National Code of Corporate Governance in Mauritius and the Bank of Mauritius Guidelines on Corporate Governance, the Bank has also set up a comprehensive framework that defines the processes, policies and expected behaviours essential for maintaining transparency, accountability, and ethical conduct at all levels of the Bank. The Board of Directors is responsible for overseeing these practices, ensuring that stakeholder interests are protected at all times.

The Board's composition - with Executive, Non-Executive, and Independent Directors from diverse backgrounds and with varied expertise - has played a fundamental role in its achievements over the past year. This diversity has brought in a wide range of perspectives and skills to the table, enabling better decision-making and enhancing the Bank's ability to address complex challenges. Risk management is a core aspect of our governance duties, especially critical given the Bank's presence in multiple jurisdictions subject to different regulatory and compliance environments. Risks are monitored on a continuous basis to ensure that SBIML remains well-capitalised, within its risk appetite, and prepared for any eventuality, however unlikely or improbable it may seem.

The Corporate governance report on pages 17 to 54 delves deeper into SBIML's governance framework, illustrating how it supports its mission to be fully compliant with the highest standards of Corporate Governance.

The way forward

Although the outlook for next year remains cautious, considering the geopolitical situations and restrictive monetary policies, the Bank is confident in its strong business fundamentals, value propositions and deep knowledge of its markets to continue the growth trajectory in the coming years. The Bank aims to continue seizing opportunities in various streams to diversify our revenues and balance our risk profile to further boost profitability. More specifically, our focus on the following areas will help us remain competitive and responsive to market demands, laying the groundwork for sustained growth:

- Strategically increase our market share across all segments (Global, Corporate and Retail), building upon the current economic dynamics and business momentum.
- Mobilise low-cost CASA deposits by onboarding new domestic and global customers.
- Tap into Africa's enormous growth potential, aiming for improved margins on our assets.
- Become one of the top banks in Mauritius in terms of key business and efficiency parameters, by aiming to attract HNI customers, the SME segment and cross border assets.
- Continue investing in our talent pool to enhance our capabilities and drive innovation.
- Pursue our efforts to enhance brand visibility, establishing our identity as a preferred local bank for Mauritian citizens.

Acknowledgements

As we turn the page on this groundbreaking year, we wish to express our deepest appreciation and gratitude to the Bank's stakeholder groups.

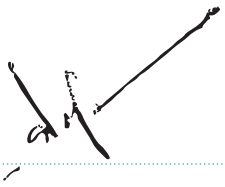
To our esteemed customers, we thank you for your unwavering support and for continuing to place your trust in us. Your patronage is the cornerstone of our success.

We extend our heartfelt recognition to all our employees, led by a dynamic senior management team, for their hard work and relentless pursuit of excellence. Your invaluable contributions have shaped our path to where we stand today.

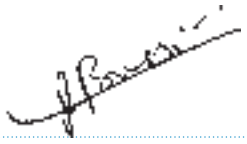
We would also like to thank the regulators for their support, guidance and partnership in fostering stability and trust in the financial services industry.

We now stride forward with optimism and confidence, knowing that the support of our customers, dedication of our team members, and vision of our leadership will propel us to unprecedented heights.

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



Somnath Adhya
Managing Director & CEO



Marie Annick Pamela Bussier
Director



Neeveditah Maraye
Director

Date: 22nd April 2024



CORPORATE **GOVERNANCE** REPORT

PRINCIPLES

1	GOVERNANCE STRUCTURE
2	THE STRUCTURE OF THE BOARD AND ITS COMMITTEES
3	DIRECTOR APPOINTMENT PROCEDURES
4	DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE
5	RISK GOVERNANCE AND INTERNAL CONTROL
6	REPORTING WITH INTEGRITY
7	AUDIT
8	RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

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). SBIMLis 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 2024, 96.60% of the Bank's shareholding is held by the State Bank of India ("SBI").

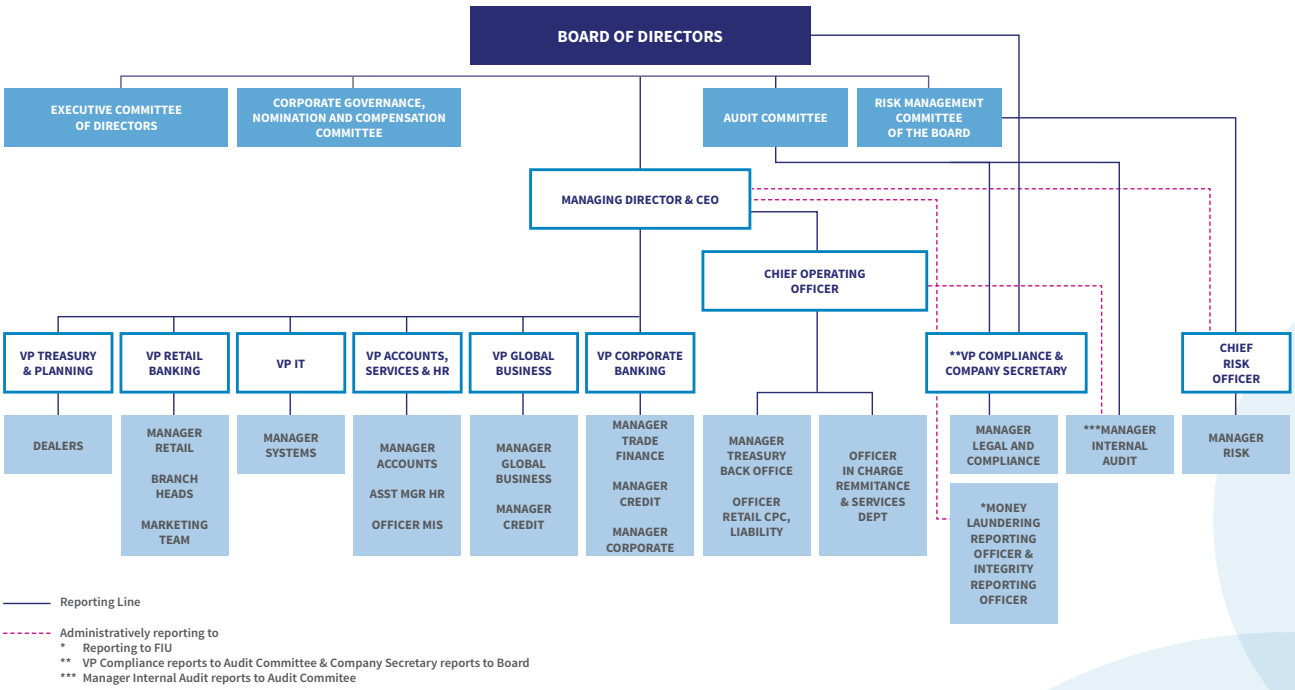
1. PRINCIPLE 1 - GOVERNANCE STRUCTURE

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.



MEMBERS OF **SENIOR MANAGEMENT**





STATEMENT ON **CORPORATE GOVERNANCE** (CONT'D)

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

1.2 Profile of senior management





1. Mr. Somnath ADHYA

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

2. Mr. Bibhu Prasad MISHRA

Mr. Mishra, the Chief Operating Officer ("COO") of the Bank since 24th of September 2021, is responsible for the day-to-day operations of the Bank. The Treasury (Back Office), Remittances & Clearing Department, Retail Credit Processing Cell and Liability Credit Processing Cell directly report to him. He is 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 is a Postgraduate in Economics and is a Certified Associate of the Indian Institute of Bankers ("IIBF"). His experience in the Banking sector expands over 20 years and covers Branch Management, Retail & Corporate Credit, Human Resources & Industrial Relations, Business Development & Marketing apart from the 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 15 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.

4. Mr. Prakash Sithu VENKATRAMAN

Mr. Prakash, Vice President (Treasury & Planning), joined SBI Group in 2006 as a Probationary Officer. He has 17 years of Banking experience in various aspects of Banking which includes foreign exchange and treasury management, international Banking, trade finance and branch management. He has experience of working in various geographies in India. He holds 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.

STATEMENT ON **CORPORATE GOVERNANCE** (CONT'D)

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

1.2 Profile of senior management (Cont'd)





5. Mr. Nikhil SINGH

Mr. Singh was deputed to SBIML on 11th February, 2021 as Vice President (Global Banking). He holds a Master of Commerce, Master of Business Administration and is a Certified Associate of the IIBF. He joined SBI in 2010 as Management Executive and has worked in various verticals during his career. His last assignment was as Chief Manager at SBI's Stressed Assets Resolution Group, Mumbai. Having more than 12 years of experience, he has exposure in Corporate Banking, Global Banking, Stressed Assets Management and General Banking.

6. Mr. Neelaksh BHARDWAJ

Mr. Bhardwaj is the Vice President (Retail Banking) of the Bank since November 2021. He is responsible for the operational and business efficiencies of all domestic branches of the Bank in Mauritius. He is 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 17 years. During his career with SBI, he has worked in the areas of SME Credit, Retail Operations and Branch Management. He is a commerce graduate and holds an MBA (Finance & Marketing). He is also a Certified Associate of the Indian Institute of Banking & Finance and a Certified Financial Crime Specialist.





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 deputed to SBIML on 1st December 2022 as Vice President (IT), 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. Kritanand RAMKHELAWON

Mr. Ramkhelawon is the 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 holds an MBA in Financial Management from the University of Mauritius. He has thorough knowledge in the local environment, legal and accounting related issues.

1. PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

1.2 Profile of senior management (Cont'd)



9. Mr. Aboo Bakar MOSAHEB

Mr. Mosaheb, Vice President (Compliance) & Company Secretary, is an Associate Member of the Chartered Governance Institute of UK & Ireland ("ACG") and a member of the Mauritius Institute of Directors ("MIoD"), which is a not-for-profit organisation that promotes the highest standards and best practices of corporate governance in Mauritius. He is also a Certified AML/CFT Compliance Professional from the Financial Services Institute. He has over 24 years of experience in the Banking sector at Senior Management level; mainly in areas of Internal audit, Compliance, Anti Money Laundering & Combating Financing of Terrorism and Proliferation ("AML/CFT &P"), Risk management including a two-year stint overseeing the Human Resource department among others. Before joining the Banking sector, he worked for 5 years in an Accountancy firm as well as in a private company, where he gained experience in areas of accountancy, audit and corporate secretarial practice.

Mr. Mosaheb also has over 10 years of overseas experience in areas of IT, accounting, international recruitment, and bidding exercises for large complex projects.

As Vice President Compliance, he oversees the Compliance and Legal Department providing direction and oversight including on-going assessment and reporting of the Compliance and AML/CFT & P functions through the relevant governance Sub-Committees and the Board. As Corporate Secretary, he is responsible for the overall corporate secretarial matters in addition to developing and implementing processes to promote and sustain good governance practices.





10. Mrs. Shweta PRABHAKAR

Mrs. Shweta Prabhakar, Chief Risk Officer, is an experienced Banker with over 21 years of experience in Retail Banking, Branch Management, Human Resource Management and Risk Management. She has served SBI in various positions as Accountant, Branch Manager, Manager (HR), Faculty & Chief Manager (Risk) before being deputed to SBI (Mauritius) Ltd. Mrs. Prabhakar holds FRM (Financial Risk Manager) degree and Post Graduate Diploma in Business Administration (PGDBA). She is also a certified associate of IIBF.

Mrs. Prabhakar was deputed to SBIML on 11th December 2023. As Chief Risk Officer, she oversees identification, evaluation, mitigation, management, and reporting of Bank's risks externally and internally.

11. Mr. Jaspal SINGH

Mr. Singh, the former Chief Risk Officer, is an experienced Banker with over 25 years of experience in General Banking, Credit and Treasury Management. He has served SBI in various positions as Field Officer, Branch Manager, Foreign Exchange Dealer and Chief Dealer before being deputed to SBI (Mauritius) Ltd. Mr. Singh holds a Master's degree in Financial Management, a Diploma in Treasury Investment and Risk Management and is a Certified Associate of the IIBF.

Mr. Singh was deputed to SBIML on 18th December 2019. As Chief Risk Officer, he has overseen management, identification, evaluation and reporting of Bank's risks externally and internally.

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 2024, 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, 1 female Director was inducted during the financial year ended 31st March 2024 bringing the number of female director to 3 on the Board of SBIML.

COMPOSITION OF THE BOARD



2.1 Company Secretary

The Company Secretary, Mr. Aboo Bakar Mosaheb, ACG, MIoD 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, Commerce, Economics 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. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

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;
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.

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 and ("RMC")
- Corporate Governance, Nomination & Compensation Committee

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, 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 is a 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. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

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 to 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 below:

- Appointment of the MD & CEO and other senior officers including the Company Secretary and board committee members, and assessing periodically their performance in the context of established corporate objectives and plans;
- 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 deem 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.

2.5 Board Composition

The directors holding office during the year ended 31st March 2024, as well as their profiles are disclosed under section 3.4 of the Corporate Governance Report which is included within this annual report.

As of 31st March 2024, 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	Ms. Jayati Bansal	Non-Executive Director and Chairperson	Non-Resident	None	09 January 2023
2	Mr. Niraj Kumar Panda	Non-Executive Director	Non-Resident	None	15 September 2023
3	Mr. Biranchi Narayan Rath	Non-Executive Director	Non-Resident	None	05 December 2022
4	Mr. Somnath Adhya	Executive Director	Resident	None	08 December 2022
5	Mrs. Neeveditah Maraye	Independent Director	Resident	None	18 November 2020
6	Mrs. Marie Annick Pamela Bussier	Independent	Resident	None	18 December 2023

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

2.5 Board Composition (Cont'd)

The Board of Directors wishes to express its appreciation to the directors who resigned during the financial year for their commitment and contribution towards the Bank's success over the past years.

The below directors resigned during the year ended 31st March 2024:

SN	Name of directors	Category	Resident / Non–Resident	Other directorships in listed companies	Date of appointment
1	Mr. Sanjay Dattatraya Naik	Non- Executive Director and Chairperson	Non-Resident	None	31 August 2023
2	Mr. Dhiren Ponnusamy	Independent Director	Resident	Medine Ltd	31 January 2024

The Non-Executive Directors are based in India

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 current financial year ended 31st March 2023 was conducted internally by completing a comprehensive questionnaire by all the directors as well as the Chairperson and the 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 & subcommittees 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:

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

2.8 Sub committees of the Board (Cont'd)

	Board of Directors	Executive Committee Of Directors	Audit Committee	Risk Management Committee of the Board	Corporate Governance Nomination & Compensation Committee
Directors Current directors as of 31st March 2024	**Meeting Attended / Held**	**Meeting Attended / Held**	**Meeting Attended / Held**	**Meeting Attended / Held**	**Meeting Attended / Held**
Ms. Jayati Bansal (appointed on 09.01 2023	4/4	2/4	▲	▲	▲
Mr. Niraj Kumar Panda (appointed on 15.09.2023)	1/2	2/2	▲	▲	▲
Mr. Biranchi Narayan Rath (appointed on 05.12.2022)	4/4	4/4	4/4	4/4	4/4
Mr. Somnath Adhya (appointed on 08.12.2022)	4/4	4/4	▲	4/4	4/4
Mrs. Neeveditah Maraye (appointed on 18.11.2020)	4/4	2/2	4/4	4/4	4/4
Mrs. Marie Annick Pamela Bussier (appointed on 18.12.2023)	1/1	1/1	1/1	1/1	1/1

Directors who resigned 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 resigned during the year	**Meeting Attended / Held**	**Meeting Attended / Held**	**Meeting Attended / Held**	**Meeting Attended / Held**	**Meeting Attended / Held**
Mr. Sanjay Dattatraya Naik (resigned with effect from 31.08.2023)	1/1	▲	▲	▲	▲
Mr. Dhiren Ponnusamy (resigned with effect from 31.01.2024)	3/3	3/3	3/4	3/3	3/3

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.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

2.8 Sub committees of the Board (Cont'd)

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 2024, the ECOD was made of the following four Directors:

- Mr. Niraj Kumar Panda (Chairperson)
- Mr. Biranchi Narayan Rath
- Mr. Somnath Adhya
- Mrs. Marie Annick Pamela Bussier

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.

II. Audit Committee

The Audit Committee's Charter provides that the Committee consist 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. Neeveditah Maraye (Chairperson)
- Mrs. Marie Annick Pamela Bussier
- 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) Perform such additional duties as may be assigned to it by the Board of Directors;
e) 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;
f) Evaluate the performance of the external auditor;
g) 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;
h) Provide oversight of the Bank's internal and external auditor and prior endorsement for their appointment and removal;
i) 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;

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

2.8 Sub committees of the Board (Cont'd)

II. Audit Committee (Cont'd)

j) 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;
k) Examine policies and escalate the findings to the Board for consideration and necessary action;
l) 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;
m) Recommend to shareholders the appointment, removal, and remuneration of the external auditor;
n) Approve the remuneration of the Head of Internal Audit;
o) Assess periodically the skills, resources, and independence of the external audit firm and its practices for quality control;
p) Assess whether the accounting practices of the Bank are appropriate and within the bounds of acceptable practice;
q) 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;
r) 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.
s) 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;
t) 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; and
u) 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 year ended 31.03.2024;
- 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 year ended 31.03.2024;
- 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, Mazars for the financial year ending 31.03.2024;
- Approving the Internal Audit Plan for the financial year ending 31.03.2025;
- Approving the Annual Compliance Audit Plan for the financial year ending 31.03.2024; 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, Mazars, 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 four members:

- Mrs. Marie Annick Pamela Bussier (Chairperson)
- Mrs. Neeveditah Maraye
- Mr. Biranchi Narayan Rath
- Mr. Somnath Adhya

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;
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 incentivise 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.

2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (Cont'd)

2.8 Sub committees of the Board (Cont'd)

IV. Risk Management Committee ("RMC")

The RMC 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.

As of the reporting date, the Risk Management Committee 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:

- Mrs. Neeveditah Maraye (Chairperson)
- Mr. Biranchi Narayan Rath
- Mr. Somnath Adhya
- Mrs. Marie Annick Pamela Bussier

During the year under review, the RMC 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 and in the wake of COVID-19;
- 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; and

2.9 Management Team

Details of the management team are given below:

Senior Management	
Mr. Somnath Adhya	Managing Director & CEO
Mr. Bibhu Prasad Mishra	Chief Operating Officer
Mrs. S. Prabhakar	Chief Risk Officer
Mr. Samir H. Ambatkar	Vice President - Information Technology
Mrs. A. Bhargava	Vice President - Corporate Banking
Mr. P. S. Venkatraman	Vice President - Treasury & Planning
Mr. K. Ramkhelawon	Vice President - Accounts & Services
Mr. N. Singh	Vice President - Global Banking
Mr. N. Bhardwaj	Vice President - Retail Banking
Mr. A. B. 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. S. Galande	Manager, Credit of Global Business
Mr. R. Jha	Manager, Corporate Banking
Mr. R. K. Bhundhoo	Manager, Trade Finance
Mr. H. K. Choony	Manager, Internal Audit
Mr. Y. R. Chineah	Manager, Legal & Compliance
Mr. A. Mohd.	Manager, Global Business
Mr. S. Ramlagan	Manager, Accounts
Mr. P. Gungah	Manager, Corporate
Mr. G. Vasvani	Manager, Treasury Operations
Mr. S. Gajbhiye	Manager, Risk
Mr. A. Jain	Manager, Systems
Mr. S. Parnami	Manager, Main Branch
Mr. R. Tetarie	Manager, Retail
Mr. G. S. Narayanen	Money Laundering Reporting Officer, Integrity Reporting Officer & Compliance Manager
Mr. P. Mishra	Dealer
Mr. A. Nigam	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 proposal 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.

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 the following Directors were inducted on the Board of SBIML:
- Mrs. Marie Annick Pamela Bussier (Independent Director)
- Mr. Niraj Kumar Panda (Non-Executive Director)

As part of orientation programme for new Directors, information on the following are shared with the directors:
- Corporate Governance Policy;
- Mauritius Companies Act 2001 and Data Protection Act 2017;
- National Code of Corporate Governance for Mauritius (2016);
- Mauritius Banking Act 2004;
- Constitution of SBIML;
- Financial Reporting Act 2004;
- The Financial Intelligence & Anti-Money Laundering Act ("FIAMLA");
- 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; and
- 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 ensure an appropriate framework and plan for Board and Management succession.

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 IFRS9, AML/CFT, Green financing to financial institutions and Cybersecurity risk.

PROFILE OF DIRECTORS



3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (Cont'd)

3.4 Profile of directors

The profile of the current Directors is given below:



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 233 offices in 30 countries with a business portfolio of more than USD 69 bn and a staff complement exceeding 3000. In her current role as DMD (IB), 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 34 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.



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 233 offices in 30 countries with a business portfolio of more than USD 69 bn and a staff complement exceeding 3000. Mr. Panda is the Chief General Manager of International Banking Group, which overseas Bank's entire foreign operations.

A career Banker with 29 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.



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 233 offices in 30 countries with a business portfolio of more than USD 69 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 30 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. 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 28 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 the 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 has assumed charge as Managing Director & CEO of SBI (Mauritius) Ltd on 8th December, 2022.



5. Mrs. Neeveditah PARIAG MARAYE

Mrs. Maraye holds a Post Graduate Diploma from the University of Edinburgh, an MSc in International Money, Finance & Investment from the Brunel University, UK and a BSc Accounting (Hons) from the University of Mauritius ("UoM"). She is also an Associate Member of the Association of Chartered Certified Accountants ("ACCA") and is currently a full-time Senior lecturer in Accounting and Finance at the Faculty of Law & Management at UoM since 2004. Her main research and teaching interests lie in the areas of Corporate Social Responsibility ("CSR") and Sustainable Development. She is also currently a board member on the United Nations Global Compact Mauritius and the Indian Ocean where she actively pursues her academic interests in promoting the Sustainable Development Goals (SDGs).

She is presently an Independent Director on the Board of SBI (Mauritius) Ltd.



6. Mrs. Marie Annick Pamela BUSSIER

Mrs. Bussier holds an MBA with Specialisation in International Business from the University of Coventry (UK) and is also Fellow member of the Association of Chartered Certified Accountants (UK), ("FCCA"). She is currently the CEO/ Executive Director of the Jubilee Allianz General Insurance Mauritius Ltd.

Mrs. Bussier holds a Corporate finance background offering over 30 years of experience in building, leading and advising corporations through complex restructuring, international expansion, and capital markets. She also has a strong IFRS expertise and background in mergers and acquisitions, knowledge of Company act and FSC regulations. She has a track record of documented contributions leading to improved financial performance, heightened productivity and enhanced internal controls. She is also experienced in identifying opportunities and champion strategic initiatives that drives business and cultural change.

Mrs. Bussier is presently an independent Director on the Board of SBI (Mauritius) Ltd.

3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (Cont'd)

3.4 Profile of directors (Cont'd)

Below are the profiles of the directors who resigned during the year:



1. Mr. Sanjay Dattatraya NAIK

Mr. Naik joined State Bank of India as a Probationary Officer in 1987 and has held various important assignments in the Bank. He was a Graduate in Science and holds an MBA.

Mr. Naik had assumed charge of Deputy Managing Director (International Banking), State Bank of India in May 2021. The International Banking Group comprises international operations of the Bank which are spread across 233 offices in 30 countries with a business portfolio of more than USD 69 bn and a staff complement exceeding 3000. As a vertical Head, Mr. Naik was responsible for group strategy, business development, operational efficiency, and other functional areas of the International Banking Group.

A career Banker with experience of over 35 years, Mr. Naik held various positions across a wide range of domains including International Banking, Corporate Banking, Retail Banking, Trade Finance, Risk and Compliance. He was also the Chief General Manager (International Banking) and in charge of business of foreign offices & operations of overseas Banking subsidiaries and Joint ventures in Europe and America. He had extensive experience in credit delivery and client servicing.

Mr. Naik was a Non-Executive Director and the Chairperson of the Board of SBI (Mauritius) Ltd and resigned with effect from 31st August 2023.



2. Mr. Dhiren PONNUSAMY

Mr. Ponnusamy is a holder of a BSc (Hons) in Economics from the London School of Economics and Political Science ("LSE") and a Chartered Financial Analyst ("CFA") charterholder. He is currently the Chief Executive Officer of the Medine Group in Mauritius. In this role, he also holds multiple directorships within the entities of the Medine Group, including Middlesex University Mauritius, Casela Limited, Cascavelle Shopping Mall Limited, amongst others. In addition, he sits on the Listing Committee of the Stock Exchange of Mauritius and on the Executive Committee of The Mauritius Sugar Syndicate.

Prior to this, he was a Managing Director ("MD") with Standard Chartered Group in London with a global remit and was responsible for driving the financial performance and strategic agenda of the Bank. His extensive international career with Standard Chartered also included a number of senior CFO roles in South Korea, Singapore, Africa and the Philippines where he spearheaded a number of M&A projects, regulatory advisory and restructuring initiatives. He has extensive exposure to post-crisis Banking reforms, global stress testing regulations as well as balance sheet optimisation.

He was an Independent Director on the Board of SBI (Mauritius) Ltd and has resigned with effect from 31st January 2024.

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 RMC to review and approve related party transactions. Please refer to section 2.8 (IV) for more details on the RMC.

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 an 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 2023. The Information Governance is a part of the above said 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.

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 (RMC) 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. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (Cont'd)

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 2023.

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.

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 1st April 2023 to 31st March 2024, the NEID received fees and emoluments as indicated below:

Non-Executive Independent Local Directors	USD
Mr. D. Ponnusamy	10,000
Mrs. N. Maraye	12,000
Mrs. M. A. P. Bussier	3,452

Mr. Somnath Adhya, Executive Director, currently on deputation from SBI group was paid USD 65,666 during the financial year ended 31st March 2024 as salary and allowances.

The executive and non-executive directors are not paid any separate sitting fees individually. However, an aggregate amount of USD 415,339.23 was paid to SBI as Management Fees for the current financial year. 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.

4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (Cont'd)

4.7 Statement of remuneration philosophy (Cont'd)

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.

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 ("RMC") of the Board 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 RMC 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 RMC 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 impact of COVID 19 on 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.

5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (Cont'd)

5.2 Internal controls

The Internal Audit Department provides assurance to the Board of Directors ("BOD") through the Audit Committee ("AC") regarding the adequacy and effectiveness of the internal control systems. The Manager Internal Audit ("MIA") has unhindered access to the Chairperson of the Audit Committee and reports to the AC directly. Internal Audit reports along with significant observations are put up to the AC and BOD along with the actions taken to address the residual risks. The AC meets the MIA without the presence of management on a quarterly basis. The statutory auditors also meet with the members of the AC without the presence of management on a quarterly basis. MIA submits a memorandum on a quarterly basis to Audit Committee with details of audits and inspections and verifications carried out.

Systems and processes are in place for implementing, maintaining and monitoring the Bank's internal controls. The Bank's internal control systems are reviewed in line with the requirements of the respective Bank of Mauritius guidelines and by conducting risk assessment that covers the adequacy and effectiveness of the Bank's internal controls. The Board of Directors derives assurance that the internal control systems are effective through the measures below:

- 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;
- A consolidated report on the Bank's internal control systems is prepared by the Internal Audit department that also covers the adequacy and effectiveness of the Bank's compliance function, risk management framework and governance processes. It is observed that in general, the internal controls are designed and implemented effectively. Senior Management also provides representation on the effectiveness of the Bank's internal control systems annually taking into account the requirements of the Bank of Mauritius Guideline on Maintenance of Accounting and Other Records and Internal Control Systems and report to the Board of Directors and the regulator accordingly; and
- Review of the Bank's internal control systems by External Auditor as part of statutory audits.

The Internal Controls cover all significant areas to mitigate key risks for the Bank. If any significant deficiency is noted, the system of internal controls is strengthened further as and when needed. The five components of the COSO framework below are applied to significant areas to ensure adequate coverage of the Bank's internal controls:

- Control environment;
- Risk assessment;
- Control activities;
- Accounting, 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. 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 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 RMC at a quarterly interval, regardless of whether the complaints were justified or not. No whistleblowing cases were reported to RMC 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 International Financial Reporting Standards ("IFRS") 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 9 to 13.

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 37 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.

6.7 Corporate Social Responsibility ("CSR")

Given that the Bank has no chargeable income against which provision for CSR is made, the Bank has disbursed funds of USD 32,722.51 allocated towards CSR activities during the year under audit. (2023: Nil)

SBIML has been involved in various activities to raise awareness on different causes and to promote social welfare.

1. **Mauritian Wildlife Foundation – MUR 300 000**

   The Mauritian Wildlife Foundation is the largest non-governmental organisation (NGO) in Mauritius to be exclusively concerned with the conservation of the endangered endemic plants and animals of Mauritius.

   Our goals:
   - To save threatened Mauritian species through the restoration of entire ecosystems.
   - To seek new information through field research, data management, studies on endemic species and scientific collaboration for direct application to restoration methods and management.
   - To share knowledge gained through restoration programmes with fellow Mauritian and international conservationists.
   - To share the joys and benefits of native wilderness and wildlife with the Mauritian people.
   - To secure the future of Mauritian species through income generated and sound management of human, fiscal and capital resources.

   Mauritian Fody Conservation Project

   Supporting environmental conservation efforts aligns with our sustainability goals and demonstrates our commitment to environmental stewardship. By preserving natural habitats and biodiversity, we contribute to a healthier planet for future generations.

6. PRINCIPLE 6 – REPORTING WITH INTEGRITY (Cont'd)

6.7 Corporate Social Responsibility ("CSR") (Cont'd)

2. SOS Children's Village Bambous – MUR 300,000

For the past five years, we have been supporting SOS Children's Village Bambous through financial donations. These funds are used to meet expenses of SOS Family House as well as to cater for the school expenditure of the children. This year also, our donation will be used to cover the operating costs of the foster homes.

Operating Costs - Basic needs for 41 children

Supporting the well-being of children in need aligns with our values and demonstrates our commitment to social responsibility. By ensuring basic needs are met, we contribute to a healthier and more stable community, which ultimately benefits our business operations.

3. Eco-Sud – MUR 300,000

Eco-Sud is a non-governmental organisation aspiring for a combative Mauritius, where the "nature's rights" is a priority and where it's good to live for everyone. The primary mission of the NGO is to fervently protect the Mauritian territory biodiversity and environment, for the current and future generations.

To complete this mission, Eco-Sud is dedicated to:
- Raising awareness and educating the public on ecological issues.
- Assembling and rallying a strong and passionate local society.
- Defending and protecting the endangered species and sites on the Mauritian territory.
- Promoting a balance between environmental, social and economic developments.

Coral Restoration, monitoring natural ecosystems & promoting sustainable agroecology practices.

Investing in sustainable practices not only protects natural resources but also mitigates business risks associated with environmental degradation. By supporting eco-friendly initiatives, we align ourselves with global sustainability trends and position ourselves as leaders in responsible business practices.

4. Link to Life – MUR 150,000

Link to Life has been set up since 2002 by a small group of volunteers which includes cancer survivors. The association is a non-profit making organisation whose main purpose is to provide support and counselling to cancer patients and their families. It has been duly registered with the Registry of Associations in November 2003 and is a member of MACOSS and Union for International Cancer Control.

Link to Life: Cancer Awareness campaign and Screening project

Promoting health awareness and disease prevention enhances our corporate image and fosters goodwill within the community. Additionally, supporting healthcare initiatives can lead to healthier employees and customers, reducing healthcare costs in the long run.

5. Enn Rev Enn Sourir – MUR 150,000

Enn Rev Enn Sourir is a registered NGO with the aim to help children get access to quality pediatric healthcare; local or abroad. SBIML partnered with Enn Rev Enn Sourir to help in launching the "Smile Pediatric Service" for the needy sick children. It is also a way to eliminate charity for sick children's operation and treatment and to give a quality pediatric service to those children with specialized doctors or surgeons.

Operating Cost for sending beneficiaries to India for medical treatment and raise awareness on health issues

By addressing critical health needs and raising awareness, we position ourselves as a socially responsible organization that cares about the well-being of the community. This can strengthen customer loyalty and attract socially conscious investors.

6. PRINCIPLE 6 – REPORTING WITH INTEGRITY (Cont'd)

6.7 Corporate Social Responsibility ("CSR") (Cont'd)

6. Caritas – MUR 150,000

SBIML has been supporting Caritas Rodrigues for several years with their project of providing hot meals to vulnerable students everyday to allow them to attend classes regularly and show their interest in studies. The main objective of this project is to increase the academic performance of these students coming from different pockets of poverty and help them follow their courses regularly.

Centre of Learning and basic needs for vulnerable children

Investing in education for vulnerable children not only uplifts individuals but also strengthens the workforce and contributes to economic growth. By supporting education initiatives, we invest in the future prosperity of the country and showcase our long-term commitment to development.

7. Friends of the Environment – MUR 150,000

Friends of the Environment is the only environmental organisation mainly focused on the restoration of very degraded landscapes in Mauritius. The Citadelle Native Re-vegetation Project, at the Petite-montagne, aims at restoring the hill with site specific native and endemic plants to create the first urban green space - a dry forest in the Capital city of Mauritius with a scientific evidence-based approach. The FoE is also dedicated to the renovation, rehabilitation, preservation and valorisation of national historical heritage sites namely the Martello Tower Museum at La Preneuse and the Jewish Detainees Memorial Centre at Saint-Martin.

Citadelle Native Re- Vegetation Project

Environmental initiatives like re-vegetation projects not only mitigate climate change impacts but also enhance the resilience of local ecosystems. By supporting such projects, we contribute to a more sustainable environment and demonstrate our dedication to corporate citizenship.

6.8 Initiatives

(i) 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.

(ii) Brand Visibility

In the dynamic landscape of the financial sector, maintaining and enhancing brand visibility is crucial for sustained growth and competitiveness. Over the past year, SBI (Mauritius) Ltd has undertaken strategic initiatives to bolster its brand presence in the market. Social media platforms emerged as powerful tools for engaging with customers and building brand awareness. Regular updates and engaging content were utilized to foster meaningful connections with our audience. We also forged partnerships with reputable organizations such as the Economic Development Board and sponsored relevant initiatives to amplify our brand presence within the financial ecosystem. Through concerted efforts across digital and traditional channels, we achieved significant improvements in brand recognition and recall among our target audience segments. We strategically selected prominent locations such as Ebene Cybercity, the airport, and metro stations to maximize exposure and capture the attention of thousands of individuals. We also invested in content marketing initiatives such as expert insights, to showcase our industry expertise and provide valuable insights to our audience in various specialized renowned local and regional magazines. Strategic partnerships and collaborations whether commercial or social such as salons, exhibitions or even concerts resulted in expanded reach and access to new customer segments, further solidifying our position in the market.

SBI (MAURITIUS) LTD **EVENTS**

ATM LAUNCH AT
HIGH COMMISSION OF INDIA



LAUNCH OF **UPI**
AND RUPAY CARD



COMMUNITY SERVICE
- **SBIML TEAM AT GRAND BASSIN**



SOS CHILDREN'S VILLAGE
BAMBOUS CSR CEREMONY



SPONSORING CRICKET TOURNAMENT - **SBI SOLDIERS**



WORLD HINDI DAY AT **SBIML**



CELEBRATION OF BANK DAY - **SBIML**





6. PRINCIPLE 6 – REPORTING WITH INTEGRITY (Cont'd)

6.9 Other IT-related activities

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

- **Launch of UPI payments using YONO App**

YONO (YOU ONLY NEED ONE), the flagship mobile payment application of SBIML, launched in the year 2020 now has a new feather in its cap.

India QR payments, an initiative by Bank of Mauritius (BOM), and SBIML has been integrated in YONO MU App with the facility being provided to pay to accounts of Indian Merchant using UPI (Unified Payment Interface) for easy cross border payments just by scan of QR codes.

- **Launch of RuPay Card variant for our Valued Customers**

The RuPay card was envisioned under the leadership, direction and vision of Bank of Mauritius, as per the regulatory timelines. It was launched by the Prime Minister of Mauritius & India jointly during a virtual event held in February 2024. The card will gradually grow in acceptance both in domestic landscape and globally and will be beneficial both to customers and the Bank.

- **Installation of ATM at Tribeca Mall**

With an aim to provide cash withdrawal facility to shoppers flocking to the newly opened largest Mall in the Indian Ocean – Tribeca Mall, an ATM was installed in the Mall Premises, for the benefit of SBI & non-SBI ATM card holders.

- **ATM Card Management Module in YONO App**

Giving more control to its valued customers by increasing our digital services; SBIML has provided a new ATM card Management module in its YONO App which shall provide the customers an option to turn On/Off the various channels (ATM / POS / Ecommerce & Domestic/ International Usage) of their card at their comfort anytime, anywhere, unlimited number of times. This gives an additional layer of security and convenience to our clients.

- **E-Statement of Accounts to customers**

With the commitment to continually stepping towards Sustainable Growth, SBIML has now enabled sending email statement on monthly basis to our Corporate customers and on half-yearly basis to our Retail customers for their Loan / Overdraft / Current accounts with us.

- **Upgrade of Bandwidth connectivity links at Branches**

To add more reliability to our services, SBIML has doubled the primary bandwidth link of all its branches. Further to promote resiliency in its operations and connectivity; SBIML now has two connectivity backbone links each of its Primary Data Center Site & Disaster Recovery Site.

- **Automation of Digital Notice Boards at branches**

SBIML has automated the Digital Notice Boards at the branches which can now be controlled centrally and thus enabling us to display new developments /information at branches immediately.

- **Online SME loan application for Corporate Customers**

SBIML has introduced a new feature enabling its prospective and existing SME clients to apply online for their loan requirements to accelerate their SME business, thereby providing a faster and greener option and also reducing the processing time.

- **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 the security risks and provide alerts. Also, the Bank has well controlled systems for Anti-Virus updation, windows patch management, access management. SBIML has partnered with CERT-MU, working under the aegis of the National Computer Board of Government of Mauritius, for enforcing the best practices in Information Security.

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. Thedepartment is under the responsibility of the Manager Internal Audit who reports functionally to the Audit Committee and administratively to the Chief Operating Officer.

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 reviewed 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 review 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

As per its mandate, the Internal Audit Department is free from interference for matters of audit selection, scope, procedures, frequency, timing and report content. The Bank's internal auditors have no direct operational responsibility or authority over any of the activities audited and the Manager Internal Audit is not responsible for any other function in the Bank. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the risks, controls, activities and processes being examined. The Bank's internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements. If independence or objectivity of the Internal Audit department is impaired in fact or appearance, the details of such impairment must be 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 following 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) amongst others 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 plan, full inspections and surprise cash verifications are completed at all retail branches during the year. The retail branches are rated using a risk scoring model and can be audited more frequently depending on their score. Regular concurrent audits are also performed at our Main Branch, Global Business Branch, Treasury Department and Remittance & Services Department to cover significant transactions and high-risk areas. In addition, monthly and quarterly audits are carried out at centralised processing cells to verify KYC due diligence, account opening of customers and retail credit respectively. The plan includes full audits for all Head Office departments, business units and functions (e.g. Corporate Banking, Trade Finance, IT, Procurement, Marketing), and the preparation of a consolidated report on the Internal Controls System and specific AML/ CFT & P controls for the Bank in accordance with Bank of Mauritius Guidelines. Through the plan, Internal Audit aims to cover the key risks for the Bank 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 Auditor during the course of the financial year.

7. PRINCIPLE 7 – AUDIT (Cont'd)

7.1 Internal audit (Cont'd)

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

As at 31st March 2024, Heetesh Kumar Choony, Manager Internal Audit was in charge of the Internal Audit Department. Mr. Choony is a Chartered Accountant (Australia & New Zealand), member of the Mauritius Institute of Professional Accountants (MIPA) and member of the Institute of Internal Auditors (IIA). He has a BCom (Accounting and Finance) and obtained certifications in risk, controls and auditing from the Information Systems Audit and Control Association (ISACA). Prior to joining the Bank, Mr. Choony was a Manager in the Risk Assurance division of PwC Mauritius, where he specialised in IT/ IS audits, reviewed risk management frameworks and validated internal controls for major financial institutions and conglomerates. He previously worked as a Senior Consultant with PwC Australia in the Risk and Controls division for 4 years and as a Senior Auditor (Risk, Assurance and Technology) with HLB Mann Judd (Melbourne) for 3 years. Mr. Choony is supported in his role by a team of experienced staff.

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 regulatory approval. A tender for selection of audit firm was last conducted in 2022. The Audit Committee advises the Board of Directors on such matters.

As at 31st March 2024, the Bank's external auditor is Mazars Mauritius, who was first appointed for the statutory and interim audits for the financial year ended 31st March 2024.

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

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 reviews the effectiveness and efficiency of the external auditor and assesses the external audit firm annually. To facilitate the review, the MD & CEO, COO and Manager Internal Audit put up an annual performance feedback based on the following assessment criteria, amongst others, to assign a rating '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 in demonstrating 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.

7. PRINCIPLE 7 – AUDIT (Cont'd)

7.2 External audit (Cont'd)

The review provides the Audit Committee with a structured approach to assess the external auditor's performance in delivering the services agreed as part of the engagement to meet the Bank's assurance needs.

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.

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 wouldensure 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 complexity and duration of work.

The external auditor reports to the Audit Committee on the interim review of condensed interim financial information 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. Audited financials and quarterly financials are also considered, and the following areas are given due consideration, amongst others:

- IFRS9;
- Impact of changes in tax regulations on the Bank's financial results;
- Evaluate the appropriateness of accounting policies of the Bank; and
- Implications of key non-performing assets on the Bank's financial results.

The external auditor also evaluates 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.

The total fees payable to Mazars Mauritius for quarterly interim audits and annual audit for the financial year ended 31st March 2024 amounted to MUR 4.095 Mio exclusive of VAT. Mazars 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 2024:



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

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

8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (Cont'd)

8.1 Shareholding (Cont'd)

Analysis of Shareholding as on 31.03.2024:

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**

Shareholder Category as on 31.03.2024:

	Number of Shareholders	No. of Shares	Percent (%)
Individual	368	12,844	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)

Fax: 454 6890

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 2024, 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 19th September 2023 on the 8th Floor, SBI Tower Mindspace, 45, Ebène Cybercity, Mauritius.

The Annual Meeting of Shareholders of SBIML will be held latest by September 2024 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.

8.5 Donations

No donation was made during the period under review.

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 32(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.

8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (Cont'd)

8.8 Our Key Stakeholders (Cont'd)

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.

Meetings with the Bank's staff and the staff union are held at periodic interval to discuss union and staff related matters.

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.

D: Shareholders

The Bank believes that good governance enhances shareholder value, protects the interests of shareholders. It promotes transparency, integrity in communication and accountability for performance. Communication with Shareholders is given priority. Information about our activities are provided to Shareholders in 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.

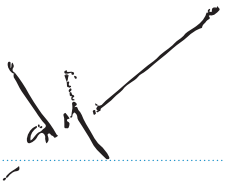
The Board remains directly accountable to the shareholders for the overall performance of the Bank. Interaction is held with shareholders at least at Annual Meeting of Shareholders. Shareholders are kept informed through the media of dates and agenda of the Annual Meeting of Shareholders and also payment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

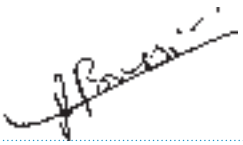
8.9 Calendar of events

The following is the forthcoming calendar of events:

Important dates	Events
July 2024	Release of first quarter results as of 30th June 2024
August 2024	Payment of Dividend, subject to regulatory approval
Latest by September 2024	Annual Meeting of Shareholders
October 2024	Release of half-yearly results as of 30th September 2024
January 2025	Release of results for the 9-month period as of 31st December 2024
May 2025	Release of full year results as of 31st March 2025



Somnath Adhya
Managing Director & CEO



Marie Annick Pamela Bussier
Director



Aboo Bakar Mosaheb
Company Secretary

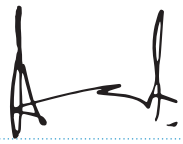
STATEMENT OF **COMPLIANCE**

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

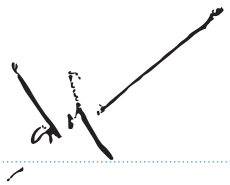
Name of Public Interest Entity (PIE): SBI (Mauritius) Ltd

Reporting Period: 31st March 2024

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.



Jayati Bansal
Chairperson



Somnath Adhya
Managing Director & CEO

22 April 2024

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 2024.



Aboo Bakar Mosaheb, ACG, M. MIoD
Company Secretary

22 April 2024

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.

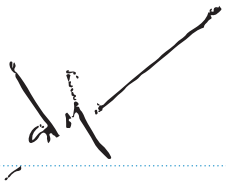
The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures 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 Conduct Review and Risk Management Committee, which comprise 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.

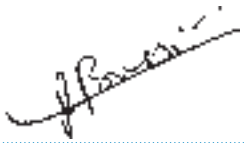
The Bank's external auditor, Mazars, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations and fairness of financial reporting and the adequacy of internal controls.



Somnath Adhya
Managing Director & CEO



Neeveditah Maraye
Director and Chairperson
of the Audit Committee



Marie Annick Pamela Bussier
Director

MAZARS LLP
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SBI (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **SBI (Mauritius) Ltd** (the "Bank") at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 accompanyingfinancial statements comprise:

- the statement of financial position as at 31st March 2024;
- 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 (from pages 68 to 131), comprising material accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of 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.

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 calculate 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.	Our audit approach and procedures comprised of the following: • 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; • assessed the adequacy of disclosures in the financial statements in line with accounting standards and regulatory considerations; and • considered the complexity of management's process to design and create financial statement disclosures given the granularity and complexity.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SBI (MAURITIUS) LTD (Cont'd)

Report on the Audit of the Financial Statements (Cont'd)

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, 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. Our reporting responsibilities regarding the corporate governance report is dealt with below under the "Corporate Governance report" section of this report.

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.

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.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, the Financial Reporting Act and the Banking Act and regulations and guidelines of the Bank of Mauritius, and for such internal control as the directors determine is necessary to enable the preparation offinancial 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 assurancebut 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SBI (MAURITIUS) LTD (Cont'd)

Report on the Audit of the Financial Statements (Cont'd)

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

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 sufficientand appropriate to provide a basis for our opinion. The risk of not detecting amaterial 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.

- 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 precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SBI (MAURITIUS) LTD (Cont'd)

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.

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 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.

Other matters

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

Mazars LLP
Port Louis, Mauritius

Udaysingh Taukoordass, FCA
Licensed by FRC

22 April 2024

FINANCIAL STATEMENTS

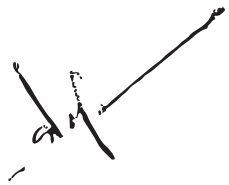


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 USD	2023 USD	2022 USD
Interest income calculated using the effective interest method		**66,349,097**	36,510,173	20,633,390
Interest expense		**(33,546,199)**	(14,858,127)	(3,070,360)
Net interest income	11A	**32,802,898**	21,652,046	17,563,030
Net fee and commission income	12	**3,320,708**	2,743,720	2,372,764
Net trading income	13	**2,864,567**	2,538,474	1,297,279
Other operating income	14	**303,750**	630,506	1,733,117
		3,168,317	3,168,980	3,030,396
Operating income		**39,291,923**	27,564,746	22,966,190
Net impairment reversal/ (loss) on financial assets	15	**219,930**	8,807,736	8,364
Personnel expenses	16	**(4,858,272)**	(4,665,820)	(4,109,045)
Depreciation on property and equipment and right-of-use assets	24, 27	**(980,954)**	(948,510)	(764,894)
Other expenses	17	**(4,071,584)**	(4,636,948)	(3,228,793)
Profit before income tax		**29,601,043**	26,121,204	14,871,822
Income tax expense	18b	**(2,285,000)**	(1,780,000)	(2,270,563)
Profit for the year		**27,316,043**	24,341,204	12,601,259
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligations, net of deferred tax		**(1,059,143)**	(118,422)	738,802
Fair value (losses)/ gains on investment in equity securities		**35,674**	66,832	(72,362)
Items that may be reclassified subsequently to profit or loss				
Fair value (losses)/ gains on investment in debt securities		**1,158,355**	(538,000)	(5,931,577)
Other comprehensive income for the year		**134,886**	(589,590)	(5,265,137)
Total comprehensive income for the year		**27,450,929**	23,751,614	7,336,122
Earnings per share	19	**35.11**	31.29	16.20

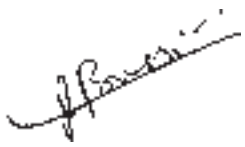
Approved and authorised for issue by the Board of Directors on 22 April 2024.



Somnath Adhya
Managing Director & CEO



N. Maraye
Director and Chairperson
of the Audit Committee



Marie Annick Pamela Bussier
Director

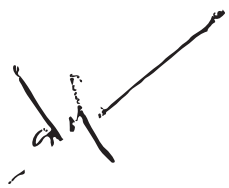
The notes from pages 68 to 131 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	2024 USD	2023 USD	2022 USD
ASSETS				
Cash and cash equivalents	20	**205,557,488**	154,659,586	196,094,355
Loans and advances to banks	21	**300,847,127**	125,580,704	133,280,040
Loans and advances to customers	22	**503,221,072**	483,214,218	445,388,478
Investment securities	23	**277,204,428**	263,568,508	265,322,799
Derivative assets	38	**3,039**	-	32,742
Property and equipment	24	**7,168,691**	7,405,206	7,635,389
Right-of-use assets	27	**660,055**	944,557	963,882
Deferred tax assets	25	**645,972**	505,972	661,149
Other assets	26	**28,485,354**	27,246,346	17,914,150
Total assets		**1,323,793,226**	1,063,125,097	1,067,292,984
LIABILITIES				
Deposits from customers	28	**836,671,799**	750,846,691	648,854,885
Other borrowed funds	29	**289,543,766**	121,573,927	253,202,890
Derivative liabilities	38	**-**	213,955	-
Current tax liabilities	30	**1,676,906**	1,446,707	830,000
Retirement benefit obligations	39	**3,785,318**	3,906,423	4,809,953
Lease liabilities	34	**702,147**	960,451	879,636
Other liabilities	31	**8,865,864**	17,126,706	5,691,560
Total liabilities		**1,141,245,800**	896,074,860	914,268,924
Shareholders' equity				
Share capital	32a	**48,627,188**	48,627,188	48,627,188
Share premium	32a	**54,078,062**	54,078,062	54,078,062
Retained earnings		**48,514,865**	38,430,216	28,648,761
Statutory and other reserves	40	**35,157,807**	29,866,372	26,686,359
Actuarial loss reserve	40	**(3,830,496)**	(3,951,601)	(5,016,310)
Total equity		**182,547,426**	167,050,237	153,024,060
Total equity and liabilities		**1,323,793,226**	1,063,125,097	1,067,292,984

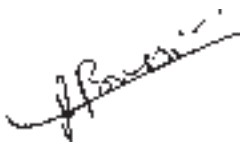
Approved and authorised for issue by the Board of Directors on 22 April 2024.



Somnath Adhya
Managing Director & CEO



N. Maraye
Director and Chairperson
of the Audit Committee



Marie Annick Pamela Bussier
Director

The notes from pages 68 to 131 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	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 2021		48,627,188	54,078,062	25,083,421	603,175	5,113,513	(5,755,112)	22,800,407	150,550,654
Profit for the year		-	-	-	-	-	-	12,601,259	12,601,259
Other comprehensive income for the year		-	-	-	-	(6,003,939)	738,802	-	(5,265,137)
Dividend paid	32b	-	-	-	-	-	-	(4,862,716)	(4,862,716)
Transfer to statutory reserve		-	-	1,890,189	-	-	-	(1,890,189)	-
Balance at 31 March 2022		48,627,188	54,078,062	26,973,610	603,175	(890,426)	(5,016,310)	28,648,761	153,024,060
Balance at 1 April 2022		48,627,188	54,078,062	26,973,610	603,175	(890,426)	(5,016,310)	28,648,761	153,024,060
Profit for the year		-	-	-	-	-	-	24,341,204	24,341,204
Other comprehensive income for the year		-	-	-	-	(471,168)	(118,422)	-	(589,590)
Dividend paid	32b	-	-	-	-	-	-	(9,725,437)	(9,725,437)
Transfer to actuarial loss reserve		-	-	-	-	-	1,183,131	(1,183,131)	-
Transfer to statutory reserve		-	-	3,651,181	-	-	-	(3,651,181)	-
Balance at 31 March 2023		48,627,188	54,078,062	30,624,791	603,175	(1,361,594)	(3,951,601)	38,430,216	167,050,237
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	32b	**-**	**-**	**-**	**-**	**-**	**-**	**(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**

The notes from pages 68 to 131 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 USD	2023 USD	2022 USD
Cash flows from operating activities				
Profit before income tax		**29,601,043**	26,121,204	14,871,822
Adjustments for:				
Depreciation on property and equipment and right-of-use assets	24, 27	**980,954**	948,510	764,894
Profit on sale of investments	14	**-**	(282,214)	(1,399,162)
Dividend income on investments	14	**(55,095)**	(60,879)	(51,016)
Exchange rate difference		**(100,928)**	(831,045)	152,087
Profit on disposal of property and equipment		**(5,229)**	-	(17,837)
Fair value movement on financial instruments carried at FVTPL		**(18,039)**	5,593	(35,441)
Increase in provision for retirement benefit obligations		**(87,045)**	154,945	(399,347)
Interest on lease liabilities		**34,502**	32,443	38,257
Net impairment (reversal)/loss on financial assets	15	**(219,930)**	-	(8,364)
		30,130,233	26,088,557	13,915,893
Changes in operating assets and liabilities				
(Increase)/decrease in loans and advances to banks		**(175,338,650)**	7,820,932	(47,179,926)
(Increase) / decrease in loans and advances to customers		**(18,288,311)**	(36,445,304)	(39,272,171)
(Increase)/ decrease in other assets		**(1,239,008)**	(9,332,196)	(603,517)
Decrease in derivative assets/ liabilities		**(216,994)**	246,697	1,111,444
Increase in deposits from customers		**83,470,180**	98,196,157	140,289,886
Increase/ (decrease) in other liabilities		**(8,262,799)**	11,435,146	(4,222,417)
Net change in interest receivable		**(806,304)**	(2,298,003)	(1,224,925)
Net change in interest payable		**3,710,897**	5,165,770	(1,735,491)
Income tax (paid)/ refunded	30	**(2,194,801)**	(1,053,293)	(383,657)
Net cash generated from operating activities		**(89,035,557)**	99,824,463	60,695,119
Cash flows from investing activities				
Increase in investment securities (net)		**(488,349,763)**	(337,412,906)	(175,550,802)
Proceeds from sale of investment securities		**474,555,587**	339,465,961	165,823,653
Purchase of property and equipment	24	**(353,781)**	(308,532)	(499,797)
Proceeds from sale of property and equipment		**11,177**	-	17,837
Dividend on investments	14	**55,095**	60,879	51,016
Net cash generated from/ (used in) investing activities		**(14,081,685)**	1,805,402	(10,158,093)
Cash flows from financing activities				
Net movement in other borrowed funds		**139,613,870**	(115,753,358)	12,215,708
Repayment of lease liability		**(441,929)**	(340,113)	(264,545)
Dividend paid	32b	**(12,156,797)**	(9,725,437)	(4,862,716)
Net cash generated from trading activities		**127,015,144**	(125,818,908)	7,088,447
Net (decrease)/ increase in cash and cash equivalents		**23,897,902**	(24,189,043)	57,625,473
Cash and cash equivalents at beginning of year		**154,659,586**	178,848,629	121,223,156
Cash and cash equivalents at end of year	20b	**178,557,488**	154,659,586	178,848,629

The notes from pages 68 to 131 form an integral part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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 International Financial Reporting Standards ("IFRS") 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 standards were authorised for issue by the Bank's board of directors on 22nd April 2024.

(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 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) Impact of initial application of relevant new and amended IFRS standards that are effective for the year ended 31 March 2024

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 2023.

New and revised standards that are effective but with no material effect on the financial statements

- Amendments to IFRS 17 Insurance Contracts;
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4);
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2);
- International Tax Reform – Pillar Two model Rules (Amendments to IAS 12).

2 BASIS OF PREPARATION (CONTINUED)

(d) Impact of initial application of relevant new and amended IFRS standards that are effective for the year ended 31 March 2024 (continued)

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - Effective 01 January 2024;
- Non-current Liabilities with Covenants (Amendments to IAS 1) - Effective 01 January 2024.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - Effective 01 January 2024;
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) - Effective 01 January 2024;
- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) – Effective 01 January 2024
- Climate-related Disclosures (IFRS S2) – Effective 01 January 2024.
- Lack of Exchangeability (Amendments to IAS 21) - Effective 01 January 2025.
- IFRS 18 - Presentation and Disclosure in Financial Statements (IFRS 18) - Effective 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.

(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.

(g) Segmental reporting

In accordance with the Bank of Mauritius *Guideline on Segmental Reporting under a Single Banking Licence Regime*, the Bank's business has been split into Segment A and Segment B:

- Segment B is essentially directed to the provision of international financial services that give rise to foreign source income. Such services may be fund based or non-fund based.
- Segment A relates to banking business other than Segment B 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 mandate the application of IFRS 8 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 currencies

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

In preparing the financial statements of the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. On-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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.

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. 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. 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.	Revenue from account services and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at a point in time when the transactions take place.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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)	5.50%
More than 1.2 billion Mauritian rupees (MUR)	4.50%

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

CSR is also payable by the Bank at the rate of 2% of the segment A chargeable income of the preceding year.

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.

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 rate of the Bank is 5%.

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(h) 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)

(h) 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 on the basis of 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.

(i) 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.

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

A: Classification and subsequent measurement (continued)

Debt instruments (continued)

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:

- 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) **Financial assets (continued)**

A: Classification and subsequent measurement (continued)

Business model: (continued)

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.

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)

(i) 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). The impact of modifications of financial assets on the ECL computation is discussed in notes 5.3.4 and 5.3.5.

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.

(j) 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.

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) 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 of IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported through profit and loss.

(m) 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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)

(r) 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 Contribition Sociale Generalisee ("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.

(s) 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.

(t) 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.

(u) Stated capital

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

(v) 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.

(w) Comparatives

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

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.

(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").

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

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.

(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 39.

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 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

5.3.1 Credit Risk Measurement

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

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure 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 probability of default of individual 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.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

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.

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 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	60,138,694
	Pool 2	Fully secured by deposits	2,252,905
	Pool 3	Secured by vehicle	22,533,615
	Pool 4	Loans for education purposes	35,738
	Pool 5	Other loans all classified together as separate volume would have been immaterial	910,598
Corporate Portfolio	Pool 6	Loans with internal rating between SBIML1 – SBIML 6	28,781,034
	Pool 7	Loans with internal rating between SBIML 7- SBIML 15	145,697,704
Global Business Portfolio	Pool 8	All long term loans of Global Business Branch	501,892,442
	Pool 9	All short term loans of Global Business Branch	52,438,394

Retail and Corporate

Each pool is mapped to a historical PD.

Treasury

For debt securities in the Treasury portfolio, external rating agency (S&P) 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).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.2 Expected credit loss measurement (continued)

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

5.3.2.1 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 initial recognition. 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:

- Not more than one downgrade in external rating from inception rating to current rating;
- Within 2 notch internal rating downgrade from inception 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:

- One or more downgrade in external rating from inception rating and current rating;
- More than 2 notch internal rating downgrade from inception rating to current rating; and
- Above 30 days but less than 90 days past due from last repayment.

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

Corporate and retail business

The Bank determines the respective stage based on the DPD as follows:

Stage 1:	Less than 30 days past due
Stage 2:	More than 30 days past due but less than 90 days
Stage 3:	Above 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 from inception rating
Stage 3:	When interest/ instalment (including maturity proceeds) for investments is due and remains unpaid for more than 90 days.

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.

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)

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.

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.

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)

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 the 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.

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 principal 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 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

- 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.
- 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 2024	40%	30%	30%
31 March 2023 and 2022	50%	30%	20%

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.

5.3.3 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 2024	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	USD	USD	USD	USD
Credit-impaired asset				
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

31 March 2023	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	USD	USD	USD	USD
Credit-impaired asset				
Loans to individuals:				
- Overdrafts	6,387	6,387	-	10,330
- Term loans	79,865	79,865	-	157,650
- Mortgages	511,853	511,853	-	1,083,524
Loans to corporate entities:				
- Large corporate customers	144,895	144,895	-	348,222
- SMEs	167,034	167,034	-	253,980
Total credit-impaired assets	910,034	910,034	-	1,853,706

31 March 2022	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	USD	USD	USD	USD
Credit-impaired asset				
Loans to individuals:				
- Overdrafts	6,135	6,135	-	9,407
- Term loans	64,446	64,446	-	153,039
- Mortgages	493,616	493,616	-	764,407
Loans to corporate entities:				
- Large corporate customers	-	-	-	-
- SMEs	400,123	400,123	-	878,900
Total credit-impaired assets	964,320	964,320	-	1,805,753

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 2024	31 March 2023	31 March 2022
	USD	USD	USD
Lower than 50%	209,591	288,590	121,781
50 to 59%	125,361	117,263	32,780
60 to 69%	181,636	260,595	90,523
70 to 79%	28,304	56,904	79,104
80 to 89%	51,946	143,321	75,439
90 to 100%	34,946	43,361	93,988
Total	**631,784**	**910,034**	**493,615**

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.

5.3.5 Modification of financial assets other than COVID-related

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

The Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets. The following table includes summary information for loans and advances to customers with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities:

	31 March 2024	31 March 2023	31 March 2022
	USD	USD	USD
Amortised cost before modification	-	209,372	66,178

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.6 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 2024	31 March 2023	31 March 2022
	USD	USD	USD
Financial assets written off (Note 22c)	172,759	-	27,937,789

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.

5.3.8 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. The includes both loans to banks and loans to customers.

	2024				2023	2022
	Stage 1 12-month ECL Performing	Stage 2 Lifetime ECL Special mention	Stage 3 Lifetime ECL Impaired	Total USD	Total USD	Total USD
Retail						
Gross carrying amount	**84,438,958**	**1,023,341**	**409,250**	**85,871,549**	81,681,338	57,174,868
Loss allowance	**(1,100,090)**	**(33,868)**	**(409,250)**	**(1,543,208)**	(1,882,654)	(1,147,637)
Net carrying amount	**83,338,868**	**989,473**	**-**	**84,328,341**	79,798,684	56,027,231
Corporate						
Gross carrying amount	**174,233,654**	**22,550**	**222,534**	**174,478,738**	193,720,575	176,127,824
Loss allowance	**(2,425,750)**	**(366)**	**(222,534)**	**(2,648,650)**	(3,892,984)	(2,780,698)
Net carrying amount	**171,807,904**	**22,184**	**-**	**171,830,088**	189,827,591	173,347,126
Global business						
Gross carrying amount	**538,494,325**	**15,836,512**	**-**	**554,330,837**	344,186,840	356,215,166
Loss allowance	**(6,255,799)**	**(165,268)**	**-**	**(6,421,067)**	(5,018,190)	(6,921,005)
Net carrying amount	**532,238,526**	**15,671,244**	**-**	**547,909,770**	339,168,650	349,294,161
Investment securities at amortised cost						
Gross carrying amount	**277,240,030**	**-**	**-**	**277,240,030**	263,704,097	108,934,845
Loss allowance	**(35,602)**	**-**	**-**	**(35,602)**	(135,589)	(72,093)
Net carrying amount	**277,204,428**	**-**	**-**	**277,204,428**	263,568,508	108,862,752
Undrawn Commitments						
Gross carrying amount	**59,287,437**	**-**	**-**	**59,287,437**	46,258,212	21,181,743
Loss allowance	**(105,325)**	**-**	**-**	**(105,325)**	(141,974)	-
Net carrying amount	**59,182,112**	**-**	**-**	**59,182,112**	46,116,238	21,181,743

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.8 Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

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

	2024 USD	2023 USD	2022 USD
Financial guarantees and other credit-related contingent liabilities (Note 35)	**22,102,901**	21,118,056	25,091,805
Loan and other credit-related commitments (Note 36)	**59,287,437**	46,258,212	21,181,743

5.3.9(a) Maximum exposure to credit risk – Financial instruments not subject to impairment

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

	2024 USD	2023 USD	2022 USD
Investment securities at FVTPL	**85,081,002**	9,832,543	2,253,896
Derivative assets at FVTPL	**-**	-	32,742

5.3.9(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 2024, 31 March 2023 and 31 March 2022.

5.3.10 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.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.10 Loss allowance (continued)

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 2023	**1,183,740**	**100,809**	**598,105**	**1,882,654**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(27,507)	27,507	-	**-**
Transfer from Stage 3 to Stage 2	-	3,920	(3,920)	**-**
Transfer from Stage 2 to Stage 1	61,252	(61,252)	-	**-**
Transfer from Stage 2 to Stage 3	-	(42,034)	42,034	**-**
Transfer from Stage 3 to Stage 1	92,551	-	(92,551)	**-**
New financial assets originated or purchased	169,983	-	-	**169,983**
Change in existing	(240,207)	8,510	(42,420)	**(274,117)**
Other movements with no P&L impact				
Repayments/ matured loans	(139,722)	(3,592)	(91,998)	**(235,312)**
Loss allowance as at 31 March 2024	**1,100,090**	**33,868**	**409,250**	**1,543,208**

	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 2022	**519,954**	**63,409**	**564,275**	**1,147,638**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(65,599)	65,599	-	**-**
Transfer from Stage 1 to Stage 3	(42,118)	-	42,118	**-**
Transfer from Stage 2 to Stage 1	38,172	(38,172)	-	**-**
Transfer from Stage 2 to Stage 3	-	(45,005)	45,005	**-**
New financial assets originated or purchased	487,913	12,957	-	**500,870**
Change in existing	255,760	44,486	(48,009)	**252,237**
Other movements with no P&L impact				
Repayments/ matured loans	(10,342)	(2,465)	(5,284)	**(18,091)**
Loss allowance as at 31 March 2023	**1,183,740**	**100,809**	**598,105**	**1,882,654**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.10 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 2023	**3,569,296**	**11,759**	**311,929**	**3,892,984**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(10)	10	-	-
Transfer from Stage 2 to Stage 1	(6,709)	6,709	-	-
Transfer from Stage 1 to Stage 3	(16,828)	-	16,828	-
New financial assets originated or purchased	1,256,006	150	-	1,256,156
Change in existing	(626,028)	(17,234)	(22,071)	665,333
Other movements with no P&L impact				
Repayments/ matured loans	(1,749,977)	(1,028)	(84,152)	(1,835,157)
Loss allowance as at 31 March 2024	**2,425,750**	**366**	**222,534**	**2,648,650**

	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 2022	**2,379,440**	**1,213**	**400,045**	**2,780,698**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(7,955)	7,955	-	-
Transfer from Stage 2 to Stage 1	378	(378)	-	-
Transfer from Stage 2 to Stage 3	-	(99,666)	99,666	-
Transfer from Stage 3 to Stage 2	-	78	(78)	-
New financial assets originated or purchased	2,246,203	393	66,664	2,313,260
Change in existing	370,831	102,164	(254,368)	218,627
Other movements with no P&L impact				
Repayments/ matured loans	(1,419,601)	-	-	(1,419,601)
Loss allowance as at 31 March 2023	**3,569,296**	**11,759**	**311,929**	**3,892,984**

	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 2023	**4,527,905**	**490,285**	**-**	**5,018,190**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(32,117)	32,117	-	**-**
Transfer from Stage 2 to Stage 1	23,085	(23,085)	-	**-**
New financial assets originated or purchased	3,881,458	-	-	**3,881,458**
Change in existing	(907,107)	156,235	-	**(750,872)**
Other movements with no P&L impact				
Repayments/ matured loans	(1,237,425)	(490,284)	-	**(1,727,709)**
Write-offs	-	-	-	-
Loss allowance as at 31 March 2024	**6,255,799**	**165,268**	**-**	**6,421,067**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.10 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 2022	**5,244,646**	**1,676,359**	-	**6,921,005**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	**-**
Transfer from Stage 2 to Stage 1	(507,879)	507,879	-	**-**
New financial assets originated or purchased	2,574,480	-	-	**2,574,480**
Change in existing	(676,149)	(1,693,953)	-	**(2,370,102)**
Other movements with no P&L impact				
Repayments/ matured loans	(2,107,193)	-	-	**(2,107,193)**
Write-offs				
Loss allowance as at 31 March 2023	**4,527,905**	**490,285**	**-**	**5,018,190**

	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 2023	**135,589**	**-**	**-**	**-**	**135,589**
Movements with P&L impact					
Transfers:					
Changes in existing	(99,987)	-	-	-	(99,987)
Loss allowance as at 31 March 2024	**35,602**	**-**	**-**	**-**	**35,602**

	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 2022	**72,093**	**-**	**-**	**-**	**72,093**
Movements with P&L impact					
Transfers:					
Changes in existing	63,496	-	-	-	63,496
Loss allowance as at 31 March 2023	**135,589**	**-**	**-**	**-**	**135,589**

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).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.10 Loss allowance (continued)

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 2023	**79,065,539**	**2,017,694**	**598,105**	**81,681,338**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(45,914)	45,914	-	-
Transfer from Stage 3 to Stage 2		1,869	(1,869)	
Transfer from Stage 1 to Stage 3	(5,418)	-	5,418	-
Transfer from Stage 2 to Stage1	193,277	(193,277)	-	-
Transfer from Stage 2 to Stage 3	-	(2,616)	2,616	-
New financial assets originated or purchased	14,902,364	1,165	-	14,903,529
Change in existing	(4,667,389)	(744,954)	(103,022)	(5,515,365)
FX and other movements	-	-	-	-
Repayments/ matured loans	(5,003,501)	(102,454)	(91,998)	(5,197,953)
Gross carrying amount as at 31 March 2024	**84,438,958**	**1,023,341**	**409,250**	**85,871,549**

	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 2022	**55,380,744**	**1,229,850**	**564,275**	**57,174,869**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(141,155)	141,155	-	-
Transfer from Stage 1 to Stage 3	(1,123)	-	1,123	-
Transfer from Stage 2 to Stage1	80,809	(80,809)	-	-
Transfer from Stage 2 to Stage 3	-	(3,868)	3,868	-
New financial assets originated or purchased	29,679,823	230,757	-	29,910,580
Change in existing	(3,141,670)	594,098	34,123	(2,513,449)
FX and other movements	-	-	-	-
Repayments/ matured loans	(2,791,889)	(93,489)	(5,284)	(2,890,662)
Gross carrying amount as at 31 March 2023	**79,065,539**	**2,017,694**	**598,105**	**81,681,338**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.10 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 2023	**193,022,851**	**385,795**	**311,929**	**193,720,575**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(4,080)	4,080	-	-
Transfer from Stage 2 to Stage 1	52,528	(52,528)	-	-
Transfer from Stage 1 to Stage 3	(4,994)	-	4,994	-
New financial assets originated or purchased	92,911,794	11,044	-	92,922,838
Change in existing	1,328,246	(257,931)	(10,236)	1,060,079
FX and other movements	-	-	-	-
Repayments/ matured loans	(113,072,691)	(67,910)	(84,153)	(113,224,754)
Gross carrying amount as at 31 March 2024	**174,233,654**	**22,550**	**222,534**	**174,478,738**

	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 2022	**175,628,334**	**99,445**	**400,045**	**176,127,824**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(27,789)	27,789	-	-
Transfer from Stage 2 to Stage 1	9,074	(9,074)	-	-
Transfer from Stage 2 to Stage 3	-	(20,021)	20,021	-
Transfer from Stage 3 to Stage 2	-	3,178	(3,178)	-
New financial assets originated or purchased	128,131,399	29,973	66,664	128,228,036
Change in existing	3,067,168	254,505	128	3,321,801
FX and other movements	-	-	-	-
Repayments/ matured loans	(113,785,335)	-	(171,751)	(113,957,086)
Gross carrying amount as at 31 March 2023	**193,022,851**	**385,795**	**311,929**	**193,720,575**

	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 2023	**324,183,346**	**20,003,494**	**-**	**344,186,840**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(4,167,182)	4,167,182	-	-
Transfer from Stage 2 to Stage 1	3,196,370	(3,196,370)	-	-
Write-offs				
New financial assets originated or purchased	323,585,639	-	-	323,585,639
Changes in existing	(38,382,874)	14,865,700	-	(23,517,174)
FX and other movements	-	-	-	-
Closed accounts	(69,920,974)	(20,003,494)	-	(89,924,468)
Gross carrying amount as at 31 March 2024	**538,494,325**	**15,836,512**	**-**	**554,330,837**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit Risk (continued)

5.3.10 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 2022	**324,822,150**	**31,393,016**	**-**	**356,215,166**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	3,645,167	(3,645,167)	-	-
Write-offs				
New financial assets originated or purchased	176,298,390	-	-	176,298,390
Changes in existing	(60,026,160)	(7,744,355)	-	(67,770,515)
FX and other movements	-	-	-	-
Closed accounts	(120,556,201)	-	-	(120,556,201)
Gross carrying amount as at 31 March 2023	**324,183,346**	**20,003,494**	**-**	**344,186,840**

	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 2023	**96,853,763**	-	-	**96,853,763**
Net movement in investment securities	(45,752,940)	-	-	(45,752,940)
Gross carrying amount as at 31 March 2024	**51,100,823**	-	-	**51,100,823**
Investment securities at amortised cost				
Gross carrying amount as at 1 April 2022	**108,934,485**	-	-	**108,934,485**
Net movement in investment securities	(12,080,722)	-	-	(12,080,722)
Gross carrying amount as at 31 March 2023	**96,853,763**	-	-	**96,853,763**

5.3.11 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.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Liquidity Risk (continued)

The following tables set out the remaining contractual maturities of the Bank's financial liabilities and financial assets.

	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	**268,144,061**	**134,393,276**	**251,859**	**1,162,200,282**
Net liquidity gap	**(254,526,346)**	**(21,216,307)**	**429,861,595**	**153,373,134**	**307,492,076**

	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 2023					
Cash and cash equivalents	155,053,550	-	-	-	155,053,550
Investment securities	73,101,895	81,613,455	115,804,099	993,260	271,512,709
Loans and advances	168,452,806	95,961,983	277,050,137	178,551,124	720,016,050
Other assets	963,201	-	-	-	963,201
	397,571,452	177,575,438	392,854,236	179,544,384	1,147,545,510
Loan commitments	(46,258,212)	-	-	-	(46,258,212)
Deposits from customers	443,479,559	245,198,576	74,988,061	320,229	763,986,425
Other borrowed funds	1,592,281	74,877,760	58,415,295	-	134,885,336
Lease liabilities	83,572	250,717	622,909	3,253	960,451
Other liabilities	17,126,706	-	-	-	17,126,706
	462,282,118	320,327,053	134,026,265	323,482	916,958,918
Net liquidity gap	**(64,710,666)**	**(142,751,615)**	**258,827,971**	**179,220,902**	**230,586,592**

	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 2022					
Cash and cash equivalents	196,094,355	-	-	-	196,094,355
Investment securities	31,925,962	110,263,867	112,671,453	10,461,517	265,322,799
Loans and advances	191,211,064	88,579,158	210,902,009	87,976,287	578,668,518
Derivative assets	32,742	-	-	-	32,742
Other assets	675,170	-	-	-	675,170
	419,939,293	**198,843,025**	**323,573,462**	**98,437,804**	**1,040,793,584**
Loan commitments	(21,181,743)	-	-	-	(21,181,743)
Deposits from customers	470,325,393	122,594,588	55,934,904	-	648,854,885
Other borrowed funds	58,071,974	120,119,836	75,011,080	-	253,202,890
Lease liabilities	53,249	159,748	591,054	75,585	879,636
Other liabilities	5,691,560	-	-	-	5,691,560
	(534,142,176)	(242,874,172)	(131,537,038)	(75,585)	(908,628,971)
Net liquidity gap	**(114,202,883)**	**(44,031,147)**	**192,036,424**	**98,362,219**	**132,164,613**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market Risk

Market risk is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the 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.

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

Equity price risk is subject to regular monitoring by the Bank's Treasury team but is not currently significant in relation to the Bank's overall results and financial position.

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 276.41Mio as on 31st March 2024, which consists of Government of Mauritius Bonds, Equity, T-Bills and Notes in MUR currency as well as Foreign currency investments in the form of FRNs, the portfolio kept in HTCS category amounts to USD 226.01 Mio. The Investment of USD 226.01 Million also includes investments of USD 86.08 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					
Category	**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 86.08 Mio	5.31%	84 days	USD 29,697	USD 39,591	USD 49,484
Other HTCS - USD 139.93 Mio	4.56%	306 days	USD 175,616	USD 234,057	USD 292,499

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.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market Risk (continued)

Interest rate risk (continued)

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 31 March 2024

	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	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**

At 31 March 2023

	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	145,039,984	-	-	9,619,602	154,659,586
Investment securities	74,420,000	72,640,000	114,010,000	2,498,508	263,568,508
Loans and advances	585,350,000	17,830,000	520,000	5,094,922	608,794,922
	804,809,984	**90,470,000**	**114,530,000**	**17,213,032**	**1,027,023,016**
Deposits from customers	439,239,737	236,890,000	71,250,000	3,466,954	750,846,691
Other borrowed funds	-	120,000,000	-	1,573,927	121,573,927
Lease liabilities	83,572	250,717	626,162	-	960,451
	439,323,309	**357,140,717**	**71,876,162**	**5,040,881**	**873,381,069**
Interest Sensitivity Gap	**365,486,675**	**(266,670,717)**	**42,653,838**	**12,172,151**	**153,641,947**
At 31 March 2022					
Cash and cash equivalents	70,000,583	-	-	126,093,772	196,094,355
Investment securities	31,173,000	104,643,000	128,650,325	856,474	265,322,799
Loans and advances	524,792,660	36,612,000	23,000	17,240,858	578,668,518
	625,966.24	141,255,000	128,673,325	144,191,104	1,040,085,672
Deposits from customers	367,519,000	133,338,000	64,005,000	83,992,885	648,854,885
Other borrowed funds	118,118,570	135,084,320	-	-	253,202,890
Lease liabilities	53,249	159,748	666,639	-	879,636
	485,690,819	268,582,068	64,671,639	83,992,885	902,937,411
Interest Sensitivity Gap	140,275,424	(127,327,068)	64,001,686	60,198,219	137,148,261

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:

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market Risk (continued)

Interest rate risk (continued)

	200 bp Parallel Increase/Decrease		
	2024 USD (million)	2023 USD (million)	2022 USD (million)
Sensitivity of projected Net Interest Income	**4.92**	4.14	1.94

IBOR Transition

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Bank is currently in the process of amending or preparing to amend contractual terms in response to IBOR reform and expects to complete all transitional reforms by the end of 2022 whereby some benchmarks including LIBOR will be replaced with alternative risk-free benchmark rates that will meet regulatory and market requirements. For this purpose, the Bank has set up a cross business unit task force, comprising Finance, Compliance, IT, Treasury and Risk to monitor and implement the IBOR reform.

In particular, management has implemented the below processes:

Formation and governance structure	**Assigning roles and responsibilities, escalation protocols and task ownership, across different verticals of the Bank.**
Assessment of exposure including impact assessment, fallback language and contract remediation.	• The Bank has identified clients with LIBOR exposures and has engaged with them to update them on the change in IBOR. • The Bank has identified SOFR as the alternative benchmark for USD LIBOR and the STR as the alternative benchmark for the EURIBOR. • The Bank does not have any derivative contracts which mature beyond December 2021. • The Bank has 10 USD LIBOR contracts which are maturing beyond June 2023, and 2 contracts in EURIBOR with a notional exposure of USD149m. • For syndicated loans, the Bank is guided by its facility agents and the lead bank for the determination and valuation of the alternative benchmark; including the introduction of suitable fallback clauses in the respective facility agreements to ensure smooth transition. • For the Bilateral Loans, the Bank has been monitoring the spreads between different benchmarks including SOFR structures. All eligible customers have already shifted to SOFR. • All new contracts are being drawn referencing alternative reference rates and include fallback language.
IT & Operational Changes	The core banking system has already been upgraded to cater for the new alternative benchmarks. The Bank is further already adhering to the ISDA Protocol.

Treasury Process Considerations involves issues related to tax and accounting including hedge accounting and valuation changes as a result of the transition from LIBOR to Alternative Reference Rates ("ARRs"). If the benchmark interest rate in a legacy contract is replaced with ARRs, it should be assessed whether this constitutes a substantial modification and therefore "de-recognition" for the purposes of International Financial Reporting Standards. The continuity of hedge relationships should also be examined once benchmark interest rates are replaced with the new ARRs and suitable changes should be done in the hedge contract to reflect the new economic consideration.

The suitability of the existing contract should be evaluated from the tax purpose before making any amendments to the contracts. If amendments are considered material, this may constitute a disposal of the existing contract and entering into a new contract for tax purposes in certain jurisdictions. Further the transition may lead to a profit and loss (P&L) impact arising in respect of the transition which may lead to tax impact. The Bank has also performed an impact assessment for transitioning to the alternative rates and does not expect significant tax or accounting implications on account of the adoption of the alternate benchmark index.

The Bank does not have any lease modifications as a direct consequence of the interest rate benchmark reform; and neither does it have any material hedging instruments.

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 2024.

	United States Dollar	Great Britain Pound	EURO	Others	Total
	USD	USD	USD	USD	USD
At 31 March 2024					
Assets					
Cash and cash equivalents	187,617,078	1,527,583	4,170,427	12,242,400	205,557,488
Loans and advances	575,820,322	231,076	33,213,594	194,803,207	804,068,199
Derivative assets	3,039	-	-	-	3,039
Investment securities	258,183,826	-	1,469	19,019,133	277,204,428
Other assets	4,875,247	217,657	1,356,477	22,035,973	28,485,354
	1,026,499,512	1,976,316	38,741,967	248,100,713	1,315,318,508
Liabilities					
Deposits from customers	566,010,600	3,158,533	22,403,677	245,098,989	836,671,799
Other borrowed funds	273,327,126	-	16,216,640	-	289,543,766
Lease liabilities	-	-	-	702,147	702,147
Other liabilities	4,099,147	55	32	4,766,630	8,865,864
	843,436,873	3,158,588	38,620,349	250,567,766	1,135,783,576
Net on Statement of Financial Position	183,062,639	(1,182,272)	121,618	(2,467,053)	179,534,932

The effects of a reasonable possibly movement of the currency rates, to which the Bank had significant exposure as at 31 March 2024 against USD, with all other variable held constant.

	Increase/ (decrease) in profit or loss	
	Great Britain Pounds	EURO
	USD	USD
+5% in currency rate	(59,452)	(26,691)
-5% in currency rate	59,452	26,691
At 31 March 2023		
Assets		
Cash and cash equivalents	141,959,157	945,627	2,332,013	9,422,789	154,659,586
Loans and advances	393,854,205	280,812	32,879,863	181,780,043	608,794,923
Investment securities	240,417,735	-	1,487	23,149,287	263,568,509
Derivative assets	-	-	-	-	-
Other assets	5,157,169	302,984	1,160,706	20,625,487	27,246,346
	781,388,266	1,529,423	36,374,069	234,977,606	1,054,269,364
Liabilities					
Deposits from customers	488,666,491	4,003,292	25,050,219	233,126,689	750,846,691
Other borrowed funds	121,573,927	-	-	-	121,573,927
Derivative liabilities	213,955	-	-	-	213,955
Lease liabilities	-	-	-	960,451	960,451
Other liabilities	12,875,783	223	33	4,250,667	17,126,706
	623,330,156	4,003,515	25,050,252	238,337,807	890,721,730
Net on Statement of Financial Position	158,058,110	(2,474,092)	**11,323,817**	**(3,360,201)**	**163,547,634**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market risk (continued)

Currency Risk (continued)

	United States Dollar USD	Great Britain Pound USD	EURO USD	Others USD	Total USD
At 31 March 2022					
Assets					
Cash and cash equivalents	178,787,767	1,094,671	2,004,824	14,207,093	196,094,355
Loans and advances	424,740,461	301,894	15,334,555	138,291,608	578,668,518
Investment securities	216,239,951	-	1,521	49,081,327	265,322,799
Derivative assets	32,742	-	-	-	32,742
Other assets	675,170	-	-	-	675,170
	820,476,091	**1,396,565**	**17,340,900**	**201,580,028**	**1,040,793,584**
Liabilities					
Deposits from customers	426,002,835	3,973,077	13,080,700	205,798,273	648,854,885
Other borrowed funds	250,963,115	-	-	2,239,775	253,202,890
Lease liabilities	-	-	-	879,636	879,636
Other liabilities	1,493	236	-	5,689,831	5,691,560
	676,967,443	**3,973,313**	**13,080,700**	**214,607,515**	**908,628,971**
Net on Statement of Financial Position	**143,508,648**	**(2,576,748)**	**4,260,200**	**(13,027,487)**	**132,164,613**

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.

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.

6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A: Valuation methods (continued)

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.

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.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
At 31 March 2024				
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**
At 31 March 2023				
Debt securities measured at FVTPL	-	9,832,543	-	9,832,543
Debt securities measured at FVOCI	-	156,024,531	-	156,024,531
Equity securities measured at FVOCI	195,939	-	797,321	993,260
Total	**195,939**	**165,857,074**	**797,321**	**166,850,334**
At 31 March 2022				
Debt securities measured at FVTPL	-	2,253,896	-	2,253,896
Derivative assets at FTVPL	-	32,742	-	32,742
Debt securities measured at FVOCI	-	153,277,584	-	153,277,584
Equity securities measured at FVOCI	265,787	-	662,780	928,567
Total	**265,787**	**155,564,222**	**662,780**	**156,492,789**

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

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.

	Level 1 USD	Level 2 USD	Level 3 USD	Total fair values USD	Total carrying amount USD
At 31March 2024					
Assets					
Cash and cash equivalents	1,170,507	204,386,981	-	-	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	-	-	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
At 31March 2023					
Assets					
Cash and cash equivalents	2,082,560	152,577,026	-	-	154,659,586
Loans and advances to banks	-	125,580,704	-	125,580,704	125,580,704
Loans and advances to customers	-	483,214,218	-	483,214,218	483,214,218
Investment securities at amortised cost	-	96,718,173	-	96,718,173	96,718,173
Other assets	-	963,201	-	-	963,201
Liabilities					
Deposits from customers	-	758,703,697	-	-	758,703,697
Other borrowed funds	-	121,573,927	-	121,573,927	121,573,927
Other liabilities	-	17,126,706	-	17,126,706	17,126,706
At 31March 2022					
Assets					
Cash and cash equivalents	1,683,559	194,410,796	-	196,094,355	196,094,355
Loans and advances to banks	-	133,280,040	-	133,280,040	133,280,040
Loans and advances to customers	-	445,388,478	-	445,388,478	445,388,478
Investment securities at amortised cost	-	108,862,752	-	108,862,752	108,862,752
Other assets	-	675,170	-	-	675,170
Liabilities					
Deposits from customers	-	652,010,289	-	652,010,289	648,854,885
Other borrowed funds	-	253,202,890	-	253,202,890	253,202,890
Other liabilities	-	5,691,560	-	5,691,560	5,691,560

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
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
31 March 2023:				
Assets				
Cash and cash equivalents	154,659,586	-	-	154,659,586
Loans and advances to banks	125,580,704	-	-	125,580,704
Loans and advances to customers	483,214,218	-	-	483,214,218
Investment securities	96,727,371	157,008,594	9,832,543	263,568,508
Other assets	963,201	-	-	963,201
Liabilities				
Deposits from customers	750,846,691	-	-	750,846,691
Other borrowed funds	121,573,927	-	-	121,573,927
Derivative liabilities	213,955	-	-	213,955
Lease liabilities	960,451	-	-	960,451
Other liabilities	17,126,706	-	-	17,126,706
31 March 2022:				
Assets				
Cash and cash equivalents	196,094,355	-	-	196,094,355
Loans and advances to banks	133,280,040	-	-	133,280,040
Loans and advances to customers	445,388,478	-	-	445,388,478
Investment securities	108,862,752	154,206,151	2,253,896	265,322,799
Derivative assets	-	-	32,742	32,742
Other assets	675,170	-	675,170	675,170
Liabilities				
Deposits from customers	648,854.885	-	-	648,854,885
Other borrowed funds	253,202,890	-	-	253,202,890
Lease liabilities	879,636	-	-	879,636
Other liabilities	5,691,560	-	-	5,691,560

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 reserves.
- Tier 2 capital which includes the general banking reserve.

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 2024, the Bank has complied with all externally imposed capital requirements. The Bank's Capital Adequacy Ratio stood at 22.97% and is well above the regulatory specification of 12.50%.

Please refer to the disclosures in section 2.7 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	SEGMENT A			SEGMENT B			TOTAL		
		2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
		USD	USD	USD	**USD**	USD	USD	**USD**	USD	USD
ASSETS										
Cash and cash equivalents	20	**100,720,728**	10,783,817	158,984,164	**104,836,760**	143,875,769	37,110,191	**205,557,488**	154,659,586	196,094,355
Loans and advances to banks	21	**37,820,954**	53,722,007	16,177,242	**263,026,173**	71,858,697	117,102,798	**300,847,127**	125,580,704	133,280,040
Loans and advances to customers	22	**269,626,272**	269,626,272	228,620,732	**233,594,800**	213,587,946	216,767,746	**503,221,072**	483,214,218	445,388,478
Investment securities	23	**21,952,112**	36,097,378	52,166,248	**255,252,316**	227,471,130	213,156,551	**277,204,428**	263,568,508	265,322,799
Derivative assets	38	**-**	-	32,742	**3,039**	-	-	**3,039**	-	32,742
Property and equipment	24	**7,168,691**	7,405,206	7,635,389	**-**	-	-	**7,168,691**	7,405,206	7,635,389
Right-of-use assets	27	**660,055**	944,557	963,882	**-**	-	-	**660,055**	944,557	963,882
Deferred tax assets	25	**645,972**	505,972	661,149	**-**	-	-	**645,972**	505,972	661,149
Current tax assets	30	**-**	-	-	**-**	-	-	**-**	-	-
Other assets	26	**28,485,354**	27,246,346	17,684,910	**-**	-	229,240	**28,485,354**	27,246,346	17,914,150
Total assets		**467,080,138**	406,331,555	482,926,458	**856,713,088**	656,793,542	584,366,526	**1,323,793,226**	1,063,125,097	1,067,292,984
LIABILITIES										
Deposits from customers	28	**305,946,221**	290,546,859	291,233,719	**530,725,578**	460,299,832	357,621,166	**836,671,799**	750,846,691	648,854,885
Other borrowed funds	29	**15,042,804**	-	17,245,726	**274,500,962**	121,573,927	235,957,164	**289,543,766**	121,573,927	253,202,890
Derivative liabilities	38	**-**	213,955	-	**-**	-	-	**-**	213,955	-
Current tax liabilities	30	**1,676,906**	1,446,707	830,000	**-**	-	-	**1,676,906**	1,446,707	830,000
Retirement benefit obligations	39	**3,785,318**	3,906,423	4,809,953	**-**	-	-	**3,785,318**	3,906,423	4,809,953
Lease liabilities	34	**702,147**	960,451	879,636	**-**	-	-	**702,147**	960,451	879,636
Other liabilities	31	**6,768,865**	7,334,624	5,630,912	**2,096,999**	9,792,082	60,648	**8,865,864**	17,126,706	5,691,560
Total liabilities		**333,922,261**	304,409,019	320,629,946	**807,323,539**	591,665,841	593,638,978	**1,141,245,800**	896,074,860	914,268,924
Shareholders' equity										
Stated capital	32a							**48,627,188**	48,627,188	48,627,188
Share premium	32a							**54,078,062**	54,078,062	54,078,062
Retained earnings								**48,514,865**	38,430,216	28,648,761
Other reserves	40							**35,157,807**	29,866,372	26,686,359
Actuarial loss reserve	40							**(3,830,496)**	(3,951,601)	(5,016,310)
Total equity								**182,547,426**	167,050,237	153,024,060
Total equity and liabilities								**1,323,793,226**	1,063,125,097	1,067,292,984

9. SEGMENTAL REPORTING (CONTINUED)

Statement of Profit or Loss and Comprehensive Income

	Notes	SEGMENT A			SEGMENT B			TOTAL		
		2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
		USD	USD	USD	**USD**	USD	USD	**USD**	USD	USD
Interest income calculated using the effective interest method		**20,815,533**	12,786,419	9,964,872	**45,533,564**	23,723,754	10,668,518	**66,349,097**	36,510,173	20,633,390
Interest expense		**(8,963,765)**	(3,666,365)	(1,071,220)	**(24,582,434)**	(11,191,762)	(1,999,140)	**(33,546,199)**	(14,858,127)	(3,070,360)
Net interest income	11A	**11,851,768**	9,120,054	8,893,652	**20,951,130**	12,531,992	8,669,378	**32,802,898**	21,652,046	17,563,030
Fee and commission income	12	**1,241,124**	1,094,793	713,621	**2,079,584**	1,648,927	1,659,143	**3,320,708**	2,743,720	2,372,764
Net trading income	13	**2,514,136**	2,130,895	(268,213)	**350,431**	407,579	1,565,492	**2,864,567**	2,538,474	1,297,279
Other operating income	14	**59,500**	425,080	882,533	**244,250**	205,426	850,584	**303,750**	630,506	1,733,117
		2,573,636	2,555,975	614,320	**594,681**	613,005	2,416,076	**3,168,317**	3,168,980	3,030,396
Operating income		**15,666,528**	12,770,822	10,221,593	**23,625,395**	14,793,924	12,744,597	**39,291,923**	27,564,746	22,966,190
Net impairment reversal /(loss) on financial assets	15	**219,930**	70,593	(316,487)	**-**	8,737,143	324,851	**219,930**	8,807,736	8,364
Personnel expenses	16	**(2,681,820)**	(2,439,788)	(2,485,643)	**(2,176,452)**	(2,226,032)	(1,623,402)	**(4,858,272)**	(4,665,820)	(4,109,045)
Depreciation on property and equipment and right-of-use assets	24,27	**(980,954)**	(948,510)	(764,894)	**-**	-	-	**(980,954)**	(948,510)	(764,894)
Other expenses	17	**(3,190,087)**	(2,853,127)	(2,473,195)	**(881,497)**	(1,783,821)	(755,598)	**(4,071,584)**	(4,636,948)	(3,228,793)
Profit before income tax		**9,033,597**	6,599,990	4,181,374	**20,567,446**	19,521,214	10,690,448	**29,601,043**	26,121,204	14,871,822
Income tax expense	18b	**(2,285,000)**	(1,780,000)	(2,270,563)	**-**	-	-	**(2,285,000)**	(1,780,000)	(2,270,563)
Profit for the year		**6,748,597**	4,819,990	1,910,811	**20,567,446**	19,521,214	10,690,448	**27,316,043**	24,341,204	12,601,259
Other comprehensive income										
Items that will not be reclassified to profit or loss										
Remeasurement of defined benefit obligations, net of deferred tax		**(1,059,143)**	(118,422)	738,802	**-**	-	-	**(1,059,143)**	(118,422)	738,802
Fair value (losses)/ gains on investment in equity securities		**35,674**	66,832	(72,362)	**-**	-	-	**35,674**	66,832	(72,362)
Items that may be reclassified subsequently to profit or loss										
Fair value (losses)/ gains on investment in debt securities		**1,158,355**	(538,000)	(5,931,577)	**-**	-	-	**1,158,355**	(538,000)	(5,931,577)
Other comprehensive Income for the year		**134,886**	(589,590)	(5,265,137)	**-**	-	-	**134,886**	(589,590)	(5,265,137)
Total comprehensive income for the year		**6,883,483**	4,230,400	(3,354,326)	**20,567,446**	19,521,214	10,690,448	**27,450,929**	23,751,614	7,336,122

10 EXCHANGE RATE

	2024	2023	2022
USD to MUR (year end)	**46.90**	46.01	44.65

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

11a NET INTEREST INCOME

	2024 USD	2023 USD	2022 USD
Interest income			
Recognised on financial assets at amortised cost			
Cash and cash equivalents	**7,856,471**	5,968,589	188,247
Loans and advances to banks	**9,763,354**	4,517,354	589,849
Loans and advances to customers	**37,219,196**	19,597,680	14,293,029
Investment in debt securities	**4,158,032**	2,535,040	1,728,791
Recognised on financial assets at FVOCI			
Investment in debt securities	**7,351,953**	3,802,559	3,716,441
Others	**91**	88,951	117,033
Interest income calculated using the effective interest method	**66,349,097**	36,510,173	20,633,390
Interest expense			
Recognised on financial liabilities at amortised cost			
Other borrowed funds	**9,788,508**	5,399,600	973,055
Deposits from customers	**23,723,189**	9,426,084	2,059,048
Lease liabilities	**34,502**	32,443	38,257
Total interest expense	**33,546,199**	14,858,127	3,070,360
Net interest income	**32,802,898**	21,652,046	17,563,030
Segment A			
Interest income			
Cash and cash equivalents	**2,407,707**	46,054	29,533
Loans and advances to banks	**877,237**	1,555,758	2,093
Loans and advances to customers	**16,578,497**	10,450,533	8,010,580
Investment in debt securities	**952,092**	734,074	1,922,666
Interest income calculated using the effective interest method	**20,815,533**	12,786,419	9,964,872
Interest expense			
Other borrowed funds	**295,602**	17,052	7,759
Deposits from customers	**8,633,661**	3,616,870	1,025,204
Lease liabilities	**34,502**	32,443	38,257
Total interest expense	**8,963,765**	3,666,365	1,071,220
Net interest income	**11,851,768**	9,120,054	8,893,652
Segment B			
Interest income			
Cash and cash equivalents	**5,448,764**	5,922,535	158,714
Loans and advances to banks	**8,886,117**	2,961,596	587,756
Loans and advances to customers	**20,640,699**	9,147,147	6,282,449
Investment in debt securities	**10,557,893**	5,603,525	3,522,566
Others	**91**	88,951	117,033
Interest income calculated using the effective interest method	**45,533,564**	23,723,754	10,668,518

11A NET INTEREST INCOME (CONT'D)

	2024 USD	2023 USD	2022 USD
Segment B			
Interest expense			
Borrowings from banks	**9,492,906**	5,382,548	965,296
Deposits from customers	**15,089,528**	5,809,214	1,033,844
Total interest expense	**24,582,434**	11,191,762	1,999,140
Net interest income	**20,951,130**	12,531,992	8,669,378

12 Net fee and commission income

Retail banking customer fees	**350,475**	152,580	68,389
Corporate banking customer fees	**2,068,626**	1,836,901	1,659,015
Other	**901,607**	754,239	645,360
Total fee and commission income	**3,320,708**	2,743,720	2,372,764
Segment A			
Retail banking customer fees	**350,475**	152,580	68,389
Corporate banking customer fees	**345,012**	510,741	260,488
Other	**545,637**	431,471	384,744
Total fee and commission income	**1,241,124**	1,094,792	713,621
Segment B			
Corporate banking customer fees	**1,723,614**	1,326,160	1,398,527
Other	**355,970**	322,768	260,616
Total fee and commission income	**2,079,584**	1,648,928	1,659,143

13 Net trading income

Gains/ (losses) on remittances	**2,294,891**	1,778,602	(1,111,444)
Foreign exchange	**237,024**	187,627	2,348,243
Gains on FX dealings	**332,652**	572,245	60,480
	2,864,567	2,538,474	1,297,279
Segment A			
Gains/ (losses) on remittances	**2,294,891**	1,778,602	(1,111,444)
Foreign exchange	**219,245**	352,293	843,231
	2,514,136	2,130,895	(268,213)
Segment B			
Foreign exchange	**17,779**	(164,666)	1,505,012
Gains on FX dealings	**332,652**	572,245	60,480
	350,431	407,579	1,565,492

Foreign exchange also include the fair value gains and losses on investment securities at FVTPL.

14 OTHER OPERATING INCOME

	2024 USD	2023 USD	2022 USD
Profit on sale of investments	-	282,214	1,399,162
Dividend income on equity investments	**55,095**	60,879	51,016
Other income	**248,655**	287,413	282,939
	303,750	630,506	1,733,117
Segment A			
Profit on sale of investments	-	282,214	749,760
Dividend income on equity investments	**36,041**	43,140	33,083
Other Income	**23,459**	99,726	99,690
	59,500	425,080	882,533
Segment B			
Profit on sale of investments	-	-	649,402
Dividend income on equity investments	**19,054**	17,739	17,933
Other income	**225,196**	187,687	183,249
	244,250	205,426	850,584

15 Net impairment (reversal)/ loss on financial assets

Loans and advances to customers	**1,485,555**	(6,837)	(709,056)
Loans and advances to banks	**(1,497,984)**	(42,222)	734,222
Non-fund based exposures	**(46,216)**	(14,438)	24,298
Debt securities measured at amortised cost	**58,645**	63,497	(49,464)
Recoveries during the year	**219,930**	(8,807,736)	(8,364)
	219,930	(8,807,736)	(8,364)
Segment A			
Loans and advances to customers and to banks	-	-	350,017
Non-fund based exposures	-	-	24,298
Debt securities measured at amortised cost	-	-	(49,464)
Recoveries during the year	**219,930**	(70,593)	(8,364)
	219,930	(70,593)	316,487
Segment B			
Loans and advances to customers and to banks	-	(8,737,143)	(324,851)

16 Personnel expenses

Wages and salaries	**3,872,268**	3,527,091	3,210,823
Compulsory social security obligations	**170,195**	154,540	144,728
Other personnel expenses	**594,612**	581,320	225,890
Workers' Rights Act - Unfunded obligations	**6,120**	9,135	115,632
Pension costs	**215,077**	393,734	411,972
	4,858,272	4,665,820	4,109,045
Segment A			
Wages and salaries	**2,054,785**	1,685,312	1,755,416
Compulsory social security obligations	**90,312**	73,842	79,125
Other personnel expenses	**315,526**	277,765	123,498
Workers' Rights Act - Unfunded obligations	**6,120**	9,135	115,632
Pension costs	**215,077**	393,734	411,972
	2,681,820	2,439,788	2,485,643

16 PERSONNEL EXPENSES (CONTINUED)

	2024 USD	2023 USD	2022 USD
Segment B			
Wages and salaries	**1,817,483**	1,841,779	1,455,407
Compulsory social security obligations	**79,882**	80,698	65,603
Other personnel expenses	**279,087**	303,555	102,392
	2,176,452	2,226,032	1,623,402

17 OTHER EXPENSES

	2024 USD	2023 USD	2022 USD
Other expenses	**4,071,584**	4,636,948	3,228,793
Segment A			
Other expenses	**3,190,087**	2,853,127	2,473,195
Segment B			
Other expenses	**881,497**	1,783,821	755,598

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

18 TAXATION

Refer to note 3 (f) for the Bank's tax regime. Further to a pronouncement from the regulatory authorities in 2021, special levy expense has been reclassified from "other expenses" to "income tax expense" with the corresponding liability being reclassified from "other liabilities" to "income tax liability". This reclassification has also been reflected in the 2020 financial statements.

	2024 USD	2023 USD	2022 USD
18a Current tax expense			
Income tax reconciliation			
Accounting Profit	**29,601,043**	26,121,204	14,871,822
Tax on Accounting profit at 5%	**1,480,052**	1,306,060	743,591
Add/ (less) : Net effect of non taxable income, non allowable expenses and other items	**(169,091)**	(291,890)	906,409
Under /(Over) provision in previous years (Note 30)	**(33,684)**	25,830	5,563
Special Levy on Banks (Note 30)	**975,000**	740,000	615,000
Corporate Social Responsibility contribution	**32,723**	-	-
Tax expense for the year	**2,285,000**	1,780,000	2,270,563
18b Income tax expense - Segment A			
Current tax expense for the year	**1,483,684**	904,170	215,000
Under /(Over) provision in previous years	**(33,684)**	25,830	5,563
Movement in deferred tax (Note 25)	**(140,000)**	110,000	1,435,000
	1,310,000	1,040,000	1,655,563
Special Levy on Banks (Note 30)	**975,000**	740,000	615,000
	2,285,000	1,780,000	2,270,563

18c As at 31 March 2024 the Bank has no accumulated tax losses.

19 EARNINGS PER SHARE

	2024 USD	2023 USD	2022 USD
Profit for the year	**27,316,043**	24,341,204	12,601,259
Number of ordinary shares	**778,035**	778,035	778,035
Earnings per share	**35.11**	31.29	16.20

20a Cash and cash equivalents

Current			
Cash in hand	**94,190**	1,578,521	1,377,944
Foreign currency notes and coins	**1,076,317**	504,039	305,615
Unrestricted balances with central bank	**5,671,950**	7,052,736	87,300,022
Money market placements	**191,183,854**	140,648,363	70,000,000
Balances with banks abroad	**7,447,738**	4,391,621	37,110,191
Interest receivable	**83,439**	484,306	583
	205,557,488	154,659,586	196,094,355
Segment A			
Cash in hand	**94,190**	1,578,521	1,377,944
Foreign currency notes and coins	**1,076,317**	504,039	305,615
Unrestricted balances with central bank	**5,671,950**	7,052,736	87,300,022
Money market placements	**93,838,054**	1,648,363	70,000,000
Interest receivable	**40,217**	158	583
	100,720,728	10,783,817	158,984,164
Segment B			
Money market placements	**97,345,800**	139,000,000	-
Balances with banks abroad	**7,447,738**	4,391,621	37,110,191
Interest receivable	**43,222**	484,148	-
	104,836,760	143,875,769	37,110,191

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

Cash and cash equivalents	**205,557,488**	154,659,586	196,094,355
Other borrowed funds (less than 3 months)	**(27,000,000)**	-	(17,245,726)
Net cash and cash equivalents	**178,557,488**	154,659,586	178,848,629

21 Loans and advances to banks

Loans and advances to banks	**302,796,324**	127,457,674	135,278,606
Interest receivable	**1,650,049**	224,293	144,918
Less allowance for credit impairment	**(3,599,246)**	(2,101,263)	(2,143,484)
	300,847,127	125,580,704	133,280,040
a **Segment A**			
Loans and advances to banks	**38,000,000**	54,500,000	16,500,000
Interest receivable	**231,147**	75,442	2,093
Less allowance for credit impairment	**(410,193)**	(853,435)	(324,851)
	37,820,954	53,722,007	16,177,242
Segment B			
Loans and advances to banks- outside Mauritius	**264,796,324**	72,957,674	118,778,606
Interest receivable	**1,418,902**	148,852	142,825
Less allowance for credit impairment	**(3,189,053)**	(1,247,828)	(1,818,633)
	263,026,173	71,858,698	117,102,798
b **Remaining term to maturity**			
Current			
Up to 3 months	**37,290,956**	7,564,294	59,351,607
Over 3 months and up to 6 months	**25,505,368**	25,327,488	11,110,989
Over 6 months and up to 12 months	**45,000,000**	25,065,892	23,316,010
Non current			
Over 1 year and up to 5 years	**195,000,000**	69,500,000	41,500,000
Interest receivable	**1,650,049**	224,293	144,918
	304,446,373	127,681,967	135,423,524
c **Allowance for credit impairment**			
Balance at beginning of year	**2,101,263**	2,143,484	1,409,262
Impairment charge for the year - Stage 1 ECL	**1,497,983**	(42,221)	734,222
Balance at end of year	**3,599,246**	2,101,263	2,143,484

22 LOANS AND ADVANCES TO CUSTOMERS

		2024 USD	2023 USD	2022 USD
	Retail customers	**85,795,011**	81,613,177	58,683,594
	Mortgages	**45,698,780**	43,899,690	30,887,755
	Other retail loans	**40,096,231**	37,713,487	27,795,839
	Corporate customers	**231,306,183**	210,015,408	233,110,633
	Governments	**17,244,984**	41,593,451	33,485,072
	Entities outside Mauritius	**172,704,259**	155,540,093	127,037,527
	Interest receivable	**3,184,314**	3,144,656	1,777,509
		510,234,751	491,906,785	454,094,335
	Less allowance for credit impairment	**(7,013,679)**	(8,692,567)	(8,705,857)
		503,221,072	483,214,218	445,388,478
a	**Remaining term to maturity**			
	Current			
	Up to 3 months	**109,892,157**	156,070,396	134,434,507
	Over 3 months and up to 6 months	**46,093,633**	21,787,635	44,095,322
	Over 6 months and up to 12 months	**5,204,647**	10,179,974	13,258,271
	Non-current			
	Over 1 year and up to 5 years	**245,591,421**	177,843,437	171,067,519
	Over 5 years	**100,268,579**	122,880,687	89,461,207
	Interest receivable	**3,184,314**	3,144,656	1,777,509
		510,234,751	491,906,785	454,094,335
b	**Credit concentration of risk by industry sectors**			
	Agriculture and fishing	**2,596,954**	18,326,251	35,821,079
	Manufacturing	**144,383,914**	111,528,549	64,757,206
	Tourism	**19,923,772**	13,748,457	14,011,033
	Transport	**31,725,041**	25,390,330	18,193,601
	Construction	**83,898,571**	80,644,129	61,888,344
	Financial and business services	**48,658,682**	90,933,857	84,102,642
	Traders	**26,978,638**	69,777,041	54,264,831
	Personal	**5,755,443**	5,341,791	2,506,749
	Professional	**5,332,152**	5,258,768	9,052,151
	Global Business Licence holders	**90,399,737**	58,793,348	92,175,756
	Others	**47,397,533**	9,019,608	15,543,434
	Interest receivable	**3,184,314**	3,144,656	1,777,509
		510,234,751	491,906,785	454,094,335
	Segment A			
	Agriculture and Fishing	**2,596,954**	18,326,251	35,821,079
	Manufacturing	**28,679,655**	20,988,456	12,716,043
	Tourism	**19,923,772**	13,748,457	14,011,033
	Transport	**31,725,041**	25,390,330	18,193,601
	Construction	**83,898,571**	80,644,129	61,888,344
	Financial and business services	**16,658,682**	25,933,857	9,102,642
	Traders	**26,978,638**	69,777,041	54,264,831
	Personal	**5,755,443**	5,341,791	2,506,749
	Professional	**5,332,152**	5,258,768	9,052,151
	Others	**22,397,533**	9,019,608	15,543,434
	Interest receivable	**407,997**	973,225	199,150
		244,354,438	275,401,913	233,299,057
	Segment B			
	Manufacturing	**115,704,259**	90,540,093	52,041,163
	Transport	**-**	-	-
	Construction	**-**	-	-
	Financial and business services	**32,000,000**	65,000,000	75,000,000
	Global Business Licence holders	**90,399,737**	58,793,348	92,175,756
	Others	**25,000,000**	-	-
	Interest receivable	**2,776,317**	2,171,431	1,578,359
		265,880,313	216,504,872	220,795,278

22 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

		ECL allowances Stage 3 USD	ECL allowances Stage 1 & 2 USD	Total allowances for impairment USD
c	**Allowance for credit impairment**			
	Balance at 31 March 2021	**28,965,419**	**8,948,586**	**37,914,005**
	Exchange difference	(54,946)	34,545	(20,401)
	Loans written off out of credit impairment allowances	(27,937,789)	-	(27,937,789)
	Repayments during the year	(8,364)	-	(8,364)
	Net remeasurement of loss allowance	-	(532,538)	(532,538)
	Reversal of provision for credit impairment allowances during the year	-	(709,056)	(709,056)
	Balance at 31 March 2022	**964,320**	**7,741,537**	**8,705,857**
	Exchange difference	(5,750)	(702)	(6,452)
	Movement from Stage 3 to Stage 1&2 ECL	(48,536)	41,699	(6,837)
	Balance at 31 March 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 31 March 2024	**631,784**	**6,381,895**	**7,013,679**

	2024 USD					2023 USD	2022 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	**2,596,954**	**33,222**	**33,222**	**38,559**	**71,781**	345,962	580,262
Manufacturing	**144,383,914**	**-**	**-**	**1,734,667**	**1,734,667**	1,595,245	1,957,559
Tourism	**19,923,772**	**-**	**-**	**293,392**	**293,392**	245,288	305,590
Transport	**31,725,041**	**42,421**	**42,421**	**411,352**	**453,773**	402,879	285,995
Construction	**83,898,571**	**298,466**	**298,466**	**1,248,405**	**1,546,871**	2,001,970	1,802,034
Financial and business services	**48,658,682**	**-**	**-**	**535,695**	**535,695**	1,685,639	979,808
Traders	**26,978,638**	**164,391**	**164,391**	**341,536**	**505,927**	1,240,307	853,823
Personal	**5,755,443**	**84,699**	**84,699**	**63,153**	**147,852**	215,064	56,645
Professional	**5,332,152**	**-**	**-**	**79,968**	**79,968**	69,141	129,460
Global business licence holders	**90,399,737**	**-**	**-**	**1,012,043**	**1,012,043**	790,742	940,835
Others	**47,397,533**	**6,935**	**6,935**	**623,125**	**630,060**	98,551	812,946
Interest receivable	**3,184,314**	**1,650**	**1,650**	**-**	**1,650**	1,780	900
	510,234,751	**631,784**	**631,784**	**6,381,895**	**7,013,679**	8,692,568	8,705,857

22 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

d Allowance for credit impairment by industry sectors (continued)

	2024 USD					2023 USD	2022 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
Segment A							
Agriculture and fishing	**2,596,954**	**33,222**	**33,222**	**38,559**	**71,781**	345,962	580,262
Manufacturing	**28,679,655**	**-**	**-**	**431,912**	**431,912**	489,263	111,450
Tourism	**19,923,772**	**-**	**-**	**293,392**	**293,392**	245,288	305,590
Transport	**31,725,041**	**42,421**	**42,421**	**411,352**	**453,773**	402,879	285,995
Construction	**83,898,571**	**298,466**	**298,466**	**1,248,405**	**1,546,871**	2,001,970	1,802,034
Financial and business services	**16,658,682**	**-**	**-**	**188,163**	**188,163**	665,436	179,903
Traders	**26,978,638**	**164,391**	**164,391**	**341,536**	**505,927**	1,240,307	853,823
Personal	**5,755,443**	**84,699**	**84,699**	**63,153**	**147,852**	215,064	56,645
Professional	**5,332,152**	**-**	**-**	**79,968**	**79,968**	69,141	129,460
Others	**22,397,533**	**6,935**	**6,935**	**267,308**	**274,243**	98,551	372,263
Interest receivable	**407,997**	**1,650**	**1,650**	**-**	**1,650**	1,780	900
	244,354,438	**631,784**	**631,784**	**3,363,748**	**3,995,532**	5,775,641	4,678,325
Segment B							
Manufacturing	**115,704,259**	**-**	**-**	**1,302,755**	**1,302,755**	1,105,982	1,846,109
Financial and business services	**32,000,000**	**-**	**-**	**347,532**	**347,532**	1,020,203	799,905
Global business licence holders	**90,399,737**	**-**	**-**	**1,012,044**	**1,012,044**	790,742	940,835
Others	**25,000,000**	**-**	**-**	**355,816**	**355,816**	-	440,683
Interest receivable	**2,776,317**	**-**	**-**	**-**	**-**	-	-
	265,880,313	**-**	**-**	**3,018,147**	**3,018,147**	2,916,927	4,027,532

	2024 USD					2023 USD	2022 USD
Bank - Total	Gross amount of loans	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	**2,596,954**	**33,222**	**33,222**	**38,559**	**71,781**	498,798	498,798
Manufacturing	**144,383,914**	**-**	**-**	**1,734,667**	**1,734,667**	3,735,389	3,735,389
Tourism	**19,923,772**	**-**	**-**	**293,392**	**293,392**	351,146	351,146
Transport	**31,725,041**	**42,421**	**42,421**	**411,352**	**453,773**	19,889,253	19,889,253
Construction	**83,898,571**	**298,466**	**298,466**	**1,248,405**	**1,546,871**	1,509,508	1,509,508
Financial and Business Services	**48,658,682**	**-**	**-**	**535,695**	**535,695**	10,740,975	10,740,975
Traders	**26,978,638**	**164,391**	**164,391**	**341,536**	**505,927**	429,317	429,317
Personal	**5,755,443**	**84,699**	**84,699**	**63,153**	**147,852**	56,669	56,669
Professional	**5,332,152**	**-**	**-**	**79,968**	**79,968**	2,829	2,829
Global Business Licence holders	**90,399,737**	**-**	**-**	**1,012,044**	**1,012,044**	664,484	664,484
Others	**47,397,533**	**6,935**	**6,935**	**623,124**	**630,059**	35,637	35,637
Interest receivable	**3,184,314**	**1,650**	**1,650**	**-**	**1,650**	-	-
	510,234,751	**631,784**	**631,784**	**6,381,895**	**7,013,679**	37,914,005	37,914,005

23 INVESTMENT SECURITIES

		2024 USD	2023 USD	2022 USD
	Investment securities measured at fair value through profit and loss	**85,081,002**	9,832,543	2,253,896
	Debt securities measured at amortised cost	**51,100,823**	96,853,763	108,934,845
	Debt securities measured at FVOCI	**139,940,612**	156,024,531	153,277,584
	Equity securities designated at FVOCI	**1,117,593**	993,260	928,567
		277,240,030	263,704,097	265,394,892
	Less allowance for credit impairment - Stage 1	**(35,602)**	(135,589)	(72,093)
		277,204,428	263,568,508	265,322,799
a	**Investment securities at fair value through profit and loss**			
	Treasury/BoM Bills held for trading purposes	**85,081,002**	9,832,543	2,253,896
	Segment A			
	Treasury/BoM Bills held for trading purposes	**1,061,332**	9,832,543	2,253,896
	Segment B			
	Treasury/BoM Bills held for trading purposes	**84,019,670**	-	-
b	**Investment securities at amortised cost**			
	Government bonds	**2,798,541**	7,244,187	7,387,261
	Treasury/ BoM Bills	**6,500,444**	14,791,910	-
	Corporate bonds and notes	**41,224,215**	73,925,646	100,439,583
	Interest receivable	**577,623**	892,020	1,108,001
	Less allowance for credit impairment - Stage 1	**(35,602)**	(135,589)	(72,093)
		51,065,221	96,718,174	108,862,752
	Segment A			
	Government bonds	**2,798,541**	7,244,187	7,387,261
	Treasury/ BoM Bills	**1,462,950**	9,878,436	-
	Corporate bonds and notes	**3,000,000**	3,005,108	15,096,045
	Interest receivable	**55,694**	84,335	325,299
	Less allowance for credit impairment - Stage 1	**(2,741)**	(5,479)	-
		7,314,444	20,206,587	22,808,605
	Segment B			
	Corporate bonds and notes	**38,224,215**	70,920,538	85,343,537
	Treasury/ BoM Bills	**5,037,494**	4,913,474	-
	Interest receivable	**521,929**	807,685	782,703
	Less allowance for credit impairment - Stage 1	**(32,861)**	(130,110)	(72,093)
		43,750,777	76,511,587	86,054,147
c	**Allowance for impairment**			
	Opening balance	**135,589**	72,093	121,557
	Write off of investment	**-**	-	(532,538)
	Net remeasurement of ECL	**-**	-	532,538
	(Reversal)/ impairment charge for the year	**(99,987)**	63,496	(49,464)
	Balance at end of year	**35,602**	135,589	72,093
d	**Investment securities at FVOCI**			
	Investment in equity instruments	**1,117,593**	993,260	928,567
	Corporate and government bonds and notes	**138,133,953**	154,274,026	152,105,320
	Interest receivable	**1,806,659**	1,750,505	1,172,264
		139,940,612	156,024,531	153,277,584
	Segment A			
	Investment in equity instruments	**770,857**	739,108	662,780
	Investment in debt instruments - government bonds and notes	**12,805,479**	5,319,140	26,440,967
	Interest receivable	**105,896**	37,963	-
		12,911,375	5,357,103	26,440,967
	Segment B			
	Investment in equity instruments	**346,736**	254,152	265,787
	Investment in debt instruments - foreign corporate bonds and notes	**125,328,474**	148,954,886	125,664,353
	Interest receivable	**1,700,763**	1,712,542	1,172,264
		127,029,237	150,667,428	126,836,617

24 PROPERTY AND EQUIPMENT - SEGMENT A

	Building on lease land USD	Land and buildings USD	Furniture, fittings and office equipment USD	Motor Vehicles USD	TOTAL USD
Cost					
Balance at 1 April 2021	318,680	9,003,907	4,888,884	218,965	14,430,436
Acquisitions	-	-	403,368	96,429	499,797
Disposals	-	-	(56,072)	(111,796)	(167,868)
Balance at 31 March 2022	318,680	9,003,907	5,236,180	203,598	14,762,365
Acquisitions	-	-	308,352	-	308,352
Disposals	-	-	(30,658)	-	(30,658)
Balance at 31 March 2023	318,680	9,003,907	5,513,874	203,598	15,040,059
Acquisitions	-	-	320,965	32,815	353,780
Disposals	-	-	-	(20,994)	(20,994)
Balance at 31 March 2024	318,680	9,003,907	5,834,839	215,419	15,372,845
Accumulated depreciation					
Balance at 1 April 2021	220,603	2,401,376	4,027,751	155,869	6,805,599
Depreciation for the year	16,346	164,332	270,620	37,947	489,245
Disposal adjustment	-	-	(56,072)	(111,796)	(167,868)
Balance at 31 March 2022	236,949	2,565,708	4,242,299	82,020	7,126,976
Depreciation for the year	16,346	164,332	323,208	34,649	538,535
Disposal adjustment	-	-	(30,658)	-	(30,658)
Balance at 31 March 2023	253,295	2,730,040	4,534,849	116,669	7,634,853
Depreciation for the year	16,346	164,332	366,700	36,969	584,347
Disposal adjustment	-	-	-	(15,046)	(15,046)
Balance at 31 March 2024	269,641	2,894,372	4,901,549	138,592	8,204,154
Net book value					
At 31 March 2024	**49,039**	**6,109,535**	**933,290**	**76,827**	**7,168,691**
At 31 March 2023	65,385	6,273,867	979,025	86,929	7,405,206
At 31 March 2022	81,731	6,438,199	993,881	121,578	7,635,389

25 DEFERRED TAX ASSETS - SEGMENT A

	2024 USD	2023 USD	2022 USD
At 1 April	**505,972**	661,149	2,135,033
Movement during the year accounted in profit or loss (Note 18b)	**140,000**	(110,000)	(1,435,000)
Movement during the year accounted in other comprehensive income	**-**	(45,177)	(38,884)
At 31 March	**645,972**	505,972	661,149
Analysed as follows			
Accelerated capital allowances	**96,157**	(58,696)	51,470
Allowances for credit losses	**538,104**	546,902	546,736
Employee benefit obligations	**189,266**	195,321	240,498
Revaluation of Building	**(177,555)**	(177,555)	(177,555)
	645,972	505,972	661,149

Deferred income tax is calculated on all temporary differences under the liability method using an effective tax rate of 5% (2022 and 2021 - 5%) for segment A and an effective tax rate of 5% (2022 and 2021 - 5%) for Segment B.

26 OTHER ASSETS

	2024 USD	2023 USD	2022 USD
Mandatory balance with central bank	**27,535,161**	26,283,145	17,238,980
Other	**950,193**	963,201	675,170
	28,485,354	27,246,346	17,914,150
Segment A			
Mandatory balance with central bank	**26,283,145**	26,283,145	17,238,980
Other	**950,193**	963,201	445,930
	27,233,338	27,246,346	17,684,910
Segment B			
Other	**-**	-	229,240
	-	-	229,240

27 RIGHT-OF-USE ASSETS

	USD
Buildings	
Cost	
At 1 April 2021	1,753,117
Additions	183,546
Discontinued leases	(95,651)
At 31 March 2022	1,841,012
Additions	474,270
Discontinued leases	(83,620)
At 31 March 2023	2,231,662
Additions	191,444
Discontinued leases	(79,339)
At 31 March 2024	**2,343,767**
Depreciation	
At 1 April 2021	(601,481)
Charge for the year	(275,649)
At 31 March 2022	(877,130)
Charge for the year	(409,975)
At 31 March 2023	(1,287,105)
Charge for the year	(396,607)
At 31 March 2024	**(1,683,712)**
Carrying amount	
At 31 March 2024	**660,055**
At 31 March 2023	944,557
At 31 March 2022	963,882

Amounts recognised in profit or loss			
Depreciation expense on right-of-use assets	396,607	409,975	275,649
Interest expense on lease liabilities	34,502	32,443	38,257
Total cash outflows for leases	441,929	340,113	264,545

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 3 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.

28 DEPOSITS FROM CUSTOMERS

	2024 USD	2023 USD	2022 USD
Savings Deposit	**133,228,054**	132,018,579	134,154,519
Demand Deposit	**239,689,379**	191,101,158	206,095,887
Time Deposit			
Within three months	**240,579,943**	115,216,324	129,933,691
Over 3 and up to 6 months	**57,639,690**	34,903,181	53,059,123
Over 6 months and up to 12 months	**102,933,814**	201,252,241	71,259,079
Over 1 year and up to 5 years	**55,880,990**	72,205,768	53,993,295
Over 5 years	**215,562**	-	-
Interest payable	**6,504,367**	4,149,440	359,291
	836,671,799	750,846,691	648,854,885
Segment A			
Savings Deposit	**132,843,498**	131,514,181	133,607,518
Demand Deposit	**48,237,425**	47,289,382	58,575,785
Time Deposit			
Within three months	**8,378,768**	35,220,026	40,396,746
Over 3 and up to 6 months	**7,328,354**	6,177,685	5,058,773
Over 6 months and up to 12 months	**60,470,672**	35,850,633	43,196,127
Over 1 year and up to 5 years	**45,880,990**	32,990,047	10,202,940
Over 5 years	**215,562**		-
Interest payable	**2,590,952**	1,504,905	195,830
	305,946,221	290,546,859	291,233,719
Segment B			
Savings Deposit	**384,556**	504,398	547,001
Demand Deposit	**191,451,954**	143,811,776	147,520,102
Time Deposit			
Within three months	**232,201,175**	79,996,298	89,536,945
Over 3 and up to 6 months	**50,311,336**	28,725,496	48,000,350
Over 6 months and up to 12 months	**42,463,142**	165,401,608	28,062,952
Over 1 year and up to 5 years	**10,000,000**	39,215,721	43,790,355
Interest payable	**3,913,415**	2,644,535	163,461
	530,725,578	460,299,832	357,621,166
Current	**774,070,880**	674,491,483	594,502,299
Non Current	**62,385,357**	76,355,208	54,352,586

28 DEPOSITS FROM CUSTOMERS (CONTINUED)

	2024 USD	2023 USD	2022 USD
Retail Customers			
Savings Deposit	**116,985,885**	118,709,399	125,581,315
Demand Deposit	**4,275,787**	5,360,656	4,643,618
Time Deposit			
Within three months	**4,477,986**	3,584,854	3,515,034
Over 3 and up to 6 months	**4,029,501**	2,878,236	3,567,274
Over 6 months and up to 12 months	**13,134,343**	9,101,929	8,028,566
Over 1 year and up to 5 years	**29,529,069**	21,580,766	8,561,026
	172,432,571	161,215,840	153,896,833
Corporate Customers			
Savings Deposit	**16,133,573**	13,233,276	8,504,319
Demand Deposit	**224,764,646**	180,490,552	200,022,211
Time Deposit			
Within three months	**235,912,807**	111,560,892	121,867,736
Over 3 and up to 6 months	**53,610,189**	32,024,945	49,491,849
Over 6 months and up to 12 months	**89,260,565**	192,150,312	61,998,682
Over 1 year and up to 5 years	**22,687,142**	46,339,038	45,432,269
over 5 years	**215,562**	-	-
	642,584,484	575,799,015	487,317,066
Government			
Savings Deposit	**108,596**	75,904	68,885
Demand Deposit	**10,648,946**	5,249,951	1,430,058
Time Deposit			
Within three months	**189,150**	70,577	4,550,921
Over 3 and up to 6 months	**-**	-	-
Over 6 months and up to 12 months	**538,906**	-	1,231,831
Over 1 year and up to 5 years	**3,664,779**	4,285,964	-
	15,150,377	9,682,396	7,281,695
Interest payable	**6,504,367**	4,149,440	359,291
TOTAL	**836,671,799**	750,846,691	648,854,885

29 OTHER BORROWED FUNDS

	2024 USD	2023 USD	2022 USD
Borrowings from banks			
in Mauritius	**15,000,000**	-	17,239,692
abroad	**271,613,870**	120,000,000	235,759,392
Interest payable	**2,929,896**	1,573,927	203,806
	289,543,766	121,573,927	253,202,890
Remaining term to maturity			
Current			
Within three months	**126,835,870**	-	57,999,084
Over 3 and up to 6 months	**42,778,000**	20,000,000	120,000,000
Over 6 months and up to 12 months	**52,000,000**	50,000,000	-
Non-current			
Over 1 year and up to 5 years	**65,000,000**	50,000,000	75,000,000
Interest payable	**2,929,896**	1,573,927	203,806
	289,543,766	121,573,927	253,202,890
Segment A			
Borrowings from banks	**15,000,000**	-	17,239,692
Interest payable	**42,804**	-	6,034
	15,042,804	-	17,245,726
Segment B			
Borrowings from banks	**271,613,870**	120,000,000	235,759,392
Interest payable	**2,887,092**	1,573,927	197,772
	274,500,962	121,573,927	235,957,164

Borrowings are at fixed rates and unsecured. The rate of interest is 4.60% to 6.90%.

30 CURRENT TAX (ASSETS) / LIABILITIES

	2024 USD	2023 USD	2022 USD
Segment A			
At 1 April	**1,446,707**	830,000	378,094
Current tax expense (Note 18b)	**1,483,684**	904,170	215,000
Special levy (Note 18b)	**975,000**	740,000	615,000
Under/(over) provision in previous years	**(33,684)**	25,830	5,563
Special levy paid	**(710,628)**	(602,089)	(383,657)
Tax refund	**-**	-	-
Tax paid	**(1,484,173)**	(451,204)	-
At 31 March	**1,676,906**	1,446,707	830,000

31 Other liabilities

Bills payable	**818,350**	1,468,526	1,160,193
Others	**7,933,957**	15,646,227	4,504,729
Allowance for credit impairment on non-fund based exposures	**113,557**	11,953	26,638
	8,865,864	17,126,706	5,691,560
Segment A			
Bills payable	**818,350**	1,468,526	1,160,193
Others	**5,849,975**	5,854,145	4,444,081
Allowance for credit impairment on non-fund based exposures	**100,540**	11,953	26,638
	6,768,865	7,334,624	5,630,912
Segment B			
Others	**2,083,982**	9,792,082	60,648
Allowance for credit impairment on non-fund based exposures	**13,017**	-	-
	2,096,999	9,792,082	60,648

Others also include expected credit losses of $113,557 on non-fund based exposures (2023: $11,953).

32a STATED CAPITAL

	2024 USD	2023 USD	2022 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.			

32b Dividend proposed and paid

Dividend proposed and paid	**12,156,797**	9,725,437	4,862,716
Dividend per share	**15.625**	12.50	6.25

The Board of Directors proposed a dividend of $15.625 per share on 19 June 2023, approval for which was obtained from the Bank of Mauritius on 11 July 2023 and paid on 31 August 2023.

33 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 USD	Financing cash flows USD	Others (i) USD	Closing balance USD
a	Other borrowed funds (Note 29)				
	Year 2024	**121,573,927**	**139,613,870**	**28,355,969**	**289,543,766**
	Year 2023	253,202,890	(115,753,358)	(15,875,605)	121,573,927
	Year 2022	258,851,755	12,215,708	(17,864,573)	253,202,890

		Opening balance USD	Repayment of lease liability USD	Others USD	Closing balance USD
b	Lease liabilities (Note 34)				
	Year 2024	**960,451**	**(441,929)**	**183,625**	**702,147**
	Year 2023	879,636	(340,113)	420,928	960,451
	Year 2022	1,105,924	(226,288)	-	879,636

(i) Others include movement in short term borrowings classified as cash and cash equivalents.

34 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.

	2024 USD	2023 USD	2022 USD
Analysed as follows:			
Current	**281,908**	334,287	212,997
Non-current	**420,239**	626,164	666,639
	702,147	960,451	879,636
Disclosure required by IFRS 16:			
Maturity analysis			
Year 1	**281,908**	334,287	212,997
Year 2	**208,716**	254,173	204,583
Year 3	**141,622**	195,320	180,524
Year 4	**65,114**	100,109	126,949
Year 5	**4,787**	73,303	78,998
Onwards	**-**	3,259	75,585
	702,147	960,451	879,636

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.

35 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.

	2024 USD	2023 USD	2022 USD
Acceptances on account of customers	**521,673**	1,810,024	4,179,654
Guarantees on account of customers	**17,231,437**	14,013,037	13,584,163
Letters of credit and other obligations on account of customers	**4,349,791**	5,294,994	7,327,988
	22,102,901	21,118,055	25,091,805

36 Commitments

Loans and other facilities

Undrawn credit facilities	**59,287,437**	46,258,212	21,181,743
	59,287,437	46,258,212	21,181,743

37 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)

	2024	2023	2022
	USD	USD	USD
Statement of profit or loss and other comprehensive income			
Management fees paid to parent bank	**415,339**	609,272	253,231
Statement of financial position			
Loans and advances to banks	**12,796,324**	5,924,700	70,528,606
Accrued interest	**128,422**	28,725	51,753
Related companies - Companies within SBI group			
Statement of financial position			
Assets			
Balance and placements with banks	**100,568,424**	126,623,232	3,510,639
Liabilities			
Deposits	**199,190**	336,242	447,554
Other borrowed funds	**212,167,000**	120,000,000	220,000,000
Accrued interest	**2,807,494**	1,573,927	188,737
Statement of profit or loss and other comprehensive income			
Interest income	**2,514,106**	3,433,605	198,901
Interest expense	**9,254,064**	5,230,560	939,540
Dividends paid	**12,156,797**	9,725,437	4,862,716
Commision received on bank guarantees issued	**65,490**	8,833	28,417
Off Balance sheet balance			
Bank guarantee	**3,696,596**	2,221,997	1,898,863
Key management personnel			
Loans	**230,530**	240,917	241,806
Interest income earned	**12,333**	10,239	1,908
Deposits	**295,559**	196,046	311,118
Interest expense on deposits	**2,571**	14,458	87
Directors			
Deposits	**184,070**	50,355	19,986
Interest Expense	**538**	6	6
Compensation to Key Management & Directors			
Short term benefits	**961,601**	761,849	832,218
Post employment benefits	**126,557**	127,119	54,156

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.

38 DERIVATIVES

Cross currency swaps	Total Notional Principal	Fair Value		
		Assets	Liabilities	Net
	USD	USD	USD	USD
2024	**2,363,436**	**(1,344)**	**4,383**	**3,039**
2023	21,666,477	54,696	(268,651)	(213,955)
2022	32,436,261	46,543	(13,801)	32,742

39 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 2024 by The State Insurance Company of Mauritius Ltd, actuaries and consultants.

	2024	2023	2022
	USD	USD	USD
Non-current			
Amounts recognised in statement of financial position			
Present value of funded obligations	**8,320,325**	7,282,623	7,462,952
Fair value of plan assets	**(4,535,007)**	(3,376,200)	(2,652,999)
Liabilities recognised in statement of financial position	**3,785,318**	3,906,423	4,809,953
Movements in liabilities recognised in the statement of financial position			
At the beginning of the year	**3,906,423**	4,809,953	5,986,986
Exchange difference	**(269,942)**	(79,765)	(556,114)
Amount recognised in profit or loss	**273,215**	280,363	201,509
Amount recognised in other comprehensive income	**1,114,887**	124,655	(777,686)
Funding of past service deficit	**(1,148,947)**	(1,183,130)	-
Employer contribution paid	**(90,318)**	(45,653)	(44,742)
At the end of the year	**3,785,318**	3,906,423	4,809,953
The amounts recognised in profit or loss is as follows:			
Current service cost	**112,373**	85,100	102,763
Employee contributions	**(57,648)**	(45,653)	(44,742)
Fund expenses	**8,157**	9,875	7,280
Interest cost (net)	**210,333**	231,041	136,208
Total included in employee benefit expense	**273,215**	280,363	201,509

39 RETIREMENT BENEFIT OBLIGATION (CONTINUED)

	2024 USD	2023 USD	2022 USD
Movement in the fair value of plan assets were as follows			
Fair value of plan assets at 1 Aprll	**3,376,200**	2,652,999	2,906,553
Return of on plan assets	**183,752**	119,950	64,930
Contributions from the employer	**90,318**	45,653	44,741
Contributions from plan participants	**57,648**	45,653	44,741
Funding of past service deficit	**1,148,947**	1,183,130	-
Exchange difference	**87,682**	(96,361)	(273,205)
Benefits paid	**(342,069)**	(299,558)	(223,078)
Remeasurement gains	**(67,471)**	(275,266)	88,317
Fair value of plan assets at 31 March	**4,535,007**	3,376,200	2,652,999
Actual return on plan assets	**31,311**	(136,927)	148,065
Reconciliation of the present value of defined benefit obligation			
Present value of obligations at 1 April	**7,282,623**	7,462,952	8,893,539
Current service cost	**112,373**	85,100	102,763
Exchange rate difference	**(139,764)**	(139,175)	(829,320)
Interest cost	**394,084**	350,991	201,138
Benefits paid	**(333,912)**	(289,683)	(215,799)
Remeasurement (losses)/ gains	**1,004,921**	(187,562)	(689,369)
Present value of obligation at 31 March	**8,320,325**	7,282,623	7,462,952
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	**52.8%**	56.3%	48.6%
Loans	**3.0%**	2.9%	2.7%
Local entities	**15.0%**	14.0%	12.1%
Overseas bonds and equities	**28.7%**	26.2%	36.1%
Property	**0.5%**	0.6%	0.5%
Total	**100%**	100%	100%

The amounts recognised in other comprehensive income are as follows:

	2024 USD	2023 USD	2022 USD
Asset experience gains during the year	**47,111**	(275,266)	88,317
Liability experience gains/ (losses) during the year	**(1,119,504)**	187,562	689,369
	(1,072,393)	(87,704)	777,686
The principal actuarial assumptions used for accounting purposes were			
Discount Rate	**5.72%**	5.65%	4.75%
Expected salary escalation	**4.00%**	3.50%	3.00%
Future pension increases	**3.00%**	2.50%	2.00%
Retirement age	**65 years**		
Mortality before retirement	**Nil**	A 6770 Ultimate Tables	
Mortality in retirement	**PA(90) rated down by 2 years**	PA(90)	

The discount rate is determined by reference to market yields on bonds.

39 RETIREMENT BENEFIT OBLIGATION (CONTINUED)

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

	Increase USD	Decrease USD
Discount rate (1% movement)	1,302,005	1,036,861
Future long-term salary assumptions (1% movement)	515,197	441,906
Life expectancy (one year movement)	239,276	239,276

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 as 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 1,232,499 in contributions to its post-employment benefit plans for the year ending 31 March 2024.

The weighted average duration of the defined benefit obligation is 14 years at the end of the reporting period.

40 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***

General banking reserve is made up of profit appropriation from previous years.

c ***Other reserves***

Other reserves comprise:

i) Revaluation surplus, which relates to the surplus on revaluation of land and buildings

ii) 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.

41 HOLDING COMPANY

The holding company is State Bank of India, a public corporation in India, holding 96.60% (2023& 2022: 96.60%) of shareholding of the Bank. The Government of India holds a majority stake in the State Bank of India.

MANAGEMENT DISCUSSION & ANALYSIS



MACROECONOMIC OUTLOOK[1]

The onset of 2023 brought forth uncertainties, marked by persistent inflationary pressures and concerns of a looming recession. Consequently, the anticipation was for a contraction in growth across major economies. However, the global economy displayed remarkable resilience, surpassing expectations due to robust consumer and government spending. According to the January 2024 World Economic Outlook Update by the IMF, global growth is projected to reach 3.1 percent in 2024, slightly rising to 3.2 percent in 2025. This upward revision for 2024 is attributed to stronger-than-anticipated resilience in the United States, several significant emerging markets, and developing economies, alongside fiscal support measures implemented in China.

The global disinflation process has also been faster than expected, with the lagged effects of monetary policy tightening and favourable global supply developments contributing to keep inflationary pressures at bay. The IMF forecast global inflation to drop to 5.8 per cent in 2024 and further to 4.4 per cent in 2025 on the back of lower food prices, softening labour market conditions and lower core inflation.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. On the downside, new commodity price spikes from geopolitical shocks–including attacks in the Red Sea, conflicts in the Middle East–and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions.

MAURITIAN ECONOMY[2]

The domestic economy sustained its growth momentum, expanding by 7.3 per cent in Q42023 and by 7.0 per cent for the year 2023. Key sectors which supported domestic economic activity were 'Construction' and 'Accommodation and food service activities' on account of ongoing major infrastructural projects and robust tourist arrivals. Growth was also bolstered by the resilience in consumption and investment spending.

The tourism sector remains on a strong footing, supported by robust global demand for travel and tourism. In addition, the appeal for the Mauritian destination remains high, especially amongst European countries. The target of 1.3 million tourist arrivals for 2023 was almost achieved, with tourism earnings reaching MUR 86 billion, the highest on record. Going forward, the tourism sector is expected to maintain its momentum, continuing to benefit from strong demand for holiday travel, improved flight connectivity and ongoing efforts to diversify the tourism base.

Inflation maintained its downward trajectory, with headline inflation easing to 6.1 per cent in February 2024, due to favourable global commodity price developments. However, year-on-year inflation, which subsided progressively throughout 2023, increased to 6.2 per cent over the same period. Heightened volatility in food prices, associated with domestic supply disturbances due to adverse weather conditions, largely underpinned the reversal in year-on-year inflation.

The country's Gross Official International Reserves remain comforttable and stood at USD 7.2 billion as at end-March 2024, representing more than 11 months of imports.

As per Statistics Mauritius, the GDP growth in 2024 is expected to be 4.9% owing to activities related to 'Construction' and 'Accommodation and food service activities'.

INDIAN ECONOMY[3]

The Indian economy has demonstrated exceptional resilience, thanks to its robust macroeconomic fundamentals, positioning it far ahead of other emerging market economies.

Growth in India is estimated at 6.8% in 2023-2024 and forecasted to grow at 6.5% in 2024 - 2025, with resilient domestic demand despite few external headwinds, according to the IMF World Economic Outlook update. The forecast is almost in line with the RBI's projection of 7% GDP growth for 2023-24.

Despite global challenges, the Indian economy has remained resilient. Fuelled by robust domestic demand and supported by strong macroeconomic fundamentals, India has emerged as the world's fastest-growing major economy in 2023-24. The resurgence in the investment cycle, widespread revitalization across manufacturing and services sectors, government-led expenditure initiatives, positive business and consumer sentiments, and healthy corporate and banking sector balance sheets are driving the growth trajectory forward. However, fluctuating food prices pose obstacles to disinflation efforts and cast uncertainty over the inflation outlook. Core inflation remains subdued due to the ongoing impact of monetary policy measures and stance.

1: Views mentioned are based on IMF report

2. The discussion is based on Statistics Mauritius, IMF report

3: IMF Report, RBI

OUTLOOK

In general, there has been a shift in global monetary policy stance, as policymakers adopt a more accommodative approach. Central banks are adjusting their strategies as they approach the final stages of reducing inflation, leading financial markets to react to evolving views regarding the timing and speed of monetary policy easing.

On the domestic front, though the Bank of Mauritius maintained the Key Rate at 4.50%, calibrated the interest rate corridor from 100 bps to 150 bps effective from July 2023. This resulted into adequate system liquidity and lowering of interest rates on short-term instruments. With this the interest rates are stabilised now in Mauritius.

Given the aforementioned effects on the Mauritian economy and their implications, the Bank is optimistic about adjusting to the evolving market landscape to enhance its business volume and further improve its performance.

2. FINANCIAL REVIEW

In the face of the unpredictable global economy, it is gratifying to see that SBI (Mauritius) Ltd has met this challenge head-on, demonstrating flexibility, resilience, courage, and compassion. The Bank has achieved a robust financial performance in FY 2023-24, steering profitability in the right direction while ensuring sustainable growth.

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 has no plans to update any forward-looking statements before the end of the next financial year. The reader should, therefore, stand cautioned not to place any undue reliance on these forecasts.

2.1 PERFORMANCE AGAINST OBJECTIVES

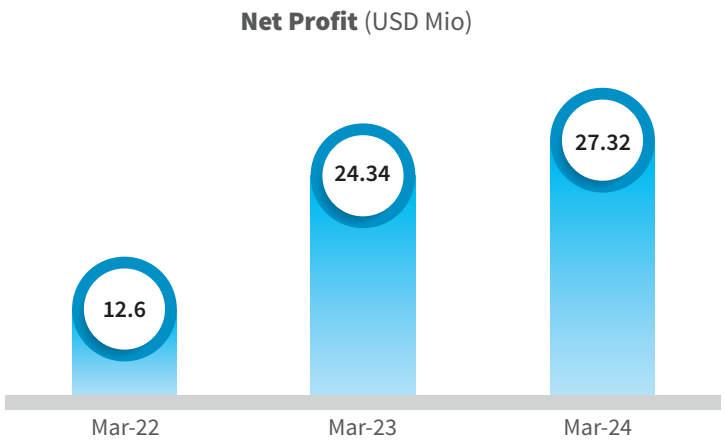
OBJECTIVES FOR FY 2023-24	PERFORMANCE FOR FY 2023-24	OBJECTIVES FOR FY 2024-25
Net Profit To achieve Net Profit (PAT) of USD 16.47 Mio	Achieved Net Profit of USD 27.32 Mio	To achieve minimum Net Profit (PAT) of USD 25.08 Mio
Return on Average Equity (ROAE) To achieve a minimum ROAE of 9.65%	Achieved a ROAE of 17.00%	To achieve a minimum ROAE of 13.35%
Return on Average Assets (ROAA) To achieve ROAA above 1.46%	ROAA stood at 2.24%	To achieve a minimum ROAA of 1.83%
Net Interest Margin To achieve a NIM of 2.02%	Achieved a NIM of 2.81%	To achieve a minimum NIM of 2.10%
Expense Ratio To keep Expense Ratio below 35.38%	The Expense Ratio stood at 25.22%	To keep Expense Ratio below 29%
Gross Loans and Advances growth Loans and Advances to grow by 6.83% over the March 23 level	Loans and advances increased by 31.49%	Loans and Advances to grow by 5.28% over the March 24 level
Deposits growth Deposit to grow by 6.47% from the March 23 level	Deposits increased by 11.18%	Deposit to grow by 5.04% from the March 24 level
Investment The investment portfolio to grow by 5.34% over March 23 level	Investment portfolio increased by 5.17%	The investment portfolio to grow by 3.33% over March 24 level
Total Assets Total Asset to grow by 9.96% over March 23 level	The total asset increased by 24.52%	Total Asset to grow by 5% over March 24 level
Gross NPA To keep GNPA below 0.29%	GNPA stood at 0.08%	To keep GNPA below 0.19%
Net NPA To keep Net NPA at 0.00%	Net NPA stood at 0%	To keep Net NPA at 0%
Capital Adequacy Ratio (CAR) CAR around 20%	CAR is at 22.97% as of March 24	CAR around 20%

2.2 PERFORMANCE HIGHLIGHTS – (Year -on- Year Comparison)

(USD Mio)

For the Year	2021-22	2022-23	2023-24
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Net Interest Income	17.56	21.65	32.80
Non-Interest Income	5.40	5.91	6.49
Total Operating Income	22.97	27.56	39.29
Recovery from Written off account	-	8.81	0.22
Total Operating Expenses	8.10	10.25	9.91
Profit After Tax	12.60	24.34	27.32
STATEMENT OF FINANCIAL POSITION			
Total assets	1067.29	1063.12	1323.79
Loans and advances (Net)	578.67	608.79	804.06
Deposits from customers	648.85	750.85	836.67
Total equity	153.02	167.05	182.55
PERFORMANCE RATIOS (%)			
Return on average equity	8.61	16.67	17.00
Loan to deposit ratio	89.18	81.09	96.10
Total operating expenses to total operating income	35.28	37.19	25.22
CAPITAL ADEQUACY RATIO (%)	22.79	24.75	22.97

2.2.1 NET PROFIT



Amidst a very challenging economic environment, with higher interest rates scenario, the Bank has recorded healthy performance, ending the FY 2023-24 with a Net Profit after Tax of USD 27.32 Mio compared to year before results of USD 24.34 Mio, registering an increase of 12.33% on Y-o-Y basis. Excluding of one-off recovery in last FY, the net profit of the Bank surged 76% during this FY. This is the highest ever profit of SBI (Mauritius) Ltd since inception.

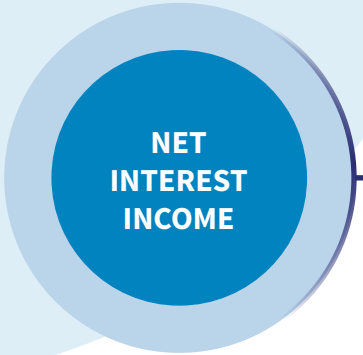
Both Return on Average Equity (ROAE) and Return on Average Assets (ROAA) have gone up owing to increase in PAT. The ROAE and the ROAA stood at 17.00 percent and 2.24 percent respectively, as on 31st March 2024 as compared to 16.67 percent and 2.22 percent, as on 31st March 2023.

During FY 2023-24, bank explored trade finance portfolio thereby improved its topline and continued to show improvement in profitability. We are determined to achieve good business growth while managing our risk properly and at the same time, providing our valuable customers a high-class banking institution to bank with and rely upon.

2.2.2 INCOME ANALYSIS

Total Income for FY 2023-24 increased to USD 39.29 Mio compared to USD 27.56 Mio of the previous financial year, thus registering an increase of 42.56%. The increase in total income can be attributed to increase in Net Interest Income.

A) NET INTEREST INCOME:



Interest Income (USD Mio)	
FY 2021-22	20.63
FY 2022-23	36.51
FY 2023-24	66.35

Interest Expense (USD Mio)	
FY 2021-22	3.07
FY 2022-23	14.86
FY 2023-24	33.55

The Net Interest Income of the Bank has increased on Y-o-Y basis from USD 21.65 Mio in FY 2022-23 to USD 32.80 Mio in FY 2023-24. While the interest income has increased by USD 29.84 Mio due to rising interest rates across currencies and increase in advances; interest expenses have increased by USD 18.69 Mio due to increase in interest on deposits and repricing of borrowings.

B) NON-INTEREST INCOME:

Other Operating Income (USD Mio)	
FY 2021-22	1.73
FY 2022-23	0.63
FY 2023-24	0.30

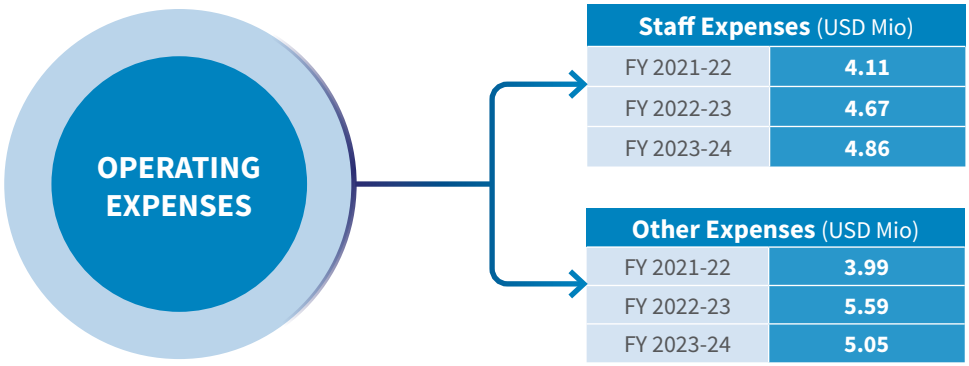
Net Trading Income (USD Mio)	
FY 2021-22	1.30
FY 2022-23	2.54
FY 2023-24	2.86



Net Fee and Commission (USD Mio)	
FY 2021-22	2.37
FY 2022-23	2.74
FY 2023-24	3.32

Non-Interest Income to Total Income stood at 16.52% in FY 23-24 as compared to 21.44% year before. Non-Interest Income is derived from fee and commission income on loans and advances, gain on foreign exchange.

C) OPERATING EXPENSES



Staff Expenses (USD Mio)	
FY 2021-22	4.11
FY 2022-23	4.67
FY 2023-24	4.86

Other Expenses (USD Mio)	
FY 2021-22	3.99
FY 2022-23	5.59
FY 2023-24	5.05

D) COST CONTROL

The Bank's improving operational efficiencies through solid cost control initiatives across expense heads also contributed towards better results. Cost to Income ratio computed as non-interest expenses over operating income stood at 25.22% in FY 2024 on account of control over the other expenses and staff expenses. In absolute terms the expenses have decreased from USD 10.25 Mio in FY 2022-23 to USD 9.91 Mio in FY 2023-24.

(USD Mio)

	2022-23 Actual	2023-24 Actual	2024-25 Projections
Staff Costs	4.67	4.86	5.34
Rent, Insurance and Taxes	0.18	0.19	0.21
Communications	0.34	0.29	0.31
Depreciation	0.95	0.98	1.05
Others	4.11	3.59	3.98
Total	**10.25**	**9.91**	**10.89**
Productivity Ratio	**37.19%**	**25.22%**	**28.55%**

2.2.3 BUSINESS ANALYSIS

A: LIABILITY MIX



Customer Deposits (USD Mio)	
FY 2021-22	648.85
FY 2022-23	750.85
FY 2023-24	836.67

Borrowings (USD Mio)	
FY 2021-22	253.20
FY 2022-23	121.57
FY 2023-24	289.54

Equity (USD Mio)	
FY 2021-22	153.02
FY 2022-23	167.05
FY 2023-24	182.55

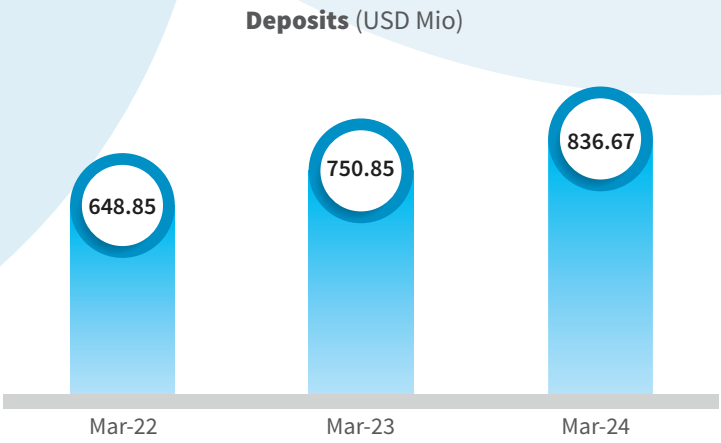
A1: Capital Resources

Capital & Reserves stood at USD 182.55 Mio at March 24 which includes profit of USD 27.32 Mio for FY 24 as compared to USD 167.05 Mio as at end of March 23.

Bank's Capital Adequacy Ratio stood at 22.97% compared to last year's level of 24.75% and is well above the regulatory specification of 12.50%.

A2: Deposits

The Bank has experienced a steady increase in its customer deposits from USD 750.85 Mio as of March'23 to USD 836.67 Mio as of March'24 with major contribution from Global Business segment.



A3: Borrowings

The Bank enjoys credibility in the interbank market and can access the call money market as per the business needs thus being successful in raising borrowing from interbank counterparties. The borrowing outstanding as at end of March'24 constitutes of borrowing from parent bank as well as other banks / FIs.

B: Asset Mix

Net Loans and Advances (USD Mio)	
FY 2021-22	**578.67**
FY 2022-23	**608.79**
FY 2023-24	**804.06**

Investments (USD Mio)	
FY 2021-22	**265.32**
FY 2022-23	**263.57**
FY 2023-24	**277.20**

Placements (USD Mio)	
FY 2021-22	**107.11**
FY 2022-23	**145.04**
FY 2023-24	**198.63**

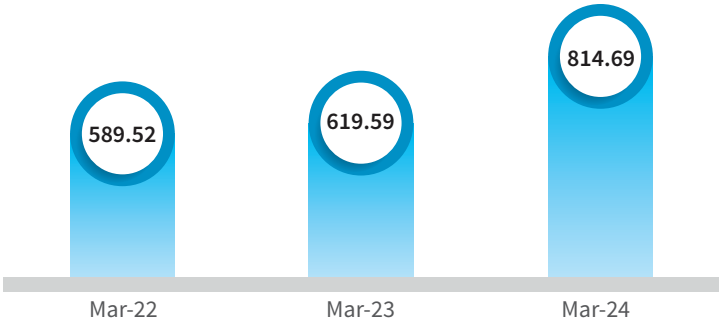
ASSET MIX

Other Assets (including Derivative Assets) (USD Mio)	
FY 2021-22	**17.91**
FY 2022-23	**27.25**
FY 2023-24	**28.49**

Cash and cash equivalents (USD Mio)	
FY 2021-22	**196.09**
FY 2022-23	**154.66**
FY 2023-24	**205.56**

B1: Gross Loans & Advances

Gross Advances (USD Mio)



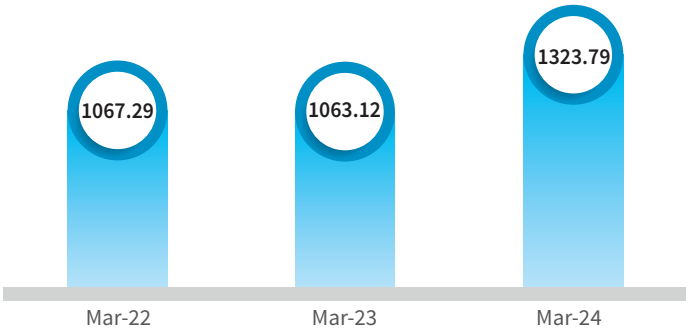
Gross Advances figures went up by 31.49% during FY 2023-24 to USD 814.69 Mio against USD 619.59 Mio in FY 2022-23. The growth in advances was mainly triggered by global business segment.

We have adopted cautious approach for building up loan portfolio and is on the lookout for high quality medium to long term assets. During FY 2023-24, our trade finance portfolio had significant growth in line with our strategy.

B2: Balance Sheet

Our Bank's balance sheet improved substantially during FY 2023-24 with the contribution from Global business segment.

Balance Sheet (USD Mio)



2.3 CREDIT QUALITY

The Bank has been complying with the guidelines issued by 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)

Year Ended	Standard Assets	Impaired loans	Total Loans
31/03/2022	588.56	0.96	589.52
31/03/2023	618.68	0.91	619.59
31/03/2024	**814.06**	**0.63**	**814.69**

Gross and net NPAs stood at USD 0.63 Mio and NIL, respectively, as on 31st March 2024 as compared to USD 0.91 Mio and NIL as on 31st March 2023. The ratio of gross and net NPAs improved to 0.08 percent & 0.00 percent, respectively, as on 31st March 2024 as compared to 0.15 percent and 0.00 percent, respectively, as on 31st March 2023.

While closely monitoring the loan portfolio to restrict further slippages, we have stepped up our efforts to recover our dues in sticky accounts and we expect further recoveries/up gradation in some accounts in current financial year. The movement of NPAs including loans written off and recoveries made during the financial year 2023-2024 is given below:

(USD Mio)

Gross NPA	
As on 31st March 2023	**0.91**
Less: Recovery	**0.14**
Up gradation	**0.15**
Write-Off	**0.12**
Add: Exchange Fluctuation	**-**
Add: Slippages (Addition)	**0.13**
Add: Increase in Existing NPLs during the period	**-**
As on 31st March 2024	**0.63**

Industry wise breakup of the credit quality in the current year is as under:

(USD Mio)

	Year Ended 31st March 2024					31.03.23	31.03.22
	Gross amount of Loans	Impaired loans	Specific provisions	Collective provision	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
Agriculture and fishing	2.60	0.03	0.03	0.04	0.07	0.35	0.58
Manufacturing	144.38	0.00	0.00	1.73	1.73	1.60	1.72
Tourism	19.92	0.00	0.00	0.29	0.29	0.25	0.31
Transport	31.73	0.04	0.04	0.41	0.45	0.40	0.29
Construction	83.90	0.30	0.30	1.25	1.55	2.00	1.80
Financial & business services	48.66	0.00	0.00	0.54	0.54	1.69	1.66
Traders	26.98	0.16	0.16	0.34	0.51	1.24	0.85
Personal	5.76	0.08	0.08	0.06	0.15	0.22	0.06
Professional	5.33	0.00	0.00	0.08	0.08	0.07	0.13
Global Business License holders	90.40	0.00	0.00	1.01	1.01	0.79	0.94
Others	47.40	0.01	0.01	0.62	0.63	0.10	0.37
Interest receivable	3.18	0.00	0.00	0.00	0.00	0.00	0.00
Total Advances*	**510.23**	**0.63**	**0.63**	**6.38**	**7.01**	**8.69**	**8.71**

* 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 year 2023-24 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 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 for FY 2023-24 stood at 22.97% and were well above the minimum capital adequacy ratio of 12.50 percent prescribed by the regulator. The details are given below:

Total on-balance sheet risk-weighted credit exposures	775.16
Total non-market–related off-balance sheet risk-weighted credit exposures	11.87
Total market-related off-balance sheet risk-weighted credit exposures	0.00
Risk weighted assets for operational risk	44.91
Aggregate net open foreign exchange position	2.61
Total risk weighted assets (A)	**834.55**
Total Capital Base (B)	**191.68**
Capital Adequacy Ratio (B/A) (percent)	**22.97%**

The table below summarises the composition of regulatory capital and the Capital Adequacy Ratios of the Bank for the past three years.

As on	31.03.2022	31.03.2023	31.03.2024
Tier 1			
Share Capital	48.63	48.63	**48.63**
Share Premium	54.08	54.08	**54.08**
Statutory Reserve	26.97	30.62	**34.72**
General Reserve	0.60	0.60	**0.60**
Retained Earnings	28.65	38.43	**48.51**
Less (Deferred tax)	(0.66)	(0.51)	(0.65)
Revaluation of Retired Benefits			
Obligations/AFS	(6.02)	(5.42)	(4.10)
Total	**152.25**	**166.43**	**181.79**
Tier 2			
Undisclosed Reserve	0.05	0.05	0.05
Portfolio Provisions	8.36	8.38	9.84
Total	8.414	8.43	9.89
Total Gross Capital (Tier 1 plus Tier 2)	**155.26**	**174.86**	**191.68**
CAPITAL ADEQUACY RATIO (%)	**26.29**	**24.75**	**22.97**

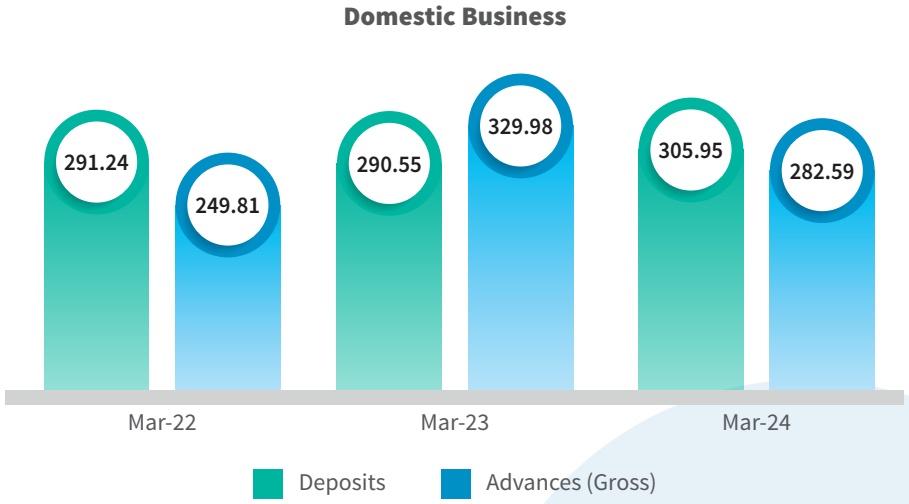
2.5 Reviews by Business Lines/Segments

2.5.1: DOMESTIC BUSINESS (SEGMENT A)

(USD Mio)

As at 31st March	2022	2023	2024
Deposits	291.24	290.55	305.95
Advances (Gross)	249.81	329.98	282.59

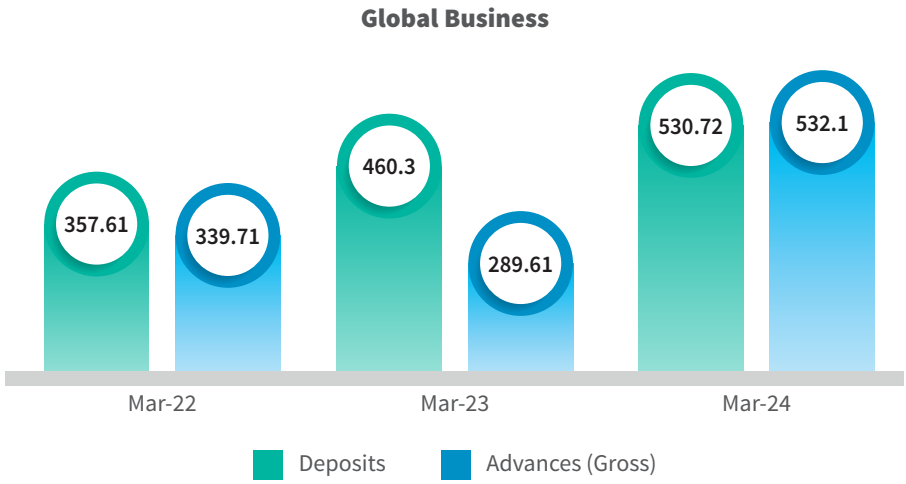
Deposits in Domestic Business Segment have increased by 5.30% to USD 305.95 Mio against USD 290.55 Mio year before, whilst the Gross Advances have decreased by 14.36% to USD 282.59 Mio against USD 329.98 Mio year before mainly due to repayment of few domestic corporate loans.



2.5.2: GLOBAL BUSINESS (SEGMENT B)

(USD Mio)

As at 31st March	2022	2023	2024
Deposits	357.61	460.30	530.72
Advances (Gross)	339.71	289.61	532.10

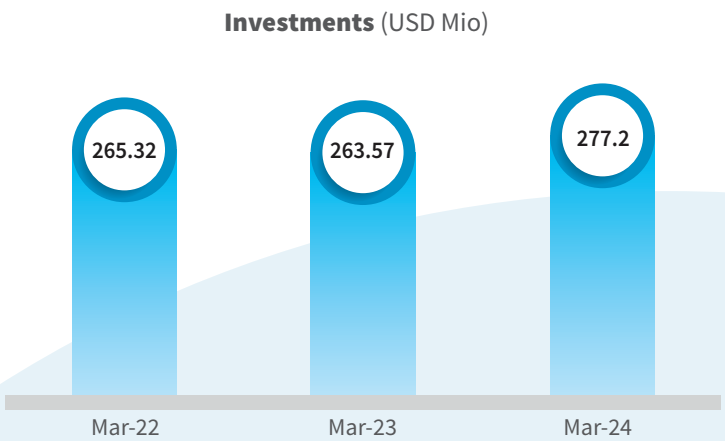


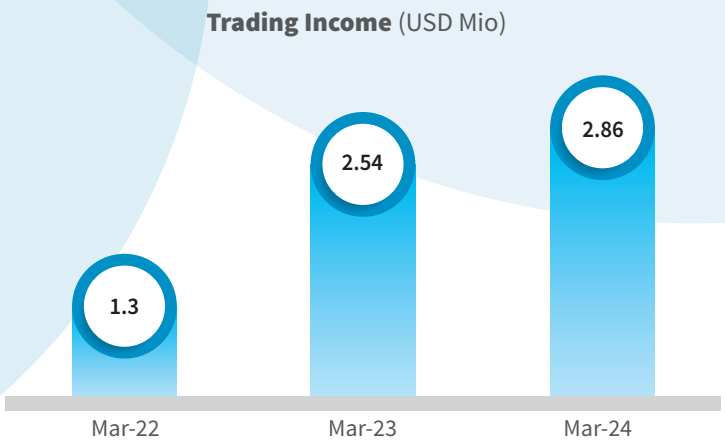
Global Banking Business constitutes more than 63.43% of Deposits and 65.31% of Advances of the Bank. The Bank has experienced substantial growth in its Trade Finance portfolio along with syndication loans.

2.5.3: TREASURY & INVESTMENTS

(USD Mio)

As at 31st March	2022	2023	2024
Investments	265.32	263.57	277.20
Net Trading Income	1.30	2.54	2.86





Investments portfolio has increased by 5.17% during FY 2023-24. The investments were done for the purpose of management of mandatory requirement of HQLAs as well as effective utilization of the excess liquidity in the bank.

As a sizeable portion of our investments are held in HQLAs to meet the LCR requirement which keeps on fluctuating as per the LCR need and hence being managed for best possible use of the resources.

2.5.4: HUMAN RESOURCES

SBI (Mauritius) Ltd 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 allows us to have a well-trained workforce. Having a workforce with all age generation and culture, we want to continue with our vision which is To Be a Bank of Choice for Vibrant Mauritian.

Gender equality is also prone within our Bank and since the last few years, we have seen the accession of many female staff in top positions.



54.12%
FEMALE



45.88%
MALE



30% Top positions
are held by women and we aim 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 we believe this ultimately creates a positive impact in return.

The Bank has also acquired a setting space with an additional floor to better equip its employees in terms of ambience and improved oversight. Enhancing the brand identity is a must for employees who were dealing with clients. This has resulted in better organization and communication. We believe in a safe working environment and as such, adequate health and safety measures are in place.

In 2023, we had organized a yoga session for all employees on the premises of the Bank. This initiative was taken positively by our staff members as it was gesture to show that mental health of our employees is of utmost importance.

To celebrate Bank's Day, a first-time show was organized bringing together all staff and their family members. It was a platform for employees to showcase their talents in forms of songs and dance. Employees expressed their satisfaction to this initiative taken 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. Special gift vouchers were also distributed to women for a wellbeing session. For music day in 2023, employees participated in a programme in office to show their talent.

Growth, Retention and Reward of our employees

As part of our up skilling of our employees, monthly trainings both in-house and externally have been organized. We have successfully concluded training for all employees with a percentage of 100% for this FY. We also work in close collaboration with State Bank of India for online training and the interaction is viewed as a uniformity towards global knowledge.

Focus has been made during the FY 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. Team building formation was also organised at the end of each FY to bring all our staff members together as one family. We believe in a yearly exercise so as to maintain the relationship strong within the Bank.

As each year, four employees have been given the opportunity to attend a one-week conclave at our 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 into one platform.

We also believe that encouraging our employees to rotate positions gives them more knowledge of the banking field. Each year we aim to develop all our employees having completed a certain year of service within a unit to shift to another section thus enabling more skills development. Our promotion exercise top up with that allows opportunity for staff members to grow quickly in their career. Today, we have a generation who wants to move ahead quickly in their career, and we believe that we have the necessary facilities to allow this progression.

We have also concluded a four-year agreement with our union where a review of salary and benefits of all permanent employees have been initiated. An alignment to market rate was made thereby offering more incentives to employees.

Monthly and yearly employee award is in place to recognize their outstanding performance or initiative taken up during the period. Coupled with that, we have incentives like birthday celebration and award based on campaigns. With good performance of the Bank during last FY, employees were paid a performance bonus.

With young employees on the lookout for better opportunities in the financial sector, we have managed to keep our turnover as low as possible, showing our efforts towards our employee programs.



Turnover rate
8%

Employee Engagement

We believe that to nurture the level of enthusiasm and dedication of our employees, a need for an employee engagement was necessary. As such, we have appointed a consultant to conduct this exercise. To better and enhance the demands/expectations of our staff members, we are proposing to use this survey as a tool to sustain higher performance and growth. The outcomes shall be further used to boost staff commitment towards SBIML.

Future planning

Performance incentive for rewarding staff for various achievements not only on work front but also on other initiatives undertaken during the year.

Training and development of our staff members shall continue as we intend to boost up the skills of employees.

More wellness programs looking into the health and mental wellbeing of our staff.

All together we not only make employees feel engaged towards the growth of SBIML but also make them feel valuable within SBIML.

2.5.5: DIGITAL TRANSFORMATION

In the financial year 2023-24, SBI Mauritius has continued to forge a path of digital innovation and operational excellence, further cementing our position as a leader in the digital banking sphere. Our commitment to leveraging innovative technology to enhance customer experience and operational efficiency has been the cornerstone of our strategy. This report delineates the pivotal IT initiatives and digital advancements undertaken during the year, reflecting our unwavering dedication to service excellence and sustainable growth.

A significant development this year was the integration of UPI payments within our YONO app, facilitating seamless and efficient cross-border transactions through India QR payments. This initiative, in collaboration with the Bank of Mauritius, marks a significant step forward in our quest to simplify and enhance the payment ecosystem for our valued customers.

The launch of the RuPay Card, in alignment with the strategic vision of the Bank of Mauritius which was unveiled by the Prime Ministers of Mauritius and India, represents a significant leap forward in our card services. The RuPay Card's growing global acceptance serves as a testament to our commitment to providing versatile and secure payment solutions to our customers.

In a bid to enhance accessibility and convenience, an ATM was strategically installed at Tribeca Mall, the largest mall in the Indian Ocean region. This initiative is part of our broader strategy to ensure that banking services are readily accessible to both SBI and non-SBI customers at key locations.

The YONO app has been augmented with an ATM Debit Card Management Module, empowering our customers with enhanced control over their card settings. This feature reflects our commitment to providing secure and convenient banking solutions, tailored to the evolving needs of our customers.

Aligned with our sustainability objectives, the introduction of e-statements represents a significant step towards reducing our environmental footprint and promoting eco-friendly banking practices.

To ensure the reliability and resilience of our services, we have upgraded the bandwidth connectivity across all branches and fortified our data centre with dual connectivity links. This enhancement reflects our commitment to providing uninterrupted and secure banking services. The automation of digital notice boards across our branches has enabled us to disseminate timely and relevant information to our customers, fostering transparency and engagement.

The introduction of an online SME loan application process underscores our commitment to supporting the growth and efficiency of local businesses, aligning with our strategic vision of fostering economic development.

A pivotal aspect of our strategy this year has been the strengthening of our Information Security framework. In response to the guidelines issued by the regulator, we have meticulously developed and implemented a comprehensive Cyber Security Policy & Procedures. This robust framework is designed to safeguard our digital infrastructure and customer data against emerging cyber threats, ensuring the highest levels of security and trust.

As we reflect on the achievements of the past year, we are invigorated by the opportunities that lie ahead. Our dedication to innovation, customer satisfaction, and sustainable growth remains steadfast. We are committed to exploring new avenues of digital transformation, continuously enhancing our service offerings, and upholding the highest standards of excellence. Our journey towards achieving digital supremacy and contributing to the digital economy of Mauritius continues with renewed vigour and determination.

2.6 Credit Exposure

The Bank has a dynamic purpose driven Loan Policy, which has been formulated in response to the various provisions of the guidelines issued by the Bank of Mauritius and in line with the Bank's objective of managing its Credit Risk.

The Loan policy provides a broad framework for management of the loan portfolio of the Bank with emphasis on creating products and services as well as maintaining asset quality. While this Loan Policy document articulates the broad guidelines and approach to administration of the credit portfolio, the Bank recognizes that there may be occasions when it would be appropriate and necessary, based on sound commercial considerations that are agreed after careful evaluation of individual cases, to permit waiver from the prescribed norms. Accordingly, authority structure covering delegation of power to permit such waivers has been laid down duly approved by Board.

To cater to the varied needs of customers in different segments, the Bank has created different Business Verticals such as Retail Banking, Corporate Banking and Global Business Banking. The loan policy applies broadly to all verticals. But keeping in view the type, size, and complexities of business operations as well as risk perception in Mauritius, the Bank's loan policy provides variations/adaptations to suit local environment, legal framework, and commercial practices.

All credit exposures undertaken by the Bank are approved by the Board or various credit committees, in accordance with the Loan Policy/as per laid down financial powers.

2.7 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 31st March 2024. The Bank's capital however, has increased on account of plough back of the profits. The capital adequacy Ratio remained well above the regulatory requirements and will continue to support the bank's growth objectives stated for current fiscal year.

2.8 Adherence to Basel III Rules

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 1st 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
	1 July	(All dates are as of 1 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%	12.5%
Capital instruments that no longer qualify as Tier I capital or Tier 2 capital	Phased out over 10 year horizon beginning 1 July 2014						

Total CAR plus Capital Conservation Buffer required to be maintained for the year ended 31st March 2024 shall be 12.50 percent.

As of 31.03.2024, the Bank is complying with the regulatory guidelines and our ratios as of 31st March 2024 stands as under as compared to the stipulations.

Actual information:	As per time table	Actual 31.03.2024
Minimum CET 1 CAR	6.50%	21.78%
Minimum CET 1 CAR plus Capital Conservation Buffer	9.00%	21.78%
Phase-in of deductions from CET 1	100%	NA
Minimum Tier 1 CAR	8%	21.78%
Minimum Total CAR	12.50%	22.97%
Minimum Total CAR plus Capital Conservation Buffer	12.50%	22.97%

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)	54,078,062	
Retained earnings	48,514,864	
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	35,325,371	
Common Equity Tier 1 capital before regulatory adjustments		186,545,485
Deferred tax assets	645,972	
Other Adjustments to Common Equity Tier 1 capital: Actuarial loss Reserve and FV Reserve)	4,106,310	
Total regulatory adjustments to Common Equity Tier 1 capital		4,752,282
Common Equity Tier 1 capital (CET1)		181,793,203
Tier 1 capital (T1 = CET1 + AT1)		181,793,203
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)	9,837,783	
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		9,886,496
Tier 2 capital (T2)		9,886,496
Total Capital (capital base) (TC = T1 + T2)		191,679,698
Total risk weighted assets		**834,547,086**
Capital ratios (as a percentage of risk weighted assets)		
CET1 capital ratio		21.78%
Tier 1 capital ratio		21.78%
Total capital ratio		22.97%

(USD Mio)

Reconciliation to Financial statements	Balance sheet as per published financial statements as on 31.03.2024
Assets	
Cash and cash equivalent	205.56
Loans and advances to banks	300.85
Loans and advances to customers	503.22
Investment securities	277.20
Property, plant and equipment	7.17
Rights-of-use	0.66
Current tax assets	0.00
Deferred tax assets	0.65
Other assets	28.49
Total assets	**1323.79**
Liabilities	
Deposits from customers	836.67
Other borrowed funds	289.54
Derivatives liabilities held for risk management	-
Current tax liabilities	1.68
Other liabilities	13.35
Total liabilities	**1141.24**
Shareholders' Equity	
Share capital and share premium	102.71
of which amount eligible for CET1	102.71
Retained earnings	48.51
Other reserves	31.33
Accumulated other comprehensive income	-
Total equity	**182.55**
Total equity and liabilities	**1323.79**

2.9 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	March 2024			
	Amount before CRM USD'000	Amount After CRM USD'000	Risk Weight Bracket %	Weighted Assets USD'000
Cash items	1,171	1,171	-	-
Claims on sovereigns	126,644	126,644	0-150	-
Claims on Bank of Mauritius	44,572	44,572	0-150	-
Claims on multilateral development banks (MDBs)	-	-	0-150	-
Claims on banks	529,651	529,651	20-150	278,690
Claims on domestic PSEs	17,273	17,273	20-150	8,637
Claims on all other PSEs	132,843	132,843	20-150	132,843
Claims on corporate	365,017	325,101	20-150	260,284
Claims included in the regulatory retail portfolio	25,089	23,312	75	17,484
Claims secured by residential property	59,246	59,246	35-125	44,411
Claims secured by commercial real estate	19,573	19,573	100-125	19,573
Past due claims	632	632	50-150	497
Fixed assets/Other assets	12,730	12,730	100-250	12,730
Total	**1,334,442**	**1,292,749**	**-**	**775,149**

The details of risk weighted off balance sheet assets are as below:

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	4,160	-	100	-
Transaction-related contingent items	15,511	-	50	-
Trade-related contingencies	2,432	75	20-100	16
Other commitments	59,287	59,287	0-100	11,857
Total	**81,390**	**59,362**	**-**	**11,873**

3. RISK MANAGEMENT POLICIES AND CONTROLS

A. Overview

Risk is an integral part of banking business and the process of risk management entail identification of potential risks to the Bank and formulating strategies to eliminate or minimize 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 risk.

Bank has implemented its risk management arrangements through a three-lines-of-defence (TLOD) model:

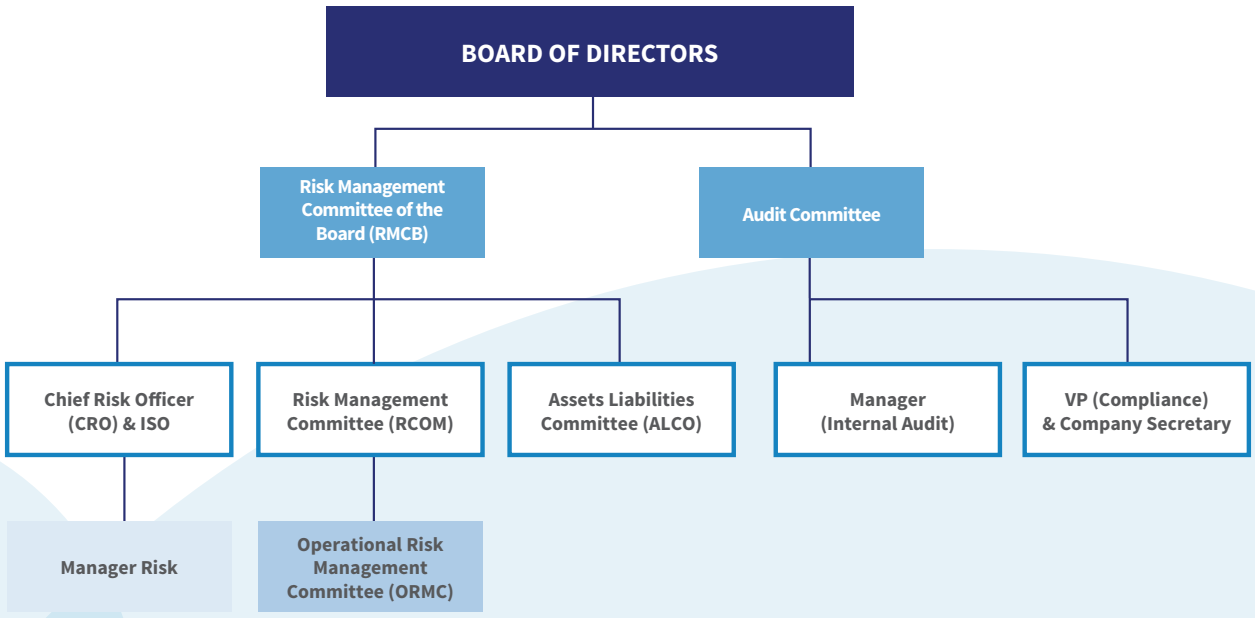
1. First Line of Defence: comprises Frontline Operations and Support Functions. They directly deal with risk in daily activities and identify, assess and mitigate risk in their areas.

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 & 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 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; and
- Review of pending court and fraud cases.

B.2 Asset Liabilities Committee (ALCO)

ALCO is headed by 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 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. Risk Composition

The Bank adheres to the Guideline on Standardized Approach to Credit Risk and Guideline on Measurement and Management of Market Risk issued by Bank of Mauritius for the computation of the capital charge for credit risk and market risk respectively. Capital requirement for operational Risk is calculated as per Basic Indicator Approach.

D. Management of Key Risks

D.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.

D.1.1 CREDIT RISK

The Bank has the following policies in place for managing credit risk:

- Loan Policy
- Policy on Credit Risk Assessment (CRA)
- Policy on Country Risk Exposure Limit
- Policy on Related Party Transactions
- Policy on Cross-Border Exposure
- IFRS-9: ECL Provisioning 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 of 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.

Policy on CRA: 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.

Policy on Country Risk Exposure Limit: The Bank is exposed to Country Risk given the considerable portion of its offshore business dealings. Any disruption, disturbance or break-down 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 Exposure Limit policy in consonance with the Guidelines prescribed by the Bank of Mauritius which is approved by RMC of the Board and is subject to annual review. The Permissible Global 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.

Policy on Related Party Transactions: 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 quarterly basis, apart from being reported to the regulators at prescribed intervals.

Policy on Cross-Border Exposure: The Policy on Cross-Border Exposures supplements the existing Loan Policy, Country Risk Exposure Limit 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 – Financial Instruments ("IFRS 9") 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 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.

D.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 risk concentration 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 31.03.2024 are as below:

Borrower	Exposure as on 31.03.2024 (in USD Mio)	% of Bank's Tier-I Capital as on 31.03.2024
Borrower 1	38.00	20.90%
Borrower 2	26.95	14.82%
Borrower 3	25.00	13.75%
Borrower 4	25.00	13.75%
Borrower 5	25.00	13.75%
Borrower 6	25.00	13.75%

D.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 influence of operations/ budgetary considerations.
- For Retail Banking exposures, Debt to Income ratio and Loan to Value ratio is computed as per Regulatory guidelines
- External Ratings (ECRA) is factored for the 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.

D.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 of 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.
- Delegation of credit approval authority of management personnel and committees, taking into account the type and size of credit, the types of risks to be assessed.

D.2 Market Risk

Market Risk is the possibility of loss that Bank may suffer on account of change in value of its trading portfolio, on account of 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.

MARKET RISK POLICIES

- Liquidity Management Policy
- Investment Policy
- Derivatives Policy
- Interest Rate Risk Management Policy
- Bank Exposure Limit Policy
- Risk Participation 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 management 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 and on monthly basis through maturity mismatch report and LCR which is also put up before the RMCB on a quarterly basis. Bank also conducts the analysis of behavioral pattern 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 31st March 2024
LCR in MUR	100%	527%
LCR in USD	100%	169%
Consolidated LCR	100%	197%

The LCR report is submitted to BOM on fortnightly basis in MUR, USD and consolidated for all currencies in USD. The Bank also publishes disclosure of LCR on quarterly intervals along with the 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 attendant 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 the 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	0.62
-25	-0.62
+50	1.23
-50	-1.23
+75	1.85
-75	-1.85
+100	2.46
-100	-2.46

Bank Exposure Limit Policy: It is 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. A robust Bank Exposure Model (BEM) has been prepared with a view to improve the risk assessment of each bank qualitatively and quantitatively and for determining permissible global exposure limits (PGEL) on various banks for different product lines like Forex, Derivatives, Money Market, LC/BG, Investments, Lines of Credit etc. as per the requirements.

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.

Foreign Exchange Risk: Foreign Exchange is managed by setting 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. The Management monitors the exchange position and profits arising out of operations on a daily basis and being reported daily to 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.

D.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.

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.

D.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.

D.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, measurement, 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.

D.4.2 Risk Appetite: The Bank defines risk appetite as the aggregate type and 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.

D.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.

D.5 Compliance and Legal Risk

- Compliance Risk is defined as the risk of legal or regulatory sanctions, material financial loss or loss of reputation 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. Banks have become the major targets of money laundering operations as they provide a variety of financial services and instruments.
- The Bank, aware of its duties as a responsible corporate citizen, has an Anti-Money Laundering 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 and Combating the Financing of Terrorism and compliance issues.

D.6 Quantitative Disclosures:

(A) GROSS CREDIT RISK EXPOSURES

Particulars	Amount (in USD Mio)
Fund Based Exposures	1,323.85
Non-Fund Based Exposures & Other off-balance sheet Exposures	86.14
Total Gross Credit Exposures	1,409.99

(B) GEOGRAPHICAL DISTRIBUTION OF EXPOSURES (TOP 10 COUNTRIES)

S. No.	Name of Country	Exposure (in USD Mio)	Exposure as % of Tier-I Capital
1	Mauritius	554.16	304.84%
2	India	383.38	210.89%
3	USA	109.30	60.12%
4	South Africa	70.03	38.52%
5	UK	42.03	23.12%
6	UAE	30.09	16.55%
7	Netherlands	26.95	14.82%
8	France	26.36	14.50%
9	Qatar	25.00	13.75%
10	Sweden	16.00	8.80%

(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	351.46	193.33%
2	Manufacturing	144.38	79.42%
3	GBL Licence Holders	90.40	49.73%
4	Construction	83.90	46.15%
5	Transportation	31.73	17.45%
6	Traders	26.98	14.84%
7	Information Comm and Technology	25.19	13.86%
8	Tourism	19.92	10.96%
9	Electricity	17.30	9.52%
10	Personal	5.76	3.17%

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.

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:

i. Ensure an appropriate collective understanding of and relevant expertise on climate-related and environmental financial risks;

ii. Determine and review the Bank's strategic and business goals in the context of the climate-related and environmental financial risk faced by SBIML;

iii. Reviewing and approving the policy, scenarios on climate-related and environmental financial risk;

iv. 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;

v. Ensure relevant capacity development and training programs on climate-related and environmental financial risks are arranged as required;

vi. 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:

i. Development and implementation of the climate-related and environmental financial risk management policy within the Bank;

ii. Regularly reviewing the effectiveness of the climate-related and environmental financial risk policies, tools, and controls;

iii. 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;

iv. 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.

v. Ensure adequacy and appropriateness of the training and capacity development plans. In particular, frontline staff shall have sufficient awareness and understanding to identify potential climate-related and environmental financial risks;

vi. Ensure that material climate-related and environmental financial risk issues are addressed in a timely manner; and

vii. 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 of 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 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")

i. The role of the First Line of Defense ("1LOD") is to own and manage the risks of the business;

ii. To undertake climate-related and environmental financial risk assessments for instance during credit application, and credit review process;

iii. Responsible for climate risk identification, assessment, and reporting;

iv. Prepare climate risk assessment report for each client using the "Climate risk assessment toolkit".

v. Monitoring climate-related and environmental risk events and losses, identifying issues and implementing remedial actions to address these issues;

vi. 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:

i. Reporting key climate-related and environmental risks and findings and recommendations for enhancement to Risk Committee (RCOM).

ii. Reviewing and challenging the climate-related and environmental risk management toolkit and controls used by the 1LOD;

iii. Support in decision making and approval process of the evaluated climate risk score by first line;

iv. Challenging the actions and decisions of the first line and helping the first line in considering risk when managing key decisions;

v. Developing and delivering climate-related and environmental risk education and training across Bank; and

vi. Conduct independent climate-related and environmental risk & assessment and monitoring.

Compliance Department:

i. Compliance function shall ensure adherence to applicable guidelines, rules and regulations;

ii. Communicating periodic material regulatory updates;

iii. 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

i. Developing the climate-related and environmental risk-based internal audit plan for Audit Committee;

ii. Validating the systems and controls that will be in place to ensure that procedures are complied with in line with business policies and directives;

iii. Validating credit procedures, scenario analysis results;

iv. Reviewing the reporting procedures and monitoring mechanisms for internal controls;

v. Providing recommendations on how climate-related and environmental risk management can be more effective based on the findings from internal audits.

vi. 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

i. 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

ii. 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:

i. Identification of possible climate and environmental risks like the carbon tax, policy change, floods, drought, etc.

ii. Identification of the climate risks assessment criteria like energy consumption, water consumption, and waste generation.

iii. Considering the potential impact of such climatic and environmental risks in the short-, medium-, and long-term.

- **Risk Measurement and Monitoring**

i. 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.

ii. The Bank uses a climate risk assessment toolkit to evaluate the risk of the project which uses qualitative and quantitative parameters to calculate risk.

iii. Financial risk is estimated using scenario analysis and relevant risk exposure limit and thresholds of risk.

iv. Metrics and Targets

For climate-related and environmental financial risk assessment, the Bank considers physical and transitional risks as Key Risk Indicators (KRI) while GHG (Green House Gases) emissions by energy consumption, water consumption and waste generation as the Key Performance Indicators (KPIs). The KPIs includes qualitative parameters like policy compliance, safety compliance, energy-saving equipment, eco-friendly materials, renewable energy source, etc. and quantitative risk parameters like GHG emissions (carbon dioxide, methane, hydrofluorocarbons, perfluorocarbons, etc.), water consumption and waste generation.

The standards for GHG emission of industrial activities are referred from Inter-governmental Panel on climate change (IPCC) and GHG protocol methodology. Zero liquid discharge is set as a benchmark for industrial activities that generated waste water and zero waste for any activities that generated waste.

The weightage calculation metric for the climate risk assessment toolkit comprises 60% of the qualitative risk and 40% of the quantitative risk. The baseline year for emission reduction targets is taken as 2022 and the target year as 2030 aligning with NDCs.

4. INSPECTION & AUDIT

The Bank's Internal Audit (IA) Department operates under the Internal Audit Charter and Internal Audit Policy approved by the Board of Directors upon review and recommendation by the Audit Committee. The IA Department conducts audits and inspections of Retail Branches, Global Business Branch, Corporate Banking, Trade Finance, Treasury, IT and other departments/functions in accordance with the Internal Audit Plan approved by the Audit Committee annually and using a risk-based approach. The plan also incorporates specific reviews to be completed by Internal Audit as per Bank of Mauritius (BoM) Guidelines as well as an assessment of the effectiveness of the second line of defence. More regular audits are performed for selected branches, departments, and functions with focus on complex processes, specific transactions, significant exposures, and high-risk areas. Cash verifications are conducted on a surprise basis at retail branches periodically and full inspections are performed at the Centralised Processing Cells located at the Head Office to validate Know Your Customer (KYC) principles, adherence to AML/CFT& P controls, credit risk for retail loans and other operational / regulatory requirements.

Accordingly, mapping of risks to processes and internal controls and risk assessments are performed by the IA Department when preparing the Internal Audit Plan to ensure coverage of key risks and to provide adequate assurance over internal control environment, governance, and systems for the Bank. These include assurance over operational risk, fraud risk, compliance risk, credit risk, reputational risk, interest rate risk, foreign exchange risk, liquidity risk and information technology risks. Furthermore, special assignments and investigations can also be carried out by the IA Department to address any specific area of concerns or in response to particular events, occurrences or changes impacting the banking sector.

Internal audit reports are issued to management which contain observations identified during the audits pertaining to the design and operating effectiveness of the Bank's internal controls. This includes adherence to internal/external requirements from policies, standard operating procedures, validity of transactions, proper execution / retention of key documentary evidence, segregation of duties, adherence to approval / financial delegations amongst others. The observations are dealt with by management for closure of the audit reports in accordance with the Internal Audit Policy of the Bank.

Synopsis of internal audit reports are submitted by the IA Department to the Audit Committee and the Board of Directors on a quarterly basis. Reports on the Internal Control Systems and AML/CFT & P framework of the Bank are also prepared annually in accordance with BoM Guidelines and submitted to the Audit Committee, Board of Directors, and BoM. The Bank of Mauritius and our parent bank, the State Bank of India, perform on-site examination and management audits respectively on a periodic basis. Their reports along with actions taken are submitted by management to the Audit Committee, Board of Directors meetings and our parent bank in accordance with 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 serves as a safeguard to protect 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 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, jurisdiction 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 in that respect.

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);
- Any entity that is controlled by a person described in (a) or (b) or (c) above;
- 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;
- Any entity in which the financial institution has significant interest, excluding a subsidiary of the 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 connected counterparties who are related parties to SBI (Mauritius) Ltd (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.

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 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 & 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 Percent Risk Weight.
- A credit exposure to parastatal bodies and to an entity in which Government has more than 50 percent shareholding.
- Interbank transactions as part of treasury operations.
- Category 3 type of related party exposures and
- Credit exposures, including aggregate credit exposures to 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.

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, control functions and other relevant functions on related party transaction. 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 19th June 2023. Bank of Mauritius, vide its Letter No. Ref: BSD 318 Vol 2 dated 12.05.2022 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."

Accordingly, we are submitting this paper 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

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 **31st MARCH 2024** are furnished hereunder in a tabular format:

(USD Mio)

Category	Related Party	O/s Balance 31.03.2024	Remarks
Category 1			
Non Exempted	State Bank of India	3.70	Bank Guarantees (BG) against Counter Guarantee of SBI
	State Bank of India	12.92	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.	0.21	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	0.02	Loans extended to Senior Officers (IBO & SIBO) as per Terms of Contract
Tier I Capital		**181.79**	
Total exempted exposures		**0.02**	**0.01% of Tier 1 Capital**
Total non-exempted exposures		**16.83**	**9.26% of Tier 1 Capital**

Placement with SBI /SBI Group entities: USD 97.40 Mio (Money Market -Treasury Operations)

(Though as per the revised BOM guideline, the same doesn't fall under the ambit of related party transaction, however, as per the direction of BOD, the same as been separately mentioned under related party transaction).

We confirm that the above transactions were done at an arm's length distance basis and the rates quoted were market driven.

We further confirm that:

- 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.
- 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.
- All Related Party Transactions are in compliance with BOM guidelines and Bank's Policy.

Submitted for recommendation to the Board of Directors for Review and Ratification of Related Party Transactions performed within the Approved Limit and Delegation of Financial Power.

7. CORPORATE GOVERNANCE

Corporate Governance encompasses a comprehensive framework of processes, customs, policies, laws, and institutions that influence the direction, administration, and oversight of a company. The Bank is steadfast in its commitment to upholding the highest standards of corporate governance. In line with this commitment, it adheres to the stipulations outlined in both the national code on Corporate Governance for Mauritius and the guidelines set forth by the Bank of Mauritius. The Bank firmly believes that effective corporate governance fosters robust management practices and prudent control mechanisms, thereby empowering the Bank to maximize value for its shareholders while safeguarding their interests alongside those of other stakeholders.

Ensuring transparency and accountability, the Bank diligently adheres to protocols 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 not only to shareholders but also to key stakeholders and the public.

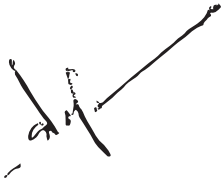
The role of the Company Secretary is pivotal in maintaining an open channel of communication with shareholders, promptly addressing their inquiries and concerns. Serving as the primary point of contact, the Company Secretary engages shareholders through various channels including email, telephone correspondence, written communications, personal interactions, 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 receive due consideration. At the Annual Shareholder Meetings, members of the Board are readily available to respond to queries from shareholders, gather feedback, and address any pertinent concerns.

8. OUTLOOK FOR 2024-25:

As challenges have transformed into opportunities, the bank has made significant strides in its business and profitability metrics during FY 2023-2024, instilling a sense of confidence in its sustainability. A comprehensive approach is being planned to revitalize business operations across segments, including the Premium Retail segment, SME segment, and Trade Finance portfolios. Bank is formulating strategy to expand its business in Africa based on comprehensive market analysis, and effective risk management to capitalize opportunities in the African continent. The objective is to become a full-fledged provider of financial services to our esteemed clientele. Initiatives to enhance certain products and processes are currently underway, alongside efforts to fortify our workforce by augmenting their skills and bolstering morale through additional activities. The primary emphasis remains steadfastly on delivering consistent performance, even amid forthcoming challenges.



Bibhu Prasad Mishra
Chief Operating Officer



Somnath Adhya
Managing Director & CEO



SBI (Mauritius) Ltd

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