The Mauritius Civil Service Mutual Aid Association Ltd

Annual Report

For the year ended

JUNE 30, 2025

TABLE OF CONTENTS

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of The Mauritius Civil Service Mutual Aid Association Ltd ("the Company") and its subsidiary (altogether "the Group") for the year ended June 30, 2025, contents of which are listed below.

Approved by the Board of Directors on 26th September 2025

Mr M. Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

MANAGEMENT DISCUSSION ANALYSIS

Global Economy

The global economy demonstrated steady but modest growth during this period, with the International Monetary Fund (IMF) projecting around 3.0% growth for 2025, slightly up from earlier estimates. This performance reflects a mix of front-loading economic activity before tariff hikes, lower effective tariff rates, improving financial conditions, and fiscal expansions in key economies.
Advanced economies saw moderate growth acceleration, with output rising by about 1.7% - 1.8%, while emerging markets experienced a slight growth slowdown to approximately 4.2%. Inflation rates continued to decline globally from about 6.8% in 2023 to an expected 4.5% by 2025 though core inflation and US inflation remained persistently above targets.

Trade policy uncertainty and geopolitical tensions remained significant downside risks, contributing to uneven investment and growth prospects worldwide. The US economy expanded moderately around 1.6%, China's growth tempered to near 4.6%, and India maintained robust growth exceeding 6%. The Eurozone faced downward revisions with growth estimated near 0.9%, reflecting ongoing geopolitical and economic challenges.

Globally, trade volumes were mixed, with some regions experiencing growth while others saw stagnation or decline, notably the Eurozone. Market volatility eased somewhat, and financial markets gained strength despite global risks.
In summary, the global economy showed resilience in a challenging environment marked by trade tensions, inflation moderation, and geopolitical uncertainties. Restoring confidence, trade predictability, and policy sustainability remains critical for sustained growth.

Mauritian Economy

According to the IMF, Mauritius' economy remains resilient. Real GDP grew by 4.7 percent in 2024, driven by services, construction, and tourism. Headline inflation (12-month average) declined to 2.5 percent in March 2025, helped by easing international food and energy prices and lower fuel excise duties. The external current account deficit widened in 2024 to 6.5 percent of GDP, mostly reflecting higher imports and freight costs. Gross foreign reserves increased to US$8.5 billion by end of 2024, covering almost 12 months of imports. Looking ahead, the country needs to address fiscal and structural challenges, notably the high public debt, significant public investment needs, low productivity, and an ageing society.

The outlook for growth is favorable. Real GDP growth is projected to soften to 3.0 percent in 2025 due to weakening external demand, easing tourism activity, and the drought. Over the medium term, growth is expected at around 3.4 percent, reflecting demographic headwinds and labor shortages. Inflation is projected to average 3.6 percent in 2025 and remain within BOM's target range over the medium term.

The external current account deficit is projected to reduce to 4.7 percent of GDP in 2025 reflecting lower oil prices, as exports grow modestly amid the slowdown in global demand and to increase in 2026 due to subdued exports, but gradually decline thereafter. The primary fiscal deficit (excluding grants) for FY24/25 is projected to worsen by 3.4 percentage point of GDP relative to FY23/24, to 6.5 percent of GDP, mostly driven by higher compensation of employees, social benefits, and grants and transfers.

According to Statistic Mauritius, the headline inflation rate for the twelve months ending June 2025 worked out to 2.9%, compared to 4.5% for the twelve months ending June 2024. The headline inflation rate excluding "Alcoholic beverages and tobacco" for the twelve months ending June 2025 worked out to 3.2%, compared to 4.1% for the twelve months ending June 2024.

In September 2025 the key rate was slashed to 4.0%. However, the monetary policy stance tightened with the Bank of Mauritius increasing its key rate from 4.0% to 4.5% in early 2025 to address inflation expectations and maintain interest rate differentials. Unemployment showed modest improvement with overall rates falling to around 6%, including a slight decline in youth unemployment.

This outlook underscores efforts by the Mauritian government to implement reforms aimed at sustainable growth, economic diversification, and enhanced competitiveness, including measures to foster innovation and improve governance in key sectors.

Experience by Industry sectors

The activities of the Company are mainly to grant loans to its associates and members of staffs. The Company has also a deposit taking licence from the Bank of Mauritius, which allows it to accept deposits from the public. The types of deposits accepted by the Company include term deposits. The Company's principal loan product is the personal loan secured by personal guarantors.

Drawing on extensive experience with this core product and responding to sustained member demand, the Company has expanded its portfolio to include a diverse range of new loan products offered at competitive interest rates.

To support its growing operations, the Company has strategically diversified its funding sources, reducing reliance on deposits alone. This approach ensures greater financial stability and flexibility to meet evolving market needs.

Company's Outlook and new line of business

Looking ahead, the business environment in which the Company operates is expected to remain volatile, with ongoing challenges beyond its direct control. In anticipation of these conditions, the Company has strengthened its readiness to navigate and perform effectively in such a turbulent landscape.

To better address the evolving needs of its members, the Company is undertaking a comprehensive review of its products and services through a risk-based approach. This methodology allows the Company to systematically identify, assess, and manage risks, ensuring that product offerings and business decisions are aligned with both member expectations and the prevailing market dynamics.

Principal Activities and nature of customers

These operations are primarily conducted at the Company's registered office in Mauritius, with a sub-office in Rodrigues dedicated to collecting loan applications for subsequent processing in Mauritius.

In its loan operations, the Company exclusively serves public sector employees, operating on the principle of mutuality. On the deposit side, the Company mobilizes funds from both the general public and institutional investors.

Looking ahead, the Company is committed to enhancing its service delivery through continued investment in digital channels and upgrading its core banking systems and related software. These strategic initiatives are designed to better serve the evolving needs of its valued members.

Financial Review:

Statement of financial position

Despite a challenging economic and financial environment, the Company successfully grew its net loan portfolio to Rs 38.1 billion, from Rs 37.2 billion of the previous year. In the context of rising interest rates and economic volatility, the Company has maintained a prudent approach to lending.

Total deposits as at June 30, 2025, stood at Rs 14.6 billion, reflecting the strong trust placed in the Company by its depositors. In line with its Liquidity Risk Management Framework, the Company has diversified its funding sources, with borrowings from banks amounting to Rs 6.4 billion as at June 30, 2025.

To meet regulatory and internal liquidity requirements, the Company holds cash and cash equivalents totaling Rs 1.2 billion, invests in High Quality Liquid Assets (HQLAs) including treasury bills, notes, and bonds which stood at Rs 3.5 billion, and maintains placements with financial institutions. The liquid assets ratio was a robust 31%, comfortably above the minimum 10% requirement set by the Bank of Mauritius.

Capital adequacy remains strong, with combined Tier 1 and Tier 2 capital of Rs 18.1 billion against risk-weighted assets of Rs 19.9 billion, resulting in a capital adequacy ratio (CAR) of approximately 91%, underscoring the Company's solid financial position.

The Company has adopted the IFRS 9 model, recognising total Expected Credit Losses of Rs 849.6 million in its financial statements, with a credit loss charge of Rs 38.7 million for the year ended June 30, 2025, reduced from Rs 66.1 million recorded in the previous year.

Profit Growth and Operational Efficiency

The Company reached a significant milestone with profit before tax surpassing Rs 2 billion to close at Rs 2.4 billion, reflecting a remarkable growth of approximately 70% compared to Rs 1.4 billion in the previous year. This strong profitability was driven by several key factors, such as growth in net interest income, reduced impairment charges, release of technical provisions of IFRS 17 and continued low cost to income.

Notably, even excluding the one-time positive impact from the release of provisions related to IFRS 17, the Company surpassed the Rs 2 billion profit before tax milestone. This underscores the inherent strength and resilience of the Company's core operations and profitability drivers.
Operating income increased from Rs 2.3 billion in 2024 to Rs 2.5 billion for the year ended June 30, 2025 supported primarily by the Company's strategic diversification of funding sources.

The Company continues to maintain a highly efficient cost structure, with the cost-to-income ratio standing at approximately 16% as at June 30, 2025. This underscores the high level of operational efficiency achieved, contributing to sustainable profitability and financial resilience.

Achievements v/s objectives and plan for 2025

		June 2025		June 2026
Sn.	**Area of performance**	**Objectives**	**Achievements**	**Objectives**
1	Return on Average Equity (ROAE)	To achieve an ROAE of above 10%.	13%	To achieve an ROAE of above 10%.
2	Return on Average Assets (ROAA)	To achieve an ROAA of above 4%.	5%	To achieve an ROAA of above 4%.
3	Operating income	To achieve an operating income of more than 5%	9%	To achieve an operating income of more than 5%
4	Cost-to-income ratio	Maintain a Cost-to-income ratio of less than 20%.	16%	Maintain a Cost-to-income ratio of less than 25%.

5	Deposits growth	Another decline of about 10% is expected due to the diversification of sources of funding	Decline of 16%	Another decline of about 10% is expected due to the diversification of sources of funding
6	Non-Performing loans (NPL)	Maintain a NPL of less than 4%	3%	Maintain a NPL of less than 4%
7	Net Impaired ratio	To achieve a ratio of less than 1.75%	1.83%	To achieve a ratio of less than 2.00%
8	Capital Adequacy Ratio (CAR)	Maintain CAR above 70%.	91%	Maintain CAR above 75%.

Statement of profit or loss

	Year ended		
	June 2025	**June 2024**	**June 2023**
	Rs'000	**Rs'000**	**Rs'000**
Net Interest Income	2,494,244	2,289,658	2,087,185
Operating Income	2,524,335	2,313,559	2,105,939
Net credit loss (expense)/release on financial assets	(38,701)	(66,112)	(90,166)
Profit before income tax	2,361,814	1,389,465	1,708,580
Income tax expense	(419,922)	(299,566)	(311,808)
Profit after income tax	1,941,892	1,089,899	1,396,772

Interest income and expense

	Year ended		
	June 2025	**June 2024**	**June 2023**
	Rs'000	**Rs'000**	**Rs'000**
Interest income			
Loans and advances to members	3,477,695	3,396,431	3,059,258
Financial assets at amortised cost	105,500	80,087	60,978
Placements and bank balances	7,155	11,486	13,334
Total interest income	**3,590,349**	**3,488,004**	**3,133,570**
Interest expense			
Deposits from customers	(707,289)	(926,868)	(933,071)

Interest on loans	(281,709)	(186,223)	(63,268)
Interest on retirement savings scheme	(104,565)	(81,969)	(48,674)
Interest on Lease Obligation	(2,542)	(3,285)	(1,372)
Total interest expenses	**(1,096,105)**	**(1,198,346)**	**(1,046,385)**
Net interest income	**2,494,244**	**2,289,658**	**2,087,185**

IFRS 17 Insurance Contracts

IFRS 17 requires companies to measure insurance contracts using updated estimates and assumptions that reflect both the timing of cash flows, through discount rates, and the uncertainty of insurance contracts, through risk adjustments. A key element of IFRS 17 is the contractual service margin (CSM), which represents the expected but unearned profit on insurance contracts. Profit is recognized only as the Company delivers the related insurance services.

Importantly, IFRS 17 is not limited to traditional insurance companies; it also applies to entities issuing contracts that meet the standard's definition. Accordingly, the Mutual Aid Association has implemented IFRS 17 for the two schemes it manages: the Mutual Solidarity Contribution and the Guarantee Benevolent Scheme.

The first-time adoption of IFRS 17 has notably impacted the Association's financial performance, primarily due to the methodological shift from an annual actuarial valuation of schemes to the IFRS 17 framework. However, during the current financial year, a partial reversal of previously significant charges has occurred as a result of strategic decisions, leading to positive financial adjustments as outlined below:

Guarantee Benevolent Scheme (GBS)

	Year ended	
	June 2025	June 2024
	Rs'000	Rs'000
Insurance Revenue	7,715	7,831
Insurance Service Expense	(6,479)	(4,196)
Insurance Service Results	**1,237**	**3,634**
Insurance Finance Income/Expenses	(529)	(2,736)
Insurance Service Results	**708**	**898**

Mutual Solidarity Contribution (MSC)

	Year ended	
	June 2025	June 2024
	Rs'000	Rs'000
Insurance Revenue	216,568	202,222
Insurance Service Expense	109,037	(557,319)

Insurance Service Results	**325,605**	**(355,097)**
Insurance Finance Income/Expenses	(43,506)	(51,299)
Insurance Service Results	**282,099**	**(406,396)**

Non-interest expense and cost management

	Year ended		
	June 2025	**June 2024**	**June 2023**
	Rs'000	**Rs'000**	**Rs'000**
Personnel expenses	166,631	161,966	158,836
Depreciation and amortisation	46,001	68,739	46,306
Other expenses	186,191	104,514	121,028

Other operating expenses saw a significant rise, mainly due to the mandatory contribution of Rs 52.3 million to the Mauritius Deposit Insurance Scheme. This contribution reflects the Company's commitment to the regulatory framework designed to protect depositors and reinforce financial system stability in Mauritius.

Gross Credit exposure

As shown in the table below, the Company has a well-diversified loan schemes for the benefit of its members of the Company:

Schemes	**Year ended**		
	June 2025	**June 2024**	**June 2023**
	Rs'000	**Rs'000**	**Rs'000**
Secured by guarantors' personal loans	26,175,566	27,114,446	27,248,742
Unsecured personal loans	6,922,930	5,613,113	4,387,530
Housing loans	3,457,796	3,132,020	2,575,113
Education loans	491,092	431,758	379,076
Pensioner loans	1,374,649	1,384,731	1,275,560
Motor vehicles loans	374,929	205,756	123,180
Other loans	169,675	153,811	132,660
Total	**38,966,636**	**38,035,635**	**36,121,861**

Total lending exposures increased during the year, to close at Rs 39.0 billion as at June 30, 2025 compared to Rs 38.0 billion as at June 30, 2024. The main loan product of the Company is the personal loan, which accounts for nearly 67% of the loan book.

Credit quality
The table below shows the data on impairment and related ratios for the past 3 years.

	Year ended June 2025 Rs'000	Year ended June 2024 Rs'000	Year ended June 2023 Rs'000
Impaired advances	1,271,611	1,239,697	1,069,780
Allowance for impairment – Stage 3	568,076	662,027	602,064
Prudential provisions	373,920	169,117	169,803
Non-performing loans (NPL)	3.3%	3.3%	3.0%
Net impaired ratio	1.8%	1.6%	1.3%
Net impaired to equity ratio	3.7%	3.4%	2.9%
Provision coverage ratio inclusive of prudential	74.1%	67.0%	72.2%

Impaired advances represent loans where there is objective evidence that full contractual repayments may not be collectible, reflecting borrowers' financial difficulties. As at June 30, 2025, impaired advances stood at Rs 1.3 billion, slightly increasing from Rs 1.2 billion in the previous year.

The allowance for impairment (Stage 3), which covers estimated losses on these impaired loans, amounted to Rs 568.1 million as at June 30, 2025. This allowance is a valuation reserve to absorb probable credit losses and is periodically assessed based on expected future cash flows discounted at the loan's original interest rate, as per guidelines consistent with IFRS 9 and prudential banking standards.

Prudential macro provisions, mandated regulatory additional buffers, increased significantly to Rs 373.9 million, strengthening the overall credit risk coverage capacity.
The Non-Performing Loans (NPL) ratio remained stable at 3.3%, reflecting consistent credit quality management, while the net impaired ratio, which considers the impaired loans net of provisions, increased modestly to 1.8%.

The net impaired to equity ratio increased to 3.7%, indicating a slightly higher impaired loans exposure relative to the shareholders' equity base.

Provision coverage ratio, inclusive of prudential provisions, improved to 74.1%, indicating strong coverage of impaired loans by provisions, compared to 67.0% as at June 30, 2024. This coverage ratio represents the degree to which the Company has set aside funds to absorb losses from non-performing loans.

These metrics attest to the Company's conservative and prudent credit risk management practices, ensuring resilience against credit losses while maintaining financial stability.

Prudential Provisions

If the specific provision computed in terms of Prudential Provisioning Norm is higher than the specific provision computed in terms of Accounting Standard, the difference has been accounted as General Provision, through an appropriation of distributable reserves.
For the purpose of Prudential Provisioning, personal loans secured by guarantors are classified as unsecured loans and full provisions are considered.

The table below presents a detailed breakdown of the Company's gross advances, impaired advances, and related specific provisions across key loan schemes as at June 30, 2025.

Schemes	Year ended June 2025		
	Gross loans	Impaired loans	Specific provisions
	Rs'000	Rs'000	Rs'000
Secured by guarantors' personal loans	26,175,566	968,965	430,863
Unsecured personal loans	6,922,930	250,149	122,831
Housing loans	3,457,796	39,021	13,327
Education loans	491,092	4,238	233
Pensioner loans	1,374,649	6,793	806
Motor vehicles loans	374,929	2,445	16
Other loans	169,675	-	-
Total	**38,966,636**	**1,271,611**	**568,076**

As at June 30, 2025, the Company's gross loan advances stood at Rs 39.0 billion, distributed across various schemes with the largest exposure in personal loans secured by guarantors, representing the core lending portfolio. Impaired advances totaled Rs 1.3 billion, accounting for approximately 3.3% of the total gross loan portfolio. Specific provisions for these impaired loans amounted to Rs 568.1 million, reflecting expected credit losses calculated in accordance with IFRS 9's forward-looking impairment model.

The provisioning level signifies prudent risk management, ensuring adequate coverage of credit risks within the portfolio. The secured personal loans, while constituting the largest loan segment, hold the majority of impaired advances and provisions, consistent with the risk profile of this segment. Other loan categories such as unsecured personal loans, housing, education, pensioner, motor vehicle, and other loans contribute smaller proportions to both gross and impaired loans.

This disclosure provides transparent insights into the credit risk exposure and provisioning policies, demonstrating the Company's alignment with international accounting standard board and regulatory frameworks to maintain financial resilience.

SIGNED BY:

Names:	**Mr. M.Bheekhee**	**Mr. P.Ramjug**	**Mr. N.Dabeesingh**
	Chairperson	**Director**	**Chief Executive Officer**

DATE: 26 SEP 2025

Risk Management Report

Overview

Risk management at the Mauritius Civil Service Mutual Aid Mutual Aid Ltd ('Mutual Aid', the 'Company', or the 'Mutual Aid') is a fundamental pillar that underpins the Mutual Aid's strategic planning, operational integrity, and long-term sustainability.

This report presents an analysis of the Mutual Aid's risk management framework, detailing the comprehensive strategies employed to identify, assess, monitor, and mitigate risks across all business units.

It highlights the design and execution of key risk functions, including governance structures, risk appetite setting, and risk reporting mechanisms.

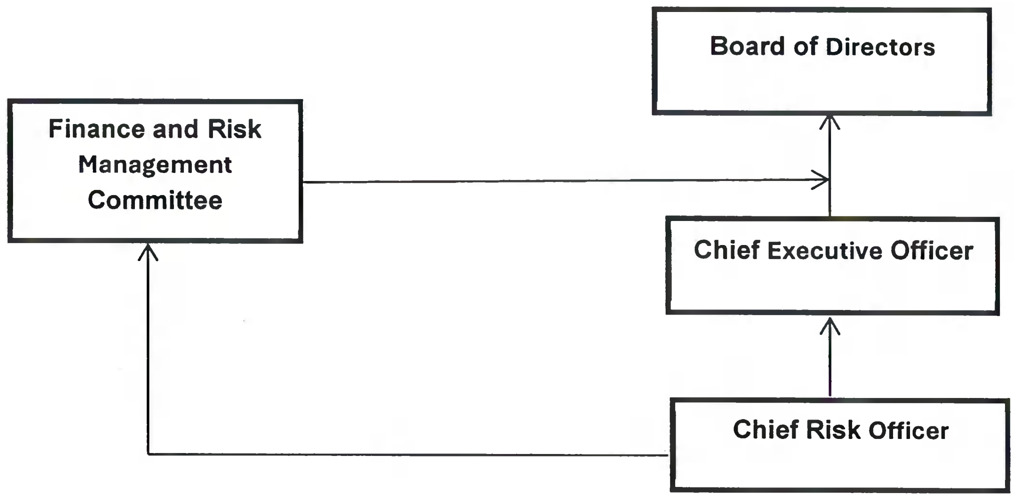
Furthermore, this report evaluates the effectiveness of risk controls and presents measurable risk outcomes, demonstrating the Mutual Aid's proactive approach to preserving financial stability, protecting member interests, and maintaining regulatory compliance in an increasingly complex operating environment.

The structure

The Mutual Aid's Board of Directors (the Board) carries the highest level of responsibility for overseeing all risk-related matters within the Mutual Aid. The Board sets the tone at the top by establishing a strong risk governance framework that aligns with the Mutual Aid's strategic objectives and regulatory requirements.

It ensures that a comprehensive, structured, and forward-looking risk management system is developed, implemented, and rigorously monitored across all operations. The Board actively supervises risk policies, defines the risk appetite, and mandates regular reporting and review processes to identify emerging risks and vulnerabilities.

Moreover, the Board guarantees the integrity and effectiveness of the Mutual Aid's internal control system, fostering a culture of accountability, transparency, and continuous improvement to protect the interests of members and maintain long-term organizational resilience.



The Board has delegated the responsibility for day-to-day risk management oversight to the Finance and Risk Management Committee (FRMC).

The FRMC supports the Board in executing its risk management duties by ensuring the effective implementation and ongoing operation of Mutual Aid's risk management framework. Its key responsibilities include:

- Ensuring the risk management framework functions efficiently across all business activities.

- Continuously monitoring Mutual Aid's principal risks in line with the established risk management framework.

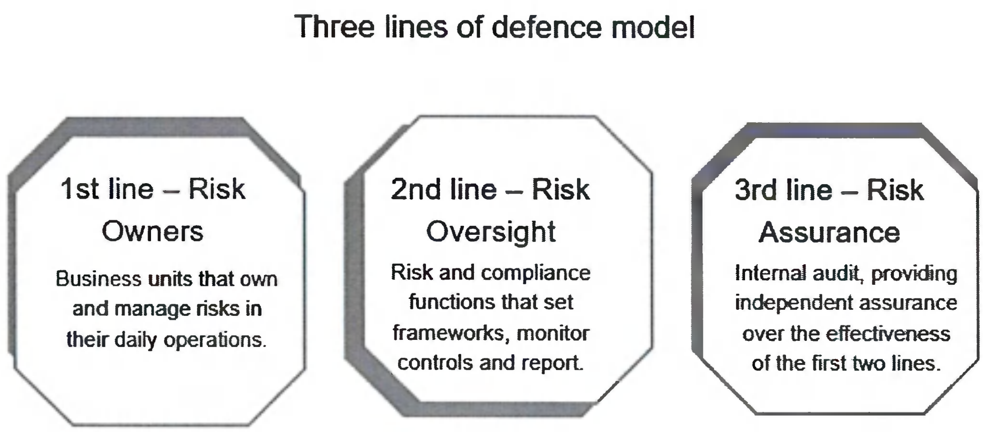
- Reviewing any proposed amendments to the risk management framework and related policies, and recommending these changes for Board approval

The Mutual Aid has an independent risk management team headed by the Chief Risk Officer (CRO) who reports to the Chief Executive Officer (CEO) and quarterly to the Finance and Risk Management Committee.

Mutual Aid also has a clear organisational structure and comprehensive policies and procedures to identify, evaluate, monitor and control risks across the organisation.

Risk defense model

Mutual Aid uses a three-level defense model for effective risk management and to reinforce a strong governance and control environment.



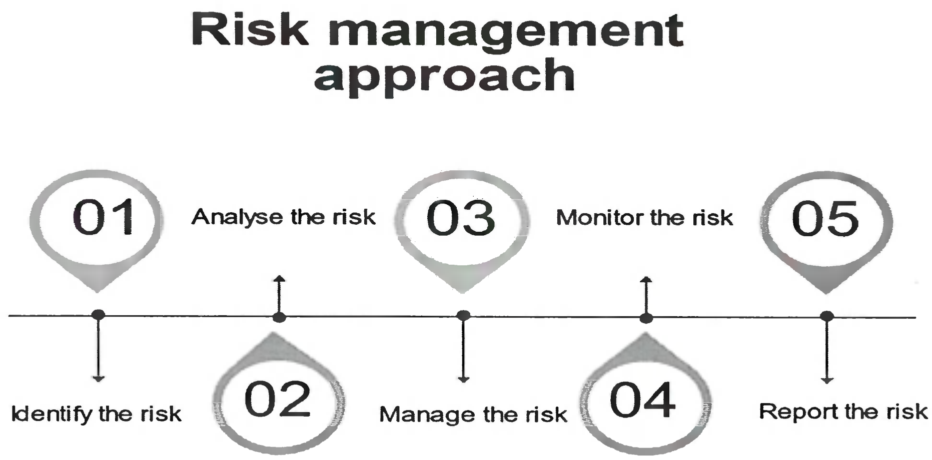
Risk management framework

The Mutual Aid adopts a comprehensive, organized, and systematic approach to risk identification, assessment, management, monitoring, and reporting, which is adapted throughout the organization. The Overall Risk Management Framework (ORMF) of Mutual Aid sets the strategic approach for risk management by defining standards, objectives, and responsibilities across the Mutual Aid's operations.

The framework encompasses responsibility, accountability, and reporting to ensure an efficient approach to risk identification, assessment, management, monitoring, and reporting.

The ORMF approved by the Board and then adopted by the Mutual Aid. This framework supports management in effective risk management and in maintaining a strong risk culture.

The Mutual Aid's risk management approach consists of several steps:



The risk appetite

Risk Appetite	Aggregate level and types of risk the Mutual Aid is willing to assume within its risk capacity to achieve its strategic objectives and strategic plan.
Risk Capacity	Maximum level of risk the Mutual Aid assumes and this is determined by regulatory requirements, liquidity needs, the operational environment and its obligations to members, depositors as well as other customers and other stakeholders.

Key risk areas overview

Risk is defined as the effect of uncertainty on objectives. It is the possibility of an event occurring that will have an impact on the achievement of the Association's strategic and operational goals.

The principal risks and uncertainties faced by Mutual Aid, along with the strategies for managing each key risk, are as follows:

Key risks	Description	Mitigation Actions
	Financial Risks	
Credit risk	Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations.	Credit risk is managed through a proactive and systematic approach, beginning with regular reviews of loan arrears. These reviews are followed by appropriate actions taken by management to mitigate potential losses. The Mutual Aid has established clear and consistent policies and processes to manage credit risks, which include: (i) Loan Underwriting (ii) Arrears Management (iii) Collateral Management (iv) Credit Loss Provisioning (v) Reporting and Monitoring
Liquidity Risks	Liquidity risk is the risk that the Mutual Aid will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.	To ensure financial stability, the Mutual Aid manage liquidity risk through several key strategies: (i) Cash Flow Forecasting (ii) Holding Liquid Assets (iii) Diversified Funding (iv) Liquidity Ratios (v) Contingency Funding Plan

Market Risk	Market risk is the exposure to potential fluctuations in the future cash flows of assets and liabilities driven by changes in market interest rates.	The Company actively monitors market interest rate movements and strategically adjusts its interest margins to respond swiftly and effectively to changes, thereby mitigating risk and optimizing financial outcomes.
Interest Rate Risk	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Such fluctuations can impact the instrument's income generation and market valuation, potentially affecting the Company's earnings stability and capital adequacy. Effective interest rate risk management is essential to safeguard the financial health and strategic objectives of the Company.	Mutual Aid employs a comprehensive interest rate gap analysis as a key tool to measure and monitor its exposure to interest rate risk. This analysis enables the identification of mismatches between interest-sensitive assets and liabilities over various time horizons, facilitating informed decision-making to manage and mitigate potential adverse impacts from interest rate fluctuations.
Non – Financial Risks		
Operational risk	Operational risk refers to the potential for loss arising from deficiencies or failures in internal processes, human error, system malfunctions, or external events beyond the Company's control. Proper identification, assessment, and mitigation of operational risk are vital to ensure business continuity, safeguard assets, and maintain stakeholder confidence.	Operational risk is effectively managed through the establishment of a robust control environment that encompasses comprehensive policies, standardized procedures, reliable systems, and well-defined processes. Additionally, the Company invests in ongoing training and awareness programs to equip employees with the necessary knowledge and skills to adhere to risk management practices

		and uphold operational integrity.
Strategic Risk	Strategic risk arises from the potential failure to achieve planned objectives, the adoption of inappropriate strategies, or a decline in income or profit margins, all of which can significantly undermine the Company's profitability and long-term sustainability.	Strategic risk is systematically evaluated and closely monitored through regular strategic meetings, involving active participation from both the Board of Directors and Senior Management. This collaborative approach ensures timely identification, robust discussion, and effective mitigation of risks that could impede the achievement of the Company's long-term goals.
Reputational Risk	Reputational risk is the threat that negative perceptions of the Mutual Aid's conduct or business practices may undermine its profitability and operations by hindering the ability to attract new customers or retain existing client relationships. Mutual Aid recognizes that its reputation hinges on stakeholder trust, which can be eroded by actions or events that diminish confidence in the organization's integrity and reliability. Safeguarding reputation is therefore paramount to sustaining long-term success.	Mutual Aid actively manages reputational risk by implementing a strong prudential management and governance framework to ensure ethical conduct and compliance. The Mutual Aid maintains transparent and effective communication with all stakeholders to foster trust, complemented by strategic media management to safeguard its public image. Additionally, it ensures timely and decisive operational responses to address any issues promptly, thereby minimizing potential reputational damage and sustaining long-term stakeholder confidence.

Information Technology Risk	Technology risk, also known as information technology risk, refers to the potential for technology failures to disrupt business operations and cause financial or reputational harm. This encompasses a range of threats, including information security breaches, cyberattacks, password theft, and service outages, all of which can compromise data integrity, availability, and confidentiality.	Information Technology Risk is managed through a structured framework that includes documented policies, processes, and procedures designed to mitigate technology-related threats. Regular security risk assessments are conducted at defined intervals, following a rigorous risk assessment methodology to identify and address vulnerabilities proactively. Additionally, Mutual Aid promotes information security awareness by providing comprehensive training programs to all employees, ensuring they remain vigilant and equipped to safeguard the organization's technology assets.
Compliance Risk	Compliance risk refers to the threat that the Company may fail to adhere to applicable statutory, regulatory, and compliance requirements, potentially resulting in significant adverse effects on Mutual Aid's financial standing and reputation. Proactive compliance management is essential to safeguard the organization from legal penalties, operational disruptions, and reputational damage.	This risk is managed through continuous review and enhancement of existing systems, strict adherence to Mutual Aid's procedure manuals, and the assignment of an independent compliance department separate from regular transactional operations. The compliance department ensures that all activities comply with applicable laws, regulations, banking sector guidelines, and principles of good governance. Any deviations or non-compliance issues are promptly reported to the Audit and Corporate Governance

		Committee for timely oversight and corrective action.
Legal Risk	Legal risk refers to the potential for adverse consequences arising from the Company's business activities due to unforeseen or unintended legal issues, including contractual disputes, litigation, or regulatory penalties. Effective management of legal risk is crucial to minimize financial losses and protect the Mutual Aid's reputation.	Mutual Aid identifies and manages legal risk through close collaboration with its legal advisers, who provide expert guidance to anticipate, mitigate, and resolve legal issues arising from the Mutual Aid's business activities.
Money Laundering risk	Money laundering risk refers to the threat arising, whether intentionally or unintentionally, from criminal activities. This risk encompasses Money Laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF), each of which can severely compromise the financial system's integrity and the reputation of Mutual Aid.	Mutual Aid mitigates Money Laundering risks through a comprehensive framework that includes an annual policy review by the Board of Directors to maintain regulatory alignment and effectiveness. The Mutual Aid conducts daily monitoring of new AML/CFT legislations and cash transactions to promptly identify emerging risks. ML/TF risk assessments are reviewed

		at least once a year or earlier if significant triggering events occur. Customer risk profiles are carefully managed, with high-risk customers reviewed annually, medium-risk customers every three years, and low-risk customers every four years by the respective heads of sections. This systematic approach ensures continuous oversight, compliance, and proactive risk management across all customer segments.
Cyber and Technology Risk	Cyber and technology risk refers to the potential for financial loss, operational disruption, or reputational damage arising from the failure, unauthorized access, or misuse of information systems within the Mutual Aid. Effective management of this risk is critical to safeguarding the integrity, availability, and confidentiality of technology assets.	In alignment with the Bank of Mauritius (BOM) Guideline on Cyber and Technology Risk Management, Mutual Aid actively implements robust controls to safeguard its systems and data. Key initiatives include strengthening the governance structure, conducting comprehensive risk assessments to identify and prioritize threats, enhancing security controls across the Mutual Aid's infrastructure, and implementing an Incident Response Plan to effectively manage cyber incidents. Additionally, thorough vetting and continuous monitoring of vendor security are conducted, alongside ongoing cybersecurity training programs for employees to maintain a strong security posture.

Climate-Related and Environmental Financial Risk	Climate-related financial risks for institutions like Mutual Aid include both physical risks and transition risks. Physical risks arise from direct damage caused by extreme weather events such as flooding, cyclones, and other climate-related natural disasters, potentially leading to asset damage, operational disruptions, and increased credit risk due to affected clients. Transition risks stem from shifts in policy, market sentiment, or regulations aimed at addressing climate change, such as carbon pricing or stricter environmental regulations, which may affect the valuation of assets or business models. Additionally, exposure to activities that cause or are affected by environmental degradation (like air or water pollution) can amplify these risks. Effective management of these risks requires careful assessment of vulnerabilities and integration into risk management and governance frameworks to protect financial stability and the institution's long-term sustainability.	Mutual Aid manages climate-related and environmental financial risks through a comprehensive Climate-Related and Environmental Risk Management Framework that integrates sound governance and risk management practices. This framework is supported by ongoing training and internal capacity building to ensure staff are equipped with the necessary knowledge and skills. Internal procedures and controls are established to identify, assess, monitor, and mitigate climate-related risks effectively. These measures align with regulatory guidelines such as those from the Bank of Mauritius and include setting clear roles and responsibilities, regular risk assessments, scenario analysis, and embedding climate risk considerations into strategic decision-making and internal capital adequacy processes.
Insurance risk	An insurance contract, as defined by IFRS 17, is a contract under which one party (the issuer) accepts	IFRS 17 requires companies to measure insurance contracts using updated estimates and assumptions that reflect the

	significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. For a contract to fall within the scope of IFRS 17, there must be a transfer of significant insurance risk from the policyholder to the issuer on a present value basis. Insurance risk refers to the risk that the occurrence, timing, or amount of the loss event differs from expectations. This definition emphasizes the importance of significant insurance risk and an uncertain future insured event as core elements that distinguish insurance contracts from other types of contracts.	timing of cash flows through discount rates and the uncertainty of insurance contracts via a risk adjustment. The expected yet unearned profit is represented by the contractual service margin (CSM), which insurers recognize only as they deliver insurance services over the coverage period. While IFRS 17 primarily applies to insurance companies, it is also relevant to any entities issuing contracts that meet its definition of insurance contracts. Consequently, Mutual Aid applies IFRS 17 provisions to the two funds it manages: the Mutual Solidarity Contribution and the Guarantee Benevolent Scheme. The first-time application of IFRS 17 has impacted the Mutual Aid's performance due to a methodological shift from yearly actuarial valuations to IFRS 17's measurement requirements. For the year under review, there has been a partial of the previous provisions. The related risks are closely monitored and reviewed periodically, with appropriate countermeasures applied to manage them effectively.

Credit risk management

Mutual Aid faces credit risk, which is the risk that a counterparty may fail to pay amounts due in full and on time. This risk mainly arises from loans granted by the

Company and represents the primary risk in its daily operations. Effective credit risk management is essential to minimize potential financial losses and ensure the institution's stability.

Credit monitoring and management

Mutual Aid manages credit risk exposures through a comprehensive and robust post-disbursement monitoring framework designed to ensure early detection and timely resolution of potential credit issues. The Debt Recovery Unit plays a pivotal role in this process by conducting regular and systematic portfolio reviews. This includes the identification of early warning signals such as payment delays, financial distress indicators, or changes in borrower circumstances. Accounts exhibiting signs of credit deterioration are promptly placed on a watch list and subjected to enhanced monitoring, with file reviews conducted at least monthly to facilitate swift intervention.

The credit monitoring process includes ongoing analysis of loan arrears, allowing management to take appropriate remedial actions—ranging from restructuring and enhanced collection efforts to initiating legal action where necessary. For risk mitigation, Mutual Aid requires personal guarantees from at least one guarantor for the main personal loan scheme. Loans secured against collateral, such as home loans and fixed charge loans, reduce exposure by providing tangible recovery assets in case of default.

Given Mutual Aid's focus on lending primarily to public sector employees, credit risk is further mitigated by the payroll deduction mechanism, whereby loan installments are deducted at source by the borrowers' employers and remitted directly to the Company. This arrangement significantly reduces the likelihood of default and enhances cash flow predictability. Additionally, in cases where a borrower passes away, outstanding loan balances are written off against the Mutual Solidarity Contribution Fund, thus safeguarding the Company's financial interests and maintaining portfolio quality.

Furthermore, Mutual Aid's credit risk management is supported by well-defined credit policies, internal controls, and governance oversight by senior management and the Board. Credit exposures are measured, monitored, and reported using key performance indicators and management information systems (MIS) that provide real-time portfolio insights. The Company also conducts periodic stress testing and risk assessment scenarios to evaluate portfolio resilience under varying economic conditions.

This multi-layered and proactive approach to credit monitoring and management ensures that credit risks are identified early, properly assessed, and effectively mitigated to protect the Mutual Aid's financial health and promote sustainable business growth.

Concentration risk

Credit concentration risk arises when Mutual Aid has large exposures to a single customer or a group of connected counterparties, which could lead to substantial losses capable of threatening the Mutual Aid's financial solvency. This risk stems from insufficient diversification and the potential correlation of defaults or downgrades among concentrated exposures.

To mitigate credit concentration risk, Mutual Aid adheres strictly to internal prudential limits whereby home and personal loans are capped to Rs 15m and Rs 7m respectively.

For individual deposits, the Board has approved a maximum limit of 2.5 percent of the total deposits, whereas for corporate deposits, the maximum limit is 5 percent of the total deposits. There are no cases of deposits exceeding such approved limit for the year under review.

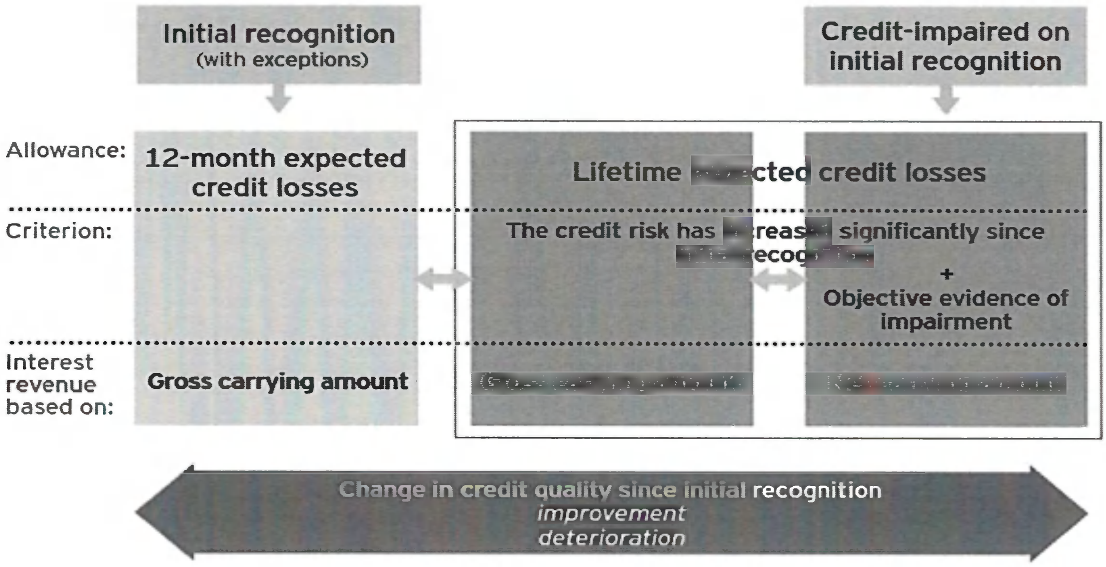
Related party transactions

Related party exposures are defined in accordance with the Bank of Mauritius (BOM) Guideline on Related Party Transactions. Following the revision of these guidelines on May 2022, a sub-committee was established to consolidate reports from all concerned parties prior to submission to the Board. The Mutual Aid maintains a Board-approved policy on Related Party Transactions, ensuring that all operations are conducted within the parameters of this policy. Quarterly reports are diligently prepared and submitted to the Bank of Mauritius in full compliance with regulatory requirements.

The concentration of the five largest loans, related party loan exposures, and deposits compared to the Tier 1 capital as at 30 June 2025 is shown below:

	Loans Rs m	Loan RPT Rs m	Deposits Rs m
Tier 1 Capital	18,147	18,147	18,147
5 Biggest exposures	46	29	452
Percentage	0.25%	0.16%	2.49%

IFRS 9 model structure



Stage 1 (Performing book) – 12m ECL

A 12-month expected credit loss provision is held for all performing accounts which have not deteriorated significantly in credit quality since initial recognition. Interest revenue is calculated on the gross carrying amount.

Stage 2 (Deteriorated book) – Lifetime ECL

A lifetime expected credit loss provision is held against accounts that have experienced a significant increase in credit risk since initial recognition, but for which there is not yet objective evidence of impairment. Interest calculation is same as for Stage 1.

Stage 3 (Non-performing book) – Lifetime ECL

A lifetime expected credit loss provision is held for accounts for which there is objective evidence of impairment. Initially, interest revenue is calculated based on the gross carrying amount. To comply with IFRS 9, which requires interest revenue to be calculated on the net carrying amount, an interest derecognition process is carried out.

The incorporation of Forward-Looking Information

Expected loss estimates are to be "forward looking and Point-in-Time" using all available information to inform loss expectations including the incorporation of forward-looking information, using 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. The business model of the Mutual Aid is also taken into consideration.

Staging process

Staging is determined using a set of quantitative and qualitative factors, with the most significant being the days past due (DPD) criterion, as prescribed by IFRS 9. The table below outlines the staging process based on the number of days past due:

Days Past Due	Stage
0 - 30	**1**
31 - 90	**2**
Greater than 90	**3**

The segments above have been aligned with the Bank of Mauritius guidelines on classification, provisioning and write-off of credit exposures. The guidelines were revised in August 2024. In addition to days past due, other qualitative factors, such as the impaired list and watchlist, are also considered.

Customer with multiple loans

In cases where a customer holds multiple loan accounts, all the loan accounts are classified as the highest of the stages among individual loan accounts. The approach is considered to account for contagion risk. Given that repayments are automatically deducted from the counterparty's monthly payroll, failure to repay one or multiple existing obligations suggests a broader repayment capacity issue. Ensuring consistency in staging across all facilities helps reflect the true credit risk associated with the obligor. The table below depicts some scenarios to explain the staging mechanism.

Sn.	**Customer with number of loans**	**Stage of individual loan**			**Stage (1,2,3) of all loans**
		Stage 1	**Stage 2**	**Stage 3**	
1	Customer with 1 loan			x	**3**
2	Customer with 2 loans	x	x		**2**
3	Customer with 2 loans		x	x	**3**
4	Customer with 2 loans	x		x	**3**
5	Customer with 3 loans	x	x	x	**3**

Joint loans with multiple applicants

In the case of a secured loan with multiple applicants, all applicants are assigned the same stage based on the most prudent arrears classification. This means the highest arrears classification among all applicants will determine the stage for the loan. The table below illustrates this mechanism.

Sn.	Joint loan with multiple applicants	Stage of each applicant			Stage of joint loan
		Stage 1	Stage 2	Stage 3	
1	Joint loan with 1 applicant			x	**3**
2	Joint loan with 2 applicants	x	x		**2**
3	Joint loan with 2 applicants		x	x	**3**
3	Joint loan with 2 applicants	x		x	**3**
4	Joint loan with 3 applicants	x	x	x	**3**

Backward transitions between stages are not considered, as the Days Past Due criterion is the most significant factor under Mutual Aid's repayment structure, where loan instalments are deducted directly at source.

Expected Credit Loss

Probability of Default (PD)

PD is a financial term describing the likelihood of a default occurring over a specific time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations. For example, a 20% PD implies that there is a 20% probability that the loan will default. (IFRS 9 makes a distinction between 12-month PD and a lifetime PD as described above).

Stemming from an assessment of the available data at model development, a logistic regression based on the new number of defaults per quarter is used to model PD estimates. Both MEV's and account level information (Loan Schemes and Stage) is considered with the aim to derive quarterly marginal PD term structures to be used in the ECL calculation. Consequently, the PD is assigned such that each risk level, depending on the loan scheme and stage of the facility, will have a different PD. The same approach is applied to undisbursed loans, where PDs are similarly assigned based on the loan scheme and stage of the facility.

In cases where all guarantors associated with a loan are classified as non-performing, the PD assigned to the loan is aligned with that of an unsecured exposure. Specifically, the PD derived for Bin 3 as per table below. This approach reflects the principle of cross-guarantee, recognizing that the support expected from guarantors is no longer effective under such circumstances.

Bins	Description
Bin 1	• Considered very low risk schemes • Secured with collaterals (Housing, Fixed Charge, Vehicles etc.)
Bin 2	• Considered low risk schemes • Guaranteed by personal guarantors
Bin 3	• Considered medium risk schemes • Consists of unsecured loans

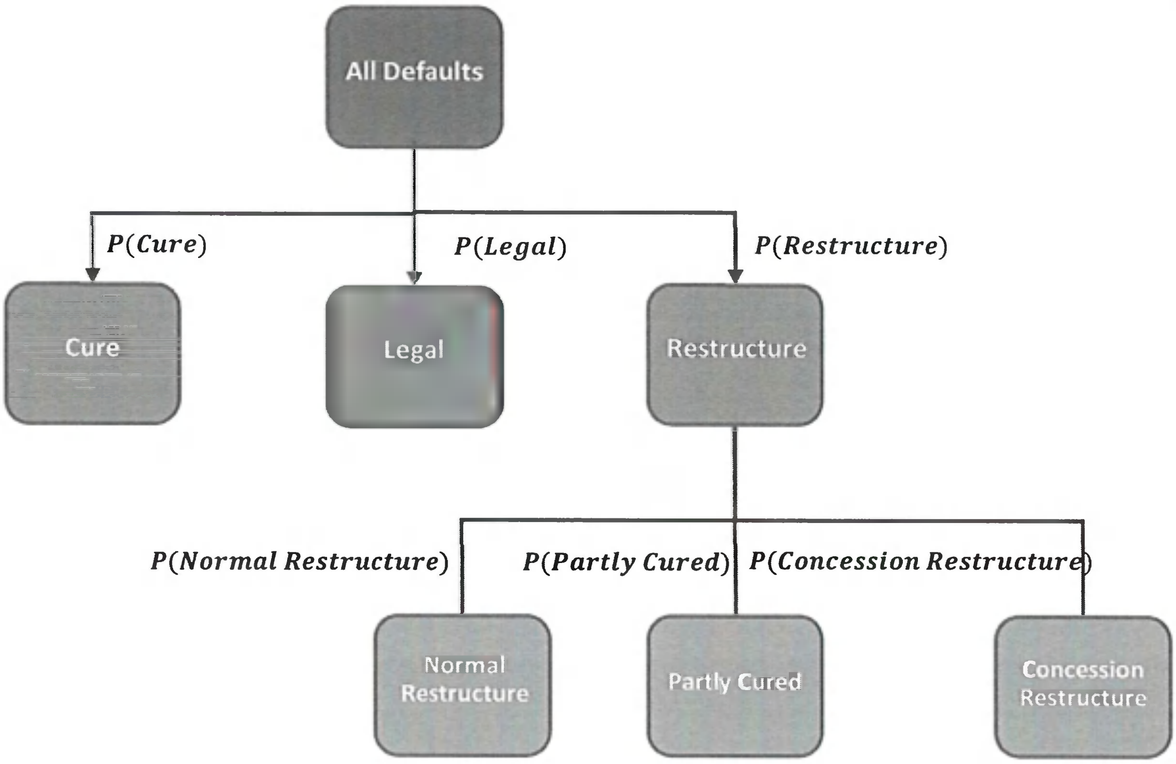
Exposure at Default (EAD)

EAD represents the estimated amount that Mutual Aid may be exposed to in the event of a borrower's default. It reflects the potential loss at the time of default, which is assumed to occur at an uncertain future date.

Loss Given Default (LGD)

LGD is the share of an asset that is expected to be lost if a borrower defaults, expressed as a percentage of the total capital at risk.

The Mutual Aid LGD model was developed by estimating the LGD for an exposure by considering three possible outcomes of a default event. Each outcome represents a distinct workout path and is illustrated below:



ECL for Stage 3 accounts

Given that Mutual Aid's portfolio is low default in nature, recovery data on defaulted facilities is currently limited and not appropriate for statistical modelling. Prior to the adoption of IFRS 9, the Company applied the incurred loss model, under which ECL were calculated only for defaulted facilities. This approach relied on the discounted cash flow (DCF) method, which estimated the percentage of recovery from the defaulted amount.

As a result, the transition to IFRS 9 did not lead to a significant change in the provisioning methodology for Stage 3 exposures. These exposures are now assessed on a case-by-case basis, with prudent judgment applied to ensure appropriate provisioning. This involves comparing expected cash flows with expected losses, where applicable.

Allowances for credit losses June 2025 on loans and advances

Allowances for credit losses on loans and advances as at June 2025 reflect the Mutual Aid's proactive and prudent approach to maintaining adequate provisioning levels amidst an ongoing unsteady operating environment. Throughout the financial year 2025, comfortable Expected Credit Loss (ECL) levels were sustained, supported by comprehensive analyses, conservative assumptions, and robust modelling exercises.

As at 30 June 2025, the Expected Credit Loss (ECL) allowance amounted to Rs 850 million, of which Rs 282 million related to Stage 1 and Stage 2 loans and advances. The corresponding entire ECL coverage ratio stood at about 69%, reflecting the Mutual Aid's disciplined credit risk management and provisioning in line with regulatory expectations and prevailing economic conditions.

[illegible]	[illegible]	[illegible]	[illegible]
Stage 1			
Exposure	36,848	36,001	34,726
Expected Credit Losses	73	133	152
Coverage ratio	0.20%	0.37%	0.44%
Stage 2			
Exposure	847	794	326
Expected Credit Losses	209	18	9
Coverage ratio	24.63%	2.27%	2.80%
Stage 3			
Exposure	1,272	1,240	1,070
Expected Credit Losses	568	662	602
Coverage ratio	44.67%	53.40%	56.28%

Besides regarding provisioning under prudential norm, an amount of Rs 373 million was booked in line with the guideline on credit classification, provisioning and write off of credit exposures.

Rescheduled advances

Rescheduling is a measure designed to assist clients experiencing temporary cash flow difficulties by providing necessary concessions tailored to their changed circumstances. Rescheduled Advances refer to facilities whose original terms and conditions have been formally amended through mutual agreement between the Mutual Aid and the client.

The nature of the rescheduling exercise varies depending on the client's specific situation and may include extension of the facility's maturity, a moratorium on capital repayments, or a complete restructuring of the loan.

The Mutual Aid maintains a robust policy to monitor forborne loans, ensuring that payment performance remains sustainable going forward. This policy is aligned with and adheres to the requirements set forth in the Bank of Mauritius Guideline on Credit Impairment and Income Recognition for restructured facilities.

Furthermore, the Mutual Aid deals exclusively with its members regarding loan facilities, taking a compassionate approach in considering rescheduling requests. This compassion is exercised without compromising the institution's commitment to maintaining financial stability and prudent risk management.

Liquidity risk management

Liquidity risk is the risk that the Mutual Aid is unable to meet its financial obligations as they fall due, arising from customer deposit withdrawals, contractual cash flow commitments, or other cash outflows. The Mutual Aid ensures the maintenance of sufficient liquidity to fund day-to-day operations, meet deposit withdrawals, and support loan disbursements.

Liquidity and cash flow positions are monitored and reported to Senior Management daily and to the Finance and Risk Management Committee monthly to ensure timely oversight. The Mutual Aid has established a documented Liquidity Risk Management Framework (LRMF) that defines its liquidity risk management objectives, including the determination of minimum Liquidity Buffer levels. The Liquidity Buffer comprises cash, unencumbered bonds, money market securities, and deposits to ensure adequate funding.

The business model inherently entails liquidity risk, primarily through maturity mismatches between assets and liabilities, interest rate variances, concentration risk, and the need to maintain appropriate funding sources and liquidity ratios. Consequently, liquidity risk is managed through prudential limits on maturity mismatches, liquid asset ratios, and deposit concentration.

Liquidity risk is continuously assessed using other relevant ratios, early warning indicators, stress testing, and scenario analysis to measure and manage time bucket mismatches under normal and stressed conditions. Reporting and analysis occur daily, weekly, monthly, quarterly, and annually, ensuring rigorous oversight.

The Mutual Aid adopts a prudential and conservative approach to liquidity risk management, including maintaining a comprehensive liquidity contingency funding plan with well-defined actions in the event of a liquidity crisis, in full alignment with the Mutual Aid's LRMF requirements.

In addition, the Mutual Aid has embarked on diversifying its sources of funding by incorporating borrowings from banks. These borrowings are strategically structured to align with the repayment profiles of loans and advances, ensuring monthly repayment of both principal and interest. This approach supports prudent liquidity and funding management, thereby reducing the liquidity gap associated with maturing deposits.

Liquidity assets ratio

Mutual Aid, as a licensed deposit-taking institution regulated by the Bank of Mauritius, is mandated to comply with a minimum liquid assets ratio of 10 percent at all times. This regulatory requirement ensures that Mutual Aid maintains a robust liquidity position capable of meeting its immediate obligations and safeguarding depositor interests in normal and stressed conditions.

The Mutual Aid has consciously maintained liquid assets significantly above the prescribed minimum. This proactive approach is reflected in our comprehensive liquidity strategy, which includes a well-defined liquidity risk tolerance, a buffer of unencumbered high-quality liquid assets (HQLA), and contingency funding plans to address potential liquidity stress scenarios.

The additional liquid assets held serve as an essential cushion to bolster resilience against unforeseen cash flow demands and market disruptions, thereby ensuring operational continuity and financial stability. The details of these supplementary liquid asset holdings, their composition, and corresponding risk management measures are set out below:

	30 June 2025 Rs m	30 June 2024 Rs m	30 June 2023 Rs m
Average deposits	14,214	16,781	19,442
Average liquid assets	4,445	3,851	5,385
Liquid assets ratio	**31%**	**23%**	**28%**

Capital risk management

Capital risk refers to the risk that the Company may not have sufficient capital resources to meet the minimum regulatory capital requirements necessary to support its regulated activities, strategic growth, and operational resilience.

The Company's capital management objective is to ensure that adequate capital resources are maintained to support sustained business growth and absorb potential losses during adverse conditions. This involves maintaining a robust capital base that aligns with current and anticipated risks while complying fully with regulatory mandates.

The minimum capital adequacy ratio that the Company is required to maintain is 10% of risk-weighted assets (RWA).

Eligible capital typically consists of Tier 1 capital, including Common Equity Tier 1 (CET1) comprising shareholders' equity and retained earnings, and Tier 2 capital, which may include subordinated debt and other eligible instruments. Risk-weighted assets are calculated by assigning risk weights to different asset classes based on the degree of credit, market, and operational risk they carry.

Maintaining the capital adequacy ratio above the prescribed minimum ensures the Company's solvency and ability to absorb unexpected losses, thereby promoting financial stability, protecting depositors and stakeholders, and supporting regulatory compliance.

The Company continues to monitor its capital position closely, adopting a prudent approach to capital planning and management in line with regulatory requirements and best practices.

	30 June 2025 Rs m	30 June 2024 Rs m	30 June 2023 Rs m
Tier 1 capital	18,147	16,217	15,136
Tier 2 capital	-	-	-
Total capital base	18,147	16,217	15,136
Risk weighted assets	19,885	20,275	19,314
Capital adequacy ratio	**91%**	**80%**	**78%**

Climate-related and environmental financial risks

The accelerating impacts of climate change pose substantial challenges and strategic opportunities for financial institutions globally. Mauritius faces increasing vulnerability to extreme weather events, rising temperatures, and environmental changes that jeopardize economic stability and community wellbeing. At Mutual Aid, we recognize the critical importance of integrating climate-related and environmental financial risks into our operational framework. We are committed to supporting the transition towards sustainable, lower-carbon operations and products to foster long-term resilience and value creation.

Physical risks

Physical risks stem from the tangible impacts of climate change on Mutual Aid's assets, operations, and infrastructure. These risks materialize through extreme weather events such as floods, cyclones, heatwaves, rising sea levels, and wildfires, which can inflict immediate and severe damage to infrastructure and disrupt supply chains, potentially resulting in significant financial losses. The Mutual Aid actively monitors both acute physical risks, driven by discrete climate events, and chronic physical risks, characterized by gradual, long-term shifts in climatic conditions. This vigilance enables proactive risk management and resilience building in the face of evolving climate challenges.

Transition risks

Transition risks arise from the financial consequences associated with the global shift to a low-carbon economy. This transformation is driven by evolving policies, technological innovations, and shifting market sentiments aimed at reducing greenhouse gas emissions and fostering sustainable practices. Mutual Aid continuously evaluates its portfolio's exposure to these risks and adjusts its strategies to facilitate a smooth transition while minimizing financial impact.

Climate and environmental risks present multifaceted challenges that can affect financial stability across various time horizons. In response, the Mutual Aid has proactively enhanced its risk management approach to ensure resilience, responsibility, and alignment with stakeholder expectations.

As part of Mutual Aid's commitment to robust governance and transparency, climate and environmental considerations have been fully integrated into its Overall Risk Management Framework (ORMF). This integration encompasses adherence to regulatory requirements and the implementation of proactive measures to maintain ongoing compliance and strategic readiness.

To support this effort, Mutual Aid has:

- engaged with specialist service providers to enhance climate risk identification and management;

- updated internal policies to reflect climate considerations;
- implemented screening tools to strengthen its risk assessment processes;
- invested in staff training to build capability in managing climate and environmental risks;
- improved its monitoring, oversight and disclosure practices to promote accountability.

The Mutual Aid maintains ongoing dialogue with key stakeholders—including regulators, industry peers, and the members it serves—to deepen understanding of their expectations and effectively address their concerns. These actions reflect Mutual Aid's steadfast commitment to embedding sustainability into its business strategy, ensuring long-term value creation that is inclusive, responsible, and responsive to evolving stakeholder needs.

In alignment with the Bank of Mauritius Climate-Related and Environmental Financial Risk Management Guideline (April 2022), the Mutual Aid manages climate-related and environmental financial risks through four core pillars: Governance, Strategy, Risk Management, and Metrics & Targets. The integrated application of these pillars guides Mutual Aid's climate response, supports informed decision-making, and drives sustainable outcomes across the Association.

1(zz)

Governance

Board and Management Oversight of Climate-Related Issues

- The Board of Directors establishes climate principles and ensures strategic alignment with regulatory requirements and sustainability goals through semi-annual reviews.
- The Finance & Risk Management Committee refines the climate risk appetite and regularly updates the Board on emerging risks and opportunities.
- Senior Management ensures implementation of the climate risk framework and clear reporting lines
- Climate considerations embedded in decision-making and governance processes
- Staff training provided on energy efficiency and sustainable practices

Strategy

Climate Considerations in Organisational Strategy and Planning

Climate risks considered over three timeframes:

- Short term: < 1 year
- Medium term: by 2030 (net zero in own operations)
- Long term: by 2050 (net zero in financed emissions)

Key initiatives include:

- Emission reductions via digital practices (e.g., e-statements) and energy-efficient upgrades
- Infrastructure improvements (LED lighting, motion sensors, AC inverters)
- Staff engagement on water and energy conservation
- Green financing for solar, water harvesting, hydroponics, and electric vehicles
- Enhancing climate resilience through Natural Disasters & Calamities Loans

Risk Management

Our Climate Risk Framework

- Climate risk integrated into the Overall Risk Management Framework (ORMF)
- KPIs set at various levels cascading from the CEO to employees
- Stress testing planned to assess climate scenario resilience

Identification and Management of Climate-Related Risks

- Transition risks addressed through emissions reduction from financed activities and providing green financing solutions to clients
- Physical risks managed with specialised loans to enhance asset resilience and support disaster recovery
- Climate risk assessments applied throughout the lending process from client on-boarding to periodic reviews
- Assess the physical and transition risks for each borrower as well as the geographic risks tied to collateral.

Metrics and Targets

Monitoring Progress Towards Climate Goals

- Qualitative indicators used to track environmental efforts include:
  - Promoting digital communication to reduce paper consumption
  - Reducing electricity use through energy-efficient upgrades (LED lighting, motion sensors, AC inverters)
  - Educating staff on energy-saving behaviors to lower the overall environmental footprint
- While quantitative targets are still under development, these actions demonstrate a proactive approach to managing environmental impact

The transition to a climate-resilient economy is not only necessary but inevitable. Mutual Aid is committed to managing climate-related financial risks with responsibility, transparency, and foresight. By aligning its governance, strategy, risk management practices, and disclosures with the Bank of Mauritius Climate-Related and Environmental Financial Risk Management Guideline (April 2022), the Mutual Aid aims to safeguard the long-term financial wellbeing of its members while actively supporting national efforts toward environmental sustainability and resilience. This commitment underscores Mutual Aid's dedication to embedding sustainability into its core operations and ensuring enduring value creation in a changing climate landscape.

The financial statements for the Group's operations in Mauritius presented in this annual report have been prepared by Management, who is responsible for their integrity, consistency, objectivity and reliability. IFRS Accounting Standards as issued by the International Accounting Standards Board as well as the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004, and the guidelines issued thereunder, have been applied and Management has exercised judgement and made best estimates where deemed necessary.

The Group has designed and maintained 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 Group's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Group.

The Group's Board of Directors, acting in part through the Audit and Corporate Governance Committee which comprises of independent directors, oversees Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Group's Internal Auditor, who has full and free access to the Audit Committee, conducts a well designed program of internal audits. In addition, the Group'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 Group, as it deems necessary.

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

....	....	....
Mr M. Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

Date: 26 September 2025

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits payable during the year were as follows:

	THE GROUP		THE COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Executive/Non-executive directors	23,783,486	21,987,514	22,427,796	20,679,514
	23,783,486	21,987,514	22,427,796	20,679,514

The directors consider the requirement for individual disclosure of directors' remuneration to be commercially sensitive information.

DONATIONS

There was no donation made in 2025 (2024: Nil and 2023: Nil) as disclosed in the Corporate Governance report.

AUDITORS

The fees payable to the auditors were:

	THE GROUP		THE COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Audit Fee by Deloitte	4,514,500	4,418,300	4,388,000	4,303,300
Other services (Note 1)	826,850	3,454,025	803,850	3,428,725
	5,341,350	7,872,325	5,191,850	7,732,025

Note 1

The other services relate to review of tax computation, review of AML/CFT and assurance report on dividend.

OBJECTIVES AND CORPORATE GOVERNANCE STRUCTURE

Corporate Governance is the process and framework used to direct and manage the business and affairs of 'The Mauritius Civil Service Mutual Aid Association Ltd' (thereafter referred to as 'Mutual Aid' or 'Company') with the objective of ensuring its safety and soundness and enhancing shareholders' value. The process and framework define the division of power and establishes mechanisms for achieving accountability between Board of Directors, Management and shareholders, while protecting the interests of depositors and taking into account the effects on other stakeholders such as creditors, employees, customers and the community.

Because of its special position of trust towards its various stakeholders, its Corporate Governance is a matter of paramount importance. The Mutual Aid is a highly leveraged institution with most of its funds coming from depositors. The guideline on Corporate Governance issued by the Bank of Mauritius and the National Code on Corporate Governance applies to Mutual Aid as a non-bank deposit taking institution. The relevant requirements of the Banking Act 2004 and the Mauritius Companies Act 2001 have also been taken into account.

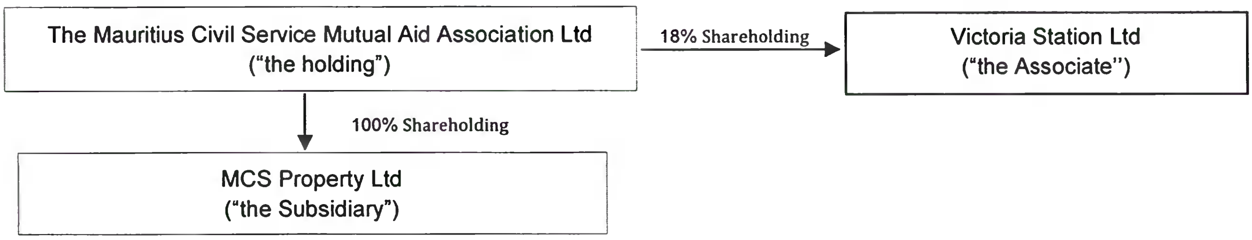
CORPORATE GOVERNANCE PRACTICES AND POLICIES

Mutual Aid's Corporate Governance system consists of the Board of Directors, Board Committees, Management, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations. This framework ensures that the business and affairs of Mutual Aid are managed in a transparent and ethical manner and in the best interest of stakeholders in general and in particular the members.

COMPLIANCE STATEMENT

Mutual Aid is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the Company is managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the Board subscribes to and is fully committed to complying with the National Code of Corporate Governance for Mauritius (2016).

GROUP STRUCTURE



SUBSIDIARY

The Mutual Aid has incorporated a wholly owned subsidiary (the MCS Property Ltd) in 2017 to own and rent idle space in its freehold buildings.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS

<u>Principle 1: Governance Structure</u>

The Mauritius Civil Service Mutual Aid Association Ltd is headed by an effective Board of Directors. Responsibilities and accountabilities within the Mutual Aid are clearly identified.

The Board of Directors affirms that the Mutual Aid is a public interest entity as defined by law. According to the Financial Reporting Act 2004, a public interest entity includes a financial institution regulated by the Bank of Mauritius, and therefore includes The Mauritius Civil Service Mutual Aid Association Ltd.

The Board of Directors affirms that Mutual Aid has applied all of the Principles contained in the National Code of Corporate Governance and assumes responsibility for leading and controlling Mutual Aid, as per legal and regulatory requirements applicable to the Company.

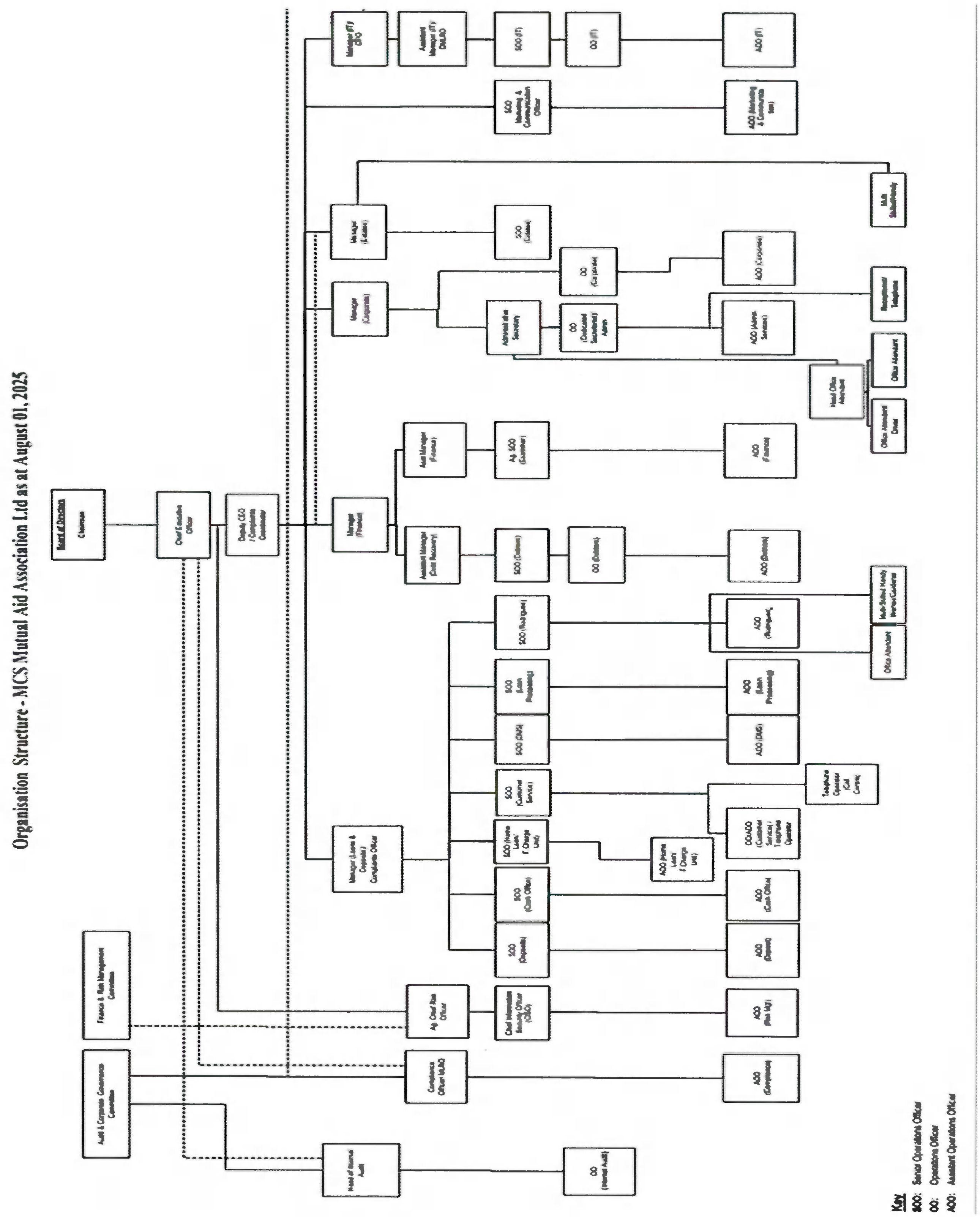
The Board has approved all the key guiding documents and policies and affirms each key governance role, as follows:
1. Its charter
2. Code of Ethics
3. Job description of the CEO
4. Organisational chart (See below)
5. Statement of major accountabilities

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 1: Governance Structure (Continued)

The job description of the CEO, who is also the Company Secretary, has been approved by the Board of Directors in 2012. For other key senior governance positions, these are as per Section 143 of the Companies Act 2001.

The Board approves the Organisational structure (in full) each year and at a lesser interval in case of significant changes in the organisation chart or including in the context of a salary review.



NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 1: Governance Structure (Continued)

The Board as a whole is collectively responsible for promoting the success of the organisation by directing and supervising the Company's affairs.

The following are available on the website of the Mutual Aid:

- The Mutual Aid's constitution.
- Board of Directors' charter.
- Code of Ethics.
- Organisational Chart.

Principle 2: The Structure of the Board and its Committees

The Board of Directors is made up of independently minded directors. It includes an appropriate combination of executive, independent and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board of Directors is of a size and level of diversity that commensurate with the sophistication and scale of the Mutual Aid. Appropriate Board committees have been set up to assist the Board of Directors in the effective performance of its duties.

BOARD OF DIRECTORS

The Board has a unitary structure comprising independent directors. The Board of Directors is "balanced", that is, there is a mix of gender and executive and independent directors. There is one executive director appointed by the Board of Directors and 8 other directors appointed by the Minister of Finance as per the Constitution of the Mutual Aid.

The Board of Directors affirms that the independent directors do not have a relationship (other than as per normal market conditions as members) with Mutual Aid and affirms that none of the directors have a relationship with the majority shareholders of the Company. The Board consists of more than two independent directors.

As per the Mauritius Civil Service Mutual Aid Association Act 1895, the Board of directors of the Company (size and composition) is appointed by the Minister of Finance. The Board consists of 9 directors which is considered of adequate size and represents various interests. All directors are residents of Mauritius. 3 new directors joined the Association in July 2023 and as at June 30, 2025, there were 4 women among the 9 directors.

The Board Charter, including powers and duties of Directors are set out in the Company's Constitution. The Board formulates the strategic objectives and plans of Mutual Aid, sets corporate objectives and budgets, oversees the operations and delegates authority to Management to implement strategies, plans and policies approved by the Board.

The Board charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

DIRECTORATE AND MANAGEMENT

Board of Directors Profile

The Board comprised of nine directors during the financial year. Their profiles are provided below:

1. **Mr. Mahensingh Bheekhee** (Non-executive Director) is the Chairperson of the Board since April 01, 2023 and currently acts as Chairperson of the Mutual Aid Foundation Committee. He was formerly the Chairperson of the Finance and Risk Management Committee. He is the holder of a BSc (Hons) Economics from University of Mauritius and an MSc in Financial Economics from University of London.

2. **Mr. Vishnoorow Luximon** (Independent Director) is the Vice Chairperson of the Board. He was formerly the Chairperson of the Audit and Corporate Governance Committee (up to May 07, 2025). He is the holder of a BA Hons Mathematics from University of Delhi. He was appointed on June 17, 2019.

3. **Mrs Nisha Devi Manic** (Independent Director) is the Vice Chairperson of the Board. She was formerly the Chairperson of the Staff Committee (up to May 07, 2025). She is the holder of a BSc. (Hons) Horticulture, MSc in Environmental Management and a Commonwealth Executive Master of Business Administration. She was appointed on June 17, 2019.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Board of Directors Profile (Continued)

4. **Mr. Poonit Ramjug** (Independent Director) is the vice Chairperson of the Board and acts as Chairperson of the Finance and Risk Management Committee. He is the holder of a BSC in Chemistry, Botany, and Geology and a BSC (Hons) in Social Work. He was appointed on July 04, 2023.

5. **Miss Marie Claudine Josiane Lilette Paya** (Independent Director) is a Member of the Board and acts as Chairperson of the Marketing Committee. She is the holder of a Diploma in Law & Management and BA in Legal Studies & Management. She was appointed on June 17, 2019.

6. **Miss Khatidia Rajabalee** (Independent Director) is a Member of the Board. She was formerly the Chairperson of the Superannuation & Pension Fund Committee (up to May 07, 2025). She is the holder of a Teacher's Diploma in English & French, MIE and B.Ed Hons (French) from the University of Mauritius. She was appointed on June 17, 2019.

7. **Mr. Jean Alain Bédeux** (Non-executive Director) is a Member of the Board. He acts as Chairperson of the Audit and Corporate Governance Committee and Superannuation & Pension Fund Committee (since May 08, 2025). He is the holder of a Certificate in Marine Cartography, United Kingdom Hydrographic Office. He was appointed on July 04, 2023.

8. **Mrs Priya Kumaree Daby-Sunnoo** (Non-executive Director) is a Member of the Board and acts as Chairperson of the Investment Committee and the Staff Committee since May 08, 2025. She is the holder of a Bachelor of Laws with Honours from the University of Mauritius. She was appointed on July 04, 2023.

9. **Mr. Nityanandsingh Dabeesingh** (Executive Director) is a Member of the Board and the Chief Executive Officer of the Mutual Aid. He is the holder of a Diploma in Economics & Social Studies, and a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a Fellow Member of the Mauritius Institute of Directors (MIOD) and a member of the Mauritius Institute of Professional Accountants (MIPA). He is also the Company Secretary of the Mutual Aid Association and joined as General Manager of the Company in October 1993.

SN.	Directors	Type of Directorship at MCS Mutual Aid	Directorship in MCS Property Ltd	Type of Directorship for MCS Property
1	BHEEKHEE, Mr. Mahensingh	Non-executive Director	Yes	Non-executive Director
2	LUXIMON, Mr. Vishnoorow	Independent Director	No	
3	RAMJUG, Mr. Poonit	Independent Director	Yes	Non-executive Director
4	MANIC, Mrs Nisha Devi	Independent Director	No	
5	PAYA, Miss Marie Claudine Josiane Lilette	Independent Director	No	
6	RAJABALEE, Miss Khatidia	Independent Director	No	
7	BÉDEUX, Mr Jean Alain	Non-executive Director	No	
8	DABY-SUNNOO, Mrs Priya Kumaree	Non-executive Director	No	
9	DABEESINGH, Mr. Nityanandsingh	Executive Director	Yes	Non-executive Director

The directors consider the requirement for external directorship in other organisations to be commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

OTHER DIRECTORSHIP OF DIRECTORS IN LISTED COMPANIES

None of the directors listed above have directorship in listed companies.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

DIRECTORS OF MCS Property Ltd

The directors of the Mutual Aid's subsidiary were as follows:

SN.	NAME OF DIRECTORS
1.	Mr. Nundlall BASANT ROI
2.	Mr. Poonit RAMJUG
3.	Mr. Mahensingh BHEEKHEE
4.	Mr. Nityanandsingh DABEESINGH

Mr. Jean Bruneau Dorasami is no longer a Director of the MCS Property Ltd since May 21, 2025.

ROLE OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

An Executive Director means a member of the board who is in full time employment of the financial institution whereas a Non-Executive Director means a member of the board who is not an executive director and who is not associated with the day-to-day activities of the Company.

A. Executive Directors

Where a director also holds office as an executive, the director ensures that exercise that degree of care, diligence and skill which a reasonably prudent and competent executive in that position would exercise.

B. Non-Executive Directors

Non-executive directors have the same general legal responsibilities to the Company as any other director.

In addition, the role of the non-executive directors includes the following key elements:

Strategy: The Non-executive directors constructively challenge and contribute to the development of strategy;

Performance: Non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Risk: Non-executive directors are responsible for ensuring that the financial information of the Company is accurate, and that financial controls and systems of risk management are robust and defensible; and

People: Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and, where necessary, removing senior management and in succession planning.

MANAGEMENT PROFILE

1. **Mr. Nityanandsingh Dabeesingh** is the Chief Executive Officer of the Mutual Aid Association. He is the holder of a Diploma in Economics & Social Studies and a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a Fellow Member of the Mauritius Institute of Directors (MIOD) and a member of the Mauritius Institute of Professional Accountants (MIPA). He is also the Company Secretary of the Mutual Aid Association and joined as General Manager of the Company in October 1993.

2. **Mr. Lutchmansing Ramjatton** is the Deputy Chief Executive Officer of Mutual Aid. He is the holder of a degree in Accounting (BSc (Hons)), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and has a Master's Degree in Finance. He is also a member of the Mauritius Institute of Professional Accountants (MIPA). He joined Mutual Aid in June 2008 after several years as Financial Controller at the National Transport Corporation.

3. **Mr. Rajendranath Bharosay** is the Manager (IT) of Mutual Aid. He holds a degree from the British Computer Society and is the holder of the ITIL Foundation Certificate and possesses an MBA from the AMITY Institute of Higher Education. He is a member of the Information Systems Audit and Control Association (ISACA) and has successfully completed the CISA (Certified Information System Auditor) exam. He also holds an Honours Diploma in Network-Centered from NIIT and a Diploma from the Institute for the Management of Information Systems (IMIS). He joined the Company in April 2008.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

MANAGEMENT PROFILE (CONTINUED)

4. **Mr. Rajnish Ramchurun** is the Head of Internal Audit of Mutual Aid as from October 2020. He holds a Master's in Business Administration (MBA), is a board member of the Institute of internal Auditors (Mauritius), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and is also a member of the Mauritius Institute of Professional Accountants (MIPA). He also possesses a Degree in Management. He joined the Association in January 2012 and he has over eighteen years of auditing and compliance experience, mainly in the Banking sector. He has been the Manager (Compliance) of Mutual Aid from January 2012 to September 2020.

5. **Mr. Gujsensing Chundunsing** is the Manager (Loans and Deposits) of Mutual Aid. He is a qualified management accountant from the Chartered Institute of Management Accountants (CIMA) and possesses an MBA from the AMITY Institute of Higher Education. He joined the Company in January 2012 after several years as Manager (Finance, Commercial, Office and Administrative) in the Textile, Manufacturing and Global Business sectors.

6. **Mr. Varma Orgoo** is the Manager (Finance) at Mutual Aid and also serves as Company Secretary for MCS Property Ltd, a wholly-owned subsidiary of Mutual Aid. Beyond his roles at Mutual Aid, he also represents the latter on the Board of Victoria Station Ltd. He holds a degree in Accounting and Finance and an MBA from Heriot-Watt University's Edinburgh Business School, Scotland. He also holds professional designations as a Fellow Member of the ACCA and a Member of MIPA. Mr. Orgoo began his career in the offshore sector before moving into the banking sector's Accounting and Treasury Department. He joined Mutual Aid in August 2005, and his current responsibilities are broad, encompassing Accounting, Finance, Recovery, Treasury, Reporting, Taxation, and Property Management. Additionally, he oversees the Credit and Liquidity Risks management functions. He also acts as Secretary for the Board's Finance & Risk Management, Investment, and Property sub-committees.

7. **Mrs Pooranjanee Luxmee Fokeerchand** is the Manager (Corporate) of Mutual Aid. She holds a Master's in Business Administration (MBA) in Knowledge Management and HR and is also holder of a degree in Human Resource Management (BSc (Hons) from the University of Mauritius. She joined the Company as Assistant Manager (HR) in September 2016. Prior to joining the Mutual Aid Association, she reckoned experience mainly in Human Resource Management in a holding company.

8. **Mr. Jeevan Boodhoo** is the Manager (Estates) of Mutual Aid. He holds a diploma in Development Studies from the University of Mauritius and a degree in Human Resource Management from the University of Technology, Mauritius. He joined the Association in 1981 and reckons more than 17 years of experience in Asset Management.

ROLE OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

In line with the requirements of the National Code of Corporate Governance of Mauritius and the Bank of Mauritius Guidelines, the roles of the Chairperson and the Chief Executive Officer are separate. The Board is currently led by the Chairperson, Mr. Mahensingh Bheekhee and the executive management of the Mutual Aid is the responsibility of the Chief Executive Officer, Mr. Nityanandsingh Dabeesingh.

ROLE OF CHAIRPERSON

The chairperson is responsible for:

- Directing and chairing board meetings
- Facilitating the effective contribution and encouraging active engagement by all members of the board.
- Ensuring that new directors participate in a full, formal and tailored induction programmes, facilitated by the company secretary.
- Ensuring effective communication with shareholders.
- Arranging for the chairmen of board committees to be available to answer questions at the Annual Meeting and for the directors to attend.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

ROLE OF CHAIRPERSON (CONTINUED)

In addition, the chairperson:

i. Sets the ethical tone for the board and the Company and uphold the highest standards of integrity and probity.

ii. Sets the agenda, style and tone of board discussions to promote effective decision making and constructive debate.

iii. Ensures that the directors are fully informed about all issues on which the board will have to make a decision, through briefings with the chief executive, the company secretary, and members of the executive management as appropriate.

iv. Ensures clear structure for, and the effective running of board committees.

v. Ensures effective implementation of board decisions.

vi. Promotes effective relationships and open communication between executive and non- executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.

vii. Builds and maintains stakeholders trust and confidence in the Company and in conjunction with the CEO, representing the Company to key stakeholders.

viii. With the assistance of the company secretary, promotes the highest standards of corporate governance. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.

ix. Ensures an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).

x. Ensures the long-term sustainability of the business.

xi. Ensures the continual improvement in quality and calibre of the executives.

xii. Establishes a close relationship of trust with the CEO and management, providing support and advice while respecting executive responsibility.

xiii. Ensures effective communication with shareholders and other stakeholders.

ROLE OF CHIEF EXECUTIVE OFFICER

Consistent with the direction given by the board, the Chief Executive Officer (CEO) implements business strategies, risk management systems, risk culture, processes and controls for managing the risks to which the financial institution is exposed and concerning which he is responsible for complying with laws, regulations and internal policies. This includes a comprehensive and independent risk management, compliance and audit functions as well as an effective overall system of internal controls.

The CEO recognizes and respects the independent duties of the risk management, compliance and internal audit functions and does not interfere in the exercise of such duties.

The CEO provides adequate oversight over those he manages and ensures that the financial institution's activities are consistent with the business strategy, risk appetite and the policies approved by the board.

The CEO is responsible for delegating duties to staff. He establishes a management structure that promotes accountability and transparency throughout the financial institution.

The CEO provides the board with the information it needs to carry out its responsibilities. In this regard, the CEO keeps the board regularly and adequately informed of material matters, including: changes in business strategy, risk strategy/risk appetite; the financial institution's performance and financial condition; breaches of risk limits or compliance rules; internal control failures; legal or regulatory concerns; and issues raised as a result of the financial institution's whistleblowing procedures.

The CEO is directly responsible for the day-to-day operations of the financial institution and is conversant with the state of internal control, the prevailing legislation as well as current issues impinging the financial sector.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

ROLE AND FUNCTION OF THE COMPANY SECRETARY

Mr. Nityanandsingh Dabeesingh is the Company Secretary of Mutual Aid. The role and functions of the Company Secretary are as follows:

(a) providing the Board with guidance as to its duties, responsibilities and powers;

(b) informing the Board of all legislation relevant to or affecting meetings of shareholders and directors and reporting at any meetings and the filing of any documents required of the Company and any failure to comply with such legislation;

(c) ensuring that minutes of all meetings of shareholders or directors are properly recorded, and all statutory registers are properly maintained;

(d) certifying in the annual financial statements of the Company that the Company has filed with the Corporate Department all such returns as are required of the Company;

(e) ensuring that a copy of the Company's annual financial statements and, where applicable, the annual report is available to every person entitled to such statements.

BOARD COMMITTEES

The Board Committee structure is designed to assist the Board in the discharge of its duties and responsibilities. Each committee has its own charter which has been approved by the Board. Through the deliberations and reporting of its various committees, the Board ensures that Management's daily actions are in line with the Board's objectives and regulatory requirements. The current Board Committees are as follows:

- Audit and Corporate Governance Committee.
- Finance and Risk Management Committee.
- Staff Committee.
- Mutual Aid Foundation Committee
- Marketing Committee
- Investment Committee.

Audit and Corporate Governance Committee

This committee has been set up to assist the Board in fulfilling part of its duties and responsibilities, providing a link between the Board, internal audit and external auditors. It has also been established to determine and develop Mutual Aid's general policy on Corporate Governance in accordance with the applicable Code of Corporate Governance.

(a) Terms of Reference

The Committee focuses and makes on and make recommendations to the Board on matters pertaining to:

- the functioning of the internal control system;
- the functioning of the Compliance Department;
- the risk areas of the Company's operations to be covered in the scope of the internal and external audits;
- the reliability and accuracy of the financial information provided by Management to the Board and other users of financial information;
- whether the Company should continue to use the services of the current external and internal auditors;
- any accounting or auditing concerns identified as a result of the internal or external audits;
- the Company's compliance with legal and regulatory requirements with regard to financial matters;
- the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- the nature and extent of non-audit services provided by the external auditors, where applicable;
- the financial information to be published by the Board;
- the assessment of Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation.

The Committee meets each quarter and fulfills its responsibilities for the year in compliance with its terms of reference.

The Chairperson of the Committee informs the Board of the Mutual Aid on any matter which it should be made aware of, including the assessment of Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Audit and Corporate Governance Committee (Continued)

(a) Terms of Reference (Continued)

The members of the Audit and Corporate Governance Committee are:

From 01.07.2024 to 07.05.2025

- Luximon, Mr. Vishnoorow (Independent Director) - Chairperson
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Dabeesingh, Mr. Nityanandsingh, CEO (In attendance)
- Ramjatton, Mr. Lutchmansing, DCEO (In Attendance)
- Ramasawmy, Mr. Narasimha - Secretary

From 08.05.2025 to 30.06.2025

- Bédeux, Mr. Jean Alain (Non-executive Director) - Chairperson
- Luximon, Mr. Vishnoorow (Independent Director) - Member
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Dabeesingh, Mr. Nityanandsingh, CEO (In attendance)
- Ramjatton, Mr. Lutchmansing, DCEO (In Attendance)
- Ramasawmy, Mr. Narasimha - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Finance and Risk Management Committee

The Finance and Risk Management Committee monitors the treasury management of Mutual Aid and looks after finance and risks matters.

The Committee focuses and makes recommendations to the Board mainly on matters pertaining to:

- liquidity position;
- finance and risk management matters;
- Performance and Financial Statements;
- Funding requirements;
- Strategies relating to products and investment;
- Rates of interest;
- Procurement as per Section 16 of the Financial Management and Procurement Handbook;
- Valuation of Funds.

The members of the Finance and Risk Management Committee are:

From 01.07.2024 to 30.06.2025

- Ramjug, Mr. Poonit (Independent) - Chairperson
- Daby-Sunnoo, Mrs Priya Kumaree (Non-executive Director) – Member
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Dabeesingh, Mr. Nityanandsingh (Executive Director) – Member
- RAMJATTON, Mr. Lutchmansing, DCEO - In Attendance
- Orgoo, Mr. Varma – Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Staff Committee

The Staff Committee is responsible to look after appointment, welfare and conditions of service of staff members.

(a) Terms of Reference

(i) The Committee focuses and makes recommendations to the Board mainly on matters pertaining to:
- recruitment
- appointment
- remuneration
- conditions of service
- discipline
- industrial Relations
- staff welfare
- training and productivity

(ii) Where necessary, the Committee, with the concurrence of the Board, has recourse to the services of consultants/experts. The Committee shall, together with the Chief Executive Officer, ensure:

- the promotion of sound industrial relations;
- a staff development programme and a clear succession plan;
- that the procedures laid down regarding recruitment, appointment and discipline as approved by the Board are complied with
- that the statutory provision relating to Health and Safety are observed.

The members of the Staff Committee are:

From 01.07.2024 to 07.05.2025
- Manic, Mrs Nisha Devi (Independent Director) - Chairperson
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Bédeux, Mr. Jean Alain (Non-executive Director) - Member
- Dabeesingh, Mr. Nityanandsingh, CEO (In attendance)
- Fokeerchand, Mrs. Pooranjanee Luxmee - Secretary

From 08.05.2025 to 30.06.2025
- Daby-Sunnoo, Mrs Priya Kumaree (Non-executive Director) – Chairperson
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Bédeux, Mr. Jean Alain (Non-executive Director) - Member
- Dabeesingh, Mr. Nityanandsingh, CEO (In attendance)
- Fokeerchand, Mrs. Pooranjanee Luxmee - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Mutual Aid Foundation Committee

The above Committee is responsible to look after Corporate Social Responsibility of Mutual Aid.

The members of the Mutual Aid Foundation Committee are

Director and Management Level

From 01.07.2024 to 30.06.2025
- Bheekhee, Mr. Mahensingh (Non-executive Director) – President
- Luximon, Mr. Vishnoorow (Independent Director) – Vice-President
- Ramjug, Mr. Poonit (Independent) – Member
- Dabeesingh, Mr. Nityanandsingh, CEO (Member)
- Ramjatton, Mr. Lutchmansing – Secretary/Treasurer

Staff Level

From 01.07.2024 to 19.09.2024
- Batoosam, Mrs. Ronisha – Assistant Secretary/ Treasurer
- Muttur, Mrs. Gomatee – Member
- Rawoo, Miss Ayesha – Member

From 20.09.2024 to 30.06.2025
- Shamloll, Mr. Neel – Assistant Secretary/ Treasurer
- Mudon, Mr. Amarduth – Member
- Bundhoo, Mr. Pravesh Kumar – Member

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Marketing Committee

This Committee is responsible to look at the marketing activities of Mutual Aid.

(a) Terms of Reference

   (i) The Marketing Committee focuses and makes recommendations to the Board on matters pertaining to:

   - Proposal and approval of annual Marketing Plan;
   - Developing marketing tools and strategies that will contribute to raising the brand and awareness of the Company;
   - Developing strategies for Mutual Aid products and customer delight;
   - Improving customer service (through surveys, layout, going towards members);
   - Undertaking marketing actions and organising events to build corporate image and brand;
   - Attracting new members to the Company (through data mining, presentation etc.);
   - Strengthening market presence in the Company's target segments;
   - Managing content for marketing and communication materials (including information sheets/application forms), website and other interfaces/ channels through which MCSMAA connects to its customers and stakeholders;
   - Carrying out market intelligence on competitors through their websites, products and services; and
   - Implementing guidelines/ instructions from Bank of Mauritius (BOM) and other authorities, including seeking BOM approval before advertising.

The members of the Marketing Committee are:

From 01.07.2024 to 30.06.2025

- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Chairperson
- Luximon, Mr. Vishnoorow (Independent Director) – Member
- Ramjug, Mr. Poonit (Independent Director) – Member
- Bédeux, Mr. Jean Alain (Non-executive Director) - Member
- Dabeesingh, Mr. Nityanandsingh, CEO (Member)
- Ramjatton, Mr. Lutchmansing – Secretary
  Chundunsing, Mr. Gujsensing, Manager (Loans & Deposits) (In attendance)
- Bharosay, Mr. Rajendranath Manager (IT) (In attendance)

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

Investment Committee

The Committee is responsible to:
- develop investment strategies to meet objectives approved by the Board;
- review the statements of account and investment returns;
- review and monitor accounting and investment policies;
- provide financial and investment recommendations; and
- assess and recommend to the Board the appointment and termination of investment managers and monitor their performance.

The members of the Investment Committee are:

From 01.07.2024 to 30.06.2025
- Daby-Sunnoo, Mrs Priya Kumaree (Non-executive Director) – Chairperson
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Dabeesingh, Mr. Nityanandsingh (Executive Director) - Member
- Ramjatton, Mr. Lutchmansing, DCEO - In Attendance
- Orgoo, Mr. Varma – Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

BOARD ATTENDANCE

SN.	Directors	Board meeting	Staff Committee	Finance and Risk Management Committee	Audit & Corporate Governance Committee	Mutual Aid Foundation Committee	Investment Committee	Marketing Committee
1	Bheekhee, Mr. Mahensingh	13/14	N/A	N/A	N/A	8/11	N/A	N/A
2	Manic, Mrs Nisha Devi	11/14	10/12	9/12	N/A	N/A	1/1	N/A
3	Luximon, Mr. Vishnoorow	13/14	N/A	N/A	5/8	7/11	N/A	7/11
4	Ramjug, Mr. Poonit	14/14	N/A	12/12	N/A	10/11	N/A	11/11
5	Paya, Miss Marie Claudine Josiane Lilette	13/14	N/A	N/A	8/8	N/A	1/1	11/11
6	Rajabalee, Miss Khatidia	13/14	12/12	N/A	8/8	N/A	N/A	N/A
7	Daby-Sunnoo, Mrs Priya Kumaree	14/14	2/2	11/12	N/A	N/A	1/1	N/A
8	Bédeux, Mr Jean Alain	14/14	12/12	N/A	1/1	N/A	N/A	11/11
9	Dabeesingh, Mr. Nityanandsingh	14/14	12/12	12/12	N/A	11/11	1/1	11/11

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 2: The Structure of the Board and its Committees (Continued)

TRANSPARENCY AND DISCLOSURES FROM BOARD COMMITTEES TO THE BOARD OF DIRECTORS

All papers tabled to the committees and discussions recorded in minutes of meeting of **all** Board committees are sent to the Board of Directors for analysis and discussion.

INDEPENDENCE OF BOARD COMMITTEES

All Board committees are chaired by independent or non-executive directors, where all issues are independently analyzed, reviewed and discussed.

MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board and the sub-committees of the Board meet regularly in compliance with the National Code of Corporate Governance for Mauritius.

The details of attendances of Board instances by each Director are as above.

Principle 3: Director Appointment Procedures

As per the Mauritius Civil Service Mutual Aid Association Act, the directors of the Company are appointed by the Minister of Finance. There is a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates is conducted, and appointments made, on merit, against objective criteria (including skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board of Directors, including gender). The Board of Directors ensures that a formal, rigorous and transparent procedure is in place for planning the succession of all key officeholders.

With regards to succession planning, the Board assumes its responsibilities for it and affirms that a succession plan has been developed whilst for the appointment of directors, it is the prerogative of the Minister of Finance to appoint the Board of Directors every 3 years as per the Constitution of the Company.

The Board confirms that there was no appointment in the period July 01, 2024 to June 30, 2025.

Refer to biography of directors on Pg. 4(c) - Pg. 4(d).

TRAINING OF STAFF

The Mutual Aid follows a policy of ensuring that it has skilled, knowledgeable and competent staffs to meet both its present and future needs. To that effect, in the context of a human resource development strategy, it promotes a continuous learning environment, and the staffs are being sponsored to attend both local and international training events in order to enhance their skills and knowledge.

TRAINING OF DIRECTORS

For the orientation program, these are done for new directors. The refresher programs are done regularly whereby management tables to the Board, through the Finance and Risk Management Committee, various risk management concepts, financial and liquidity ratios and other technical concepts for the benefits of Board members. Also, members of the Board are informed of updates in banking laws through the Audit and Corporate Governance Committee. During board meetings, the directors are apprised of market trends, products and risks.

The Board of Directors has reviewed the professional development and ongoing education of directors. At the Board level itself, the directors are briefed on new regulations and on the market and competitor environment. This is also done at strategic meetings.

Principle 4: Director Duties, Remuneration and Performance

The directors are aware of their legal duties. They observe and foster high ethical standards and a strong ethical culture in the Company. Each director allocates sufficient time to discharge his or her duties effectively. Conflicts of interest is disclosed and managed. The Board of Directors is responsible for the governance of Mutual Aid's Information Strategy, Information Technology and Information Security. The Board of Directors, committees and individual directors are supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board of Directors, committees and individual directors have their performance evaluated and are held accountable to appropriate stakeholders. The Board of Directors is transparent, fair and consistent in determining the remuneration policy for senior executives.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (continued)

The Directors are aware of their legal duties. The Board of Directors regularly monitors and evaluates compliance with provision of the National Code of Corporate Governance for Mauritius which is regularly reviewed.

The Board of Directors affirms that all conflicts-of-interest (if any) and related-party transactions have been conducted in accordance with the Conflicts-of-interest Policy, related-party transactions policy and the Code of Ethics.

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND DEALING

The direct interest of directors of Mutual Aid in the equity capital of the Mutual Aid as at June 30, 2025 is given below:

SN.	NAME	NO. OF ORDINARY SHARES
1	Bheekhee, Mr. Mahensingh	24
2	Manic, Mrs Nisha Devi	24
3	Luximon, Mr. Vishnoorow	64
4	Ramjug, Mr. Poonit	24
5	Paya, Mrs Marie Claudine Josiane Lilette	24
6	Rajabalee, Miss Khatidia	24
7	Daby-Sunnoo, Mrs Priya Kumaree	3
8	Bédeux, Mr Jean Alain	24
9	Dabeesingh, Mr. Nityanandsingh	NIL

The directors do not have significant shareholding in Mutual Aid. Furthermore, they already had shares prior to being nominated by the Minister of Finance.

No shares were bought and sold during the year ended June 30, 2025. Senior officers did not hold any share in the equity capital of the Mutual Aid during the period under review.

The Board of Directors affirms that all conflicts-of-interest (if any) and related-party transactions have been conducted in accordance with the Policy on Related Party Transactions and Conflicts of Interest and the Code of Ethics.

INFORMATION TECHNOLOGY AND IT SECURITY

The Board of Directors affirms that an Information Policy, an Information Technology Policy and an Information Security Policy for the Company exist.

The IT Policy has been approved by the Board of Directors in April 2015 and updated last in December 2024 and it contains confidential information for internal use by the Company.

The Board oversees information governance through the information that are submitted in the various Board sub-committees and through the monthly CEO's report to the Board of Directors.

The right of access to information is applied by the Company in accordance with Companies Act 2001, Section 206 as follows:

(1) The Board of a company shall ensure that an auditor of the company has access at all times to the accounting records and other documents of the company.

(2) An auditor of a company is entitled to receive from a Director or employee of the company such information and explanations as he thinks necessary for the performance of his duties as auditor.

(3) Where the Board of a company fails to comply with subsection (1), every director shall commit an offence and shall, on conviction, be liable to a fine not exceeding 200,000 rupees.

(4) A Director or employee who fails to comply with subsection (2) shall commit an offence and shall, on conviction, be liable to a fine not exceeding 200,000 rupees.

(5) It shall be a defence to an employee charged with an offence under subsection (4) where the employee proves that:
   (a) he did not have the information required in his possession or under his control; or
   (b) by reason of the position occupied by him or the duties assigned to him, he was unable to give the explanations required as the case may be.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (Continued)

Authority for Procurement

Depending on the level of the expenditure, the prior sanction of the Chief Executive Officer or the Chairperson of the Finance and Risk Management Committee is required as follows for initiating any procurement exercise:

Value of Procurement	Approval Mode
Up to Rs 200,000	By the CEO without covering approval of the Finance Committee subject to all procedures being followed.
More than Rs200,000 and up to Rs500,000	By the CEO with covering approval of the Finance Committee.
Rs500,000 and above	With prior approval of the Board

Procurement Methods

The procurement method adopted may vary according to the nature of the procurement, the level of the expenditure, the requirement, the circumstances, and the market. For example, there may be no need for complicated, expensive procurement processes when purchasing low risk, low value products or services. A procurement method of some complexity may be appropriate where risks are greater and/or the requirement is of high value or strategic importance.

Taking into account the above, any of the following methods (among others) considered most suitable for a specific procurement exercise may be adopted: (i) Direct purchase; (ii) Request for Quotation (Shopping Method); (iii) Limited Tender; (iv) Open Tender; or (v) Direct Contracting.

Request for Quotation (Shopping Method)

Shopping consists of comparing quotations from not less than three suppliers and subject to ready availability. This method is suitable for readily available off-the-shelf goods and commodities, and where smaller value items are needed or urgently needed for follow-up order on repetitive procurement. This method may also be used for procurement of works and services (e.g. works for maintenance/repairs, catering services etc.). The value of procurement under this method shall not exceed Rs100,000 or Rs25,000/commodity.

Limited Tender

Under this method, a limited number of suppliers are, after pre-selection or prequalification, invited to submit offers. This method is suitable for standard items or where, in view of the structure in technology market environment, only a limited number of suppliers are capable to participate.

The limited solicitation is also suitable where due to certain technical characteristics open solicitation is not amenable or where the market structure justifies the use of limited competitive proceedings.

Direct Contracting

Direct Contracting means a contract directly awarded to a supplier without formal solicitation. At the Mutual Aid, Direct Contracting is used mainly for renewal of specialized services, for e.g. Annual Technical Support and Maintenance.

Direct Contracting may be resorted: (i) to meet a situation of emergency; (ii) to effect maintenance where goods and supplies are readily available from a single source; (iii) where goods are obtainable only from one source; (iv) where there is a permissible extension of contract; and (v) where a tender exercise is not considered practical e.g. procurement of an art work, or services of an artist; and (vi) for items directly related to security, requiring utmost discretion and strict confidentiality.

Procurement Committees

The Committees involved in procurement shall be as follows (i) Committee for Opening of Tenders / Quotations; (ii) Committee for Technical Evaluation; and (iii) Committee for Financial Evaluation.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (Continued)

The powers and functions of the Procurement Committees shall be as follows: (i) to approve solicitation documents; (ii) to prequalify/preselect suppliers; (iii) to invite, examine and evaluate offers; (iv) to appoint evaluators, where necessary; and (v) to recommend the award of contracts as the case may be.

Committee for Opening of Tenders / Quotations

Chairperson: Manager (Loans and Deposits)
Member: Manager (Estates)
Member: Administrative Secretary

Committee for Technical Evaluation

Chairperson: Manager (IT)
Member: Manager (Corporate)
Member: Senior Operations Officer (Estates)

The Technical Evaluation Committee shall make a technical evaluation of proposals received by reference to compliance with specifications as follows:

1) Scope of Work - Whether the proposal addresses each requirement and goal set forth in the scope of work:
   - Ability to demonstrate a firm understanding of the requirements and goals set forth in the scope of work.
   - Whether the proposal provide technical solutions to indicated requirements and goals to be met on schedule.

2) General Experience of Bidder: - Successful project experience of similar nature and complexity.

3) Personnel Capabilities - Furnish a resume for proposed key personnel (supervisory and technical).

4) Equipment Capabilities - Type, characteristics, minimum number and availability of key equipment.

Committee for Financial Evaluation

Chairperson: The Deputy Chief Executive Officer
Member: Manager (Finance)
Member: Examiner

Other Officers, depending on the nature of the procurement, may be co-opted to form part and assist the above Committees, whenever required.

(i) If required, resource persons from relevant fields may be called upon to form part of the Committees;
(ii) Each paper qualified to be tabled to the Committee shall consist of a report of the Technical Evaluation Committee with mandatory disclosure as to whether a bid is "responsive";
(iii) The pass mark and terms of marking should be well referenced.

STATEMENT OF REMUNERATION AND COMPENSATION POLICY

The remuneration of Directors of the Company is determined by the Minister of Finance. The policy is governed by Section 159 of the Companies Act 2001 and is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

When the Minister of Finance appoints the directors under the Mauritius Civil Service Mutual Aid Association Ltd Act, the terms and conditions of remuneration are also specified. For executive director, the remuneration is reviewed and approved by the Board of Directors.

The authority to determine the remuneration of Directors is delegated to the Minister of Finance while that of Senior Executives is delegated to the Board. Executive remuneration packages are prudently designed to attract, motivate and retain executive management and senior management of high calibre needed to maintain Mutual Aid's position in the market. They are also designed to reward them for enhancing Mutual Aid's performance.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 4: Director Duties, Remuneration and Performance (Continued)

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES AND KEY EMPLOYEES

Aggregate Remuneration / Fees (Annual)	2022 Rs.	2023 Rs.	2024 Rs.	2025
Non-executive directors	3,996,000	4,153,900	4,589,347	4,767,750
Senior Executives and Key Employees	33,318,487	32,814,078	39,649,030	39,891,402.60

The directors consider the requirement for individual disclosure of director's remuneration to be commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

The remuneration of Directors which is fixed by the Minister of Finance includes a fixed and variable proportion and there are no long-term incentive plans.

The payment of a bonus based on the profitability and performance of the Company shall be at the discretion of the Board. Such payment will be effected after the end of each financial year after the approval of the Company's accounts at the Annual Meeting and the quantum will be determined by the Board.

The distribution of bonus will be based on the performance of employees and their department, or in such manner as determined by the Company's Performance Management System (PMS) procedure.

The linkages of the PMS Assessment results to the payout of the productivity bonus are as follows:
(i) For financial year 2017/2018 – 100% linkage
(ii) For financial year 2018/2019 onwards – The bonus is determined by the Board when due

CONFLICTS OF INTEREST

In terms of the constitution of the Company, the Directors are required to disclose their interest in any matter placed before the Board for a decision.

The company secretary maintains an interest register. The interest register is available for consultation to shareholders upon written request to the Company Secretary.

SHARE OPTION PLANS

There were no share option plans during the year under review.

BOARD SELECTION PROCESS

As per the Mauritius Civil Service Mutual Aid Association Act, the directors of the Company are appointed by the Minister of Finance.

BOARD AND BOARD SUB-COMMITTEES APPRAISAL

It is well known that effective Board evaluations produce value and improves Board performance. It is to be noted that no independent board evaluator was employed; to that effect, an annual self-evaluation of the Board of Directors through survey questionnaire is made every year following the release of the audited Financial Statements. The last evaluation has been carried out in December 2024.

DIRECTORS' SERVICE CONTRACT

The Directors have no service contract with Mutual Aid.

Principle 5: Risk Governance and Internal Control

The Board of Directors is responsible for risk governance and ensures that Mutual Aid develops and executes a comprehensive and robust system of risk management. The Board ensures the maintenance of a sound internal control system.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 5: Risk Governance and Internal Control (Continued)

The Board of Directors is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk Management forms an integral part of Mutual Aid's business strategy and business planning processes. The Company's process for identifying and managing risks is set by the Board of Directors.

The oversight of the Association's risk management process has been delegated to the Finance and Risk Management Committee (FRMC). The Chairperson of the FRMC reports to the Board on matters dealt with at the Committee level to provide the Board with necessary assurance that risks are effectively managed.

Risk Management refers to the process of identification, assessing, managing, monitoring and reporting the various risks the Association is exposed to.

Mutual Aid has a dedicated risk management function. The Risk Management Team provides day-to-day oversight on management of risks. The Risk Management Team maintains its objectivity by being independent of operations. It reports and provides recommendations on significant issues related to risk management processes within the Company to the Finance and Risk Management Committee on a quarterly basis.

The Company adopts the three lines of defence model to articulate accountabilities and responsibilities for managing both its key financial (e.g., credit, liquidity, market, interest rate) and non-financial risks (e.g., operational, strategic, reputational, compliance, money laundering, Climate-related and environmental, financial, IT and Cyber and Technology risks).

The risks are managed on an ongoing basis and the Company has adopted a prudential approach as regards to liquidity requirement and provisioning. The Company has also implemented a Liquidity Risk Management Framework.

Liquidity ratios and cash flow forecasts are tabled to the Finance and Risk Management Committee on a monthly basis. As regards to credit risk, the number of default and all new cases of arrears are also tabled to the Finance and Risk Management Committee on a monthly basis. The Finance and Risk Management Committee thereafter reports the matter to the Board of Directors.

The board of directors derive assurance that the risk management processes are in place and are effective by reviewing on a monthly basis the reports of the Finance and Risk Management Committee. The risk management mechanisms include development of strategies in respect of risks identified, the communication of policies to all levels of the Company as appropriate, and processes that reduce or mitigate identified risks. Regular reports are submitted to the Finance and Risk Management Committee on risk issues such as stress test, capital adequacy, concentration of depositors, information on liquidity gaps and appropriate decisions are taken and reported to the Board of Directors.

The key risks that threaten the **business model,** the **future performance,** the **solvency and liquidity** of Mutual Aid are **credit risk and liquidity risk**.

The Board of Directors affirms that the Board has monitored and evaluated Mutual Aid's **strategic, financial**, **operational** and **compliance** risks.

Strategic risk is evaluated and monitored on a yearly basis in a **Strategic meeting in which members of the Board of Directors and Senior Management participate.**

The Board of Directors provides assurance that by direction of the Board, management has developed and implemented appropriate frameworks and effective processes for the sound management of risks. The credit and liquidity risks are monitored by the Finance and Risk Management Committee.

The Risk Management Report section of this Annual Report provides additional information on the Risk Management Framework and risks that the Association is exposed to and the way in which each risk is managed.

INTERNAL CONTROL

The Board is ultimately responsible for Mutual Aid's system of internal control and for reviewing its effectiveness. The systems and processes in place for implementing, maintaining and monitoring the internal controls is by setting up appropriate policies, procedures and processes in all departments. The Company operates in a highly regulated environment. The internal audit function has been set up in-house and is operational as from October 2020. It reports to the Audit and Corporate Governance Committee on the Company's operational controls and makes its recommendations accordingly. The Board has set up a framework for an effective internal audit function. In that respect, internal audit function adopts a risk-based approach and has been assigned principally with the following duties and responsibilities, inter-alia:

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 5: Risk Governance and Internal Control (Continued)

INTERNAL CONTROL (CONTINUED)

- Review of internal controls in risky areas.
- Examination of operational processes.
- Review of the implementation of policies and procedures on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation.
- Special investigations, as requested by the Audit and Corporate Governance Committee.

The process by which the Board of Directors derives assurance that the internal control systems are effective is that all significant risk areas are covered and that the internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

The internal Audit plan covers the areas of risks that may arise in the business activities of the Company. Following each internal audit, reports are submitted to Management for comments and thereafter submitted to Audit and Corporate Governance Committee members. These reports are thereafter submitted to the Board of Directors. Further, the Mutual Aid has a Compliance Department which is tasked with ensuring that the activities carried out by the Company are in conformity with the internal policies and procedures and external laws, regulations, and guidelines governing non-bank deposit taking institutions.

There are no restrictions placed over right of access to records of management and employees. The significant risk areas are covered by the internal audit function and the internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

There were no significant areas not covered by the Internal Control during this financial year.

The Board of Directors acknowledges that there are no deficiencies and significant risks in the Company's system of Internal Control.

The Company has a whistle-blowing policy whereby the following areas are covered:

Protection of whistleblowers

As per Section 54A, of the Banking Act 2004

(1) Subject to subsection (4), where a director, a senior officer, an employee or an agent of a financial institution:-

  (a) discloses to the central bank that the financial institution or a customer of the financial institution may have been involved in an act which constitutes a breach of the banking laws; and

  (b) at the time he makes the disclosure, has reasonable grounds to believe that the information he discloses may be true, he shall incur no civil or criminal liability as a result of such disclosure and no disciplinary action shall be initiated against him by reason of such disclosure.

(2) The central bank shall not, without the consent of the person making the disclosure, disclose the identity of that person.

(3) Any person who commits an act of victimisation against a person who has made a disclosure under subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

(4) Any person who willfully makes a false disclosure under subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

(5) **In this section:**

  "victimisation" means an act:-

  (a) which causes injury, damage or loss;

  (b) of intimidation or harassment;

  (c) of discrimination, disadvantage or adverse treatment in relation to a person's employment; or

  (d) amounting to threats of reprisals.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 5: Risk Governance and Internal Control (Continued)

INTERNAL CONTROL (CONTINUED)

Confidentiality

The identity of the whistleblower will be protected at all stages in any internal matter. While the firm can provide internal anonymity, it cannot guarantee this will be retained if external legal action flows from the disclosure. The Company is not accountable for maintaining confidentiality where the whistleblower has told others of the alleged misdemeanour.

Process for raising a concern

Individuals will have the opportunity to raise concerns through a dedicated email address: whistleblowing@mcsmutualaid.mu or they can report by mail. Postal reports should be sent to The Chairperson, Audit and Corporate Governance Committee, Mutual Aid Association, 5 Guy Rozemont Square, Port Louis. Reports should be marked Private and Confidential, with reference "Whistleblowing". All whistleblowing disclosures made to the parties above will be treated as confidential and will be reported to the Board of Directors through the Audit Committee and the CEO. The whistleblower should make it clear he is making the disclosure within the terms of the Company's whistleblowing policy. This will ensure the recipient of the disclosure realises this and takes the necessary action to investigate the disclosure and to protect the whistleblower's identity. If the whistleblower is making a disclosure in relation to money laundering or bribery, he should follow the Company's Money Laundering Procedures or contact the MLRO for guidance.

Possible outcomes after reporting a concern

There will be no adverse consequences for anyone who reports a whistleblowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action(s). The whistleblower policy is reviewed yearly, and any updates are circulated to all staffs by email. The policy is also available online in a shared folder of the Company.

Principle 6: Reporting with Integrity

DIRECTORS' RESPONSIBILITIES

The Directors affirm their responsibility for the preparation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Companies Act 2001.

SOCIAL ISSUES

Being conscious of the fact that pursuing economic interest needs to be balanced with social and environmental responsibility, the Association has set up the Mutual Aid Foundation to address its Corporate Social Responsibility (CSR) obligations. Funds devoted to CSR activities are channeled through the Foundation. The aim is to make a perceptible difference in people's lives by working closely with the community and ensuring that CSR funds are allocated to those in need via a more direct channel.

ORGANISATIONAL OVERVIEW

The Mutual Aid was created in 1893, is a non-bank financial institution under the Banking Act 2004 and operates as a public company under the Companies Act 2001.The Mutual Aid's culture is based on the highest standard of business integrity, transparency and professionalism in all its activities to ensure that it is managed ethically and responsibly to enhance business value for all stakeholders. The Mutual Aid espouses corporate values geared to achieving Customer Delight, Commitment, Team Spirit, Personal Empowerment and Trust.

OVERVIEW OF THE EXTERNAL ENVIRONMENT

The organisation's principal market is mainly customers who are Mauritian citizens, and its members are from the public sector. Significant factors affecting the external environment include aspects of the economic and financial issues that influence the organisation's ability to create value.

A more detailed overview of the external environment is in the Management and Discussion Analysis section.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity (continued)

BUSINESS MODEL

The business model of the Mutual Aid is primarily geared towards the needs of its members. Ever since its creation in 1893 as an Association, the Mutual Aid, has been successfully taking bold and concrete steps to achieve its vision of being the best financial partner of its customers. To that end, the Mutual Aid in the context of its mission to serve its members with the highest level of professionalism while adopting and responding to the ever-changing environment of the financial sector, has adopted a business model that constantly leverages on continuous product development, competitive pricing strategy and a high quality of customer service.

The principal output is loans to its members and its input is mainly deposits from the public. As regards to its loan activities, the Mutual Aid deals exclusively with its members on mutual basis. Regarding deposit taking activities, the Mutual Aid mobilizes funds from the general public as well as institutional investors.

KEY PERFORMANCE INDICATORS, PERFORMANCE AND OUTLOOK.

The Board has identified the key performance indicators namely Customer Excellence, Align Information Technology (IT) with Mutual Aid Strategy, Processing Time for Loan Application and Good Corporate Governance amongst others. These are used to evaluate the performance of the organisation. Concerning the outlook, the business segment in which the Mutual Aid operates is set to remain volatile, with continuing challenges and constraints that are unfortunately not within its control.

SUSTAINABLE DEVELOPMENT

In line with sustainability concept, Mutual Aid has sought to minimize the dependency on fossil fuels through increased utilization of renewable energy and a more efficient use of energy in general. Mutual Aid has thus installed solar air-conditioning system in its second building and makes maximum use of sunlight during the day. The use of paper has also decreased considerably through the use of pocket computers for meetings of Board of Directors and Board Committees.

ENVIRONMENTAL ISSUES

Environmental issues are vital to the economy of Mauritius, and the Mutual Aid is aware of the importance of these issues. To minimise any negative impact on the environment, the Board has decided to go for E-Services to reduce paper use and delivery, so that it decreases overall carbon emissions. As already mentioned, use of solar air-conditioning system in its second building will also help to decrease overall carbon emissions.

HEALTH AND SAFETY ISSUES

The health and safety of staff members and visitors are of paramount importance to the Company and all reasonable measures are taken to ensure a sound and healthy working environment.

The Company has employed a Health and Safety Officer and with the help of the executive management identity Health and Safety risks, undertake assessment and report any discrepancies to the Health and Safety Committee. A Health and Safety Committee is held every two months.

SOCIAL RESPONSIBILITIES

The Company believes in maintenance of harmonious industrial relations in order to achieve its objectives in the interest of both Mutual Aid and its employees. There is an open line of communication with the Employees' Union. Mutual Aid provides a work environment that is free from discrimination. It is an equal opportunity employer.

INTEGRATED SUSTAINABILITY REPORTING

Mutual Aid is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company has developed and implemented social, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks. The health and safety of staff and visitors are of paramount importance to us and all reasonable measures are taken to ensure a sound and healthy working environment.

The Executive Management identifies Health and Safety risks, undertake assessment and reports any discrepancies to the Health and Safety Committee. A Health and Safety Committee is held every two months.

Mutual Aid is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. Employment opportunities are publicly advertised.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity (Continued)

DONATIONS DURING THE FINANCIAL YEAR ENDED JUNE 30, 2025

No donation was made for the financial year ended June 30, 2025.

POLITICAL CONTRIBUTIONS

No political contribution was made during the year under review.

THIRD PARTY MANAGEMENT AGREEMENT

There was no management agreement between third parties and the Company or its subsidiary during the year under review.

SHAREHOLDER RELATIONS AND COMMUNICATION

The Board aims at understanding properly the information needs of its shareholders and places great importance on an open and meaningful dialogue with all those involved with Mutual Aid. It ensures that shareholders are kept informed on matters affecting Mutual Aid. Besides official press communiqués and occasional letters to shareholders where appropriate, Mutual Aid's website is used to provide relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited.

MATERIAL CLAUSES OF THE CONSTITUTION

The constitution of Mutual Aid is in conformity with the provisions of the Companies Act 2001. There are no clauses of the constitution deemed material to be disclosed.

SHAREHOLDERS AGREEMENTS

There is currently no shareholders agreement affecting the governance of Mutual Aid by the Board.

SHAREHOLDING PROFILE AND VOTING RIGHTS

None of the shareholders holds more than 5% of the share capital of the Company. Only shareholders holding a permanent and pensionable post in or receiving a retirement pension from the Government of Mauritius are entitled to one vote.

DIVIDEND POLICY

Mutual Aid has adopted a policy of paying dividend depending upon its profitability and the need to conserve resources for further growth, subject to prior approval by the Board and the Bank of Mauritius. In declaring and paying dividends, Mutual Aid rigorously complies with the legal requirements.

CALENDAR OF EVENTS

The calendar of events is as follows:

Event	**Month**
Financial Year end	June

Event	**Month**
Last Annual Meeting of shareholders	January
Declaration of dividend Final	December
Forthcoming Annual Meeting of shareholders	December

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 6: Reporting with Integrity (Continued)

CORPORATE SOCIAL RESPONSIBILITY

Mutual Aid has for long been involved in activities designed to promote the interest of the community and the creation of a sustainable society. In line with government decision, Mutual Aid has dedicated an amount equivalent to 2% of its chargeable income based on June 30, 2024 audited accounts to Corporate Social Responsibility (CSR) activities. However, as per government decision, only 25 % of the CSR fund was available to the Mutual Aid Foundation for use.

To maximize efficiency, funds devoted to CSR activities are channeled through a Foundation. The aim is to make a perceptible difference in people's lives by working closely with the community and ensuring that CSR funds are allocated to those in need via a more direct channel.

For the year ended June 30, 2025, the Association contributed a total CSR amount of Rs 9.8 million to the Foundation. The latter used the fund in several CSR projects like financial assistance to NGO projects, educational (scholarships, laptops, etc.) and health (for overseas and local medical treatments).

SOME EXAMPLES OF SUPPORT BY THE FOUNDATION ARE:

(i)Financial assistance
Financing of twenty-four NGO projects which aim to improve the environment, lives of the poor and vulnerable groups for the sum of Rs 5.1m.

(ii)Education
Scholarships are provided to youth from low-income group families to undergo degree courses so that they may aspire to a brighter future.

Scholarships were given to 20 new students undertaking degree courses at institutions under Government control. The yearly grant is Rs 30,000 per student and a new laptop was also provided to each beneficiary. In addition, payments were effected to scholarship beneficiaries of the existing batches.
The total amount of Rs 2.1m was spent on educational projects in this financial year.

(iii)Health
Contribution of more than Rs1m towards medical treatments and blood donations as per details below:

SN	DETAILS	NUMBER OF CASES	RS
1	Overseas treatments	11	825,000
2	Local treatments	2	50,000
3	Blood donations	5	150,000
	TOTAL	18	1,025,000

RELATED PARTY TRANSACTIONS

Disclosure on related party transactions is made in note 33 of the Financial Statements.

GENERAL

The complete set of Financial Statements and the Corporate Governance report are published in full on the Company's website.

Principle 7: Audit

Mutual Aid considers having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board of Directors and management. The Board of Directors has established formal and transparent arrangements to appoint and maintain an appropriate relationship with Mutual Aid's internal and external auditors.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 7: Audit (Continued)

The Board of Directors confirms that they have appointed the Head of Internal Audit and in line with principles as set out by the '*National Code of Corporate Governance for Mauritius*':

- The internal audit function is an independent and objective assurance activity designed to add value and improve the Association's operations. It helps the Mutual Aid to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.
- The internal audit function helps the Board of Directors and management maintain and improve the process by which risks are identified and managed and helps the Board of Directors discharge its responsibilities for maintaining and strengthening the internal control framework.
- The internal audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board of Directors and management.
- The Head of Internal Audit has regular access to the Chairperson of the Audit and Corporate Governance Committee. The Head of Internal Audit attends and reports at Audit and Corporate Governance Committees.
- The internal audit function remains independent of the activities audited and is objective in its work. The Audit and Corporate Governance Committee monitors the independence and objectivity of the internal audit function.

The Internal Audit function sends reports regularly to the Audit and Corporate Governance Committee. The areas, systems and processes covered by Internal Audit is risk based and the following areas are covered –

- Risk areas as highlighted in the Internal Audit plan
- Follow up audit reports
- Assessing the effectiveness of the AML/CFT controls
- Reviewing that Loans, Deposits and RSS Applications comply with the applicable sections of the Bank of Mauritius Guideline on Related Party Transactions

There were no significant areas that were not covered as part of internal audit during the year.

The internal audit function has been set up in-house and is operational as from October 2020. It is carried out independently and reports are sent to the Audit and Corporate Governance Committee on the internal controls. There is also an independent review on the extent to which the recommendations have been implemented.

There are no restrictions placed over right of access to records, to management and to employees by the internal audit. All significant risk areas are covered by the internal audit. The internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

The structure, organisation and qualifications of the key member of the internal audit function are listed on Mutual Aid's website and the core team of the in-house internal audit function is led by Mr. Rajnish Ramchurun.

Mr. Rajnish Ramchurun is the Head of Internal Audit of Mutual Aid as from October 2020. He holds a Master's in Business Administration (MBA), is a board member of the Institute of Internal Auditors (Mauritius), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and is also a member of the Mauritius Institute of Professional Accountants (MIPA). He also possesses a Degree in Management. He joined the Association in January 2012 and he has over eighteen years of auditing and compliance experience, mainly in the Banking sector. He has been the Manager (Compliance) of Mutual Aid from January 2012 to September 2020.

NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (CONTINUED)

Principle 7: Audit (Continued)

The significant issues in relation to the financial statements were identified and considered through the audit report issued by the external auditors when they audited the financial statements to verify if they are free from material misstatements (whether due to fraud or error) and discussed in a meeting with the partner of the external auditor firm.

The significant issues in relation to the financial statements were addressed by the Audit and Corporate Governance Committee by discussing with both the Partner of external auditor Firm and management concerning the corrective actions taken.

Outline of the approach taken to appoint/reappoint external auditors

In line with Section 39 of the Banking Act and following a tender exercise, Deloitte was appointed external auditor for the financial year ended June 30, 2022. The technical and financial evaluation was discussed in relevant committees. The result was then discussed in the Audit and Corporate Governance Committee. In accordance with section 32 of the BOM Guideline on Corporate Governance, the Audit and Corporate Governance Committee recommended the appointment of Deloitte as external auditor for the year 2022 onwards. The length of tenure of the current audit firm is 5 years starting from financial year 2021-2022, in accordance with the requirement of Banking Act 2004.

The Board of Directors affirms that the Audit and Corporate Governance Committee has discussed accounting principles (critical policies, judgements and estimates) with the external auditor. The Audit and Corporate Governance Committee meets the external auditor without management presence on an annual basis.

Deloitte forms part of the big 4 Audit Companies. It has the experience, size, resources required to audit the Company. The External Audit Firm and the Audit Partner are licensed by the Financial Reporting Council. The Bank of Mauritius provided its approval for selection of the audit firm. The quality processes of Deloitte are based on international best practice.

The individuals assigned to the external audit team have the requisite expertise, including industry knowledge, to effectively audit the Company. The External Audit scope is adequate to address the financial reporting risks facing the Company and includes the provision of an internal control review as required by the Bank of Mauritius.

The External Audit firm has open lines of communication and reporting with the Audit and Corporate Governance Committee: Significant weaknesses in internal controls are appropriately communicated.

Based on the above factors, the external audit process is deemed effective by the Board of Directors.

Information on **audit** and **non-audit** services carried out by the current external auditor outlined as follows:

Table 1: Audit Services

SN	Details	2024-2025 Fees (Rs)	2023-2024 Fees (Rs)	2022-2023 Fees (Rs)
1	Statutory Audit	4,388,000	4,303,300	2,277,000

Table 2: Non-Audit Services

SN	Details	2024-2025 Fees (Rs)	2023-2024 Fees (Rs)	2022-2023 Fees (Rs)
1	Tax Review	228,850	234,025	207,000
2	Assignment on AML/CFT	373,750	345,000	316,250
3	Assurance engagement on payment of dividend	201,250	172,500	-
4	Climate change framework	-	2,875,000	

Whenever the external auditor provides non-auditing services, the auditor's objectivity and independence are safeguarded as the non-audit services are carried out by different partners with different teams.

The Company responds to the reasonable expectations and interests of its key stakeholders as follows:

1. Members -by providing loans to its members at favorable conditions
2. Public/Customers - by providing deposits and RSS at attractive interest rates and timely information to the public
3. Employees –by fostering an environment that supports sustainable performance and promoting continual professional and personal development for all of them
4. Banks-by dealing with all banks at arm length basis
5. Suppliers-by dealing through strict procurement procedures where there is fairness and equity
6. Unions-by having regular meetings and addressing issues that are in the best interest of the Company
7. Regulators-by complying with all regulatory requirements
8. Government- by complying with relevant legislations and making appropriate tax payments

The Board of Directors affirms that relevant stakeholders have been involved in a dialogue on the organisational position, performance and outlook.

Mutual Aid aims at properly understanding the information needs of its shareholders and places great importance on an open and meaningful dialogue. It ensures that shareholders are kept informed on matters affecting Mutual Aid. Besides official press communiqués to shareholders, Mutual Aid's website provides relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited.

All decisions are taken in the best interest of its members and in compliance of relevant legislations. The Company is very attentive to the request of its members and aims at providing good service all the times.

The Board of Directors affirms that Mutual Aid holds an Annual Meeting. The Board of Directors provides sufficient notice of the annual meeting and other shareholder meetings. The Company encourages attendance of the shareholders at the annual meeting and the opportunity to provide questions by publishing notice. The Board of Directors provides appropriate papers for the annual meeting and other shareholder meetings by preparing a pack. All resolutions were unanimously approved in the Annual Meeting held in January 2025.

Dividends relate to the year ended June 30, 2024, were yet to be paid to shareholders at the reporting date.

SIGNED BY:		
Names: Mr. M. Bheekhee CHAIRPERSON	Mr. P. Ramjug DIRECTOR	Mr. N. Dabeesingh CHIEF EXECUTIVE OFFICER
DATE: 26 SEP 2025	DATE: 26 SEP 2025	DATE: 26 SEP 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

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

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the year and which comply with IFRS Accounting Standards as issued by the IASB;

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

The external auditors are responsible for reporting on whether the financial statements are fairly presented in accordance with IFRS Accounting Standards as issued by the IASB.

The directors report that:

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

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

(iii) IFRS Accounting Standards as issued by the IASB have been adhered to, subject to any material departures disclosed, explained and quantified in the financial statements.

(iv) The Code of Corporate Governance has been adhered to, except for some sections where reasons have been provided.

Signed on behalf of the Board of Directors on September 26, 2025.

Mr. M. Bheekhee **CHAIRPERSON**	**Mr. P. Ramjug** **DIRECTOR**	**Mr. N. Dabeesingh** **CHIEF EXECUTIVE OFFICER**

STATEMENT OF COMPLIANCE

Name of Public Interest Entity: The Mauritius Civil Service Mutual Aid Association Ltd

Reporting Period: 1st July 2024 to 30th June 2025

"We, the directors of The Mauritius Civil Service Mutual Aid Association Ltd confirm that to the best of our knowledge, that Mutual Aid has complied with all of its obligations and requirements under the code except for, Principle Four of the Code.

The directors consider the requirement for individual disclosure of director's remuneration to be a commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

SIGNED BY:	....	....
Names: Mr. M. Bheekhee CHAIRPERSON	Mr. P. Ramjug DIRECTOR	Mr. N. Dabeesingh CHIEF EXECUTIVE OFFICER
DATE: 26 SEP 2025	DATE: 26 SEP 2025	DATE: 26 SEP 2025

STATEMENT OF COMPLIANCE BY THE BOARD OF DIRECTORS
(As per the National Code of Corporate Governance)

Reporting Period: 1st July 2024 to 30th June 2025

Throughout the year ended June 30, 2025, to the best of the Board's knowledge, The Mauritius Civil Service Mutual Aid Association Ltd has not fully applied the Principle Four of the Code. The area of non-compliance is in respect of non-disclosure of the remuneration of directors as explained in the report.

SIGNED BY:	....	....
Names: Mr. M. Bheekhee CHAIRPERSON	Mr. P. Ramjug DIRECTOR	Mr. N. Dabeesingh CHIEF EXECUTIVE OFFICER
DATE: 26 SEP 2025	DATE: 26 SEP 2025	DATE: 26 SEP 2025

I certify that to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under Section 166(d) of the Mauritius Companies Act 2001, for the year ended 30 June 2025

Secretary: ....

Date: 26 SEP 2025 ....

Deloitte.

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

Independent auditor's report to the Members of The Mauritius Civil Service Mutual Aid Association Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **The Mauritius Civil Service Mutual Aid Association Ltd** (the "Company" or the "Public Interest Entity") and its subsidiary (altogether the "Group") set out on pages 10 to 100, which comprise the consolidated and separate statements of financial position as at 30 June 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2025, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and comply with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed by the key audit matter
Impairment of loans and advances to members The Group and the Company have computed the expected credit losses ("ECLs") on the loans and advances to members measures at amortised cost in line with the requirements set out by IFRS 9 Financial Instruments. As at 30 June 2025, the Group and the Company reported total gross loans and advances to members of Rs39.0bn and expected credit loss (ECL) provisions of Rs 850.0 m respectively. Details on the loans and advances are set out in Note 14 to the financial statements. The measurement of ECL for loans and advances to members involves significant management judgements and assumptions, mainly on: - determination of expected losses (including Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD)); - determination of the criteria for Significant Increase in Credit Risk (SICR); and - classification of the loans and advances in stages 1, 2 and 3 based on the policy adopted by the Group and the Company and as aligned with the requirements of IFRS 9. The measurement of ECL for loans and advances to members is considered as a key audit matter owing to the magnitude of the balances of loans and advances to members and related ECL and given the uncertainty of estimates and involvement of significant management judgements and assumptions.	In evaluating the impairment assessment of loans and advances to members, we performed the following audit procedures: • Understood and evaluated management's internal controls and assessment process for the measurement of ECL for loans and advances to members • Involved our specialists team in validating the following: - the statistical model used in evaluating the appropriateness of the IFRS 9 impairment methodologies and assessing the appropriateness of the macro-economic forecasts used. - the key inputs and assumptions used in the ECL model. This included assessing the probability of default, loss given default and exposure at default. - the accuracy and completeness of historical data used in the ECL models on a sampling basis. • Tested the classification of the loans and advances to members in stages 1, 2 and 3 and the application of 12 months ECL for stage 1 and lifetime ECL for stage 2 and stage 3. • Assessed the appropriateness of the disclosures on ECL made in the financial statements per the requirements of IFRS 9. .

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

Independent auditor's report to the Members of
The Mauritius Civil Service Mutual Aid Association Ltd (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed by the key audit matter
Determination of insurance contract liabilities measured under the General Measurement Model (GMM) approach As of June 30, 2025, the Group recorded insurance contract liabilities for remaining coverage measured under the GMM of MUR 1,862 b on its statements of financial position. The measurement of a group of insurance contracts under GMM involves the determination of: - Fulfilment cash flows, which comprise of: (i) estimates of future cash flows, adjusted to reflect the time value of money and financial risks (FVFCF). (ii) risk adjustment for non-financial risk. - Contractual service margin (CSM), which represents the unearned profit the Group will recognise as it provides service under the related insurance contracts. PVFCF are associated with significant uncertainties requiring the use of expert judgment within complex actuarial models and relying on subjective assumptions in relation to future events. Key assumptions include mortality, lapse and expense assumptions as well as modelled future decisions of management and of policyholders. Moreover, because of the long duration of its insurance products, relatively small changes in key assumptions may have a significant impact on PVFCF. The determination of PVFCF requires the use of complex formulas as well as the construction of models and other computational tools that may be incorrectly designed or configured, and for which inadequate assumptions and/or incomplete or inaccurate input data may be used. Accordingly, we have identified insurance contract liability for remaining coverage as a key audit matter. The accounting policies and critical accounting judgments and estimates regarding insurance contract are described in Notes 2.7 and 3 respectively, with additional information presented in Note 27 to the financial statements.	In evaluating the determination of insurance contract liabilities measured under the General Measurement Model (GMM) approach, we performed the following audit procedures: With the support of our actuarial specialist: • We obtained an understanding of the models used by management related to the estimation of PVFCF. • Tested the completeness and accuracy of data, including in-force policyholder data as utilized by the Group to value estimated future cash flows by reconciling such amounts to the underlying accounting records. • Assessed key best estimate assumptions used in selected actuarial model via quantitative and qualitative analysis, including considerations of their reasonableness based on experience studies and our knowledge of the Group and local markets, products offered, publicly available market and macroeconomic data. • Reviewed a sample of experience studies supporting specific assumptions. • Challenged the nature, timing and completeness of changes in key assumptions, models and methods and assessing whether individual changes were errors or refinements of estimates. • Tested the models used through review of the calculation logic on a sample basis as well as through performing independent calculations of PVFCF and comparing the results to those of the Group. • Performed analytical review procedures, including period-to-period analysis of changes in PVFCF and assessing whether such changes appropriately reflect current period facts and circumstances.

Other information

The directors are responsible for the other information. The other information comprises the Management discussion and analysis, Risk management report, Statement of management's responsibility for financial reporting, Statutory disclosures, Corporate governance report, Statement of directors' responsibilities, Statement of compliance and the Company secretary's certificate. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Deloitte.

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

Independent auditor's report to the Members of The Mauritius Civil Service Mutual Aid Association Ltd (Continued)

Responsibilities of directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte.

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

Independent auditor's report to the Members of
The Mauritius Civil Service Mutual Aid Association Ltd (Continued)

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Banking Act 2004

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

Financial Reporting Act 2004 – Corporate Governance Report

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

Use of this report

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

Deloitte

Deloitte

Chartered Accountants

26 September 2025

LLK Ah Hee, FCCA

Licensed by FRC

	Notes	THE GROUP			THE COMPANY		
		2025	2024	2023	**2025**	2024	2023
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Interest income	6	**3,590,349**	3,488,004	3,133,570	**3,590,349**	3,488,004	3,133,570
Interest expense	6	**(1,094,950)**	(1,198,074)	(1,046,389)	**(1,096,105)**	(1,198,346)	(1,046,385)
Net interest income	6	**2,495,399**	2,289,930	2,087,181	**2,494,244**	2,289,658	2,087,185
Other income	7	**30,404**	20,401	16,145	**30,091**	23,901	18,754
Rental income	22(i)	**21,278**	21,196	18,563	**-**	-	-
Operating income		**2,547,081**	2,331,527	2,121,889	**2,524,335**	2,313,559	2,105,939
Net credit loss expense on financial assets	8	**(38,702)**	(66,068)	(90,211)	**(38,701)**	(66,112)	(90,166)
Net insurance service revenue/(expense)	27	**326,842**	(351,463)	4,387	**326,842**	(351,463)	4,387
Net insurance finance (expense)/income	27	**(44,035)**	(54,035)	28,274	**(44,035)**	(54,035)	28,274
Personnel expenses	9	**(166,631)**	(161,966)	(158,836)	**(166,631)**	(161,966)	(158,836)
Depreciation and amortisation	19, 20	**(33,492)**	(55,823)	(46,074)	**(46,001)**	(68,739)	(46,306)
Other expenses	10	**(203,733)**	(117,686)	(122,582)	**(186,191)**	(104,514)	(121,028)
Reversal of Impairment/(impairment charge) on property and equipment	19	**7,708**	(88,643)	317	**7,708**	(88,643)	317
Fair value (loss)/gain on investment properties	22	**(7,642)**	7,902	11,213	**(15,510)**	1,135	301
Fair value gain/(loss) on financial assets at fair value through profit or loss	18	**19,998**	12,490	(11,351)	**19,998**	12,490	(11,351)
Impairment of associate	21	**(14,169)**	(37,951)	-	**(14,169)**	(37,951)	-
Share of loss of associate	21	**(5,831)**	(4,296)	(2,951)	**(5,831)**	(4,296)	(2,951)
		(159,687)	(917,539)	(387,814)	**(162,521)**	(924,094)	(397,359)
Profit before income tax		**2,387,394**	1,413,988	1,734,075	**2,361,814**	1,389,465	1,708,580
Income tax expense	11(a)	**(427,341)**	(306,524)	(315,423)	**(419,922)**	(299,566)	(311,808)
Profit for the year		**1,960,053**	1,107,464	1,418,652	**1,941,892**	1,089,899	1,396,772
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Remeasurements of pension benefit obligations	28	**(11,268)**	13,675	15,033	**(11,268)**	13,675	15,033
Deferred tax relating to components of other comprehensive income	11(c)	**2,141**	(2,325)	(2,556)	**2,141**	(2,325)	(2,556)
Effect of change in deferred tax rate	31(c)	**3,009**	-	-	**3,009**	-	-
Other comprehensive (loss)/ income		**(6,118)**	11,350	12,477	**(6,118)**	11,350	12,477
Total comprehensive income for the year		**1,953,935**	1,118,814	1,431,129	**1,935,774**	1,101,249	1,409,249
Earnings per share - Basic and Dilluted	12	**1.10**	0.62	0.78			

The notes on pages 15 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

		THE GROUP			THE COMPANY		
	Notes	**2025**	2024	2023	**2025**	2024	2023
ASSETS		**Rs'000**	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Cash and cash equivalents	13	**1,235,013**	1,382,424	1,049,252	**1,175,698**	1,326,651	1,008,858
Loans and advances to members	14	**38,117,082**	37,222,637	35,358,317	**38,117,082**	37,222,637	35,358,317
Placements with bank and non-bank financial institutions	16	**-**	101,156	507,138	**-**	101,156	507,138
Financial assets at amortised cost	17	**3,480,997**	2,535,148	3,952,383	**3,480,997**	2,535,148	3,952,383
Financial assets at fair value through profit or loss	18	**268,226**	227,371	203,946	**268,226**	227,371	203,946
Investment in subsidiary	15	**-**	-	-	**433,802**	433,802	433,802
Property, equipment and right of use assets	19	**451,248**	451,767	311,394	**279,007**	339,681	158,222
Intangible assets	20	**15,171**	11,531	10,353	**15,170**	11,531	10,352
Investment in associates	21	**72,234**	92,234	134,481	**72,234**	92,234	134,481
Investment properties	22	**608,936**	570,975	533,469	**335,335**	276,439	247,984
Deferred tax assets	11(c)	**153,853**	119,829	112,271	**153,853**	119,829	112,271
Other assets	23	**137,028**	131,761	362,934	**134,997**	132,222	364,147
Total assets		**44,539,788**	42,846,833	42,535,938	**44,466,401**	42,818,701	42,491,901
LIABILITIES							
Deposits from customers	24	**14,649,109**	17,381,620	20,259,073	**14,649,109**	17,381,620	20,259,073
Interest bearing loans	25	**6,441,415**	3,920,635	2,368,652	**6,441,415**	3,920,635	2,368,652
Current tax liabilities	11(b)	**124,532**	72,875	83,792	**124,012**	72,406	83,158
Deferred tax liabilities	11 (c)	**30,280**	23,380	16,024	**-**	-	-
Funds	26	**2,179,237**	2,047,536	2,009,863	**2,179,237**	2,047,536	2,009,863
Insurance contract liabilities	27	**1,862,127**	2,112,743	1,628,443	**1,862,127**	2,112,743	1,628,443
Pension benefit obligations	28	**24,881**	3,911	5,612	**24,881**	3,911	5,612
Other liabilities	29	**327,134**	291,828	246,051	**344,055**	328,892	242,454
Total liabilities		**25,638,715**	25,854,528	26,617,510	**25,624,836**	25,867,743	26,597,255
Shareholders' equity							
Share capital	30	**228,072**	227,699	227,197	**228,072**	227,699	227,197
Retained earnings	31(e)	**18,198,555**	16,489,218	15,427,009	**18,142,528**	16,451,352	15,406,708
Revaluation reserve	31(a)	**3,481**	3,481	3,481	**-**	-	-
Statutory reserve	31(b)	**228,072**	227,699	227,197	**228,072**	227,699	227,197
Actuarial reserves	31(c)	**(131,027)**	(124,909)	(136,259)	**(131,027)**	(124,909)	(136,259)
Other reserves	31(d)	**373,920**	169,117	169,803	**373,920**	169,117	169,803
Total equity		**18,901,073**	16,992,305	15,918,428	**18,841,565**	16,950,958	15,894,646
Total equity and liabilities		**44,539,788**	42,846,833	42,535,938	**44,466,401**	42,818,701	42,491,901

These financial statements have been approved for issue by the Board of Directors on September 26, 2025, and signed on its behalf by:

Mr. M. Bheekhee	Mr. P. Ramjug	Mr. N. Dabeesingh
Chairperson	**Director**	**Chief Executive Officer**

The notes on pages 15 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

THE GROUP	Share capital	Statutory reserve	Revaluation reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2022	226,729	226,729	3,481	327,081	(148,736)	13,896,891	14,528,161
Issue of shares (note 30)	468	-	-	-	-	-	468
Profit for the year	-	-	-	-	-	1,418,652	1,418,652
Other comprehensive income for the year	-	-	-	-	12,477	-	12,477
Total comprehensive income	-	-	-	-	12,477	1,418,652	1,431,129
Transfer made to reserves for the year (note 31)	-	468	-	(157,278)	-	156,810	-
Dividend (note 32)	-	-	-	-	-	(45,344)	(45,344)
Balance at June 30, 2023	227,197	227,197	3,481	169,803	(136,259)	15,427,009	15,918,428
Balance at July 1, 2023	227,197	227,197	3,481	169,803	(136,259)	15,427,009	15,918,428
Issue of shares (note 30)	502	-	-	-	-	-	502
Profit for the year	-	-	-	-	-	1,107,464	1,107,464
Other comprehensive income for the year	-	-	-	-	11,350	-	11,350
Total comprehensive income	-	-	-	-	11,350	1,107,464	1,118,814
Transfer made to reserves for the year (note 31)	-	502	-	(686)	-	184	-
Dividend (note 32)	-	-	-	-	-	(45,439)	(45,439)
Balance at June 30, 2024	227,699	227,699	3,481	169,117	(124,909)	16,489,218	16,992,305
Balance at July 1, 2025	**227,699**	**227,699**	**3,481**	**169,117**	**(124,909)**	**16,489,218**	**16,992,305**
Issue of shares (note 30)	**373**	-	-	-	-	-	**373**
Profit for the year	-	-	-	-	-	**1,960,053**	**1,960,053**
Other comprehensive income for the year	-	-	-	-	**(6,118)**	-	**(6,118)**
Total comprehensive income	-	-	-	-	**(6,118)**	**1,960,053**	**1,953,935**
Transfer made to reserves for the year (note 31)	-	**373**	-	**204,803**	-	**(205,176)**	-
Dividend (note 32)	-	-	-	-	-	**(45,540)**	**(45,540)**
Balance at June 30, 2025	**228,072**	**228,072**	**3,481**	**373,920**	**(131,027)**	**18,198,555**	**18,901,073**

The notes on pages 15 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

THE COMPANY

	Share capital Rs'000	Statutory reserve Rs'000	Other reserve Rs'000	Actuarial reserves Rs'000	Retained earnings Rs'000	Total equity Rs'000
Balance at July 1, 2022	226,729	226,729	327,081	(148,736)	13,898,470	14,530,273
Issue of shares (note 30)	468		-	-	-	468
Profit for the year	-	-	-	-	1,396,772	1,396,772
Other comprehensive income for the year	-	-	-	12,477		12,477
Total comprehensive income	-	-	-	12,477	1,396,772	1,409,249
Transfer made to reserves for the year (note 31)		468	(157,278)	-	156,810	-
Dividend (note 32)	-	-	-	-	(45,344)	(45,344)
Balance at June 30, 2023	227,197	227,197	169,803	(136,259)	15,406,708	15,894,646
Balance at July 1, 2023	227,197	227,197	169,803	(136,259)	15,406,708	15,894,646
Issue of shares (note 30)	502	-	-	-	-	502
Profit for the year	-	-	-	-	1,089,899	1,089,899
Other comprehensive income for the year	-	-	-	11,350	-	11,350
Total comprehensive income	-	-	-	11,350	1,089,899	1,101,249
Transfer made to reserves for the year (note 31)	-	502	(686)	-	184	-
Dividend (note 32)	-	-	-	-	(45,439)	(45,439)
Balance at June 30, 2024	227,699	227,699	169,117	(124,909)	16,451,352	16,950,958
Balance at July 1, 2024	**227,699**	**227,699**	**169,117**	**(124,909)**	**16,451,352**	**16,950,958**
Issue of shares (note 30)	**373**	-	-	-	-	**373**
Profit for the year	-	-	-	-	**1,941,892**	**1,941,892**
Other comprehensive income for the year	-	-	-	**(6,118)**	-	**(6,118)**
Total comprehensive income	-	-	-	**(6,118)**	**1,941,892**	**1,935,774**
Transfer made to reserves for the year (note 31)	-	**373**	**204,803**	-	**(205,176)**	-
Dividend (note 32)	-	-	-	-	**(45,540)**	**(45,540)**
Balance at June 30, 2025	**228,072**	**228,072**	**373,920**	**(131,027)**	**18,142,528**	**18,841,565**

The notes on pages 15 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

	Notes	THE GROUP 2025	THE GROUP 2024	THE GROUP 2023	THE COMPANY 2025	THE COMPANY 2024	THE COMPANY 2023
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities							
Profit before income tax		**2,387,394**	1,413,988	1,734,075	**2,361,814**	1,389,465	1,708,580
Adjustments for:							
Credit loss allowance on financial assets	8	**38,702**	66,068	90,211	**38,701**	66,112	90,166
Depreciation of property, equipment and right of use assets	19	**32,636**	47,165	32,018	**45,145**	60,081	32,364
Amortisation of intangible assets	20	**856**	8,658	14,056	**856**	8,658	13,942
Interest income	6	**(3,590,349)**	(3,488,004)	(3,133,570)	**(3,590,349)**	(3,488,004)	(3,133,570)
Interest expense	6	**1,094,950**	1,198,074	1,046,389	**1,096,105**	1,198,346	1,046,385
Pension expense	28	**9,701**	11,975	(26,917)	**9,701**	11,975	(26,917)
Share of loss of associate	21	**5,831**	4,296	2,951	**5,831**	4,296	2,951
Impairment of associate	21	**14,169**	37,951	-	**14,169**	37,951	-
Fair value gain/(loss) on investment properties	22	**7,642**	(7,902)	(11,213)	**15,510**	(1,136)	(301)
Impairment reversal/(charge) on property and equipment	19	**(7,708)**	88,643	(317)	**(7,708)**	88,643	(317)
Profit on disposal of property and equipment		**(455)**	-	-	**(455)**	-	-
Fair value (gain)/loss on financial assets at fair value through profit or loss	18	**(19,998)**	(12,490)	11,351	**(19,998)**	(12,490)	11,351
Translation (gain)/loss on revaluation of cash balance denominated in foreign currency		**(95)**	-	-	**(95)**	-	-
PPE written off		**486**	23,478	-	**486**	23,478	-
Net insurance service (expense)/revenue		**(282,807)**	405,498	(32,661)	**(282,807)**	405,498	(32,661)
		(309,046)	(202,604)	(273,627)	**(313,095)**	(207,127)	(243,450)
Changes in operating assets and liabilities:							
(Increase)/decrease in loans and advances to members		**(971,666)**	(2,189,260)	(1,231,616)	**(971,666)**	(2,189,260)	(1,231,616)
(Increase)/decrease in other assets		**24,353**	233,835	(290,505)	**23,658**	231,925	(288,292)
(Decrease)/Increase in deposits from customers		**(2,568,393)**	(2,378,720)	(1,982,991)	**(2,568,393)**	(2,378,720)	(1,978,022)
Increase/(decrease) in other liabilities		**16,972**	234,280	263,288	**17,713**	282,975	212,223
Net movement in funds and insurance contract liabilities		**62,277**	(2,499)	(2,507)	**62,277**	(2,499)	(2,507)
		(3,745,505)	(4,304,968)	(3,517,958)	**(3,749,506)**	(4,262,706)	(3,531,664)
Interest received		**3,654,801**	3,484,850	3,142,043	**3,654,801**	3,484,850	3,142,043
Interest paid		**(1,158,641)**	(1,352,049)	(966,597)	**(1,160,979)**	(1,340,811)	(966,597)
Income tax paid	11(a)	**(397,710)**	(320,205)	(284,297)	**(397,190)**	(320,207)	(284,297)
Net cash used in operating activities		**(1,647,055)**	(2,492,371)	(1,626,809)	**(1,652,875)**	(2,438,874)	(1,640,515)
Cash flows from investing activities							
Addition to placements with bank and non-bank financial institutions	16	-	(100,000)	(500,000)	-	(100,000)	(500,000)
Proceeds from matured placements with bank and non-bank financial institutions	16	**100,000**	500,000	250,000	**100,000**	500,000	250,000
Proceeds from disposal of financial assets at amortised	17	**950,000**	3,250,000	989,600	**950,000**	3,250,000	989,600
Addition to financial assets at amortised cost	17	**(1,950,000)**	(1,832,772)	(1,000,000)	**(1,950,000)**	(1,832,772)	(1,000,000)
Purchase of property and equipment	19	**(14,595)**	(276,181)	(75,505)	**(11,555)**	(330,184)	(75,505)
Disposal of property and equipment		**455**	-	-	**455**	-	-
Purchase of intangible assets	20	**(4,495)**	(9,836)	(1,302)	**(4,495)**	(9,836)	(1,302)
Acquisition of financial assets at fair value through profit or loss	18	**(31,909)**	(18,522)	(96,743)	**(31,909)**	(18,522)	(96,743)
Disposal of financial assets at fair value through profit or loss	18	**11,053**	7,587	(1,765)	**11,053**	7,587	(1,765)
Acquisition of investment in associate	21	-	-	(49,120)	-	-	(49,120)
Purchase of investment property	22	**(55,902)**	(29,605)	(1,945)	**(40,099)**	(27,320)	(424)
Net cash (used in)/generated from investing activities		**(995,394)**	1,490,672	(486,780)	**(976,550)**	1,438,954	(482,607)
Cash flows from financing activities							
Proceeds from issuing shares	30	**373**	502	468	**373**	502	468
Proceeds from loans	25	**3,700,000**	2,200,000	2,500,000	**3,700,000**	2,200,000	2,500,000
Repayment of loans	25	**(1,173,898)**	(834,240)	(194,616)	**(1,173,898)**	(834,240)	(194,616)
Payment of lease liability	29	**(1,272)**	(2,918)	(1,837)	**(17,839)**	(20,032)	(1,767)
Dividend paid	32	**(30,253)**	(30,860)	(31,348)	**(30,253)**	(30,860)	(31,348)
Net cash generated from/(used in) financing activities		**2,494,950**	1,332,484	2,272,668	**2,478,383**	1,315,370	2,272,737
Net (decrease)/increase in cash and cash equivalents		**(147,499)**	330,784	159,079	**(151,043)**	315,450	149,616
Effect of foreign exchange rate changes		**95**	-	(2)	**95**	-	(2,000)
ECL arising on cash and cash equivalents		**(7)**	2,387	46	**(6)**	2,343	435
Cash and cash equivalents at beginning of year		**1,382,424**	1,049,253	890,129	**1,326,651**	1,008,858	861,808
Cash and cash equivalents at end of year	13	**1,235,013**	1,382,424	1,049,252	**1,175,698**	1,326,651	1,009,858

The notes on pages 15 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 9.

1 (a) GENERAL INFORMATION

The Mauritius Civil Service Mutual Aid Association Ltd ("the Company") was incorporated in Mauritius on July 29, 1913 under the Companies Ordinance No.35 of 1912 as a limited liability company. The address of its registered office is 5, Guy Rozemont Square, Port Louis. The activities of the Company are mainly to grant loans to its associates and members of staffs. The Company also has a deposit taking licence from the Bank of Mauritius, which allows it to accept deposits from the public. The types of deposits accepted by the Company include term deposits.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary ("MCS Property Ltd"), collectively referred to as the "Group".

The principal activity of the subsidiary is rental of property.

1 (b) APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD

In the current year, the Group and the Company have 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 their operations and effective for accounting periods beginning on 01 July 2024.

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

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

IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants
IAS 7	Statement of Cash Flows - Amendments regarding supplier finance arrangements
IFRS 7	Financial Instruments - Disclosures - Amendments regarding supplier finance arrangements
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.

New and revised IFRS Accounting Standards in issue not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 21	The Effects of Changes in Foreign Exchange Rates - Lack of exchangeability (effective 1 January 2025)
IFRS 7	Financial Instruments - Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 9	Financial Instruments - Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 18	Presentation and Disclosures in Financial Statements (effective 01 January 2027)
IFRS 19	Subsidiaries without Public Accountability: Disclosures (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.

(This space has been intentionally left blank)

2 MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

Statement of compliance

The financial statements of the Company and its subsidiary (collectively known as the "Group") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004, including the regulations and guidelines issued by the Bank of Mauritius, in so far as the operations of the Group are concerned.

Where necessary, comparatives figures have been amended to conform with changes in presentation, or in accounting policies in the current year.

The financial statements have been prepared under the historical cost convention, except for the following assets and liabilities that are measured at fair value:

1) relevant financial assets and liabilities are stated at their fair values;
2) investment properties are stated at fair value; and
3) the Guarantee Benevolent Scheme and Mutual Solidarity Scheme (the "Funds") are accounted under IFRS 17.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 entity 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 financial statements are presented in Mauritian Rupees ('Rs' or 'MUR'), and all values are rounded to the nearest thousand rupees, except where otherwise indicated.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period in which the assumptions change. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Basis of consolidation

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Please refer to Note 2.12 for the accounting policies for consolidation.

2.3 Foreign currency translation

(i) *Functional and presentation currency*

The consolidated and separate financial statements are prepared in Mauritian Rupees (Rs), which is the Group's and Company's functional and presentation currency.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency translation (Continued)

(ii) *Transactions and balances*

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

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

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

Translation differences on non monetary-items, such as equities classified as financial assets measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income.

2.4 Interest income and expense

Interest income and interest expenses are recognised on a time-proportion basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Company estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When a receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. 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.

2.5 Fees and commission income

Fees and commissions are recognised on an accrual basis unless collectability is in doubt and except for fees which are an integral part of the effective interest rate of loans.

2.6 Dividend and other income

Dividend income is recognised when the Group's right to receive the dividend is established.

Other income includes penalty fee income for early encashment of deposits and retirement savings scheme. Other income is generally recognised as the services provided by the Group and the Company are consumed by the customer.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

The Company provides management administration services to its subsidiary and for managing the General Benevolent Scheme. Revenue from contract with customer is recognised when control of the services are transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Services transferred over time

For services where the customer simultaneously receives and consumes the benefits provided by the Group and the Company, revenue is reocgnised over time.

Services transferred at a point in time

For remaining services, revenue is recognised at a point in time.

2.7 Insurance contracts

Insurance contracts are those contracts which transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Application of IFRS 17 Insurance Contracts

The Group and Company identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Contracts in different product lines (for example single premium fixed annuities compared with regular term life assurance) would not be expected to have similar risks and hence would be expected to be in different portfolios.

Mutual Solidarity Contribution (The "MSC Fund")

The Group and Company provide loans to members which are repayable in equal monthly instalments with terms up to 35 years. These loans are secured by a decreasing term assurance (' insurance cover') provided by the Mutual Solidarity Contribution Scheme ('MSCS') whereby the capital outstanding is ultimately written off in case of death of a member. Members taking out the loans are charged a one-off fee at inception of the loans towards the "insurance cover".

The one-off fee is an insurance contract as defined by IFRS17 *Insurance Contracts* as the issuer, MSCS, accepts significant insurance risk from another party (the member or policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the member.

The following three aspects have been considered to gauge whether there is a transfer of significant insurance risk:

- The insured event causes the issuer to pay additional amounts that are significant in any single scenario;
- Possible scenarios include the possibility of losses on a present value basis for the issuer; and
- The contracts provide for insurance risk rather than financial risk.

In making this assessment, the Group and Company have considered all their substantive rights and obligations, whether they arise from contract, law or regulation.

Loans provided to members are divided into 3 types:

- Personal Loan
- Car loan
- Home and fixed charge loans

Given that all these loans are managed together and share similar risk, i.e., Mortality risk, they are treated as one portfolio. At initial recognition, the Group and Company segregate the portfolio of policies based on when they are issued and a cohort contains all policies that are issued within a 12- month period. While a cohort can be based on an issuing period that is less than one year, the Group and Company opt to keep annual cohorts:

- in line with actuarial valuations being carried out once a year; and
- coinciding with the Group and Company's financial reporting period being 1st July to 30th June.

Each cohort is then further sub-divided into four profitability groups to which the recognition and measurement requirements of IFRS17 are applied:

1. Policies prior to 1 July 2022 - PRE_2023
2. Policies that have no significant possibility of becoming onerous subsequently - PROF (Profitable policies)
3. Policies that are onerous - ONRS (Onerous policies)
4. Any remaining policies - REMC (Remaining policies)

The Group and Company determine the appropriate level at which reasonable and supportable information is available to evaluate whether the contracts are onerous at initial recognition and whether the contracts are not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Group and company apply significant judgement in determining at what level of granularity they have sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Group and Company assess each contract individually.

The General Benevolent Scheme ("GBS")

The Group and Company operate a GBS which offers death grants to members and their spouse and fixed cash payouts for surgical claims. Members of GBS are those who are still in service as well as those who have retired. A fixed monthly fee of Rs 20 is payable by all members.The monthly fee is an insurance contract under IFRS 17 as the issuer offers life insurance long term contract providing coverage till death.

All risks covered under GBS are managed together in return of the fixed monthly fee renewable annually and hence only one portfolio is recognised.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

The General Benevolent Scheme ("GBS") (Continued)

Given that the GBS is closed to new business since 2001, the whole group has been treated as one, with no further sub division in the level of profitability.The GBS portfolio has been grouped as:- '- 1 July 2022 - PRE_2023

The fair value approach

The fair value approach has been applied to value the MSC Fund and the GBS Scheme.

Under the Fair Value Approach (FVA), the CSM at the transition date was determined as the difference between the Fair Value of the insurance business (which is computed in accordance with IFRS 13) and the IFRS 17 Fulfillment Cashflows (FCF).

The FCF is made up of:

- Present value of the Best Estimate Liabilities (BEL)
- The Risk Adjustment (RA)

IFRS 13 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." This concept focuses on exit prices rather than the fulfillment perspective of IFRS 17.

To establish the Fair Value of the GBS portfolio, market consistent assumptions have been used, including margin for prudence and expense loadings.

The BEL + RA is derived from the current IFRS 17 valuation. The difference then represents the opening CSM or a loss component of the PRE_2023 group.

Based on all the above considerations:

- All contracts issued by the Group and Company have been classified to fall under the scope of IFRS17.
- No combination of contracts was envisaged.
- Contracts have no distinct components to be scoped under IFRS15.
- No unbundling of financial risk component within IFRS17 was identified.

Onerous Contracts

An insurance contract is deemed onerous at the initial recognition date if the total of allocated fulfilment cash flows, any previously recognised insurance acquisition cash flows, and any cash flows arising from the contract result in a net outflow. When such contract or group of contracts is identified as onerous, the Group and Company recognise a loss in profit or loss for the net outflow associated with the group. This recognition leads to adjusting the liability for the group to equal the fulfilment cash flows, with the contractual service margin of the group being set to zero.

In short, if a contract is not profitable (onerous), the Contractual Service Margin (CSM) is set to zero such that at inception, the Group and Company recognise a loss, and a loss component is set up as per below:

Liability = Best Estimate Liability (positive) + Risk Adjustment (positive) + CSM (set to zero) > 0

The recognition of the loss component (equal to Best Estimate Liability + Risk Adjustment) is detailed further in the later sections.

The Group and Company also evaluate if contracts initially deemed not onerous might become onerous. This assessment considers potential changes in assumptions that could lead to contract onerousness. It relies on internal reporting information, respecting all insights on assumption impacts provided.

Determining whether contracts are onerous

Insurance contracts are classified based on a quantitative approach. Specifically:

- where the Fulfilment Cash Flows ('FCFs') are negative at initial recognition, i.e. premiums > claims + expenses + risk adjustment ('RA'), the contracts are classified as profitable;

Conversely:

- where the FCFs are positive at initial recognition, i.e. premiums < claims + expenses + RA, the contracts are classified as onerous.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Determining whether contracts are onerous (Continued)

Where contracts are profitable, the Group and Company apply thresholds based on expert judgement and industry best practice to split contracts further into groups of contracts with no significant probability of becoming onerous and remaining contracts.

The following rules were used to split the contracts:

IFRS 17 standard group	Classification	CSM/LC as % of FCF
Onerous	Onerous group	< 0%
No significant probability of becoming onerous	Profitable group	> 20%
Other	Remaining contracts	Else

Recognition

The Group and company recognise group of insurance contracts issued from the earliest of the following:

(a) the beginning of the coverage period of the group of contracts.

(b) the date when the first payment from a policyholder in the group becomes due; and

(c) for a group of onerous contracts when the group becomes onerous.

The coverage period is defined as the period during which the Group and Company provide insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

If there is no contractual due date, the first payment from the policyholder is deemed to be due when it is received.

The Group and Company determine whether any contracts form a group of onerous contracts before the earlier of the dates set out in paragraphs (a) and (b) above if facts and circumstances indicate there is such a group.

In recognising a group of insurance contracts in a reporting period, the Group and Company include only contracts that individually meet one of the criteria set out in paragraph 25 of IFRS17 and make estimates for the discount rates at the date of initial recognition and the coverage units provided in the reporting period. The Group and Company include more contracts in the group after the end of a reporting period, subject to paragraphs 14 to 22 of IFRS17.

The Group and Company add a contract to the group in the reporting period in which that contract meets one of the criteria set out in paragraph 25 of IFRS 17. This may result in a change to the determination of the discount rates at the date of initial recognition. The Group and Company apply the revised rates from the start of the reporting period in which the new contracts are added to the group as set out in paragragh 28 of IFRS 17.

Measurement on initial recognition

The Group and Company use the General Measurement Model (GMM) for all their contracts.

On initial recognition, the Group and Company measure their group of insurance contracts at the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows;
- a risk adjustment for non-financial risk; and
- the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Contract boundary

The Group and Company use the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group and Company have a substantive obligation to provide the policyholder with insurance coverage or other services.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Contract boundary (Continued)

A substantive obligation ends when:

(a) the Group and Company have the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

(b) both of the following criteria are satisfied:

i. the Group and Company have the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group and Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Estimates of future cash flows

When measuring their group of insurance contracts, the Group and company have accounted for all future cash flows associated with each contract in the group. This exercise involves estimating future cash flows in a way that is unbiased and incorporates all reasonable and supportable information available about their amount, timing, and uncertainty, using a probability-weighted approach to determine the expected value. These estimates are aligned with the Group and Company's perspective and are consistent with observable market prices for relevant variables.

They also reflect current conditions as of the measurement date, including assumptions about future events.

Inflows

The only cash inflow shall be the premium payable at inception of the contract. This is a one-off fee that is charged from the client for the "insurance cover" when taking out the loan. The premium rates depend on the type of loan and vary by age group.

Outflows

The only cash outflow shall be the claims payable by the Group and Company when a loan is written off on death of the policyholder. There are no expenses incurred to run the fund and hence there is no attributable expense under IFRS17.

Discount rates

The Group and Company adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. Considering the small size of the Mauritian market in particular, limitations in terms of observable market information, the cost, effort and complexity of the top-down approach, the Group and Company have opted the bottom-up approach to determine the discount rates. This involves using secondary market and publicly traded Mauritius Government Bonds to derive the yield curve at specific time using the Nelson Siegel Svensson (NSS) model.

Risk adjustment for non-financial risk

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group and Company require for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group and Company fulfil insurance contracts.

The Group and company use quantile technique as the best methodology to determine the estimation of the RA given the characteristics of the portfolio. The quantile technique involves estimating the discounted cash flow liability under a range of simulated scenarios, where each scenario would consider the uncertainty arising from all non-financial risks to underlying insurance contracts, to form a distribution. It is then possible to select a desired confidence level and determine the additional liability on top of the best estimate liability that would be needed to provide sufficient capital corresponding to the chosen confidence level. This method is equivalent to the Value at Risk estimation and will be applied to the total claim reserve.

Contractual Service Margin (CSM)

The contractual service margin is a component of the asset or liability for the group of insurance contracts that represent the unearned profit the Group and Company will recognise as they provide services over the coverage period and that will be released over time.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Contractual Service Margin (CSM)

The Group and Company measure the CSM on initial recognition at an amount that results in no income or expenses (unless the group of insurance contracts is onerous) arising from:

- the initial recognition of an amount for the fulfilment cash flows;
- any cash flows arising from the contracts in the group at that date;
- the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows allocated to the group; and
- any other asset or liability recognised for cash flows related to the group of contracts.

Under IFRS 17, the recognition of profits and losses follows two key principles:

1. Profitable Business: Expected profits cannot be recognised immediately. Instead, these profits are spread over time.
2. Loss-Making Business: Expected losses must be recognised immediately and cannot be spread over time.

The determination of coverage units is a crucial element for the release of the CSM in profit and loss and is discussed below.

To cater for onerous contracts, the Group and Company establish (or increase) a loss component of the liability for remaining coverage for an onerous group depicting the losses recognised. The loss component determines the amounts that are presented in profit or loss as reversals of losses on onerous groups and are consequently excluded from the determination of insurance revenue.

Loss component is an off-balance sheet item that is tracked over the duration of a group of contracts. The purpose is to ensure the appropriate recognition of insurance revenue where the group is onerous, as well as to determine if a CSM should be re-established for previously onerous contract.

Coverage units

Coverage units are essential in IFRS 17 for determining how the CSM is amortised into profit or loss. They ensure a fair distribution of the CSM across contract groups with varying sizes, durations, and levels of coverage over different periods. By employing coverage units, entities can allocate the CSM accurately to each reporting period, reflecting the specific benefits provided during that time.

Deciding on the quantity of benefits within a group involves significant judgment, as IFRS 17 does not specify exact methodologies. For contracts under the General Measurement Model (GMM), the sum assured can serve as a suitable measure, as it supports the benefits provided. The Group and Company calculate coverage units using the discounted value of expected sum assured, which measures the services policyholders are anticipated to receive throughout their contract durations.

Subsequent measurement

In estimating the total future fulfilment cash flows, the Group and Company distinguish between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of a group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

The LRC represents the Group and Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred.

The LRC is comprised of:

(a) the fulfilment cash flows relating to future service,
(b) the CSM yet to be earned and
(c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Group and Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Group and Company's liability to pay amounts the Group and Company are obliged to pay the policyholder under the contract. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF for both LIC and LRC are updated by the Group and Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Changes in fulfilment cash flows (Continued)

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

(a) changes that relate to current or past service are recognised in profit or loss; and
(b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

(a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
(b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
(c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
(d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments related to a) to c) are measured using the locked-in discount rates.

The following adjustments do not relate to future service and thus do not adjust the CSM:

(a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
(b) changes in the FCF relating to the LIC; and
(c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the CSM

At the end of each reporting period, the carrying amount of the CSM is adjusted by the Group and Company to reflect the effect of the following changes:

(a) The effect of any new contracts added to the group.

(b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.

(c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

(d) The effect of any currency exchange differences.

(e) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group and Company revise the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Onerous contracts - Loss component

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period end prospectively by considering:

(a) The quantity of benefits provided by contracts in the group;

(b) The expected coverage duration of contracts in the group; and

(c) The likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group and Company use amount that it expects to write off if an insured event occurs in each period as the basis for quantifying the benefits.

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group and Company recognise the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group and Company allocate the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

(a) expected incurred claims and expenses for the period;

(b) changes in the risk adjustment for non-financial risk for the risk expired; and

(c) finance income/(expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Amounts recognised in profit or loss

Insurance revenue

As the Group and Company provide services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group and Company expect to be entitled to in exchange for those services.

For contracts measured under the General Measurement Model, insurance revenue comprises the following:

(1) Amounts relating to the changes in the LRC:

  (a) insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

    i. amounts related to the loss component;
    ii. repayments of investment components;
    iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
    iv. insurance acquisition expenses;

  (b) changes in the risk adjustment for non-financial risk, excluding:

    i. changes included in insurance finance income (expenses);
    ii. changes that relate to future coverage (which adjust the CSM); and
    iii. amounts allocated to the loss component;

  (c) amounts of the CSM recognised in profit or loss for the services provided in the period; and

  (d) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

(2) Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Insurance contracts (Continued)

Amounts recognised in profit or loss (Continued)

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits excluding investment components;

(b) other incurred directly attributable insurance service expenses;

(c) insurance acquisition cash flows;

(d) changes that relate to past service (i.e. changes in the FCF relating to the LIC); and

(e) changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the premium allocation approach (PAA), amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

Other expenses not meeting the above categories are included in other operating expenses in profit or loss.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money; and
(b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the FCF and the CSM;
(b) the effect of changes in interest rates and other financial assumptions; and
(c) foreign exchange differences arising from contracts denominated in a foreign currency.

All insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option (the PL option) is applied).

Retirement Savings Scheme (The "RSS Fund")

The RSS Fund is not classified as investment contract because it does not expose the Group and Company to significant insurance risk. Hence, the RSS fund is within the scope of IFRS 9.

The RSS Fund was set up as from December 1, 2000, with the ultimate objective of providing for a retirement benefit to its associates who are public officers or in an approved service and later extended to the general public.

The liability recognised in the statement of financial position relates to the contribution received from the public after deducting withdrawals made by the contributors. The interest expense recognised in profit or loss is on an accrual basis. The liability is valued at amortised cost.

2.8 Financial Instruments

<u>Financial Assets</u>

Financial instruments - Initial recognition and subsequent measurement

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represents all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Financial Assets (Continued)

Financial instruments - Initial recognition and subsequent measurement (Continued)

Specifically:

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

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

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

Debt instruments at amortised cost or at FVTOCI

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

Business model assessment

The Group and Company determine their business model at the level that best reflects how they manage groups of financial assets to achieve their business objective.

The Group and Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The solely payments of principal and interest (SPPI) test

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Financial Assets (Continued)

The solely payments of principal and interest (SPPI) test (Continued)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

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

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Equity instruments designated at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Reclassifications

If the business model under which the entity holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting periods presented there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Cash and cash equivalents

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

Placements with banks and non-bank financial institutions

The Group only measures placements with banks and non-bank financial institutions at amortised cost if both of the following conditions are met:

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

Financial Liabilities

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Financial Liabilities (Continued)

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company or a contract that will or may be settled in the Group and the Company's own equity instruments and is a non-derivative contract for which the Group and the Company are or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group and the Company's own equity instruments.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other liabilities'. For all financial liabilities the amount presented on the statement of financial position represent all amounts payable including interest accruals.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

Loans and advances to members

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in note 3.1. The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

This is further explained in Note 3.

The Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired (as outlined in Note 8. The Group records an allowance which is the difference between the carrying amount and the recoverable amount. Recoverable amount equals to the present value of future cash flows as per the term of the loan.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Group calculates ECLs based on an economic scenario derived from International Monetary Fund (IMF) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Impairment of financial assets (Continued)

Loans and advances to members (Continued)

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan, as set out in this note below. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 8. When estimating ECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down then multiplied with the LGD and PD on the loans.

Allowance for credit impairment in respect of on-balance sheet items is deducted from the applicable asset. Changes in the carrying amount of the allowance accounts are recognised in the statement of profit or loss. When an advance is uncollectible, it is written off against the mutual solidarity contribution for deceased borrowers and for other cases the loan is written off against accumulated provision. Subsequent recoveries of amounts previously written off are credited to "Net credit loss allowance on financial assets" in the statement of profit or loss.

Where possible, the Group seeks to restructure loans. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Statutory portfolio allowance

A portfolio allowance for credit losses is maintained in accordance with the guidelines of the Bank of Mauritius. Amounts in excess of provision under IFRS 9 are recognised in reserves.

Other financial assets

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Placements with bank and non-bank financial institutions;
- Cash and cash equivalents; or
- Other Financial assets at amortised cost.

With the exception of purchased or originated credit impaired (POCI) assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, that is, ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as stage 1);
- Lifetime ECL, that is, lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as stage 2); or
- ECL on credit impaired assets, that is the difference between the gross carrying amount and the present value of estimated future cash flows, (referred to as stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); or
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankrupcy or other financial reorganisation; or
(e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

Definition of default and cure

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different type of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators such as overdue status. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources, for example, regulatory guidelines.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of stage 3 when none of the default criteria have been present in the next month. The decision whether to classify an asset as stage 2 or stage 1 once cured depends on the days past due (if any), at the time of the cure and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Write-off policy

Financial assets are written off either partially or in their entirety only in hardship and death cases. The Group and Company have a scheme known as the Mutual Solidarity scheme (refer to note 27) against which the outstanding amount of loans for deceased borrowers are written off.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Modification of financial assets

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (Continued)

Modification of financial assets (Continued)

The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, based on the policy of the Group, the latter will remain forborne.

If modifications are substantial, the loan is derecognised and a new loan is recognised. A substantial modification to the terms of a loan would result in the derecognition of the old loan and recognition of the new loan when all the terms attached to the old loans are changed.

2.11 Fair value measurements

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant properties, such as land and buildings. Selection of external valuers is decided upon every 3 years. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with their external valuers, which valuation techniques and inputs to use for each case.

2.12 Investments

Investment in Subsidiary

<u>Separate financial statements</u>

Investment in subsidiary in the separate financial statements is carried at cost net of any impairment loss. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and carrying amount is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments (Continued)

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with those used by the Group.

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

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

Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.13 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Property and equipment (Continued)

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Building	2%
Furniture, fittings and equipment	10%
Office equipment	20%
Computer equipment	20%
Motor vehicles	20%
Leasehold Improvements	10%

Land is not depreciated.

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

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

Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

No depreciation is charged on Work-in-Progress.

2.14 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 5 years.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2.16 Investment properties

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined annually by external valuers. Changes in the fair values are included in profit or loss.

Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment properties.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Investment properties (Continued)

Investment properties are derecognised when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

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

When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

2.17 Stated capital

Stated capital is classified as equity in accordance with the substance of the contractual arrangement.

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

2.18 Dividend payable

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared. The liability is extinguished when actual payments are made to the shareholders.

2.19 Deposits from customers

Deposits from customers are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Deposits from customers are derecognised when the Group's obligations are discharged, cancelled or expired.

2.20 Other assets and other receivables

Other assets and other receivables are those that have fixed or determinable payments and that are not quoted in an active market and classified as financial assets at amortised cost. They are measured at amortised cost, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Defined benefit plans

Pension Benefit Obligations

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plan 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 Group operates a defined benefit plan known as The Mauritius Civil Service Mutual Aid Company Ltd Employees Superannuation and Pension Fund, the assets of which are held and administered separately. The plan is funded by payments from the Group taking into account the recommendations of independent qualified actuaries.

The liability recognised in the statement of financial position in respect of defined benefit pension plan 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using interest rates of high quality corporate or government 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 obligations.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Defined benefit plans (Continued)

Remeasurement of the net defined benefit liability, which comprises 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 are accumulated in a separate reserve and will not be reclassified to profit or loss in a subsequent period.

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

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

State plan

Contributions to the Contribution Sociale Généralisée (CSG) are expensed to profit or loss in the period in which they fall due.

2.23 Income Tax

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

Corporate social responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Group is required for all its companies domiciled in Mauritius to allocate 2% of its chargeable income of the preceding financial year to government approved CSR NGOs.

Corporate Climate Responsibility (CCR)

The Finance (Miscellaneous Provisions) Act 2024, which was gazetted on 27 July 2024, introduced a new Corporate Climate Responsibility (CCR) Levy at 2% of the current year's chargeable incoem as from the year of assessment commencing on 01 July 2024. CCR is payable to the Mauritius Revenue Authority by all companies where the turnover exceeds MUR 50m. This levy is recognised as part of income tax expense.

2.24 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Deferred Tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and liability separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

Deferred tax on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's investment property portfolio and concluded that the subsidiary's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the subsidiary's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for the subsidiary. As a result, the subsidiary has recognised deferred taxes on investment properties.

Deferred income taxes are calculated on all temporary differences under the liability method.

2.25 Leases

Group and Company as Lessee

The Group leases office premises and has leasehold rights on land. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of office premises for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Under IFRS 16, assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- amounts expected to be payable by the Company under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the lease for the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-Use assets

The Group recognises Right-of-Use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-Use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Right-of-Use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised Right-of-Use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-Use assets are subject to impairment.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

Right-of-Use assets (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalues its land and buildings that are presented within property and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of parking (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured as the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of retum on the Group's net investment outstanding in respect of the leases.

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

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

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.26 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if they have the ability, directly or indirectly, to control the Group and the Company or exercises significant influence over the Group and the Company in making financial and operating decisions, or vice versa, or if they and the Group and the Company are subject to common control. Related parties may be individuals or other entities.

2.27 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Further details on allowance for credit losses is outlined under note 8.

2.28 Commitments

(i) *Operating lease arrangement where the Group and the Company are the lessor*

Assets leased out under operating leases are included in investment property in the statement of financial position. They are carried at fair value, representing open-market value determined annually by external valuers. Rental income is recognised in line with the relevant lease terms.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. All estimates and assumptions required in conformity with IFRS Accounting Standards are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Judgement and estimates involved in applying IFRS 17

Assessment of significance of insurance risk

The Group applies judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis.

Determination of the contract boundary

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. The Group considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Judgement and estimates involved in applying IFRS 17 (Continued)

Identification of portfolios

The Group defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement.

Level of aggregation

The Group applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.

Assessment of directly attributable cash flows

The Group uses judgement in assessing whether cash flows are directly attributable to a portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the Company belongs.

Selecting a method of allocation of coverage units

IFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement and development of estimates considering individual facts and circumstances. In determining the appropriate method, the Group considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group, different levels of service across the period and the quantity of benefits expected to be received by the policyholder.

Key sources of estimation uncertainty

<u>Insurance contract assets and liabilities</u>

In applying IFRS 17 Insurance Contracts to the measurement of insurance contracts issued, the Group has made estimations in the following areas. They form part of the overall balances of insurance contract liabilities:

- Future fulfilment cash flows;
- Discount rate;
- Allocation rate for insurance finance income and expense;
- Risk adjustment for non-financial risk; and
- Mortality rate.

Every area, including the Group's estimation methods and assumptions used and other sources of estimation uncertainty are discussed in the relevant accounting policies.

The table below provides a sensitivity analysis of carrying amounts to changes in assumptions used as follows:

	Change in assumption	Insurance contract liabilities 2025 *	2024 *
		Rs	Rs
Mortality	Base	1,798,120	2,088,883
Mortality	+5%	1,888,919	2,183,680
Mortality	-5%	1,748,060	1,996,446
Parallel Shift in Yield Curve	Base	1,798,120	2,088,883
Parallel Shift in Yield Curve	+100 Bps	1,691,131	1,960,041
Parallel Shift in Yield Curve	-100 Bps	1,920,749	2,240,462

* The insurance contract liabilities exclude liability for incurred claims amounting to Rs 29.3m (2024:Rs 23.01m)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2.8). The Group 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 Group monitors financial assets measured at amortised cost 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 Group'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.

(c) Calculation of ECL allowance

Significant increase in credit risk: As explained in note 2.8, 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 Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

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.The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. 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 differs.

Models and assumptions used: The Group uses various models and assumptions in measuring the 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.

- When measuring ECL the Group 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.
- Probability of default: 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 information, assumptions and expectations of future conditions.
- Loss Given Default: 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.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(d) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated financial assets. Further details on the fair valuation of financial instruments are included in Note 2.8 to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Leases

(i) Incremental Borrowing Rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects the rate the Group 'would be subject to', which requires either estimation when no observable rates are available or adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs which has been derived from average yield rates from Treasury Bills and Government Bonds issued by the Bank of Mauritius with adjustments made such as risk premium/credit spread to reflect the IBR. The IBR is derived individually for each lease based on the remaining tenure at the date of inception of the lease.

(ii) Lease term

The application of IFRS 16 requires significant judgements and certain key estimations. Critical judgements include determination of whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of the lease terms, determination of the appropriate rate to discount the lease payments and assessment of whether a right-of-use asset is impaired.

(f) Impairment of Investment in associate

The Group has assessed the investment in Victoria Station Ltd to be an investment in associate based on existence of significant influence on the operations of the associate through representation of 2 directors on the board of Victoria Station Ltd.

In assessing impairment of investments, management estimates the recoverable amount of each asset based on expected future cash flows of underlying investments and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results of underlying investments and the determination of a suitable discount rate.

(g) Fair value of Investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value at the reporting date. For the investment property, the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property.

The determined fair value of the investment properties is most sensitive to the estimated yield and rentals. The key assumptions used to determine the fair value of the investment properties are explained in note 22.

(h) Pension Benefit Obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the cost to income for pensions include the discount and salary growth rates. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group and Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and Company consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

(i) Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Company has met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, namely credit risk, interest rate risk, liquidity risk and other risks as detailed below:

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises principally from the Group's loans granted to members.

Such risk is managed through regular review of loan arrears, followed by appropriate actions taken by management. Exposure to credit risk is also managed by obtaining personal guarantee of at least one guarantor, depending on loan schemes. Furthermore, in case the loanees pass away, the loans are written off against the Mutual Solidarity Contribution. Given the nature of the Group's activities which is to lend to members who are civil servants, the loan instalments are deducted at source from the members' salaries and remitted to the Group by the respective employers, thereby limiting the risk of default to circumstances such as death, resignation or termination of the employment within the civil service. However, loans are granted to members only after assessing the repayment capacity of the latter as per the Group's policy.

Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates the LGD parameters based on the history of loss of defaulted loans. The business model of the Group is such that it does not hold any major collateral except fixed deposits, retirement savings scheme, fixed/floating charge on assets of loanees and guarantors. In case of default, the monthly instalments are paid by the guarantors.

Probability of default

Probability of default (PD) is defined as the likelihood of default over a particular time horizon. The days past due is the primary input used to determine the probability of default.

(i) Credit exposure

The maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements as per below:

	THE GROUP			THE COMPANY		
	2025	2024	2023	2025	2024	2023
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Cash and cash equivalents	**1,235,036**	1,382,440	1,051,656	**1,175,719**	1,326,666	1,011,216
Loans and advances to members	**38,966,636**	38,035,635	36,121,861	**38,966,636**	38,035,635	36,121,861
Placements with bank and non-bank financial institutions	**-**	101,214	509,208	**-**	101,214	509,208
Financial assets at amortised cost	**3,484,365**	2,536,632	3,961,296	**3,484,365**	2,536,632	3,961,296
Other assets	**7,087**	2,934	7,246	**8,821**	8,282	10,148
	43,693,124	42,058,855	41,651,268	**43,635,541**	42,008,430	41,613,730

(ii) Impairment assessment

The following disclosures detail the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the accounting policies and Note 8 to the financial statements.

Definition of default and cure

For the definition of default and cure, refer to Note 2.8 to the financial statements.

Internal credit rating

Loans and advances to members

The Group does not provide a risk rating to its customers at origination as due to its business model, loans are provided to public and parastatal employees which have similar risk. The Group receives payment at source, i.e monthly loan instalments are deducted by the employer which are remitted to the Group at each month end. Hence, credit grading is based on days past due as the Group believes that the credit risk deteriorates when the days past due rises.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(ii) Impairment assessment (Continued)

Internal credit rating (Continued)

Loans and advances to members (Continued)

The loan book and the days past due are closely monitored by management and credit rating are updated on a quarterly basis to reflect current information. The days past due is the primary input used to determine the probability of default.

The Group's internal credit grading are as follows:

Days past due	Internal rating grade
Performing	
0 – 30 days	High grade
31 – 89 days	Standard grade
Non - performing	
Above 90 days	Individually impaired

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the member's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12m ECL. For Stage 2 and purchased or originated credit impaired (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The EAD for 12m ECL is the outstanding amount of the loan at the year end. The EAD for lifetime ECL are adjusted with loan monthly payments and interest accrued on a yearly basis.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the days past due is more than 30 days and stress situation on specific sectors where employees are being made redundant or are opting for half pay or leave without pay.

Forward looking information

The use of forward-looking information is a key component of the ECL impairment approach. As per industry practices, the forward-looking information is usually embedded within the ECL parameters using quantitative methods. For Mutual Aid, a relationship is built using historical internal default rates and explanatory variables which is inclusive of macroeconomic variables using regression techniques. Prior to the use of macroeconomic variables which shall act as forward-looking triggers, both quantitative and qualitative aspects are considered and analysed.

The current macroeconomic variable which is being considered is unemployment rate. From a business perspective, unemployment rate is a major indicator of credit losses for a retail loan portfolio and likewise, quantitative parameters are also in line with the business views. As per IFRS 9 standard, Expected credit losses should be unbiased and probability-weighted using reasonable and supportable information that is available without undue cost or effort at the reporting date. As such, management has assigned weights to the following scenarios namely Baseline (40%), Downturn (30%) and Upturn (30%). The weightage assigned to the respective scenarios is based on a management insights with reference to external benchmark.

(iii) Credit concentration

Based on the business model of the Group, loans are provided to civil servants only and are disbursed subject to a 50% maximum deduction on gross salary. This reduces the credit concentration risk to a minimal level.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(iv) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Company's Credit Risk policy. The amount and type of collateral required depend on the members' credit quality and repayment capacity. The principal collateral types taken include:

- Fixed / floating charge on assets of members
- Pledge of deposits / RSS

For 2025, 2024 and 2023, there have been no loans and advances to customers for which the Company has not recognised a loss allowance because of collaterals.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group uses an interest rate gap analysis to measure and monitor the interest rate risk.

The tables below summarise the Group's and Company's exposure to interest rate risks. It includes the Group's and Company's assets and liabilities at carrying amounts, categorised by either the earlier of contractual repricing or maturity dates. The 'within 1 year' column includes the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index change.

THE GROUP	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
As at June 30, 2025	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets					
Cash and cash equivalents	**1,235,036**	**-**	**-**	**-**	**1,235,036**
Financial assets at amortised cost	**2,723,227**	**761,138**	**-**	**-**	**3,484,365**
Loans and advances	**38,850,076**	**4,013**	**112,547**	**-**	**38,966,636**
Other assets	**-**	**-**	**-**	**7,087**	**7,087**
	42,808,339	**765,151**	**112,547**	**7,087**	**43,693,124**
Liabilities					
Deposits	**14,649,109**	**-**	**-**	**-**	**14,649,109**
Interest bearing loans	**6,441,415**	**-**	**-**	**-**	**6,441,415**
Other liabilities	**-**	**-**	**20,363**	**91,758**	**112,121**
Funds	**2,179,237**	**-**	**-**	**-**	**2,179,237**
Insurance Contract Liabilities	**-**	**-**	**-**	**1,862,127**	**1,862,127**
	23,269,761	**-**	**20,363**	**1,953,885**	**25,244,009**
Total interest repricing gap	**19,538,578**	**765,151**	**92,184**	**(1,946,798)**	**18,449,115**

THE GROUP	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
As at June 30, 2024					
Assets					
Cash and cash equivalents	1,382,440	-	-	-	1,382,440
Placements with bank and non-bank financial institutions *	101,214	-	-	-	101,214
Financial assets at amortised cost	959,312	1,577,319	-	-	2,536,631
Loans and advances	37,930,408	4,341	100,886	-	38,035,635
Other assets	-	-	-	2,934	2,934
	40,373,374	1,581,660	100,886	2,934	42,058,853
Liabilities					
Deposits	17,381,620	-	-	-	17,381,620
Interest bearing loans	3,920,635	-	-	-	3,920,635
Other liabilities	-	-	20,190	119,156	139,346
Funds	2,047,536	-	-	-	2,047,536
Insurance Contract Liabilities	191,423	157,866	1,763,454	-	2,112,743
	23,541,213	157,866	1,783,644	119,156	25,601,880
Total interest repricing gap	16,832,160	1,423,794	(1,682,758)	(116,222)	16,456,974

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(iv) Collateral and other credit enhancements (Continued)

Interest rate risk (Continued)

THE GROUP	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs	Rs	Rs	Rs	Rs
As at June 30, 2023					
Assets					
Cash and cash equivalents	1,051,656	-	-	-	1,051,656
Placements with bank and non-bank financial institutions *	509,208	-	-	-	509,208
Financial assets at amortised cost	3,254,242	707,054	-	-	3,961,296
Loans and advances	-	-	-	203,946	203,946
Other assets	36,034,240	3,440	90,588	-	36,121,862
	40,849,346	710,494	90,588	211,192	41,855,214
Liabilities					
Deposits	20,259,073	-	-	-	20,259,073
Interest bearing loans	2,368,652	-	-	-	2,368,652
Other liabilities	256	856	18,978	223,709	243,799
Funds	2,009,863	-	-	-	2,009,863
Insurance Contract Liabilities	35,001	205,667	1,387,775	-	1,628,443
	24,672,845	206,523	1,406,753	223,709	26,509,830
Total interest repricing gap	16,176,501	503,971	(1,316,164)	(12,517)	15,345,383

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs	Rs	Rs	Rs	Rs
As at June 30, 2025					
Assets					
Cash and cash equivalents	**1,175,719**	**-**	**-**	**-**	**1,175,719**
Financial assets at amortised cost	**2,723,227**	**761,138**	**-**	**-**	**3,484,365**
Loans and advances	**38,850,076**	**4,013**	**112,547**	**-**	**38,966,636**
Other assets	**-**	**-**	**-**	**8,821**	**8,821**
	42,749,022	**765,151**	**112,547**	**8,821**	**43,635,541**
Liabilities					
Deposits	**14,649,109**	**-**	**-**	**-**	**14,649,109**
Interest bearing loans	**6,441,415**	**-**	**-**	**-**	**6,441,415**
Other liabilities	**-**	**18,115**	**20,988**	**100,037**	**139,140**
Funds	**2,179,237**	**-**	**-**	**-**	**2,179,237**
Insurance Contract Liabilities	**-**	**-**	**-**	**1,861,731**	**1,861,731**
	23,269,761	**18,115**	**20,988**	**1,961,768**	**25,270,632**
Total interest repricing gap	**19,479,261**	**747,036**	**91,559**	**(1,952,949)**	**18,364,909**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE COMPANY	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2024					
Assets					
Cash and cash equivalents	1,326,666	-	-	-	1,326,666
Placements with bank and non-bank financial institutions *	101,214	-	-	-	101,214
Financial assets at amortised cost	959,312	1,577,319	-	-	2,536,631
Financial assets at fair value through profit or loss	-	-	-	227,371	227,371
Loans and advances	37,930,408	4,341	100,886	-	38,035,635
Other assets	-	-	-	8,282	8,282
	40,317,600	1,581,660	100,886	235,653	42,235,799
Liabilities					
Deposits	17,381,620	-	-	-	17,381,620
Interest bearing loans	3,920,635	-	-	-	3,920,635
Other liabilities	17,839	18,115	20,988	124,312	181,254
Funds	2,047,536	-	-	-	2,047,536
Insurance Contract Liabilities	191,422,663	157,866,350	1,763,454,139	-	2,112,743,152
	23,559,052	175,981	1,784,442	124,312	25,643,788
Total interest repricing gap	16,758,548	1,405,679	(1,683,555)	111,341	16,592,011

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2023					
Assets					
Cash and cash equivalents	1,011,216	-	-	-	1,011,216
Placements with bank and non-bank financial institutions *	509,208	-	-	-	509,208
Financial assets at amortised cost	3,254,242	707,054	-	-	3,961,296
Financial assets at fair value through profit or loss	-	-	-	203,946	203,946
Loans and advances	36,027,834	3,440	90,588	-	36,121,862
Other assets	-	-	-	10,148	10,148
	40,802,500	710,494	90,588	214,094	41,817,676
Liabilities					
Deposits	20,259,073	-	-	-	20,259,073
Interest bearing loans	2,368,652	-	-	-	2,368,652
Other liabilities	185	856	18,904	220,259	240,204
Funds	2,009,863	-	-	-	2,009,863
Insurance Contract Liabilities	35,001	205,667	1,387,775	-	1,628,443
	24,672,774	206,523	1,406,679	220,259	26,506,235
Total interest repricing gap	16,129,727	503,971	(1,316,091)	(6,165)	15,311,441

* The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Interest rate risk (Continued)

At June 30, 2025, 2024 and 2023, if interest rates on floating interest bearing assets and liabilities had been 10 basis points higher/lower, with all other variables held constant, post-tax profit for the year would have been as follows:

	THE GROUP			THE COMPANY		
	Effect on post-tax profit 2025	Effect on post-tax profit 2024	Effect on post-tax profit 2023	**Effect on post-tax profit 2025**	Effect on post-tax profit 2024	Effect on post-tax profit 2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Effect of an increase in interest rate	**24,613**	21,105	14,995	**24,613**	21,105	14,995
Effect of a decrease in interest rate	**(24,613)**	(21,105)	(14,995)	**(24,613)**	(21,105)	(14,995)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Being a financial institution, the Group is subject to statutory obligations whereby it has to meet Bank of Mauritius requirements and also by availing credit facilities from banks.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities based on contractual undiscounted payments.

THE GROUP	**Within 1 year**	**1-5 years**	**Over 5 years**	**No specified maturity**	**Total**
As at June 30, 2025	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Assets					
Cash and cash equivalents	**1,235,036**	**-**	**-**	**-**	**1,235,036**
Financial assets at amortised cost	**2,847,754**	**805,253**	**-**	**-**	**3,653,007**
Loans and advances	**6,303,663**	**20,360,928**	**50,356,408**	**-**	**77,020,999**
Financial assets at fair value through profit or loss ***	**-**	**-**	**-**	**268,225**	**268,225**
Other assets*	**-**	**-**	**-**	**7,087**	**7,087**
	10,386,453	**21,166,181**	**50,356,408**	**275,312**	**82,184,354**
Liabilities					
Deposits from customers	**5,442,489**	**8,058,074**	**3,494,167**	**-**	**16,994,730**
Interest bearing loans	**1,929,440**	**5,246,012**	**-**	**-**	**7,175,452**
Other liabilities	**-**	**18,115**	**20,988**	**91,758**	**130,861**
Funds	**233,685**	**304,125**	**3,938,941**	**-**	**4,476,751**
Insurance Contract Liabilities **	**-**	**-**	**-**	**1,790,052**	**1,790,052**
	7,605,615	**13,626,326**	**7,454,096**	**1,881,810**	**30,567,846**
Liquidity gap	**2,780,838**	**7,539,856**	**42,902,312**	**(1,606,498)**	**51,616,508**

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Insurance Contract Liabilities include GBS and MSC (Note 27).

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

THE GROUP	Within1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2024					
Assets					
Cash and cash equivalents	1,382,440	-	-	-	1,382,440
Placements with bank and non-bank financial institutions	104,600	-	-	-	104,600
Financial assets at amortised cost	951,184	1,582,772	-	-	2,533,956
Loans and advances	6,250,053	20,043,795	50,215,800	-	76,509,648
Financial assets at fair value through profit or loss***	-	-	-	227,371	227,371
Other assets*	-	-	-	2,934	2,934
	8,688,277	21,626,567	50,215,800	230,305	80,760,949
Liabilities					
Deposits from customers	6,687,102	9,938,790	3,753,551	-	20,379,442
Interest bearing loans	1,078,986	3,308,708	-	-	4,387,694
Other liabilities	17,839	18,115	20,988	119,156	176,097
Funds	2,047,536	-	-	-	2,047,536
Insurance Contract Liabilities **	191,423	157,866	1,763,454	-	2,112,743
	10,022,885	13,423,479	5,537,993	119,156	29,103,513
Liquidity gap	(1,334,608)	8,203,087	44,677,807	111,150	51,657,436

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Insurance Contract Liabilities include GBS and MSC (Note 27).

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2023					
Assets					
Cash and cash equivalents	1,051,656	-	-	-	1,051,656
Placements with bank and non-bank financial institutions	513,412	-	-	-	513,412
Financial assets at amortised cost	3,303,720	716,514	-	-	4,020,234
Loans and advances	6,076,022	19,308,102	50,716,656	-	76,100,780
Financial assets at fair value through profit or loss***	-	-	-	203,946	203,946
Other assets*	-	-	-	7,246	7,246
	10,944,810	20,024,616	50,716,656	211,192	81,897,274
Liabilities					
Deposits from customers	7,078,961	12,631,439	4,238,459	-	23,948,859
Interest bearing loans	545,765	2,155,508	-	-	2,701,273
Other liabilities	256	856	18,978	223,709	243,799
Funds	2,009,863	-	-	-	2,009,863
Insurance Contract Liabilities **	35,001	205,667	1,387,775	-	1,628,443
	9,669,846	14,993,470	5,645,212	223,709	30,532,237
Liquidity gap	1,274,964	5,031,146	45,071,444	(12,517)	51,365,037

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

THE GROUP (Continued)

* Other assets exclude advance payment and prepayments.

** Funds include GBS, MSC and RSS (Note 26).

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2025					
Assets					
Cash and cash equivalents	1,175,719	-	-	-	1,175,719
Financial assets at amortised cost	2,847,754	805,253	-	-	3,653,007
Loans and advances	6,303,663	20,360,928	50,356,408	-	77,020,999
Financial assets at fair value through profit or loss ***	-	-	-	268,225	268,225
Other assets*	-	-	-	8,821	8,821
	10,327,136	21,166,181	50,356,408	277,046	82,126,771
Liabilities					
Deposits from customers	5,442,489	8,058,074	3,494,167	-	16,994,730
Interest bearing loans	1,929,440	5,246,012	-	-	7,175,452
Other liabilities	-	18,115	20,988	100,037	139,140
Funds	233,685	304,125	3,938,941	-	4,476,751
Insurance Contract Liabilities **	-	-	-	1,790,052	1,790,052
	7,605,614	13,626,326	7,454,095	1,890,089	30,576,125
Liquidity gap	2,721,522	7,539,855	42,902,313	(1,613,043)	51,550,646

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Insurance Contract Liabilities include GBS and MSC (Note 27).

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

(This space has been intentionally left blank)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2024					
Assets					
Cash and cash equivalents	1,326,666	-	-	-	1,326,666
Placements with bank and non-bank financial institutions	104,600	-	-	-	104,600
Financial assets at amortised cost	951,184	1,582,772	-	-	2,533,956
Loans and advances	6,250,053	20,043,795	50,215,800	-	76,509,648
Financial assets at fair value through profit or loss ***	-	-	-	227,371	227,371
Other assets*	-	-	-	8,282	8,282
	8,632,503	21,626,567	50,215,800	235,653	80,710,523
Liabilities					
Deposits from customers	6,687,102	9,938,790	3,753,550	-	20,379,442
Interest bearing loans	1,078,986	3,308,708	-	-	4,387,694
Other liabilities	17,839	18,115	20,988	124,312	181,254
Funds	2,047,536	-	-	-	2,047,536
Insurance Contract Liabilities **	191,423	157,866	1,763,454	-	2,112,743
	10,022,886	13,423,479	5,537,992	124,312	29,108,669
Liquidity gap	(1,390,383)	8,203,087	44,677,808	111,341	51,601,854

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment.

** Insurance Contract Liabilities include GBS and MSC (Note 27).

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at June 30, 2023					
Assets					
Cash and cash equivalents	1,011,216	-	-	-	1,011,216
Placements with bank and non-bank financial institutions	513,412	-	-	-	513,412
Financial assets at amortised cost	3,303,720	716,514	-	-	4,020,234
Loans and advances	6,076,022	19,308,102	50,716,656	-	76,100,780
Financial assets at fair value through profit or loss ***	-	-	-	203,946	203,946
Other assets*	-	-	-	10,148	10,148
	10,904,370	20,024,616	50,716,656	214,094	81,859,736
Liabilities					
Deposits from customers	7,078,961	12,631,439	4,238,459	-	23,948,859
Interest bearing loans	545,765	2,155,508	-	-	2,701,273
Other liabilities	185	856	18,904	220,259	240,204
Funds	2,009,863	-	-	-	2,009,863
Insurance Contract Liabilities **	35,001	205,667	1,387,775	-	1,628,443
	9,669,775	14,993,470	5,645,138	220,259	30,528,642
Liquidity gap	1,234,595	5,031,146	45,071,518	(6,165)	51,331,094

* Other assets exclude advance payment and prepayments.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

Currency risk

As at June 30, 2025, the Group had financial assets denominated in US dollars with respect to accounts held with local commercial banks amounting to Rs.2,006,126 (2024: Rs.623,187 and 2023: Rs.75,736).

Sensitivity analysis

At June 30, 2025, 2024 and 2023, if the USD had weakened/strengthened by 5% against the MUR with all variables held constant, post-tax profit and equity of the Company would have as follows:

		THE GROUP			THE COMPANY		
Currency	Increase / (decrease) in foreign exchange rate	Effect on post-tax profit and equity 2025 Rs'000	Effect on post-tax profit and equity 2024 Rs'000	Effect on post-tax profit and equity 2023 Rs'000	Effect on post-tax profit and equity 2025 Rs'000	Effect on post-tax profit and equity 2024 Rs'000	Effect on post-tax profit and equity 2023 Rs'000
MUR in relation to USD	+5%	100	31	4	100	31	4
MUR in relation to USD	-5%	(100)	(31)	(4)	(100)	(31)	(4)

4.2 Other risks

Compliance risk

Compliance risk is the risk that the Group fails to comply with existing statutory and compliance regulations, thereby impacting adversely on the Group's financial position and reputation. This is managed through continuous review of systems in place, adherence to Group's procedure manuals and assignment of the compliance department independent of the normal course of transactions. The Compliance Department is well structured with qualified staffs. The department ensures that the activities carried out are in conformity with the laws, regulations, and guidelines governing the banking sector and with the principles of good governance. Any departure is reported to the Audit and Corporate Governance Committee.

Operational risk management

Operational risk is the risk of financial loss and business instability arising from failures in internal controls, operational processes or other supporting systems.

It is understood that such risks cannot be entirely eliminated and the cost of controls in minimising these risks may outweigh the potential benefits. As part of the implementation of the Group's risk strategy, independent checks on risk issues are undertaken by the Internal Audit unit.

Legal risk

Legal risk is the risk that the business activities of the Group have unintended or unexpected consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of laws or regulations (including activities unauthorised for the financial institution and which attract a civil or criminal fine or penalty);
- Failure to protect the Group's property;
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Group identifies and manages legal risk through its legal advisers.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Other risks (Continued)

Reputational risk

The Group considers management of reputation as crucial for maintenance of value advantage and it defines reputation as an intangible asset greater than brand. The Group is aware that reputation is affected when something is done that causes stakeholders to lose trust in an organisation. The Group manages reputation risk through:

- Effective framework of prudential management and good governance;
- Efficient communications with all stakeholders;
- Effective Media management; and
- Timely and effective operational response.

4.3 Capital risk management

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the Bank of Mauritius and Banking Act 2004,
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other members, and
- to provide an adequate return to members by adjusting interest rates commensurately with the level of risk.

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt to capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity.

The target level of debt to capital ratio is 10 times. However, given the high level of capital adequacy ratio of the Group, the debt to equity ratio is relatively low, which testifies the financial strength of the Group. Taking into consideration the business model of the Group and the relatively low level of default, the risk of a high debt to equity ratio is remote. Nevertheless, the Group is constantly monitoring its level of debt so as to maintain it at a level less than 10 times (as shown below). As regards to the capital adequacy ratio, the minimum required is 10 %, whereas for the period under review, the Group has maintained a capital adequacy ratio of approximately 80% (2023: 78%, 2022: 76%) which is above minimum requirements.

The debt-to-capital ratios at June 30, 2025, at June 30, 2024 and at June 30, 2023 were as follows:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Total debt*	**25,638,129**	25,831,148	26,601,486	**25,624,250**	25,867,743	26,597,255
Less: cash and cash equivalents	**(1,235,013)**	(1,382,424)	(1,049,252)	**(1,175,698)**	(1,326,651)	(1,008,858)
Net debt	**24,403,116**	24,448,724	25,552,234	**24,448,552**	24,541,092	25,588,397
Total equity	**18,901,658**	16,992,305	15,918,428	**18,842,149**	16,950,958	15,894,646
Debt-to-capital ratio	1.29:1	1.44:1	1.61:1	1.30:1	1.45:1	1.61:1

* The Group and Company have considered all liabilities as debt at the reporting date.

4.4 Fair value estimation

All the financial instruments approximate their fair values, except where otherwise stated.

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT

The table below shows an analysis of assets and liabilities classified between current and non-current.

	THE GROUP		
As at June 30, 2025	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	1,235,013	-	1,235,013
Loans and advances to members	203,002	37,914,080	38,117,082
Financial assets at amortised cost	2,720,944	760,053	3,480,997
Financial assets at fair value through profit or loss	268,226	-	268,226
Property, equipment and right of use assets	-	451,248	451,248
Intangible assets	-	15,171	15,171
Investment in associate	-	72,234	72,234
Investment property	-	608,936	608,936
Deferred tax assets	-	153,853	153,853
Other assets	137,028	-	137,028
	4,564,213	39,975,575	44,539,788
Liabilities			
Deposits from customers	4,743,434	9,905,675	14,649,109
Interest bearing loans	1,613,609	4,827,806	6,441,415
Current tax liabilities	124,532	-	124,532
Deferred tax liabilities	-	30,280	30,280
Funds	222,663	1,956,574	2,179,237
Insurance Liabilities	54,334	1,807,793	1,862,127
Pension benefit obligations	-	24,881	24,881
Other liabilities	179,063	148,071	327,134
	6,937,635	18,701,080	25,638,715

	THE GROUP		
As at June 30, 2024	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	1,382,424	-	1,382,424
Loans and advances to members	133,604	37,089,033	37,222,637
Placements with bank and non-bank financial institutions	101,156	-	101,156
Financial assets at amortised cost	958,751	1,576,396	2,535,148
Financial assets at fair value through profit or loss	227,371	-	227,371
Property, equipment and right of use assets	-	451,767	451,767
Intangible assets	-	11,531	11,531
Investment in associate	-	92,234	92,234
Investment property	-	570,975	570,975
Deferred tax assets	-	119,829	119,829
Other assets	131,761	-	131,761
	2,935,066	39,911,767	42,846,833
Liabilities			
Deposits from customers	5,278,376	12,103,244	17,381,620
Interest bearing loans	888,399	3,032,235	3,920,635
Current tax liabilities	72,875	-	72,875
Deferred tax liabilities	23,380	-	23,380
Funds	-	2,047,536	2,047,536
Insurance Contract Liabilities	254,026	1,858,717	2,112,743
Pension benefit obligations	-	3,911	3,911
Other liabilities	163,843	127,985	291,828
	6,680,899	19,173,629	25,854,528

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

	THE GROUP		
As at June 30, 2023	Current	Non-Current	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,049,252	-	1,049,252
Loans and advances to members	151,675	35,206,642	35,358,317
Placements with bank and non-bank financial institutions	507,138	-	507,138
Financial assets at amortised cost	3,246,920	705,463	3,952,383
Financial assets at fair value through profit or loss	203,946	-	203,946
Property, equipment and right of use assets	-	311,394	311,394
Intangible assets	-	10,353	10,353
Investment in associate	-	134,481	134,481
Investment property	-	533,469	533,469
Deferred tax assets	-	112,271	112,271
Other assets	362,934	-	362,934
	5,521,864	37,014,073	42,535,938
Liabilities			
Deposits from customers	6,436,765	13,822,308	20,259,073
Interest bearing loans	429,283	1,939,369	2,368,652
Current tax liabilities	83,792	-	83,792
Deferred Tax Liabilities	16,024		16,024
Funds	206,664	1,803,199	2,009,863
Insurance Contract Liabilities	96,003	1,532,440	1,628,443
Pension benefit obligations	-	5,612	5,612
Other liabilities	143,427	102,624	246,051
	7,411,958	19,205,553	26,617,510

	THE COMPANY		
As at June 30, 2025	Current	Non-Current	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	**1,175,698**	**-**	**1,175,698**
Loans and advances to members	**203,002**	**37,914,080**	**38,117,082**
Financial assets at amortised cost	**2,720,944**	**760,053**	**3,480,997**
Financial assets at fair value through profit or loss	**268,226**	**-**	**268,226**
Investment in subsidiary	**-**	**433,802**	**433,802**
Property, equipment and right of use assets	**-**	**279,007**	**279,007**
Intangible assets	**-**	**15,170**	**15,170**
Investment in associate	**-**	**72,234**	**72,234**
Investment property	**-**	**335,335**	**335,335**
Deferred tax assets	**-**	**153,853**	**153,853**
Other assets	**134,997**	**-**	**134,997**
	4,502,866	**39,963,534**	**44,466,401**
Liabilities			
Deposits from customers	**4,743,434**	**9,905,675**	**14,649,109**
Interest bearing loans	**1,613,609**	**4,827,806**	**6,441,415**
Current tax liabilities	**124,012**	**-**	**124,012**
Funds	**222,663**	**1,956,574**	**2,179,237**
Insurance Contract Liabilities	**54,334**	**1,807,793**	**1,862,127**
Pension benefit obligations	**-**	**24,881**	**24,881**
Other liabilities	**181,519**	**162,536**	**344,055**
	6,939,571	**18,685,265**	**25,624,836**

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

	THE COMPANY		
As at June 30, 2024	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	1,326,651	-	1,326,651
Loans and advances to members	133,604	37,089,033	37,222,637
Placements with bank and non-bank financial institutions	101,156	-	101,156
Financial assets at amortised cost	958,751	1,576,396	2,535,148
Financial assets at fair value through profit or loss	227,371	-	227,371
Investment in subsidiary	-	433,802	433,802
Property, equipment and right of use assets	-	339,681	339,681
Intangible assets	-	11,531	11,531
Investment in associates	-	92,234	92,234
Investment property	-	276,439	276,439
Deferred tax assets	-	119,829	119,829
Other assets	132,222	-	132,222
	2,879,756	39,938,945	42,818,701
Liabilities			
Deposits from customers	5,278,376	12,103,244	17,381,620
Interest bearing loans	888,399	3,032,235	3,920,635
Current tax liabilities	72,406	-	72,406
Deferred tax liabilities	-	-	-
Funds	2,047,536	-	2,047,536
Insurance Liabilities	254,026	1,858,717	2,112,743
Pension benefit obligations	-	3,911	3,911
Other liabilities	183,010	145,882	328,892
	8,723,752	17,143,991	25,867,743

	THE COMPANY		
As at June 30, 2023	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Assets			
Cash and cash equivalents	1,008,858	-	1,008,858
Loans and advances to members	151,675	35,206,642	35,358,317
Placements with bank and non-bank financial institutions	507,138	-	507,138
Financial assets at amortised cost	3,246,920	705,463	3,952,383
Financial assets at fair value through profit or loss	203,946	-	203,946
Investment in subsidiary	-	433,802	433,802
Property, equipment and right of use assets	-	158,222	158,222
Intangible assets	-	10,352	10,352
Investment in associates	-	134,481	134,481
Investment property	-	247,984	247,984
Deferred tax assets	-	112,271	112,271
Other assets	364,147	-	364,147
	5,482,683	37,009,218	42,491,901
Liabilities			
Deposits from customers	6,028,896	14,230,177	20,259,073
Interest bearing loans	429,283	1,939,369	2,368,652
Current tax liabilities	83,158	-	83,158
Deferred tax liabilities	-	-	-
Funds	2,009,863	-	2,009,863
Insurance Liabilities	96,003	1,532,440	1,628,443
Pension benefit obligations	-	5,612	5,612
Other liabilities	131,639	110,815	242,454
	8,778,842	17,818,413	26,597,255

6. NET INTEREST INCOME

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Interest income						
Placements and bank balances	**7,155**	11,486	13,334	**7,155**	11,486	13,334
Loans and advances to members	**3,477,695**	3,396,431	3,059,258	**3,477,695**	3,396,431	3,059,258
Financial assets at amortised cost (Note 17)	**105,500**	80,087	60,978	**105,500**	80,087	60,978
Total interest income	**3,590,349**	3,488,004	3,133,570	**3,590,349**	3,488,004	3,133,570
Interest expense						
Deposits from customers	**(707,289)**	(926,868)	(933,071)	**(707,289)**	(926,868)	(933,071)
Interest expense on lease liabilities (Note 29)	**(1,387)**	(3,013)	(1,376)	**(2,542)**	(3,285)	(1,372)
Interest on loans (Note 25)	**(281,709)**	(186,223)	(63,268)	**(281,709)**	(186,223)	(63,268)
Interest on retirement savings scheme (Note 26)	**(104,565)**	(81,969)	(48,674)	**(104,565)**	(81,969)	(48,674)
Total interest expense	**(1,094,950)**	(1,198,074)	(1,046,389)	**(1,096,105)**	(1,198,346)	(1,046,385)
Net interest income	**2,495,399**	2,289,930	2,087,181	**2,494,244**	2,289,658	2,087,185

7. OTHER INCOME

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Management fee	**-**	888	923	**2,609**	3,497	3,531
Penalty fee on early withdrawal of deposits	**2,455**	3,408	3,807	**2,455**	3,408	3,808
Dividend Income	**14,294**	11,819	7,924	**14,294**	11,819	7,924
Miscellaneous Income	**13,655**	4,286	3,491	**10,733**	5,177	3,491
	30,404	20,401	16,145	**30,091**	23,901	18,754

8. NET CREDIT LOSS (EXPENSE)/RELEASE ON FINANCIAL ASSETS

	THE GROUP			
	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash and cash equivalents (note 13)	**(7)**	**-**	**-**	**(7)**
Loans and advances to members (note 14 (b))	**60,154**	**(190,661)**	**93,638**	**(36,870)**
Placements with bank and non-bank financial institutions (note 16)	**59**	**-**	**-**	**59**
Financial assets at amortised cost (note 17)	**(1,885)**	**-**	**-**	**(1,885)**
Total ECL movement under IFRS 9	**58,321**	**(190,661)**	**93,638**	**(38,702)**

	THE COMPANY			
	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash and cash equivalents (note 13)	**(6)**	**-**	**-**	**(6)**
Loans and advances to members (note 14 (b))	**60,154**	**(190,661)**	**93,638**	**(36,870)**
Placements with bank and non-bank financial institutions (note 16)	**59**	**-**	**-**	**59**
Financial assets at amortised cost (note 17)	**(1,885)**	**-**	**-**	**(1,885)**
Total ECL movement under IFRS 9	**58,322**	**(190,661)**	**93,638**	**(38,701)**

	THE GROUP			
	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	2,387	-	-	2,387
Loans and advances to members (note 14 (b))	19,375	(8,873)	(88,398)	(77,896)
Placements with bank and non-bank financial institutions (note 16)	2,012	-	-	2,012
Financial assets at amortised cost (note 17)	7,429	-	-	7,429
Total ECL movement under IFRS 9	31,204	(8,873)	(88,398)	(66,068)

8. NET CREDIT LOSS (EXPENSE)/RELEASE ON FINANCIAL ASSETS (CONTINUED)

	THE COMPANY			
	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	2,343	-	-	2,343
Loans and advances to members (note 14 (b))	19,376	(8,873)	(88,398)	(77,896)
Placements with bank and non-bank financial institutions (note 16)	2,012	-	-	2,012
Financial assets at amortised cost (note 17)	7,429	-	-	7,429
Total ECL movement under IFRS 9	31,160	(8,873)	(88,398)	(66,112)

	THE GROUP			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	481	-	-	481
Loans and advances to members (note 14 (b))	(15,751)	(9,016)	113,455	88,688
Placements with bank and non-bank financial institutions (note 16)	1,035	-	-	1,035
Financial assets at amortised cost (note 17)	7	-	-	7
Total ECL movement under IFRS 9	(14,228)	(9,016)	113,455	90,211

	THE COMPANY			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents (note 13)	435	-	-	435
Loans and advances to members (note 14 (b))	(15,751)	(9,016)	113,455	88,688
Placements with bank and non-bank financial institutions (note 16)	1,035	-	-	1,035
Financial assets at amortised cost (note 17)	7	-	-	7
Total ECL movement under IFRS 9	(14,273)	(9,016)	113,455	90,166

9. PERSONNEL EXPENSES

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Wages and salaries	**135,764**	131,850	128,752
Staff travelling allowances	**8,659**	7,202	7,044
Social security obligations	**6,638**	5,759	5,379
Pension costs - defined benefit plans (note 28(ii))	**15,570**	17,155	17,660
	166,631	161,966	158,836

10. OTHER EXPENSES

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Printing, postage and stationery	**8,469**	8,747	9,033	**8,469**	8,747	9,033
Electricity and telephone	**19,520**	20,622	14,626	**17,145**	18,272	12,868
Security services	**10,109**	7,956	5,189	**3,442**	2,762	2,108
Legal and professional fees	**16,474**	16,082	8,896	**13,788**	15,791	7,537
Licences, rates and insurance	**57,669**	5,154	5,523	**57,265**	4,571	4,816
Repairs and maintenance	**51,674**	37,031	31,471	**47,182**	31,188	25,874
Penalty paid to regulator	**-**	316	2,216	**-**	316	2,216
Director fees and training costs	**15,546**	18,452	10,866	**14,134**	17,085	8,987
Bank charges	**2,375**	2,406	2,165	**2,354**	2,397	2,155
Common expenses	**2,535**	374	1,865	**2,207**	2,276	2,058
Miscellaneous expenses	**19,362**	544	30,732	**20,205**	1,109	43,377
	203,733	117,686	122,582	**186,191**	104,514	121,028

Miscellaneous expenses relate to cleaning expenses, syndic fees, sundry expenses, unrealised exchange difference and motor vehicle expenses.

11. TAXATION

Income tax is calculated at the rate of 15% (2024: 15%) on the profit for the year as adjusted for income tax purposes plus Corporate Social Responsibility ("CSR") of 2% and Corporate Climate Responsibility levy ("CCR") of 2%, where applicable.

11a. INCOME TAX EXPENSE

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
Income tax expense	**Rs'000**	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Current tax provision	**321,779**	279,369	252,398	**321,259**	278,897	252,398
Corporate social responsibility	**29,481**	34,279	23,866	**29,481**	34,279	23,866
Under/(Over) provision of income tax expense	**15,914**	(3,723)	24,665	**15,914**	(3,723)	24,668
Corporate climate responsibility	**82,142**	-	-	**82,142**	-	-
Effect of change in deferred tax rate	**(11,088)**	-	-	**(11,088)**	-	-
Deferred tax movement	**(10,887)**	(3,402)	14,495	**(17,785)**	(9,887)	10,876
	427,341	306,524	315,423	**419,922**	299,566	311,808

11. TAXATION (CONTINUED)

11a. INCOME TAX EXPENSE (CONTINUED)

The taxes on the profits before tax differ from the theoretical amounts that would arise using the basic tax rate as follows:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Profit before tax	**2,387,394**	1,413,988	1,734,075	**2,361,814**	1,389,465	1,708,580
Tax calculated at a tax rate year at 19% (2024: 17% and 2023: 17%)	**453,605**	240,378	294,793	**448,745**	236,209	290,459
Tax effect on:						
Income not subject to tax	**(70,442)**	(24,740)	(15,283)	**(69,557)**	(24,003)	(14,289)
Expenses not deductible for tax purposes	**17,177**	97,488	3,595	**16,772**	94,007	3,036
Under/(Over) provision of income tax expense	**15,914**	(3,723)	24,665	**15,914**	(3,723)	24,665
(Under)/Over provision in deferred tax and other adjustments	**(16,328)**	(18)	940	**(17,905)**	-	940
CSR and CCR Adjustment	**25,954**	(2,861)	10,292	**25,954**	(2,924)	10,575
	427,341	306,524	319,002	**419,922**	299,566	315,386

11b. INCOME TAX LIABILITIES

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July, 1	**72,875**	83,792	66,524	**72,406**	83,158	66,526
Income tax provision for the year	**321,779**	279,369	252,398	**321,259**	278,897	252,398
Corporate social responsibility contribution	**29,481**	34,279	23,866	**29,481**	34,279	23,866
Corporate Climate Levy	**82,142**	-	-	**82,142**	-	-
Under/(Over) provision of income tax expense	**15,965**	(4,360)	25,301	**15,914**	(3,723)	24,665
Income tax paid	**(397,710)**	(320,205)	(284,297)	**(397,190)**	(320,205)	(284,297)
At June, 30	**124,532**	72,875	83,792	**124,012**	72,406	83,158

11c. DEFERRED TAX

Deferred taxes are calculated on all temporary differences under the liability method at the rate of 19% (2024: 17%, 2023: 17%).

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July 1,	**119,829**	96,247	113,297	**119,829**	112,271	125,703
Credited/(Debited) to profit or loss (Note 11(a))	**17,785**	2,527	(15,131)	**17,785**	9,882	(10,876)
Effect of change in deferred tax rate	**14,097**	-	-	**14,097**	-	-
(Debited)/Credited to other comprehensive income	**2,141**	(2,325)	(2,556)	**2,141**	(2,325)	(2,556)
Overprovision in deferred tax	**-**	-	637	**-**	-	-
At June 30,	**153,853**	96,449	96,247	**153,853**	119,829	112,271

11. TAXATION (CONTINUED)

11c. DEFERRED TAX (CONTINUED)

There is a legally enforceable right to offset current tax assets against current tax liabilites and deferred tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

Disclosed as follows:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Deferred tax liabilities	**(31,020)**	(23,380)	(16,024)	-	-	-
Deferred tax assets	**153,853**	119,829	112,271	**153,853**	119,829	112,271
	122,833	96,449	96,247	**153,853**	119,829	112,271
Accelerated capital allowance/ depreciation	**(31,245)**	(29,721)	(20,945)	**(4,089)**	(8,910)	(5,512)
Pension benefit obligations	**4,728**	665	954	**4,728**	665	954
Provision for credit impairment	**151,551**	128,073	116,822	**151,551**	128,073	116,829
Tax losses	**-**	-	1,022	**-**	-	-
Fair Value of Buildings	**(2,201)**	(2,569)	(2,242)	**1,663**	-	-
Overprovision in deferred tax	**-**	-	637	**-**	-	-
Deferred tax assets	**122,833**	96,449	96,247	**153,853**	119,829	112,271

12. EARNINGS PER SHARE

	THE GROUP		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Profit for the year	**1,960,053**	1,107,464	1,418,652
Weighted average number of shares	**1,778**	1,800	1,820
Effective number of shares	**1,778**	1,800	1,820
Earnings per share -basic and diluted	**1.10**	0.62	0.78

13. CASH AND CASH EQUIVALENTS

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Cash in hand	**26**	14	24	**26**	14	24
Balances with commercial banks	**1,235,010**	1,382,425	1,051,632	**1,175,693**	1,326,652	1,011,192
	1,235,036	1,382,440	1,051,656	**1,175,719**	1,326,666	1,011,216
Less: Allowance for credit losses (note 8)	**(22)**	(16)	(2,403)	**(21)**	(15)	(2,358)
	1,235,013	1,382,424	1,049,252	**1,175,698**	1,326,651	1,008,858

The carrying amount of the Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Mauritian Rupee	**1,233,007**	1,381,800	1,049,176	**1,173,691**	1,326,028	1,008,782
US Dollar	**2,006**	623	76	**2,006**	623	76
	1,235,013	1,382,424	1,049,252	**1,175,698**	1,326,651	1,008,858

14. LOANS AND ADVANCES TO MEMBERS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Members - loans	**39,313,956**	38,370,914	36,436,801
Deferred processing fee	**(347,321)**	(335,279)	(314,940)
Less allowances for credit losses	**(849,554)**	(812,997)	(763,545)
	38,117,082	37,222,637	35,358,317

Deferred processing fee relates to fees received on disbursement of loans that have been amortised over the term of the loan.

(a) Remaining terms to maturity

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Members - loans			
Up to 3 months	**79,246**	75,188	71,894
Over 3 months and up to 6 months	**23,223**	26,299	19,947
Over 6 months and up to 12 months	**148,611**	112,289	119,231
Over 1 year and up to 5 years	**3,800,025**	4,237,605	3,850,566
Over 5 years	**34,915,531**	33,584,254	32,060,224
	38,966,636	38,035,635	36,121,861
Less allowance for credit losses	**(849,554)**	(812,997)	(763,544)
	38,117,082	37,222,637	35,358,317

(b) Allowances for credit losses

The Group records allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

Reconciliation of movement in credit loss allowance	**THE GROUP AND THE COMPANY**
	Rs'000
At July 1, 2022	720,429
Charge for the year (Note 8)	88,688
Loan written off	(45,573)
At June 30, 2023	763,544
Charge for the year (Note 8)	77,896
Loan written off	(21,896)
At June 30, 2024	**812,997**
Charge for the year (Note 8)	**36,870**
At June 30, 2025	**849,554**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system are explained in Note 2.8 and policies on ECL allowances are set out in Note 8.

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	June 30, 2025			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	36,848,014			36,848,014
Standard grade		847,010		847,010
Non-performing				-
Individually impaired			1,271,611	1,271,611
Total	36,848,014	847,010	1,271,611	38,966,636

	June 30, 2024			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	Rs'000	Rs'000
High grade	36,001,910	-	-	36,001,910
Standard grade	-	794,027	-	794,027
Non-performing				
Individually impaired	-	-	1,239,697	1,239,697
Total	36,001,910	794,027	1,239,697	38,035,635

	June 30, 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	Rs'000 As restated	Rs'000 As restated
High grade	34,726,256	-	-	34,726,256
Standard grade	-	325,825	-	325,825
Non-performing				
Individually impaired	-	-	1,069,780	1,069,780
Total	34,726,256	325,825	1,069,780	36,121,861

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at July 1, 2024	36,001,910	794,027	1,239,699	38,035,635
New assets originated or purchased	5,967,498	78,102	12,590	6,058,190
Loan repayments	(8,266,359)	(228,378)	103,076	(8,391,660)
Interest accrued	3,150,311	197,767	131,771	3,479,849
Interest Derecognised	-	-	(2,386)	(2,386)
Transfers to Stage 1	33,514	(20,071)	(13,444)	-
Transfers to Stage 2	(18,425)	26,528	(8,104)	-
Transfers to Stage 3	(20,436)	(965)	21,401	-
Amounts written off on deceased and bad debts	-	-	(212,992)	(212,992)
At June 30, 2025	36,848,014	847,010	1,271,611	38,966,636

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs	Rs	Rs	Rs
Gross carrying amount as at July 1, 2023	34,726,257	325,825	1,069,780	36,121,862
New assets originated or purchased	6,695,584	116,659	35,481	6,847,724
Loan repayments	(7,702,390)	(512,353)	58,868	(8,155,876)
Interest accrued	2,301,160	844,592	300,286	3,446,039
Interest Derecognised	-	-	(24,804)	(24,804)
Transfers to Stage 1	18,209	(8,919)	(9,289)	-
Transfers to Stage 2	(27,116)	30,571	(3,455)	-
Transfers to Stage 3	(9,792)	(2,347)	12,139	-
Amounts written off	-	-	(199,310)	(199,310)
At June 30, 2024	36,001,910	794,027	1,239,697	38,035,635

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs	Rs	Rs	Rs
Gross carrying amount as at July 1, 2022	33,234,440	664,746	1,245,255	35,144,441
New assets originated or purchased	6,363,812	35,369	23,509	6,422,690
Loan repayments	(7,703,245)	(402,488)	(135,021)	(8,240,755)
Interest accrued	2,893,001	57,867	108,391	3,059,258
Transfers to Stage 1	64,012	(38,232)	(25,779)	-
Transfers to Stage 2	(6,307)	15,085	(8,778)	-
Transfers to Stage 3	(14,641)	(1,081)	15,722	-
Amounts written off	(104,815)	(5,438)	(153,518)	(263,771)
At June 30, 2023	34,726,257	325,825	1,069,780	36,121,861

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs	Rs	Rs	Rs
ECL allowance as at July 1, 2024	**132,972**	**17,999**	**662,027**	**812,997**
New assets originated or purchased	**13,434**	**19,498**	**1,942**	**34,874**
Movement through MSF (Note 26(b))				-
Assets derecognised or repaid (excluding write offs)	**(12,327)**	**(1,284)**	**(15,619)**	**(29,230)**
Transfers to Stage 1	**3,624**	**(343)**	**(3,281)**	-
Transfers to Stage 2	**(69)**	**2,356**	**(2,286)**	-
Transfers to Stage 3	**(84)**	**4**	**80**	-
Re-measurement of year end ECL	**(64,733)**	**170,431**	**(22,397)**	**83,301**
Amounts written off	-	-	**(52,389)**	**(52,389)**
At June 30, 2025	**72,818**	**208,660**	**568,076**	**849,554**

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs	Rs	Rs	Rs
ECL allowance as at July 1, 2023	152,355	9,125	602,064	763,545
New assets originated or purchased	26,605	2,768	13,767	43,140
Movement through MSF (Note 26(b))	-	-	(24,120)	(24,120)
Assets derecognised or repaid (excluding write offs)	(13,471)	(465)	(33,667)	(47,603)
Transfers to Stage 1	2,250	(147)	(2,103)	-
Transfers to Stage 2	(120)	1,353	(1,233)	-
Transfers to Stage 3	(42)	(7)	49	-
Re-measurement of year end ECL	(34,605)	5,370	149,551	120,316
Amounts written off			(42,280)	(42,280)
At June 30, 2024	132,972	17,999	662,027	812,997

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2022	168,106	18,141	534,182	720,429
New assets originated or purchased	29,217	1,046	11,612	41,875
Movement through MSF (Note 26(b))			-	-
Assets derecognised or repaid (excluding write offs)	(15,303)	(957)	(58,193)	(74,453)
Transfers to Stage 1	27,937	(11,455)	(16,483)	-
Transfers to Stage 2	(4,119)	6,498	(2,379)	-
Transfers to Stage 3	(104,375)	(21,262)	125,637	(0)
Re-measurement of year end ECL	51,448	17,208	148,420	217,076
Amounts written off	(557)	(93)	(140,732)	(141,382)
At June 30, 2023	152,355	9,125	602,064	763,544

15. INVESTMENT IN SUBSIDIARY

	THE COMPANY		
	2025	2024	2023
<u>At Cost</u>	**Rs**	Rs	Rs
Investment in susbidiary	**433,802**	433,802	433,802

The Company's subsidiary is MCS Property and details as follows:

	Class of shares held	Share capital	Year end	Proportion of direct ownership interest	Place of business and country of incorporation	Main business
Investment in subsidiary	Ordinary	433,802,000	30 June	100%	Mauritius	Rental of Property

The directors have reviewed the carrying amount of the Company's investment in subsidiary and are of the opinion that no impairment is required at reporting date (2024 and 2023: nil).

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Placements	**-**	101,214	509,208
Less: allowance for credit losses	**-**	(59)	(2,070)
	-	101,156	507,138

Placements with bank and non-bank financial institutions were unquoted and denominated in the following currencies:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Mauritian Rupee	**-**	101,214	509,208

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

Credit loss allowance for placements with bank and non-bank financial institutions

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system and whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.8.

	THE GROUP AND THE COMPANY			
	June 30, 2024			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs**	**Rs**	**Rs**	**Rs**
High grade	101,214	-	-	101,214
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	101,214	-	-	101,214

	THE GROUP AND THE COMPANY			
	June 30, 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs**	**Rs**	**Rs**	**Rs**
High grade	509,208	-	-	509,208
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	509,208	-	-	509,208

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs	**Rs**	**Rs**	**Rs**
Gross carrying amount as at July 1, 2024	**101,214**	**-**	**-**	**101,214**
Interest accrued for the year	**(8,369)**	**-**	**-**	**(8,369)**
Interest received during the year	**7,155**	**-**	**-**	**7,155**
Matured during the year	**(100,000)**	**-**	**-**	**(100,000)**
At June 30, 2025	**-**	**-**	**-**	**-**

(This space has been intentionally left blank)

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs	Rs	Rs	Rs
Gross carrying amount as at July 1, 2023	509,209	-	-	509,209
New assets originated or purchased	100,000	-	-	100,000
Interest accrued for the year	11,485	-	-	11,485
Interest received during the year	(19,479)	-	-	(19,479)
Matured during the year	(500,000)	-	-	(500,000)
At June 30, 2024	101,214	-	-	101,214

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2022	280,208	-	-	280,208
New assets originated or purchased	500,000	-	-	500,000
Interest accrued for the year	10,875	-	-	10,875
Interest received during the year	(31,874)	-	-	(31,874)
Matured during the year	(250,000)	-	-	(250,000)
At June 30, 2023	509,209	-	-	509,209

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs	Rs	Rs	Rs
ECL allowance as at July 1, 2024	**59**	**-**	**-**	**59**
Assets derecognised or repaid (excluding write offs)	**(59)**	**-**	**-**	**(59)**
At June 30, 2025	**-**	**-**	**-**	**-**

(This space has been intentionally left blank)

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2023	2,070	-	-	2,070
New assets originated or purchased	59	-	-	59
Assets derecognised or repaid (excluding write offs)	(2,070)	-	-	(2,070)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-		-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2024	59	-	-	59

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2022	1,035	-	-	1,035
New assets originated or purchased	2,070	-	-	2,070
Assets derecognised or repaid (excluding write offs)	(1,035)	-	-	(1,035)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2023	2,070	-	-	2,070

17. FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost include investments in treasury bills, bonds and notes.

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**2,536,632**	3,961,296	3,958,090
Additions during the year	**1,950,000**	1,832,772	1,000,000
Matured during the year	**(950,000)**	(3,250,000)	(989,600)
Interest accrued	**(157,766)**	(87,523)	(68,172)
Interest income (note 6)	**105,500**	80,087	60,978
At June 30,	**3,484,365**	2,536,632	3,961,296
Less: allowance for credit losses	**(3,368)**	(1,484)	(8,913)
	3,480,997	2,535,148	3,952,383

(a) Remaining terms to maturity

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Up to 3 months	**497,429**	-	1,502,843
Over 3 months and up to 6 months	**490,457**	-	-
Over 6 months and up to 12 months	**1,735,342**	948,553	1,751,398
Over 1 year and up to 5 years	**761,138**	1,588,079	707,054
	3,484,365	2,536,632	3,961,296

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

(a) Remaining terms to maturity (Continued)

Financial assets at amortised costs include investments in treasury bills, bonds and notes.

Credit loss allowance on financial assets at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system and whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.8.

	THE GROUP AND THE COMPANY			
	June 30, 2025			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	**3,484,365**	-	-	**3,484,365**
Standard grade	-	-	-	-
Non-performing				-
Individually impaired	-	-	-	-
Total	**3,484,365**	-	-	**3,484,365**

	THE GROUP AND THE COMPANY			
	June 30, 2024			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	2,536,632	-	-	2,536,632
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	2,536,632	-	-	2,536,632

	THE GROUP AND THE COMPANY			
	June 30, 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	3,961,296	-	-	3,961,296
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	3,961,296	-	-	3,961,296

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at July 1, 2024	**2,536,632**	-	-	**2,536,632**
New assets originated or purchased	**1,907,972**	-	-	**1,907,972**
Assets derecognised or repaid (excluding write offs)	**(960,238)**	-	-	**(960,238)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2025	**3,484,365**	-	-	**3,484,365**

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2023	3,961,296	-	-	3,961,296
New assets originated or purchased	1,829,955	-	-	1,829,955
Assets derecognised or repaid (excluding write offs)	(3,254,619)	-	-	(3,254,619)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2024	2,536,632	-	-	2,536,632

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2022	3,958,090	-	-	3,958,090
New assets originated or purchased	996,006	-	-	996,006
Assets derecognised or repaid (excluding write offs)	(992,800)	-	-	(992,800)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2023	3,961,296	-	-	3,961,296

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2024	**1,484**	-	-	**1,484**
New assets originated or purchased	**1,332**	-	-	**1,332**
Assets derecognised or repaid (excluding write offs)	**(555)**	-	-	**(555)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Remasurement of ECL	**1,107**	-	-	**1,107**
in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2025	**3,368**	-	-	**3,368**

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2023	8,913	-	-	8,913
New assets originated or purchased	1,071	-	-	1,071
Assets derecognised or repaid (excluding write offs)	(7,322)	-	-	(7,322)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	(1,177)	-	-	(1,177)
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2024	1,484	-	-	1,484

	Stage 1 Individual Rs'000	Stage 2 Individual Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at July 1, 2022	8,906	-	-	8,906
New assets originated or purchased	2,248	-	-	2,248
Assets derecognised or repaid (excluding write offs)	(2,234)	-	-	(2,234)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	(7)	-	-	(7)
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2023	8,913	-	-	8,913

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**227,371**	203,946	120,321
Additions during the year	**31,909**	18,522	96,743
Disposal proceeds during the year	**(11,053)**	(7,587)	(1,767)
Fair value movement	**19,998**	12,490	(11,351)
At June 30,	**268,226**	227,371	203,946

The fair values of these investments are determined based on quoted market prices in active markets. Hence, FVTPL investments have been classified under Level 1. There has been no transfer between levels.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE-ASSETS

THE GROUP (a) 2025	Freehold land Rs'000	Building Rs'000	Leasehold Improvement Rs'000	Furniture, fittings and equipment Rs'000	Office equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Right of use assets* Rs'000	Work in progress Rs'000	Total Rs'000
COST										
At July 1, 2024	88,214	424,579	-	64,626	55,419	14,870	220,011	13,401	9,093	890,212
Transfer from Investment Property (Note 22)	14,243	30,364	-	-						44,607
Transfer to Investment Property (Note 22)	(29,614)	(1,645)	-	-	-	-	-	-	(3,180)	(34,439)
Reclassification	1,239	(1,239)	3,744	-	1,096	-	587	-	(5,427)	-
Write off	-	-	-	-	-	-	-	-	(486)	(486)
Additions	-	5,310	5,373	169	1,655	-	2,087	-	-	14,595
Disposal	-	-	-	-	(107)	(907)	(683)	-	-	(1,697)
At June 30, 2025	74,081	457,369	9,117	64,795	58,064	13,963	222,001	13,401	-	912,792
IMPAIRMENT										
At July 1, 2024	-	114,696		-	-	-	-	-	-	114,696
Reversal of impairment during the year	-	(7,708)	-	-	-	-	-	-	-	(7,708)
At June 30, 2025	-	106,988	-	-	-	-	-	-	-	106,988
DEPRECIATION										
At July 1, 2024	-	46,742	-	46,894	31,099	10,820	184,890	3,303	-	323,748
Transfer to Investment Property (Note 22)	-	(132)	-	-	-	-	-	-	-	(132)
Disposal					(107)	(907)	(683)	-	-	(1,697)
Charge for the year	-	9,033	912	3,353	7,744	1,350	10,026	218	-	32,636
At June 30, 2025	-	55,644	912	50,247	38,736	11,263	194,232	3,521	-	354,556
NET BOOK VALUE										
At June 30, 2025	74,081	294,737	8,206	14,548	19,328	2,700	27,768	9,881	-	451,248

Following a review of the recoverable amount of the building, impairment losses amounting to Rs 7.7 million were reversed during the year.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE-ASSETS

THE GROUP

(a) 2024

	Freehold land Rs'000	Building Rs'000	Furniture, fittings and equipment Rs'000	Office equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Right of use assets* Rs'000	Work in progress Rs'000	Total Rs'000
COST									
At July 1, 2023	43,214	242,684	60,219	49,408	14,870	189,357	13,401	878	614,031
Write off	-	-	-	-	-	-	(34,234)	-	(34,234)
Additions	45,000	181,894	4,407	6,011	-	30,653	-	8,215	276,181
At June 30, 2024	88,214	424,579	64,626	55,419	14,870	220,011	13,401	9,093	855,978
IMPAIRMENT									
At July 1, 2024	-	26,053	-	-	-	-	-	-	26,053
Charge for the year	-	88,643	-	-	-	-	-	-	88,643
At June 30, 2024	-	114,696	-	-	-	-	-	-	114,696
DEPRECIATION									
At July 1, 2023	-	38,072	42,280	23,325	8,928	160,895	3,085	-	276,583
Write off	-	-	-	-	-	-	(34,234)	-	(34,234)
Charge for the year	-	8,671	4,615	7,774	1,893	23,995	218	-	47,165
At June 30, 2024	-	46,742	46,894	31,099	10,820	184,890	3,303	-	289,514
NET BOOK VALUE									
At June 30, 2024	88,214	263,140	17,732	24,320	4,050	35,121	10,099	9,093	451,768

Following a review of the recoverable amount of the building, impairment losses amounting to Rs 88.6 million were recognised in the year ended June 2024. This was as a result of the property not being in a state to be let or capable of being operated as offices until full refurbishment.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE GROUP	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2023									
COST									
At July 1, 2022	43,214	218,598	46,081	16,872	8,120	172,962	13,384	2,649	521,879
Transfer from Investment Property (Note 22)	-	407	8,647	2,188	-	-	16		11,258
Reclassification	-	638	-	-	-	1,156	-	(1,794)	-
Additions	-	23,041	5,492	30,349	6,750	15,239	-	23	80,895
At June 30, 2023	43,214	242,684	60,219	49,408	14,870	189,357	13,401	878	614,032
IMPAIRMENT									
At July 1, 2022	-	26,370	-	-	-	-	-	-	26,370
Reversal for the year	-	(317)	-	-	-	-	-	-	(317)
At June 30, 2023	-	26,053	-	-	-	-	-	-	26,053
DEPRECIATION									
At July 1, 2022	-	33,021	38,076	16,737	7,035	141,911	7,785	-	244,565
Depreciation adjustment	-	-	-	-	-	-	(5,530)	-	(5,530)
Charge for the year	-	5,051	4,203	6,588	1,893	18,983	830	-	37,548
At June 30, 2023	-	38,072	42,280	23,325	8,928	160,895	3,085	-	276,583
NET BOOK VALUE									
At June 30, 2023	43,214	178,560	17,939	26,083	5,942	28,463	10,316	878	311,394

The directors have assessed the impairment of property, equipment and right-of-use assets of the Group and based on the assessment performed, impairment of MUR317k was reversed during the year ended 30 June 2023.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Leasehold Improvement	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) **2025**										
COST										
At July 1, 2024	**74,614**	**262,396**	-	**55,122**	**51,585**	**14,870**	**220,011**	**65,205**	**9,093**	**752,897**
Transfer to Investment Property (Note 22)	(29,614)	(1,645)	-	-	-	-	-	-	(3,180)	(34,439)
Reclassification	1,239	(1,239)	3,744	-	1,096	-	587	-	(5,427)	-
Write off	-	-	-	-	-	-	-	-	(486)	(486)
Additions	-	2,271	5,373	169	1,655	-	2,087	-	-	11,555
Disposal	-	-	-	-	(107)	(907)	(683)	-	-	(1,697)
At June 30, 2025	**46,239**	**261,783**	**9,117**	**55,291**	**54,230**	**13,963**	**222,001**	**65,205**	-	**727,831**
IMPAIRMENT										
At July 1, 2024	-	**114,696**	-	-	-	-	-	-	-	**114,696**
Reversal	-	(7,708)	-	-	-	-	-	-	-	(7,708)
At June 30, 2025	-	**106,988**	-	-	-	-	-	-	-	**106,988**
DEPRECIATION										
At July 1, 2024	-	**9,188**	-	**44,997**	**29,565**	**10,820**	**184,890**	**19,061**	-	**298,519**
Transfer to Investment Property (Note 22)		(132)	-	-	-	-	-	-	-	(132)
Disposal	-	-	-	-	(107)	(907)	(683)	-	-	(1,697)
Charge for the year	-	5,240	912	2,399	6,977	1,350	10,026	18,241	-	45,145
At June 30, 2025	-	**14,296**	**912**	**47,396**	**36,436**	**11,263**	**194,232**	**37,302**	-	**341,836**
NET BOOK VALUE										
At June 30, 2025	**46,239**	**140,499**	**8,206**	**7,895**	**17,794**	**2,700**	**27,769**	**27,903**	-	**279,007**

Following a review of the recoverable amount of the building, a reversal of impairment losses amounting to Rs7.7m were recognised during the year.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) **2024**									
COST									
At July 1, 2023	29,614	80,502	50,781	45,574	14,870	189,357	45,369	878	456,947
Write off	-	-	-	-	-	-	(34,234)	-	(34,234)
Additions	45,000	181,894	4,341	6,011	-	30,653	54,069	8,215	330,184
At June 30, 2024	74,614	262,396	55,122	51,585	14,870	220,011	65,205	9,093	752,897
IMPAIRMENT									
At July 1, 2023	-	26,053	-	-	-	-	-	-	26,053
Charge for the year	-	88,643	-	-	-	-	-	-	88,643
At June 30, 2024	-	114,696	-	-	-	-	-	-	114,696
DEPRECIATION									
At July 1, 2023	-	3,904	41,336	22,558	8,927	160,895	35,054	-	272,672
Write off	-	-	-	-	-	-	(34,234)	-	(34,234)
Charge for the year	-	5,284	3,661	7,008	1,893	23,995	18,241	-	60,081
At June 30, 2024	-	9,188	44,997	29,565	10,820	184,890	19,061	-	298,520
NET BOOK VALUE									
At June 30, 2024	74,614	138,512	10,125	22,019	4,050	35,121	46,144	9,093	339,681

Following a review of the recoverable amount of the building, impairment losses amounting to Rs 88.6 million were recognised in the year ended June 2024.This was as a result of the property not being in a state to be let or capable of being operated as offices until full refurbishment.

19. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) **2023**									
COST									
At July 1, 2022	29,614	59,369	46,080	16,871	8,120	172,962	45,353	2,649	381,018
Transfer to Investment Property (Note 22)	-	407	-	-	-	-	16	-	424
Reclassification	-	638	-	-	-	1,156	-	(1,794)	-
Additions		20,087	4,701	28,704	6,750	15,239	-	23	75,505
At June 30, 2023	29,614	80,502	50,781	45,574	14,870	189,357	45,369	878	456,947
IMPAIRMENT									
At July 1, 2022	-	26,370	-	-	-	-	-	-	26,370
Reversal for the year	-	(317)	-	-	-	-	-	-	(317)
At June 30, 2023	-	26,053	-	-	-	-	-	-	26,053
DEPRECIATION									
At July 1, 2022	-	2,326	38,076	16,737	7,035	141,911	34,224	-	240,308
Charge for the year	-	1,577	3,260	5,822	1,893	18,983	830	-	32,364
At June 30, 2023	-	3,904	41,336	22,558	8,927	160,895	35,054	-	272,672
NET BOOK VALUE									
At June 30, 2023	29,614	50,545	9,446	23,016	5,943	28,463	10,316	878	158,222

The directors have assessed the impairment of property, equipment and right-of-use assets of the Company and based on the assessment performed, impairment of MUR317k was reversed during the year ended 30 June 2023.

20. INTANGIBLE ASSETS

COMPUTER SOFTWARE	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
COST						
At July 1,	**227,048**	217,212	215,910	**226,482**	216,646	215,344
Work-in-Progress	**4,495**	9,836	-	**4,495**	9,836	-
Additions	-	0	1,302	-	-	1,301
At June 30,	**231,543**	227,048	217,212	**230,977**	226,482	216,645
AMORTISATION						
At July 1,	**215,517**	206,859	192,803	**214,951**	206,293	192,351
Charge for the year	**856**	8,658	14,056	**856**	8,658	13,942
At June 30,	**216,372**	215,517	206,859	**215,807**	214,951	206,293
NET BOOK VALUE						
At June 30,	**15,171**	11,531	10,353	**15,170**	11,531	10,352

As at June 30, 2025, computer software in progress amounted to Rs 14,380,908 (2024: Rs 9,885,929 , 2023: Rs 49,875).

The directors have reviewed the carrying amount of the Group's and the Company's intangible assets and are of the opinion that no impairment is required at reporting date (2024 and 2023: nil).

21. INVESTMENT IN ASSOCIATE

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At 01 July	**92,234**	134,481	88,312
Share of loss	**(5,831)**	(4,296)	(2,951)
Impairment Loss	**(14,169)**	(37,951)	-
At 30 June	**72,234**	92,234	85,361
Share application monies	**-**	-	49,120
At 30 June	**72,234**	92,234	134,481

(i) Details of the investment in associates are as follows:

Name of Associate	Country of incorporation	Principal activity	Proportion of ownership
Victoria Station Ltd	Mauritius	Property company	Ordinary shares - 104,528 shares representing 18.77%

The directors have assessed that the Group has significant influence based on the fact that the Company has appointed 2 out of 5 directors on the board of Victoria Station Ltd.

(ii) Details of the associate are as per below:	**Unaudited**	Audited	Audited
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Current Assets	**70,984**	81,137	95,686
Non-Current Assets	**2,146,826**	2,146,821	2,190,899
Current Liabilities	**63,675**	108,327	126,185
Non-Current Liabilities	**1,707,200**	1,657,370	1,644,970
Equity attributable to owners of the company	**446,936**	462,261	515,430
Revenue	**203,530**	210,307	159,909
Expenses	**263,722**	263,476	176,488
Loss for the year	**60,193**	53,169	16,579
Total comprehensive loss for the year	**60,193**	53,169	16,579
Group's shares of comprehensive loss for the year (based on unaudited figure)	**11,298**	4,512	3,200
Group's shares of comprehensive loss for the year (based on previous year audited figure)	**(5,467)**	(216)	(249)

21. INVESTMENT IN ASSOCIATE (CONTINUED)

The share of the Group over the associate is reconciled as follows:

	30 June 2025				
	Share Capital	**Share Premium**	**Pre-acquisition reserve**	**Post-acquisition reserve**	**Total Equity**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**
The associate	**557,000**	**11,175**	**(9,182)**	**(112,058)**	**446,936**
Group's share in equity	**104,549**	**6,975**	**-**	**(25,121)**	**86,403**

(iii) Victoria Station has started operations since 2021.

(iv) The directors have assessed the carrying amount of the investment in associates and believe that the investments have suffered impairment in value as at 30 June 2025 amounting to MUR 14.1 m as a result of decrease in cashflows (2024 of MUR 37.9 m and 2023: nil).

	30 June 2024				
	Share Capital	Share Premium	Pre-acquisition reserve	Post-acquisition reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs
The associate	557,000	11,175	(9,182)	(96,733)	462,260
Group's share in equity	104,549	6,975	-	(19,290)	92,234

	30 June 2023				
	Share Capital	Share Premium	Pre-acquisition reserve	Post-acquisition reserve	Total Equity
	Rs	Rs	Rs	Rs	Rs
The associate	517,000	11,175	(9,182)	(44,763)	474,230
Group's share in equity	93,000	6,975	-	(14,614)	85,361

22. INVESTMENT PROPERTIES

(a) 2025

	THE GROUP				
	Leasehold rights	**Freehold land**	**Buildings**	**Work-In-Progress**	**Total**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**
At July 1, 2024	**26,183**	**79,479**	**465,313**	**-**	**570,975**
Additions during the year	**-**	**7,056**	**47,840**	**1,006**	**55,902**
Transfer to Property, Plant and Equipment (Note 19)	**146**	**(14,389)**	**(30,364)**	**-**	**(44,607)**
Transfer from Property, Plant and Equipment (Note 19)	**-**	**34,307**	**-**	**-**	**34,307**
Fair value adjustments	**-**	**(12,473)**	**4,831**	**-**	**(7,642)**
At June 30, 2025	**26,329**	**93,981**	**487,620**	**1,006**	**608,936**

(b) 2024

	THE GROUP			
	Leasehold rights	Freehold land	Buildings	Total
	Rs	Rs	Rs	Rs
At July 1, 2023	31,984	43,369	458,116	533,469
Additions during the year	277	27,043	2,285	29,605
Fair value adjustments	(6,078)	9,067	4,912	7,902
At June 30, 2024	26,183	79,479	465,313	570,975

22. INVESTMENT PROPERTIES (CONTINUED)

(c) 2023

	THE GROUP			
	Leasehold rights	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2022	30,000	39,776	461,793	531,569
Additions during the year	-	-	1,945	1,945
Transfer to Property, Plant and Equipment (Note 19)	(16)	(407)	(10,834)	(11,258)
Fair value adjustments	2,000	4,000	5,213	11,213
At June 30, 2023	31,984	43,369	458,116	533,469

(d) 2025

	THE COMPANY				
	Leasehold rights	**Freehold land**	**Buildings**	**Work-In-Progress**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At July 1, 2024	**26,329**	**32,110**	**218,000**	**-**	**276,439**
Additions during the year	**-**	**7,056**	**32,037**	**1,006**	**40,099**
Transfer from Property, Plant and Equipment (Note 19)	**-**	**34,307**	**-**	**-**	**34,307**
Fair value adjustments	**-**	**(13,473)**	**(2,037)**	**-**	**(15,510)**
At June 30, 2025	**26,329**	**60,000**	**248,000**	**1,006**	**335,335**

(e) 2024

	THE COMPANY				
	Leasehold rights	Freehold land	Buildings	Work-In-Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2023	31,984	-	216,000	-	247,984
Additions during the year	277	27,043	-	-	27,320
Fair value adjustments	(5,932)	5,067	2,000	-	1,135
At June 30, 2024	26,329	32,110	218,000	0	276,438

(f) 2023

	THE COMPANY		
	Leasehold rights	**Buildings**	**Total**
	Rs'000	Rs'000	Rs'000
At July 1, 2022	30,000	218,106	248,106
Transfer to Property, Plant and Equipment	(16)	(407)	(424)
Fair value adjustments	2,000	(1,699)	301
At June 30, 2023	31,984	216,000	247,984

(g) Mutual Aid Building 1 and 2

The investment properties are fair valued annually and have been last valued on June 30, 2025 by Saddul & Partners, an independent professionally qualified valuer. The properties were valued using the discounted cash flow model where the actual and estimated potential rental income were considered with allowances made for voids, management, insurance, repairs and associated costs. Yield used in the valuation of the properties are as follows:

	2025	2024	2023
	%	%	%
Mutual Aid Building 1	7.00%	7.00%	7.00%
Mutual Aid Building 2	7.00%	7.00%	7.00%

The Group and Company lease several assets including land and building with average lease terms of 3 to 50 years.

The Group and Company do not have options to purchase these assets at the end of the lease term. The maturity analysis of lease liabilities is presented in note 29.

(h) Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2025, 2024 and 2023 are as follows:

2025	**THE GROUP**		
	Fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	Rs'000	**Rs'000**	**Rs'000**
Revalued land and buildings	**-**	**-**	**608,936**

22. **INVESTMENT PROPERTIES (CONTINUED)**

(h) 2024

	THE GROUP		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	570,975

2023

	THE GROUP		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	533,469

2025

	THE COMPANY		
	Fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	Rs'000	**Rs'000**	**Rs'000**
Revalued land and buildings	**-**	**-**	**335,335**

2024

	THE COMPANY		
	Fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	Rs'000	**Rs'000**	**Rs'000**
Revalued land and buildings	-	-	276,439

2023

	THE COMPANY		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	247,984

The reconciliation is shown below:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July, 1	**570,975**	533,469	531,569	**276,439**	247,984	248,106
Transfer to Property, Plant and Equipment (N	**34,307**		(424)	**-**	-	-
Additions	**55,902**	29,605	1,945	**40,099**	27,320	-
Transfers	**(44,607)**	-	(10,834)	**34,307**	-	(424)
Fair value movement	**(7,642)**	7,902	11,213	**(15,510)**	1,135	301
At June, 30	**608,936**	570,975	533,469	**335,335**	276,439	247,984

The significant unobservable inputs used in the fair value measurement of the Group categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at June 30, 2025, 2024 and 2023 are shown below:

	Valuation technique(s) and key input(s)	**Sensitivity used**	**Effect on fair value**		
			2025	2024	2023
Level 3			**Rs'000**	Rs'000	Rs'000
Land	DCF - actual and estimated potential rental income	1% increase in rental income	**1,203**	1,057	754
		1% decrease in rental income	**(1,203)**	(1,057)	(754)
Buildings	DCF - actual and estimated potential rental income	1% increase in rental income	**2,480**	2,180	4,581
		1% decrease in rental income	**(2,480)**	(2,180)	(4,581)
Land & Building	Yield rate	1% increase in yield rates	**7,642**	7,902	11,213
		1% decrease in yield rates	**(7,642)**	(7,902)	(11,213)

22. INVESTMENT PROPERTIES (CONTINUED)

(i) The following amounts have been recognised in profit or loss:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Rental income	**21,278**	21,196	18,563	-	-	-
Direct operating expenses arising from investment properties that generate rental income	**(11,873)**	(10,824)	(10,435)	-	-	-
Direct operating expenses arising from investment properties that did not generate rental income	**(12,029)**	(10,967)	(10,572)	-	-	-

23. OTHER ASSETS

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Tax deducted at source on rental income	**2,574**	3,272	2,449	**315**	971	969
Advance payment for property and equipment and software	-	-	17,500	-	-	17,500
VAT receivable	**46,473**	50,474	52,662	**46,473**	50,474	52,662
Prepayments	**31,626**	51,091	262,623	**31,137**	50,785	262,414
Insurance refund from MSC (note 27)	**29,381**	-	-	**29,381**	-	-
Other receivables	**26,974**	26,924	27,700	**27,691**	29,991	30,602
	137,028	131,761	362,934	**134,997**	132,222	364,147

Other receivables include advance payment and receivable from the subsidiary for the Company. The carrying amount of other asset approximates the fair value of the assets.

None of the receivable balances included in other assets are impaired. The maximum exposure to credit risk is the fair value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security over the assets.

24. DEPOSITS FROM CUSTOMERS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
Retail customers	**Rs'000**	Rs'000	Rs'000
Time deposits with remaining term to maturity			
Up to 3 months	**1,293,235**	1,475,850	1,840,262
Over 3 months and up to 6 months	**1,041,001**	941,603	1,610,003
Over 6 months and up to 12 months	**2,172,000**	2,527,326	2,338,768
Over 1 year and up to 5 years	**6,522,291**	8,447,583	10,152,297
Over 5 years	**3,151,440**	3,341,473	3,586,874
Corporate customers			
Time deposits with remaining term to maturity			
Up to 3 months	**24,480**	81,295	65,162
Over 3 months and up to 6 months	**89,191**	76,382	57,323
Over 6 months and up to 12 months	**123,566**	175,921	117,378
Over 1 year and up to 5 years	**231,813**	314,099	490,923
Over 5 years	**92**	88	83
	14,649,109	17,381,620	20,259,073

25. INTEREST BEARING LOANS

	THE GROUP AND THE COMPANY		
	2025	**2024**	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**3,920,635**	2,368,652	-
Addition to loans	**3,700,000**	2,200,000	2,500,000
Interest expense (Note 6)	**281,709**	186,223	63,268
Repayment	**(1,460,928)**	(834,240)	(194,616)
At June 30,	**6,441,415**	3,920,635	2,368,652
Interest bearing loans with remaining term to maturity:			
Within 1 year	-	-	-
Over 1 year and up to 5 years	**6,441,415**	**3,920,635**	**10,362,050**

25. INTEREST BEARING LOANS (CONTINUED)

The movement in Interest bearing loans was only of cash nature.

The loans from banks are secured on all assets of the Company except some freehold immovable properties and have a tenor of 60 months, with a moratorium period of 6 months on capital in some cases.

(i) Effective interest rates

	2025	2024	2023
The effective interest rates at the end of reporting date were as follows:	%	%	%
Borrowings from banks	**4.75 - 5.75**	4.75 - 5.75	3.25 - 5.75

26. FUNDS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Retirements Saving Scheme (i)	2,179,237	2,047,536	2,009,863
	2,179,237	2,047,536	2,009,863

(i) Retirements Saving Scheme

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**2,047,536**	2,009,863	2,031,316
Less lump sums forfeited	**(1,747)**	(2,731)	(2,985)
	2,045,789	2,007,132	2,028,331
Interest for the year (Note 6)	**104,565**	81,969	48,674
New contributions	**122,845**	116,002	128,195
Payment to Contributors	**(93,962)**	(157,567)	(195,337)
At June 30,	**2,179,237**	2,047,536	2,009,863

(This space has been intentionally left blank)

27. INSURANCE CONTRACTS

(a) Insurance Contract Liabilities

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Insurance contract liabilities are made up of:			
Mutual Solidarity Contribution (i)	**1,798,121**	2,050,140	1,567,441
Guarantee Benevolent Scheme (ii)	**64,007**	62,603	61,002
	1,862,127	2,112,743	1,628,443

(b) Net Insurance revenue/(service expense) and net insurance finance income/(expense):

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Mutual Solidarity Contribution (i)	**282,099**	(406,396)	28,221
Guarantee Benevolent Scheme (ii)	**708**	898	4,440
	282,807	(405,498)	32,661

(i) Mutual Solidarity Contribution

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Insurance contract liabilities:			
At July 1	**2,050,140**	1,567,441	1,563,259
Insurance service results	**(282,099)**	406,396	(28,221)
Premium received	**216,134**	265,220	250,323
Claims offset	**(186,054)**	(189,172)	(218,048)
Other adjustments	**-**	255	128
At June 30	**1,798,121**	2,050,140	1,567,441

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Net Insurance service revenue/(expense) and net insurance finance income/(expense):			
Insurance Revenue	**216,568**	202,222	226,095
Insurance Service Expenses	**109,037**	(557,319)	(225,306)
Insurance Service Results	**325,605**	(355,097)	789
Insurance Finance Income/Expenses	**(43,506)**	(51,299)	27,432
Insurance Service Results	**282,099**	(406,396)	28,221

(This space has been intentionally left blank)

27. INSURANCE CONTRACTS (CONTINUED)

(i) Mutual Solidarity Contribution (Continued)

Insurance contracts issued - reconciliation of the liability for remaining coverage and the liability for incurred claims

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for insurance contracts.

30 June 2025	(Assets)/Liabilities for remaining coverage		(Assets)/Liabilities for incurred claims		
	Excluding loss component	Loss component	(Assets)/ Liability for incurred claims	Total (assets)/ liabilities	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	1,674,735	351,545	23,008	852	2,050,140
Net opening (assets)/liabilities	**1,674,735**	**351,545**	**23,008**	**852**	**2,050,140**
Insurance revenue	(216,568)	-	-	-	(216,568)
Insurance service expenses	-	(301,984)	192,427	520	(109,037)
Insurance service result	**(216,568)**	**(301,984)**	**192,427**	**520**	**(325,605)**
Insurance finance Income/expenses from insurance contracts recognised in profit or loss	43,506	-	-	-	43,506
Total changes in the statement of profit or loss	**(173,062)**	**(301,984)**	**192,427**	**520**	**(282,099)**
Cashflow					
Premiums received	216,134	-	-	-	216,134
Claims paid	-	-	(186,054)	-	(186,054)
Total cashflows	**216,134**	**-**	**(186,054)**	**-**	**30,080**
Net closing liabilities	**1,717,807**	**49,560**	**29,381**	**1,372**	**1,798,121**

30 June 2024	(Assets)/Liabilities for remaining coverage		(Assets)/Liabilities for incurred claims		
	Excluding loss component	Loss component	(Assets)/ Liability for incurred claims	Total (assets)/ liabilities	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	1,560,183	7,258	-	-	1,567,441
Net opening (assets)/liabilities	1,560,183	7,258	-	-	1,567,441
Insurance revenue	(202,222)	-	-	-	(202,222)
Insurance service expenses	-	344,287	212,180	852	557,319
Insurance service result	(202,222)	344,287	212,180	852	355,097
Insruance finance Income/expenses from insruance contracts rcognised in profit or loss	51,299	-	-	-	51,299
Total changes in the statement of profit or loss	(150,923)	344,287	212,180	852	406,396
Cashflow					
Premiums received	265,474	-	-	-	265,474
Claims paid	-	-	(189,172)	-	(189,172)
Total cashflows	265,474	-	(189,172)	-	76,303
Net closing liabilities	1,674,735	351,545	23,008	852	2,050,140

30 June 2023	(Assets)/Liabilities for remaining coverage		(Assets)/Liabilities for incurred claims		
	Excluding loss component	Loss component	(Assets)/ Liability for incurred claims	Total (assets)/ liabilities	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening assets	-	-	-	-	-
Opening liabilities	1,563,259	-	-	-	1,563,259
Net opening (assets)/liabilities	**1,563,259**	**-**	**-**	**-**	**1,563,259**
Insurance revenue	(226,096)	-	-	-	(226,096)
Insurance service expenses	-	(7,258)	(218,048)	-	225,306
Insurance service result	**(226,096)**	**(7,258)**	**(218,048)**	**-**	**(790)**
Insruance finance Income/expenses from insruance contracts rcognised in profit or	(27,432)	-	-	-	(27,432)
Total changes in the statement of profit or loss	**(253,528)**	**(7,258)**	**(218,048)**	**-**	**(28,222)**
Cashflow					
Premiums received	250,452	-	-	-	250,452
Claims paid	-	-	(218,048)	-	(218,048)
Total cashflows	**250,452**	**-**	**(218,048)**	**-**	**32,404**
Net closing liabilities	**1,560,183**	**7,258**	**-**	**-**	**1,567,441**

27. INSURANCE CONTRACTS (CONTINUED)

(i) Mutual Solidarity Contribution (Continued)

Insurance contracts issued – reconciliation of measurement components

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

30 June 2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin: Contracts under full retrospective approach	Contractual Service Margin: Contracts measured under the fair value approach at transition	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	1,899,885	68,524	81,731	-	2,050,140
Net opening (assets)/liabilities	**1,899,885**	**68,524**	**81,731**	**-**	**2,050,140**
Changes that relate to current service	**(7,074)**	**(6,235)**	**(16,144)**	**-**	**(29,454)**
CSM recognised for the services provided	-	-	(16,144)	-	(16,144)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(7,372)	-	-	(7,372)
Experience adjustments - relating to insurance service expenses	(7,074)	1,137	-	-	(5,937)
Changes that relate to future service	**(397,864)**	**8,212**	**93,724**	**-**	**(295,927)**
Changes in estimates that adjust the CSM	(12,429)	1,117	13,243	-	1,931
Changes in estimates that result in onerous contract losses or reversals of those losses	(239,889)	4,481	-	-	(235,408)
Contracts initially recognised in the period	(48,294)	2,614	50,052	-	4,372
Experience adjustments - arising from premiums received in the period that relate to future service	(97,251)	-	30,429	-	(66,822)
Changes that relate to past services	**393**	**(617)**	**-**	**-**	**(224)**
Changes that relate to past service - changes in the FCFs relating to the LIC	393	(617)	-	-	(224)
Insurance service results	**(404,545)**	**1,360**	**77,580**	**-**	**(325,605)**
Insurance finance expenses from insurance contracts recognised in profit or loss	37,228	1,251	5,027	-	43,506
Total changes in the statement of profit or loss	**(367,317)**	**2,611**	**82,607**	**-**	**(282,099)**
Cash flows					
Premiums received	216,134	-	-	-	216,134
Insurance acquisition cash flows	(186,054)	-	-	-	(186,054)
Total cash flow	**30,080**	**-**	**-**	**-**	**30,080**
Net closing liabilities	**1,562,648**	**71,135**	**164,338**	**-**	**1,798,121**

27. INSURANCE CONTRACTS (CONTINUED)

(i) Mutual Solidarity Contribution (Continued)

Insurance contracts issued – reconciliation of measurement components (Continued)

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

30 June 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin: Contracts under full retrospective approach	Contractual Service Margin: Contracts measured under the fair value approach at transition	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	1,292,696	46,770	29,215	198,760	1,567,441
Net opening (assets)/liabilities	1,292,696	46,770	29,215	198,760	1,567,441
Changes that relate to current service	22,601	(6,007)	(7,417)	-	9,176
CSM recognised for the services provided	-	-	(7,417)	-	(7,417)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(6,859)	-	-	(6,859)
Experience adjustments - arising from premiums received in the period that relate to current service	-	-	-	-	-
Experience adjustments - relating to insurance service expenses	22,601	852	-	-	23,452
Changes that relate to future service	464,880	26,091	58,664	(203,714)	345,921
Changes in estimates that adjust the CSM	241,812	9,391	(17,499)	(233,705)	-
Changes in estimates that result in onerous contract losses or reversals of those losses	330,725	12,806	-	-	343,531
Contracts initially recognised in the period	(34,142)	3,894	39,831	-	9,583
Experience adjustments - arising from premiums received in the period that relate to future service	(73,515)	-	36,332	29,991	(7,193)
Insurance service results	487,481	20,084	51,246	(203,714)	355,097
Insurance finance expenses from insurance contracts recognised in profit or loss	43,406	1,670	1,270	4,954	51,299
Total changes in the statement of profit or loss	530,887	21,754	52,516	(198,760)	406,396
Cash flows					
Premiums received	265,475	-	-	-	265,474
Insurance acquisition cash flows	(189,172)	-	-	-	(189,172)
Total cash flow	76,303	-	-	-	76,303
Net closing liabilities	1,899,885	68,524	81,731	-	2,050,140

30 June 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under full retrospective approach	Contracts measured under the fair value approach at transition	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening assets	-	-	-	-	-
Opening liabilities	1,206,965	43,687	-	312,607	1,563,259
Net opening (assets)/liabilities	**1,206,965**	**43,687**	**-**	**312,607**	**1,563,259**
Changes in statement of profit or loss					
Changes that relate to current service	**33,217**	**(6,690)**	**(1,291)**	**(34,661)**	**(9,425)**
CSM recognised for the services provided	-	-	(1,291)	(34,661)	(35,952)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(6,690)	-	-	(6,690)
Experience adjustments - arising from premiums received in the period that relate	-	-	-	-	-
Experience adjustments - relating to insurance service expenses	33,217	-	-	-	33,217
Changes that relate to future service	**50,908**	**10,860**	**30,136**	**(83,270)**	**8,636**
Changes in estimates that adjust the CSM	191,983	6,929	(1,754)	(197,158)	-
Changes in estimates that result in onerous contract losses or reversals of those losses	(16,568)	(601)	-	-	(17,168)
Contracts initially recognised in the period	(3,799)	4,532	28,302	-	29,035
Experience adjustments - arising from premiums received in the period that relate to future service	(120,708)	-	3,588	113,888	(3,232)
Insurance service results	**84,125**	**4,170**	**28,845**	**(117,931)**	**(790)**
Insurance finance expenses from insurance contracts recognised in profit or loss	(30,799)	(1,087)	370	4,084	(27,432)
Total changes in the statement of profit or loss	**53,327**	**3,083**	**29,215**	**(113,846)**	**(28,222)**
Cash flows					
Premiums received	250,452	-	-	-	250,452
Insurance acquisition cash flows	(218,048)	-	-	-	(218,048)
Total cash flow	**32,404**	**-**	**-**	**-**	**32,404**
Net closing (assets)/liabilities					
Closing assets					
Closing liabilities					
Net closing liabilities	**1,292,696**	**46,770**	**29,215**	**198,760**	**1,567,441**

27. INSURANCE CONTRACTS (CONTINUED)

(i) Mutual Solidarity Contribution (Continued)

Impact of insurance contracts initially recognised in the year

The following table provides an analysis of insurance contracts initially recognised in the period:

	30 June 2025			30 June 2024			30 June 2023		
	Contracts issued			Contracts issued			Contracts issued		
	Profitable contracts	Onerous contracts	Total	Profitable contracts	Onerous contracts	Total	Profitable contracts	Onerous contracts	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Estimates of present value of future cash outflows	**59,146**	**11,443**	**70,589**	65,251	42,365	107,616	48,421	76,789	125,210
Insurance acquisition cash flows	-	-	-	-	-	-	-	-	-
Claims and other insurance service expenses payable	**59,146**	**11,443**	**70,589**	65,251	42,365	107,616	48,421	76,789	125,210
Estimates of present value of future cash inflows	**(111,388)**	**(7,495)**	**(118,883)**	(107,443)	(34,315)	(141,757)	(78,476)	(50,533)	(129,009)
Risk adjustment for non-financial risk	**2,190**	**424**	**2,614**	2,361	1,533	3,894	1,753	2,779	4,532
CSM	**50,052**	**-**	**50,052**	39,831	-	39,831	28,302	-	28,302
	-	**4,372**	**4,372**	-	9,583	9,584	-	29,035	29,035

Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	2025	2024	2023
	Insurance contracts issued	Insurance contracts issued	Insurance contracts issued
CSM expected to be recognised	**Rs '000'**	Rs '000'	Rs '000'
In the next year	**(17,340)**	(4,029)	(3,940)
In 1-3 years	**(50,207)**	(7,668)	(7,634)
In 4-5 years	**(31,399)**	(6,918)	(7,143)
After 5 years	**(101,394)**	(25,146)	(32,689)
Total	**(200,341)**	(43,760)	(51,406)

(ii) **Guarantee Benevolent Scheme**

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Insurance contract liabilities:			
At July 1,	**62,603**	61,002	62,934
Insurance service results (a)	**(708)**	(898)	(4,440)
Premium received	**4,203**	5,968	5,855
Claims Paid	**(2,092)**	(3,226)	(3,511)
Other adjustments	**-**	(243)	163
At June 30,	**64,007**	62,603	61,002

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Net Insurance revenue/(service expense) and net insurance finance income/(expense):			
Insurance Revenue	**7,715**	7,831	7,818
Insurance Service Expenses	**(6,479)**	(4,196)	(4,220)
Insurance Service Results	**1,237**	3,634	3,598
Insurance Finance Income/Expenses	**(529)**	(2,736)	842
Insurance Service Results	**708**	898	4,440

27. INSURANCE CONTRACTS (CONTINUED)

(ii) Guarantee Benevolent Scheme (Continued)

Insurance contracts issued - reconciliation of the liability for remaining coverage and the liability for incurred claims

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for insurance contracts.

30 June 2025	(Assets)/Liabilities for remaining coverage		(Assets)/Liabilities for incurred claims		
	Excluding loss component	Loss component	(Assets)/ Liability for incurred claims	Total (assets)/ liabilities	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	53,361	-	8,753	489	62,602
Net opening (assets)/liabilities	53,361	-	8,753	489	62,602
Insurance revenue	7,715	-	-	-	7,715
Insurance service expenses	-	-	(6,295)	(184)	(6,479)
Insurance service result	7,715	-	(6,295)	(184)	1,236
Insurance finance Income/expenses from insurance contracts rcognised in profit or loss	(452)	-	(73)	(4)	(529)
Total changes in the statement of profit or loss	7,263	-	(6,368)	(188)	707
Cashflow					
Premiums received	5,127	-	-	-	5,127
Claims paid	-	-	(3,015)	-	(3,015)
Total cashflows	5,127	-	(3,015)	-	2,111
Net closing liabilities	51,224	-	12,105	677	64,007

30 June 2024	(Assets)/Liabilities for remaining coverage		(Assets)/Liabilities for incurred claims		
	Excluding loss component	Loss component	(Assets)/ Liability for incurred claims	Total (assets)/ liabilities	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	52,786	-	7,781	435	61,002
Net opening (assets)/liabilities	52,786	-	7,781	435	61,002
Insurance revenue	(7,831)	-	-	-	(7,831)
Insurance service expenses	-	-	(4,145)	(51)	4,196
Insurance service result	(7,831)	-	(4,145)	(51)	(3,634)
Insruance finance Income/expenses from insruance contracts	2,680	-	(53)	(3)	2,736
Total changes in the statement of profit or loss	(5,150)	-	(4,198)	(54)	(898)
Cashflow					
Premiums received	5,725	-	-	-	5,725
Claims paid	-	-	(3,226)	-	(3,226)
Total cashflows	5,725	-	(3,226)	-	2,499
Net closing liabilities	53,361	-	8,753	489	62,603

30 June 2023	(Assets)/Liabilities for remaining coverage		(Assets)/Liabilities for incurred claims		
	Excluding loss component	Loss component	(Assets)/ Liability for incurred claims	Total (assets)/ liabilities	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening assets	-	-	-	-	-
Opening liabilities	55,488	-	7,052	395	62,934
Net opening (assets)/liabilities	55,488	-	7,052	395	62,934
Insurance revenue	7,818	-	-	-	7,818
Insurance service expenses	-	-	(4,181)	(39)	(4,220)
Insurance service result	7,818	-	(4,181)	(39)	3,598
Insruance finance Income/expenses from insruance contracts	871	-	(28)	(2)	842
Total changes in the statement of profit or loss	8,689	-	(4,209)	(41)	4,440
Cashflow					
Premiums received	5,987	-	-	-	5,987
Claims paid	-	-	(3,480)	-	(3,480)
Total cashflows	5,987	-	(3,480)	-	2,507
Net closing liabilities	52,786	-	7,781	436	61,002

27. INSURANCE CONTRACTS (CONTINUED)

(ii) Guarantee Benevolent Scheme (Continued)

Insurance contracts issued – reconciliation of measurement components

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

30 June 2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin: Contracts under full retrospective approach	Contractual Service Margin: Contracts measured under the fair value approach at	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	30,121	-	-	32,482	62,603
Net opening (assets)/liabilities	**30,121**	**-**	**-**	**32,482**	**62,603**
Changes that relate to current service	**(218)**	**-**	**-**	**2,439**	**2,221**
CSM recognised for the services provided	-	-	-	2,439	2,439
Change in the risk adjustment for nonfinancial risk for the risk expired	257	-	-	-	257
Experience adjustments - arising from premiums received in the period that relate to current service	(475)	-	-	-	(475)
Experience adjustments - relating to insurance service expenses	-	-	-	-	-
Changes that relate to future service	**1,051**	**-**	**-**	**1,051**	**2,103**
Changes in estimates that adjust the CSM	-	-	-	1,051	1,051
Changes in estimates that result in onerous contract losses or reversals of those losses	1,051	-	-	-	1,051
Contracts initially recognised in the period	-	-	-	-	-
Experience adjustments - arising from premiums received in the period that relate to future service	-	-	-	-	-
Changes that relate to past services	**(984)**	**-**	**-**	**-**	**(984)**
Changes that relate to past service - changes in the FCFs relating to the LIC	(984)	-	-	-	(984)
Insurance service results	**(1,202)**	**-**	**-**	**2,439**	**1,237**
Insurance finance expenses from insurance contracts recognised in profit or loss	566	-	-	(1,095)	(529)
Total changes in the statement of profit or loss	**(636)**	**-**	**-**	**1,343**	**708**
Cash flows					
Premiums received	5,127	-	-	-	**5,127**
Insurance acquisition cash flows	(3,015)	-	-	-	**(3,015)**
Total cash flow	**2,111**	**-**	**-**	**-**	**2,111**
Net closing liabilities	**32,868**	**-**	**-**	**31,139**	**64,007**

27. INSURANCE CONTRACTS (CONTINUED)

(ii) Guarantee Benevolent Scheme (Continued)

Insurance contracts issued – reconciliation of measurement components (Continued)

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by

30 June 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin: Contracts under full retrospective approach	Contractual Service Margin: Contracts measured under the fair value approach at transition	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening liabilities	26,077	-	-	34,925	61,002
Net opening (assets)/liabilities	26,077	-	-	34,925	61,002
Changes that relate to current service	190	-	-	2,284	2,474
CSM recognised for the services provided					
Change in the risk adjustment for nonfinancial risk for the risk expired	-	-	-	2,284	2,284
Experience adjustments - arising from premiums received in the period that relate to current service	251	-	-	-	251
Experience adjustments - relating to insurance service expenses	(61)	-	-	-	(61)
Changes that relate to future service	(1,029)	-	-	(1,029)	(2,057)
Changes in estimates that adjust the CSM	-	-	-	(1,029)	(1,029)
Changes in estimates that result in onerous contract losses or reversals of those losses	(1,029)	-	-	-	(1,029)
Contracts initially recognised in the period	-	-	-	-	-
Experience adjustments - arising from premiums received in the period that relate to future service	-	-	-	-	-
Changes that relate to past services	1,160	-	-	-	1,160
Changes that relate to past service - changes in the FCFs relating to the LIC	1,160	-	-	-	1,160
Insurance service results	1,350	-	-	2,284	3,634
Insurance finance expenses from insurance contracts recognised in profit or loss	(1,866)	-	-	(870)	(2,736)
Total changes in the statement of profit or loss	(516)	-	-	1,414	898
Cash flows					
Premiums received	5,725	-	-	-	5,725
Insurance acquisition cash flows	(3,226)	-	-	-	(3,226)
Total cash flow	2,499	-	-	-	2,499
Net closing liabilities	30,121	-	-	32,482	62,603

27. INSURANCE CONTRACTS (CONTINUED)

(ii) Guarantee Benevolent Scheme (Continued)

Insurance contracts issued – reconciliation of measurement components (Continued)

30 June 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin: Contracts under full retrospective approach	Contractual Service Margin: Contracts measured under the fair value approach at transition	Total
	Rs '000'	Rs '000'	Rs '000'		Rs '000'
Opening assets	-	-	-	-	-
Opening liabilities	25,757	-	-	37,177	62,934
Net opening (assets)/liabilities	**25,757**	**-**	**-**	**37,177**	**62,934**
Changes in statement of profit or loss					
Changes that relate to current service	**74**	**-**	**-**	**2,361**	**2,435**
CSM recognised for the services provided	-	-	-	2,361	2,361
Change in the risk adjustment for nonfinancial risk for the risk expired	250	-	-	-	250
Experience adjustments - arising from premiums received in the period that relate to current service	(177)	-	-	-	(177)
Experience adjustments - relating to insurance service expenses	-	-	-	-	-
Changes that relate to future service	**(377)**	**-**	**-**	**(377)**	**(754)**
Changes in estimates that adjust the CSM	-	-	-	(377)	(377)
Changes in estimates that result in onerous contract losses or reversals of those losses	(377)	-	-	-	(377)
Contracts initially recognised in the period	-	-	-	-	-
Experience adjustments - arising from premiums received in the period that relate to future service	-	-	-	-	-
Changes that relate to past services	**1,163**	**-**	**-**	**-**	**1,163**
Changes that relate to past service - changes in the FCFs relating to the LIC	1,163	-	-	-	1,163
Insurance service results	**1,237**	**-**	**-**	**2,361**	**3,598**
Insurance finance expenses from insurance contracts recognised in profit or loss	1,328	-	-	(486)	842
Total changes in the statement of profit or loss	**2,564**	**-**	**-**	**1,875**	**4,440**
Cash flows					
Premiums received	5,987	-	-	-	5,987
Insurance acquisition cash flows	(3,480)	-	-	-	(3,480)
Total cash flow	**2,507**	**-**	**-**	**-**	**2,507**
Net closing (assets)/liabilities					
Closing assets					
Closing liabilities					
Net closing liabilities	**26,077**	**-**	**-**	**35,679**	**61,002**

27. INSURANCE CONTRACTS (CONTINUED)

(ii) Guarantee Benevolent Scheme (Continued)

Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	2025	2024	2023
	Insurance contracts issued	Insurance contracts issued	Insurance contracts issued
CSM expected to be recognised	**Rs '000'**	Rs '000'	
In the next year	**(2,140)**	(2,078)	(2,165)
In 1-3 years	**(3,936)**	(3,778)	(4,155)
In 4-5 years	**(3,200)**	(2,934)	(3,618)
After 5 years	**(20,475)**	(21,408)	(22,626)
Total	**(29,752)**	(30,198)	(32,564)

28. PENSION BENEFIT OBLIGATIONS

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

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Present value of funded obligations	**346,781**	314,670	295,715
Fair value of plan assets	**(321,899)**	(310,759)	(290,103)
Liability in the statement of financial position	**24,881**	3,911	5,612

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

The reconciliation of the opening balances to the closing balances for the net defined benefit (asset)/ liability is as follows:

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**3,911**	5,612	47,562
Charged to profit or loss	**15,570**	17,155	17,660
Credited/Charged to other comprehensive income	**11,268**	(13,675)	(15,033)
Contributions paid	**(5,868)**	(5,180)	(44,577)
	24,881	3,911	5,612

The Company operates a final salary defined benefit pension or retirement plan for its employees.

The Mauritius Civil Service Mutual Aid Association Ltd Employees Superannuation and Pension Fund is responsible for management of Fund.

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

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**314,670**	295,715	289,476
Current service cost	**10,235**	8,623	9,084
Interest expense	**16,992**	17,151	16,008
Employees' contribution	**3,632**	3,204	3,017
Benefits paid	**(11,009)**	(9,735)	(9,058)
Effect of Curtailment/Settlement	**-**	-	(2,099)
- liability experience loss	**4,072**	70	1,932
- financial assumptions	**8,187**	(356)	(12,645)
At June 30,	**346,781**	314,670	295,715

28. PENSION BENEFIT OBLIGATIONS (CONTINUED)

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

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**(310,759)**	(290,103)	(241,914)
Interest income	**(12,909)**	(9,927)	(8,652)
Employer contributions	**(5,869)**	(5,179)	(4,877)
Benefits paid	**11,009**	9,735	9,058
Effect of Curtailment/Settlement	**-**	-	2,099
Employee contributions	**(3,632)**	(3,204)	(3,017)
(Return)/loss on plan assets excluding interest income	**261**	(12,081)	(42,800)
At June 30,	**(321,899)**	(310,759)	(290,103)

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

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Current service cost	**10,235**	8,623	9,084
Scheme expenses	**1,252**	1,308	1,220
Interest expense	**16,992**	17,151	16,008
Interest income	**(12,909)**	(9,927)	(8,652)
Total, included in personnel expenses (note 9)	**15,570**	17,155	17,660

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

	2025	2024	2023
Remeasurement on the net defined benefit liability:	Rs'000	Rs'000	Rs'000
Liability experience losses	**4,072**	70	1,932
Actuarial (gains)/losses arising from changes in financial assumptions	**8,187**	(356)	(12,645)
Actuarial (gains)/losses	**12,259**	(286)	(10,713)
(Return)/loss on plan assets excluding interest income	**(991)**	(13,389)	(4,320)
	11,268	(13,675)	(15,033)
- overseas quoted	**39,915**	24,861	34,812
- local quoted	**60,517**	49,721	37,713
- overseas quoted	**42,813**	40,399	31,911
Debt - local quoted	**171,250**	161,595	136,348
Cash and Other	**7,404**	34,183	49,318
	321,899	310,759	290,103

The assets of the plan are invested in the entity's own financial instruments. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the policy. Expected yields on fixed interest investments are based on gross redemption yields as at end of period.

(viii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	%	%	%
Discount rate	**5.96**	5.40	5.80
Expected rate of return on plan assets	**5.96**	5.40	5.80
Future salary increases	**5.50**	4.50	5.50
Future pension increases	**2.50**	2.00	2.00
Post retirement mortality	**PMA(92)/PFA(92)**	PMA(92)/PFA(92)	PMA92

The return on plan assets including interest was Rs 12.6M for the year ended June 30, 2025 (2024: Rs 22.0M, 2023:Rs 51.45M).

(ix) Sensitivity analysis on defined benefit obligations and in future long-term salary assumption at the end of the reporting date:

	Impact on defined benefit obligation		
	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Increase due to 1% decrease in discount rate	**65,272**	58,284	55,035
Decrease due to 1% increase in discount rate	**(50,645)**	(45,398)	(42,724)
Decrease due to 1% increase in salary inflation	**22,026**	22,108	21,350
Increase due to 1% decrease in salary inflation	**(26,042)**	(18,812)	(18,027)

The sensitivity analysis above have been determined based on sensitivity changes of the discount rate and salary inflation occuring at the end of the reporting period if all other assumptions remained unchanged. An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

(x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xi) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period (2024: 17 years, 2023: 17 years).

28. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(xii) The plan exposes the Group to normal risks associated with defined benefit plans such as investment, interest, inflation, longevity and liquidity risks.

Investment risk

With guaranteed DB (defined benefit) pension benefits, the sponsor takes the full blow of any asset underperformance, whether due to internal factors (for example poor investment advice) or external factors (for example geopolitical disruptions).

Interest rate risk

A low interest rate environment is conducive to a higher DB obligation that may only be partially offset by higher asset values (debt securities) and lower salary increases. This mismatch risk is exacerbated if the liability duration exceeds that of the assets.

(xiii) *Inflation risk*

Higher than expected inflation has a knock-on effect on salary increments which in turn give rise to higher pension promises. Inflationary pressures may lead the Managing Committee to grant higher discretionary pension increases. To the extent that nominal asset returns are not adequately compensated through the inflation risk premium, the sponsor is exposed to the risk of having to contribute more into the pension fund.

Longevity risk

The pension fund is exposed to the risk of pensioners outliving their life expectancy (under the PA(92) mortality table) and creating a shortfall within the scheme.

Liquidity risk

The pension fund may be subject to fire sale or forced to invest in short term bonds to be able to meet its outflows. This risk increases as the number of pensioners grows while the number of active members remains static or contracts.

(xiv) Retirement benefit obligations have been based on the report submitted by Actuarial Insights dated 09th September 2025.

29. OTHER LIABILITIES

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Other payables	**150,866**	131,021	99,918	**149,049**	131,333	96,470
Lease liabilities	**20,363**	20,190	20,095	**39,103**	56,942	19,946
Dividend payable (note 32)	**155,904**	140,617	126,038	**155,904**	140,617	126,038
	327,134	291,828	246,051	**344,055**	328,892	242,454

The carrying amounts of other liabilities approximate their fair values.

The carrying amounts of lease liabilities and the movements during the period are shown below:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
As at July 1,	**20,190**	20,095	20,556	**56,942**	19,947	20,342
Additions	**-**	-	-	**-**	54,069	-
Interest Expense (Note 6)	**1,387**	3,013	1,376	**2,542**	3,285	1,372
Payments	**(1,214)**	(2,918)	(1,837)	**(20,381)**	(20,359)	(1,767)
As at June 30,	**20,363**	20,190	20,095	**39,103**	56,942	19,946

The following are the amounts recognised in profit or loss:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Depreciation expense on right of use assets (Note 19)	**218**	218	830	**18,241**	18,241	830
Interest expense on lease liability (Note 6)	**1,387**	3,013	1,376	**2,542**	3,285	1,372
Total amount recognised in profit or loss	**1,605**	3,231	2,206	**20,783**	21,526	2,202

29. OTHER LIABILITIES (CONTINUED)

Maturity analysis of lease liability are as follows:

2025	**THE GROUP**		
	Up to 1 year	**1 to 5 years**	**Over 5 years**
	Rs'000	**Rs'000**	**Rs'000**
Lease liabilities	**-**	**-**	**20,363**

2024	THE GROUP		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	-	-	20,190

2023	THE GROUP		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	256	856	18,983

2025	**THE COMPANY**		
	Up to 1 year	**1 to 5 years**	**Over 5 years**
	Rs'000	**Rs'000**	**Rs'000**
Lease liabilities	**18,453**	**-**	**20,650**

2024	THE COMPANY		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	17,839	18,115	20,988

2023	THE COMPANY		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liabilities	185	856	18,905

30. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	Number of Shares	**Ordinary Shares**
		Rs'000
At July 1, 2022	2,267,283	226,729
Issue of shares	4,683	468
At June 30, 2023	2,271,966	227,197
Issue of shares	5,022	502
At July, 2024	**2,276,988**	**227,699**
Issue of shares	3,732	373
At June 30, 2025	**2,280,720**	**228,072**

(a) As at 30 June 2025, included within ordinary shares are **500,705** shares (2024: 474,476 shares, 2023: 449,271 shares) which relate to deceased members or members who no longer meet the membership criteria. Those shares have not been re-assigned or bought back by the Company and form part of the paid up capital.

(b) Details pertaining to the share capital are as follows:

(i) The shares of the Company are only held and possessed by persons who hold a permanent and pensionable post in the public sector or receive a retirement pension from the Government of Mauritius and any other such institutions as may be approved by the Board.

30. SHARE CAPITAL (CONTINUED)

(ii) All issued shares are fully paid. All shares are issued at a par value of Rs. 100 per share.

(iii) The shares owned by every member shall remain in pledge with the Company as an additional security for all debts whatsoever due by the members to the Company.

31. RESERVES

a. *Revaluation reserves*

This reserve relates to revaluation recognised on property transferred to investment property.

b. *Statutory reserve*

In accordance with section 21 of the Banking Act 2004, the Company shall maintain a Statutory Reserve Account (SRA) and shall transfer each year to account out of net profits for the year, after due provision has been made for income tax, a sum equal to not less than 15 % of the net profits until the balance of the SRA is equal to the amount paid as stated capital.

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 01,	**227,699**	227,197	226,729
Movement (Note 30)	**373**	502	468
At June 30,	**228,072**	227,699	227,197

c. *Actuarial reserves*

This reserve includes remeasurement of the net defined benefit liability.

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 1,	**(124,909)**	(136,259)	(148,736)
Remeasurement of post employment benefit obligations (Note 28(v))	**(11,268)**	13,675	15,033
Income tax relating to components of other comprehensive income (Note 11(b))	**2,141**	(2,325)	(2,556)
Effect of change in deferred tax rate	**3,009**	-	-
At June 30,	**(131,027)**	(124,909)	(136,259)

d. *Other reserves*

The Group is required to calculate stage 3 provisions as per IFRS 9 and provisioning as per the regulator's guideline. When provisions as per regulator is higher than IFRS 9, the Group is required to provide the excess as an appropriation of reserves. This reserve cannot be distributed and serves as a buffer.

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July 01,	**169,117**	169,803	327,081
Movement	**204,803**	(686)	(157,278)
At June 30,	**373,920**	169,117	169,803

e. *Retained earnings*

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July 1,	**16,489,218**	15,427,009	13,896,891	**16,451,353**	15,406,708	13,898,470
Profit for the year	**1,960,053**	1,107,464	1,418,652	**1,941,892**	1,089,899	1,396,772
Movement in respect of the year (note (b) & (d))	**(205,176)**	184	156,810	**(205,176)**	184	156,810
Dividend (note 32)	**(45,540)**	(45,439)	(45,344)	**(45,540)**	(45,439)	(45,344)
At June 30,	**18,198,555**	16,489,218	15,427,009	**18,142,528**	16,451,352	15,406,708

32. DIVIDENDS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At July, 1	**140,617**	126,038	112,042
Dividend on ordinary shares:			
Dividends: Rs 20 (2024: Rs 20, 2023: Rs 20 per share)	**45,540**	45,439	45,344
Dividend paid	**(30,253)**	(30,860)	(31,348)
At June, 30	**155,904**	140,617	126,038

Pursuant the annual general meeting held on 07 January 2025, dividend of Rs 45.5m was approved for distribution to shareholders, subject to approval of Bank of Mauritius.

33. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred are as follows:

	THE GROUP			THE COMPANY		
	2025	2024	2023	**2025**	2024	2023
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Property and equipment	**62,039**	61,442	29,016	**62,039**	61,442	29,016

(i) **Operating lease arrangement where the Group is the lessor**

Assets leased out under operating leases are included in Investment Property in the statement of financial position.They are carried at fair value, representing open-market value determined anually by external valuers. Rental Income is recognised in line with the relevant lease terms.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	The Group		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Not Later than 1 year	**4,424**	1,939	439
later than 1 year and not later than 2 years	**18,967**	7,000	9,342
Later than 2 years and not later than 3 years	**7,043**	27,131	5,177
	30,434	36,069	14,958

Operating lease repesents rental income from premises rented to outside parties.The lease is negociated for an average term of six months to three years.

The lessor manages the risk of not holding the assets it controls through insepction of the premises at a reasonable time during working hours with prior notice to the lessee.This condition is added on all lease agreements between the lessor and the lessee.

34. MEMORANDUM ITEMS

	THE GROUP AND THE COMPANY		
	2025	2024	2023
a) Commitments :			
Undrawn credit facilities	**3,966,056**	8,691,438	4,308,237

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's

As at 30 June 2025:	**Stage 1 MUR 000**	**Stage 2 MUR 000**	**Stage 3 MUR 000**	**Total MUR 000**
Internal Grading Rate				
Performing				
High Grade	3,966,056	-	-	3,966,056
Standard Grade	-	-	-	-
Non-Performing				
Individually Impaired	-	-	-	-
Total	3,966,056	-	-	3,966,056

As at 30 June 2024:	**Stage 1 MUR 000**	**Stage 2 MUR 000**	**Stage 3 MUR 000**	**Total MUR 000**
Internal Grading Rate				
Performing				
High Grade	8,691,438	-	-	8,691,438
Standard Grade	-	-	-	-
Non-Performing				
Individually Impaired	-	-	-	-
Total	8,691,438	-	-	8,691,438

As at 30 June 2023:	**Stage 1 MUR 000**	**Stage 2 MUR 000**	**Stage 3 MUR 000**	**Total MUR 000**
Internal Grading Rate				
Performing				
High Grade	4,308,237	-	-	4,308,237
Standard Grade	-	-		-
Non-Performing				
Individually Impaired	-	-	-	-
Total	4,308,237	-	-	4,308,237

An analysis of changes in the gross carrying amount is as follows:

At 30 June 2025:	**Stage 1 MUR 000**	**Stage 2 MUR 000**	**Stage 3 MUR 000**	**Total MUR 000**
Gross carrying amount as at 01 June 2024	8,691,438	-	-	8,691,438
Financial assets originated	3,312,511	-	-	3,312,511
Assets derecognised	(8,037,893)	-	-	(8,037,893)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At June 30, 2025	**3,966,056**	**-**	**-**	**3,966,056**

At 30 June 2024:	**Stage 1 MUR 000**	**Stage 2 MUR 000**	**Stage 3 MUR 000**	**Total MUR 000**
Gross carrying amount as at 01 June 2023	4,308,237	-	-	4,308,237
Financial assets originated	8,691,438	-	-	8,691,438
Assets derecognised	(4,308,237)	-	-	(4,308,237)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At June 30, 2024	8,691,438	-	-	8,691,438

34. MEMORANDUM ITEMS (CONTINUED)

At 30 June 2023:	Stage 1 MUR 000	Stage 2 MUR 000	Stage 3 MUR 000	Total MUR 000
Gross carrying amount as at 01 July 2022	7,560,651	-	-	7,560,651
Financial assets originated	4,308,237	-	-	4,308,237
Financial assets originated				
Assets derecognised	(7,560,651)	-	-	(7,560,651)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At June 30, 2023	4,308,237	-	-	4,308,237

An analysis of changes in the corresponding ECL allowances is as follows:

At 30 June 2025:	Stage 1 MUR 000	Stage 2 MUR 000	Stage 3 MUR 000	Total MUR 000
ECL allowance as at 01 July 2024	13,048	-	-	13,048
Movement for the year	(1,646)	-	-	(1,646)
Financial assets originated	816	-	-	816
Assets derecognised	(11,241)	-	-	(11,241)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At June 30, 2025	977	-	-	977

At 30 June 2024:	Stage 1 MUR 000	Stage 2 MUR 000	Stage 3 MUR 000	Total MUR 000
ECL allowance as at 01 July 2023	19,025	-	-	19,025
Movement for the year	-	-	-	-
Financial assets originated	13,048	-	-	13,048
Assets derecognised	(19,025)	-	-	(19,025)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At June 30, 2024	13,048	-	-	13,048

At 30 June 2023:	Stage 1 MUR 000	Stage 2 MUR 000	Stage 3 MUR 000	Total MUR 000
ECL allowance as at 01 July 2022	35,746	-	-	35,746
Movement for the year	-	-	-	-
Financial assets originated	19,025	-	-	19,025
Assets derecognised	(35,746)	-	-	(35,746)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At June 30, 2023	19,025	-	-	19,025

The Group has the following transactions with directors, senior management and its subsidiary.

	THE GROUP AND THE COMPANY		
	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Remuneration of Key Management Personnel (KMP) (Note (a))	**39,891**	39,649	32,814
Interest on loans	**1,724**	1,832	1,618
Interest on deposits	**2,348**	2,130	2,679
Loans and advances (Note (b))	**48,886**	40,208	36,508
Contribution to The Mauritius Civil Service Mutual Aid Company Ltd Employees Superannuation and Pension Fund (Note 27(iii))	**5,869**	5,179	4,877
Deposits facilties from related party (Note (c))	**18,834**	23,383	22,108
Amount (payable)/receivable to subsidiary (note (e))	**2,375**	2,350	3,379

35. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation is set out below:

		2025	2024	2023
		Rs'000	Rs'000	Rs'000
(a)	**Remuneration of KMP**			
	- Salaries and short-term employee benefits	**36,878**	36,775	30,367
	- Post-employment benefits	**3,013**	2,874	2,447
		39,891	39,649	32,814
(b)	**Loans and advances**			
	Loans to directors			
	At July, 1	**467**	354	806
	New directors	**-**	300	-
	Directors who ceased to hold office during the year	**(63)**	-	(203)
	Repayments	**(125)**	(188)	(249)
	At June, 30	**279**	467	354
	Loans to other related parties			
	At July, 1	**39,741**	36,154	39,487
	Loan written off on deceased	-	-	(382)
	Existing loans on newly assessed related parties during the year	**958**	901	-
	Key management personnel who ceased to hold office during the year	-	-	(2,345)
	Loans granted during the year	**15,800**	7,215	6,830
	Repayments during the year	**(7,892)**	(4,529)	(7,436)
	At June, 30	**48,608**	39,741	36,154
	TOTAL	**48,886**	40,208	36,508

(i) The rate of interest for the loans granted to related parties ranges from **1.00% to 10.30%** per annum for 2025 (2024: 2.50% to 9.30 % p.a and 2023: 2.5% to 10.30%p.a).

(ii) The loans receivable at year end are secured by guarantors and/or collaterals with fixed repayment terms and settlement will occur in cash.

(iii) For the years ended June 30, 2025, 2024 and 2023, the loans due by related parties were neither past due nor impaired. This assessment is undertaken each financial year.

(c) Deposit facilities from related parties

	2025	2024	2023
Deposits from directors	**Rs'000**	Rs'000	Rs'000
At July, 1	**6,775**	-	4,300
Directors who ceased to hold office during the year	**-**	-	(4,300)
Deposits received during the year	**-**	8,705	-
Deposits matured during the year	**(400)**	(1,930)	-
At June, 30	**6,375**	6,775	-
Deposits from other related parties			
At July, 1	**16,608**	22,108	11,033
Deposits received during the year	**-**	-	11,700
Deposits matured during the year	**(4,149)**	(5,500)	(625)
At June, 30	**12,459**	16,608	22,108
TOTAL	**18,834**	23,383	22,108

(i) The rate of interest for deposit granted to related parties ranges from **3.70% to 10.10%** per annum for 2025 (2024: 2.25% to 10.10% p.a and 2023: 2.10% t10.10%).

(ii) The deposits payable at year end are unsecured with fixed repayment terms and settlement will occur in cash.

(d) Related party transactions have been made in the normal course of business.

(e) Related party transactions with directors have been made on the same terms and conditions as for other customers.

(f) Related party transactions and balances of the Company were as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Balances:			
Receivable from subsidiary:	**2,375**	**2,350**	3,379
Other receivable from subsidiary	**-**	**-**	-
Transactions:	-	-	-

The amounts from subsidiary are non-interest bearing, unsecured and repayable on demand.

36. CONTINGENT LIABILITIES

There were no significant capital commitments and contingent liabilities as at the reporting date, that require adjustments to or disclosures in the financial statements.

37. EVENTS AFTER REPORTING DATE

Subsequent to the reporting period, the Government of Mauritius introduced the Alternative Minimum Tax (AMT) and the Fair Share Contribution (FSC) under the Finance Act 2025. The AMT mandates certain companies to pay a minimum tax of 10% on adjusted book profits where their regular tax liability is lower. The FSC applies to companies with chargeable income exceeding MUR 24 million, at a rate of 5% on their chargeable income. These may affect the Group's and the Company's future tax obligations and financial positions.