TABLE OF CONTENTS

The Directors of Bank of Baroda ("the Bank") has the pleasure to submit the Annual Report of the Bank which includes the audited financial statements for the financial year ended March 31, 2025. The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), and the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the Guidelines and Guidance Notes issued by the Bank of Mauritius.

PRINCIPAL ACTIVITIES

The Bank is a branch of Bank of Baroda – India and is involved in the provision of banking facilities both within and outside Mauritius, to retail and corporate clients.

OVERVIEW AND FUTURE OUTLOOK

Refer to Note 6.3 in the Corporate Governance Report.

FINANCIAL RESULTS

The Bank's results can be found in the statement of profit or loss and other comprehensive income and further analysed in the Directors Discussion and Analysis section of the annual report.

Auditor

MOORE (Mauritius) LLP has been appointed as external auditor of the Bank for the year ended March 31, 2025, following a competitive tender exercise. The remuneration of the auditor for the current and prior financial years have been disclosed in Note 7.2 of the Corporate Governance Report. The external auditor also acts as tax advisor for the Bank and the fees paid in relation to these non-audit services amount to **Rs 120,000** for the financial year ended March 31, 2025 (2024: Rs 165,000).

The Bank has in place policies and procedures to ensure that there is no threat to objectivity and independence of the external auditor, resulting from the provision of non-audit services. Any such services need to be pre-approved by Directors.

Senior Directors/Members of the Local Advisory Board

The names and profiles of Senior Directors and members of the Local Advisory Board have been disclosed in Notes 2.6 and 2.7 of the Corporate Governance Report.

Senior Directors/Members share interests and service contracts

Directors has no direct or indirect interest in the assigned capital of the Bank. Furthermore, the Senior Directors or Members of the Local Advisory Board do not have service contracts with the Bank.

Senior Directors/Members emoluments

Refer to Note 4.2 of the Corporate Governance Report.

Donations

There were no political donations made during the current and prior years.

Corporate Governance

The Bank adheres to the principles of good governance as outlined in the National Code of Corporate Governance 2016 (the "Code") and the *Guideline on Corporate Governance* issued by the Bank of Mauritius. Please refer to the Corporate Governance Report, within this annual report, for more details.

Statement of Directors'/Members responsibilities in respect of the financial statements

Company law requires Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank.

In preparing those financial statements, the Directors is required to:

- ensure that adequate accounting records and an effective system of internal controls and risk Directors have been maintained;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been adhered to, subject to any material departures disclosed, explained and quantified in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business;
- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Bank while ensuring that the financial statements fairly present the state of affairs of the Bank, as at the financial year end, and the results of its operations and cash flows for that period; and
- ensure that the financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, in so far as applicable to foreign companies, the Financial Reporting Act 2004 and the Banking Act 2004.

Directors confirms that they have complied with the above requirements in preparing the financial statements.

Directors is also responsible for safeguarding the assets of the Bank and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the Directors include assessing their performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Bank.

Acknowledgements

Directors expresses its deep appreciation of the support provided by all its stakeholders, most importantly by its employees and regulators.

Directors is also thankful to its customers and stakeholders for their loyalty and trust and would like to thank its staff for their dedicated effort and commitment to the Bank.

FOR BANK OF BARODA

Prakash Seeruttun	**Sudheer Kumar**
Head of Finance	**Vice President**
(Mauritius Operations)	**(Mauritius Operations)**

Date: June 27, 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The Bank's senior management is responsible for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions. The Bank's Internal Auditor, who has full and free access to the Audit Committee at the corporate office level in India, conducts a well-designed program of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

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

The Bank's external auditor, MOORE (Mauritius) LLP, has full and free access to senior management and the Local Advisory Board to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

FOR BANK OF BARODA

Prakash Seeruttun	**Sudheer Kumar**
Head of Finance	**Vice President**
(Mauritius Operations)	**(Mauritius Operations)**

Date: June 27, 2025

Statement of Compliance

Bank of Baroda ("the Bank") was incorporated in Mauritius on October,19 1962 as a foreign company and registered as a domestic branch of Bank of Baroda **("BoB")** incorporated in India. The ultimate holding entity of BoB is the Government of India.

The Bank is a public interest entity ("PIE") as defined under the Financial Reporting Act 2004 and is guided by the **Bank of Mauritius Guideline on Corporate Governance** and the **National Code of Corporate Governance for Mauritius (2016) (the "Code").**

The Bank is regulated by the Bank of Mauritius ("host regulator") and the Reserve Bank of India ("home regulator"). The Bank has its own policies relating to its various areas of operations in Mauritius; however, wherever the guidelines issued by the local regulatory authorities are more stringent, the Bank adopts the local regulations.

BoB believes that there is a need to view Corporate Governance as more than just regulatory requirements, sound corporate governance is a culture of accountability, fairness, transparency, consistency, and effectiveness which is practiced across BoB globally to ensure continuity and success. Being a branch and thus having no Board of Directors in Mauritius, The Bank enforces the requirements of the Code through various Committees and through its senior Management Team, under the overall supervision of BoB.

Compliance with the National Code of Corporate Governance for Mauritius (2016) (the "Code")

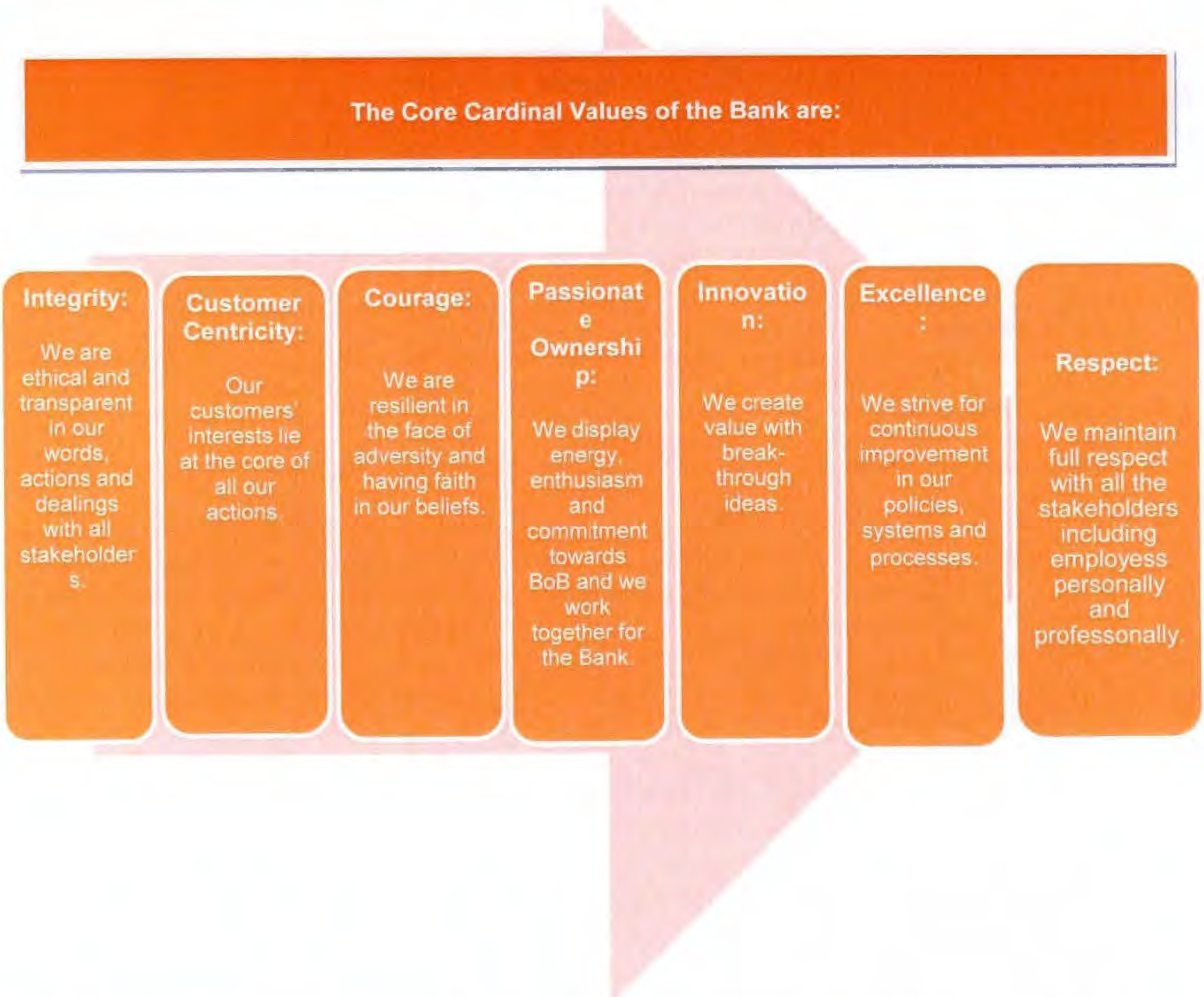
The Bank adapts the Code to its specific circumstances, size, and complexity, as well as the risks and challenges it faces. During the year under review, The Bank has through its Senior Management Team assessed the requirements and provisions as specified under the Code and took the necessary steps, to the best of its knowledge, to design, implement and maintain internal control and other procedures to ensure compliance with the principles set out under the Code and wherever certain principles set out in the Code have not been applied on account of its status as a Branch, the reasons for non-application are listed out in the relevant sections of the report.

The disclosures pertaining to the eight principles of the Code have been made in different sections of the annual report as outlined below:

Principle 1	• Governance Structure
Principle 2	• The Structure of the Board and its Committees
Principle 3	• Director Appointment Procedures
Principle 4	• Director Duties, Remuneration and Performance
Principle 5	• Risk Governance and Internal Control
Principle 6	• Reporting with Integrity
Principle 7	• Audit
Principle 8	• Relations with Shareholders and Other Key Stakeholders

The Bank's Philosophy on Corporate Governance and Code of Conduct

The Bank's corporate governance philosophy is reflected by the values of transparency, professionalism, and accountability. The core cardinal values of The Bank are illustrated:



The employees of The Bank are required to have the highest standards of integrity, conduct, ethics and performance and to also act with due skill, care and diligence besides complying with all guidelines, laws and regulations applicable to our business.

The Bank's corporate governance is also governed by the following principles:

- Enhance and maximize the shareholders' value.
- Fair, ethical and transparent in dealings with all the stakeholders.
- Protection of the interest of all stakeholders including customers, employees, and society at large.
- Ensuring accountability for performance and customer service and to achieve excellence at all levels.
- Timely and accurate disclosures on all matters pertaining to the performance and operations of the Bank.
- Adherence to our core values; and
- Creating corporate leadership of the highest standard.

BoB (including The Bank) Code of Conduct

BoB is governed by the Code of Conduct approved by its Board which is posted on the Bank's website i.e., www.bankofbaroda.in. In addition to its corporate guidelines, The Bank has also adopted the Code of Ethics and Banking Practices issued by the Mauritius Bankers Association ("MBA") to align its practices with all the other players of the local banking sector.

The Bank ensures effective management in line with the above values and its Code of Ethics. Employees are empowered through the Code to support responsible decision making and to adhere to the highest standards of business practices. Incident reporting is encouraged, and a dedicated confidential reporting line is available for all employees.

The Senior Management Team is responsible for ensuring the compliance with all relevant laws, regulations and guidelines and ensuring the integrity of its financial reporting process and compliance of the Code of Conduct by the employees.

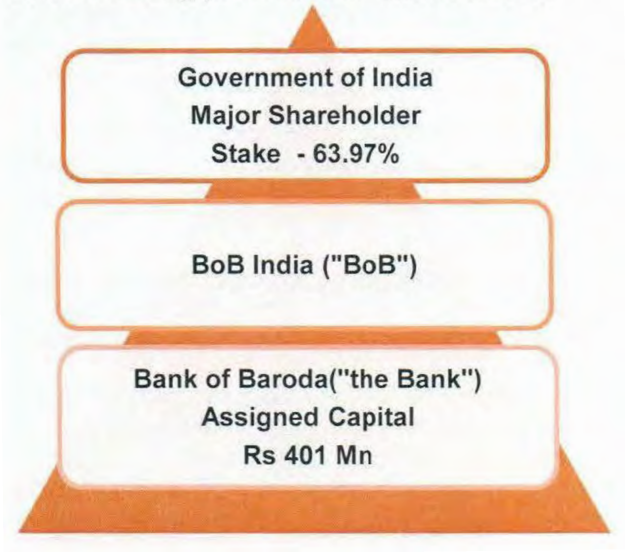
1. Principle One - Governance Structure

"All organizations should be headed by an effective Board. Responsibilities and accountabilities within the organization should be clearly identified."

While **The Bank** operates as a foreign branch and is therefore not governed by a locally constituted Board of Directors, the Bank remains fully committed to upholding the principles of the Code. In the absence of a formal board structure, The Bank has established a robust governance framework comprising a **Local Advisory Board (LAB),** a well-defined senior management structure, and several specialized committees including the Audit Review Committee, Compliance Committee, Asset Liability Committee, Enterprise Risk Management Committee, and Territorial Office Committee. These bodies collectively ensure strategic oversight, sound risk management, operational accountability, and regulatory compliance. Responsibilities and accountabilities are clearly assigned across the organization, with defined reporting lines to the Corporate/ Head Office in India and adherence to both local and home country regulatory requirements. Through this framework, The Bank ensures that corporate governance principles are effectively embedded in its operations, to the extent applicable to a foreign branch.

1.1 Shareholding Structure

As on March 31, 2025, the shareholding pattern of BoB was as follows:



1.2 Key Governance functions of The Bank

As a foreign branch of Bank of Baroda, The Bank does not have a locally constituted Board of Directors. Nonetheless, The Bank operates under a comprehensive governance framework designed to ensure clear accountability and effective oversight. Strategic direction and decision-making authority rest with the Corporate/ Head Office in India, while local governance is supported by the Local Advisory Board (LAB), senior management, and specialized committees.

The key responsibilities carried out at the Mauritius level include:

- Implementing the strategic direction and policies established by the Corporate/ Head Office.
- Providing leadership and oversight across local operations in line with regulatory and compliance requirements
- Monitoring the effectiveness of governance practices and ensuring alignment with local laws and regulations.
- Reviewing and, where appropriate, recommending approval of key matters such as risk policies, budgets, financial performance, and internal control reports.
- Ensuring that day-to-day operations are effectively managed and in accordance with prescribed standards.
- Maintaining sound internal control and risk management systems to detect and prevent malpractices

1.2.1 Responsibilities of the Local Advisory Board

In alignment with Section 10 of the Bank of Mauritius Guideline on Corporate Governance and in adherence to the applicable local regulatory requirements, Bank of Baroda (Mauritius operations) ("The Bank") has constituted a Local Advisory Board ("LAB") to serve in an advisory capacity.

The LAB is entrusted with the responsibility of maintaining oversight over the management of The Bank. In the discharge of its advisory functions, the LAB ensures that the management operates within the defined risk appetite framework while striving to achieve the Bank's strategic objectives in a prudent and effective manner.

1.2.2 Responsibilities of the Management of The Bank

The administration and day-to-day operations of Bank of Baroda (Mauritius operations) ("The Bank") have been entrusted to a local management team composed of India-Based Officers ("IBOs") and Local Senior Officials ("LSOs").

This management team is responsible for ensuring the effectiveness of the Bank's internal control systems. It is their duty to ensure that all operational activities are conducted in a well-controlled environment and in full compliance with the Bank's approved policies, as well as with all applicable legal and regulatory requirements.

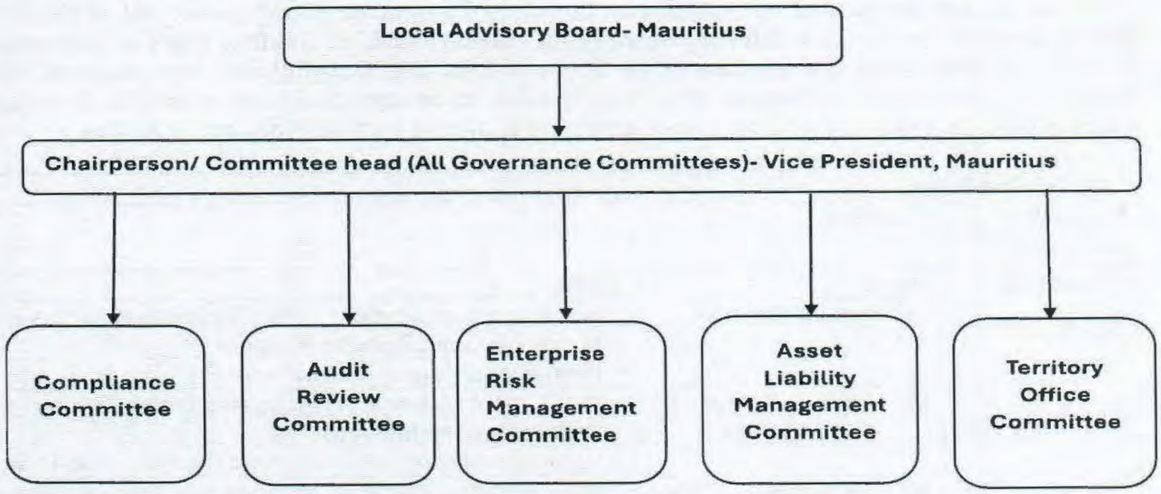
The management of Bank of Baroda (Mauritius operations) also bears the responsibility of safeguarding the Bank's assets. In this regard, management is expected to take all reasonable measures to prevent and detect fraud, misappropriation, and other irregularities that may affect the integrity of the Bank's operations.

Furthermore, management is accountable for the design, implementation, and maintenance of effective internal control systems that support the preparation of financial statements which present a true and fair view. These financial statements must be free from material misstatement, whether arising from fraud or error. Management's responsibilities also include the selection and consistent application of appropriate accounting policies, as well as the formulation of accounting estimates that are reasonable and prudent under the prevailing circumstances.

In addition, management has assessed the Bank's ability to continue operating as a going concern and, based on the information currently available, has no reason to believe that the Bank will not be able to continue its operations for the foreseeable future.

1.2.3 Corporate Governance Organogram of the Bank

The Bank operates under the oversight of dedicated committees, each constituted with members possessing the requisite expertise and functional alignment to uphold governance principles during the execution of operational activities. These committees are chaired by the CEO/Vice President, Mauritius, who also serves as an executive member of the LAB Committee and is responsible for escalating pertinent matters to the LAB Committee as required.



1.2.4 Other governance documents

The Bank follows its governance culture and maintains transparency through demonstration of following documents posted on the The Bank's website:

- Whistleblower Policy for Employees and Directors
- Code of Ethics for Employees
- MBA KYC Principles
- FATCA Guidelines
- Managing Director/CEO message

2 Principle Two - The Structure of the Board and its Committees and Senior Management

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors 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 should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duty."

As a foreign branch of Bank of Baroda, The Bank does not operate under a locally constituted Board of Directors. Instead, strategic oversight and direction are provided by the Corporate/ Head Office in India. In Mauritius, The Bank has established a *Local Advisory Board (LAB)* which includes a mix of executive, non-executive and independent members, thereby ensuring balanced and objective advice on key governance and operational matters. The LAB operates in an advisory capacity and is supported by a structured senior management team and several specialized committees including the Compliance Committee, Audit Review Committee, Enterprise Risk Management Committee, Asset Liability Committee, and Territorial Office Committee. These governance mechanisms are designed to reflect the spirit of the Code by fostering independent oversight, preventing concentration of authority, and ensuring that decision-making is informed, inclusive, and aligned with the scale and complexity of the Bank's local operations.

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

The Bank has established various committees at different organizational levels, each tasked with overseeing specific areas of strategic importance. The key committees currently in place include the following:

2.1 Local Advisory Board of The Bank and its mandate

In line with the requirements of the *Guideline on Corporate Governance* issued by the Bank of Mauritius, the Bank has constituted its Local Advisory Board ("LAB") which meets on quarterly basis and operates as a general committee under the direction of the Board of BoB. The Board of BoB has assessed the size, composition, and balance of the LAB which they consider to be appropriate with respect to the scope and nature of the operations of the Bank. The committee is convened by Vice President, Mauritius.

LAB OF The Bank			
Frequency of Meeting	:	Quarterly	
Composition	:	Name	Title
		Mr. Nishant Ranjan	Non-Executive Member and Chairperson of LAB (Since March 24) Chief General Manager International control-International Banking, BoB-India
		Mr. Prajith D Kumar	Non-Executive Member (Since December 23) Deputy General Manager International control-International Banking, BoB-India
		Mr. Pradeep ("Tony") Malik	Non-Executive Member, Independent Director (Since April 2024)
		Mr. Sudheer Kumar	CEO/Vice President, BOB MU (Since Aug 2024)
Main Responsibilities	:	The responsibilities of LAB include among others: ▪ To have effective board oversight. ▪ To ensure strong risk management process is in place, by determining appropriate policies and processes. ▪ To ensure effective internal controls are in place. ▪ To ensure compliance with statutory requirements, and related areas. ▪ To ensure safety and soundness of the Bank. ▪ To ensure safeguarding the interests of customers and other stakeholders. ▪ To ensure that the internal audit reports are discussed in the meetings and a timeframe stipulating corrective action to be taken is set. ▪ To discuss new business avenues/prospects. ▪ Function independently of Management and put in place appropriate structures and procedures to achieve and project its independence. ▪ Ensuring that the Bank's policies and systems are effective enough to achieve a prudential balance between the risks and potential returns to the stakeholders. ▪ Monitoring and assessing risks to always achieve the continuous viability of the Bank's operations; and ▪ Ensure that adequate systems and procedures have been established, and sufficient resources committed to ensure compliance with the requirements of laws, regulations and guidelines issued by the Bank of Mauritius and Reserve Bank of India. ▪ To keep abreast with the developments pertaining to Mauritius/India regulatory and supervisory environment and the long-term national growth strategies. ▪ Promote Corporate Governance and Ethics by overseeing and encouraging high standards of governance, transparency and ethical conduct. To discuss and review pertinent corporate governance matters. ▪ Helps enforce the BoB- India Code of Conduct and Whistleblowing Policy in Mauritius.	

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.1 Local Advisory Board of The Bank and its mandate (Cont'd)

LAB OF The Bank (Cont'd)		
Other Commitments		The Chairperson of the LAB also ensures that: ▪ Changes taking place in the local regulatory and supervisory environment and other relevant developments are apprised to LAB members. ▪ There is an appropriate structure in place for identifying, monitoring, and managing solvency, financial, operational, strategic, compliance, liquidity risk and necessary feedback is obtained for an effective monitoring on a timely basis. ▪ Appropriate management information is received on a timely basis; and ▪ the staff members obtain appropriate trainings.

The committee also comprises the former member of the LAB below.

Mr. Diwakar Singh	Erstwhile Vice President (Repatriated in July 2024)

2.2 Management Committees of The Bank

In addition to the LAB, The Bank has in place five comprehensively structured management Committees for more in-depth analysis and evaluation of various matters as per their duly approved responsibilities which are subject to review as and when required or on any change in regulatory/statutory guidelines, These Committees also ensured the governance aspect of their respective operational areas. All such committees are headed by vice president of BoB Mauritius, overseen by LAB and under the overall supervision of corporate/ Head office reporting paradigm.

2.2.1 Asset & Liability Management Committee ("ALCO") and its mandate

The ALCO has been entrusted with a formal schedule of matters. It is responsible for assets and liability management regarding liquidity, interest rate and exchange rate movements. The committee is convened by Risk Officer.

Frequency of Meeting	:	Monthly	
Composition	:	Mr. Sudheer Kumar	Vice President /Chairperson
		Mr. Prakash Seeruttun	Head of Finance
		Mr. Siddharth Mahanty	Chief Manager, Risk Management
		Mr. Lavish Khosla	Chief Manager, Treasury
		Ms. Ruchi Pal	Chief Manager, Credit Department
		Mr. Suji Abrahim	Chief Manager, Global Business Branch
Main Responsibilities		• Ensuring that the liquidity / interest rate risks are managed and controlled within the liquidity and funding /interest rate risk management parameters, and to ensure that corrective actions are initiated wherever necessary by putting in place strategies. • Ensuring that the liquidity and interest rate sensitivity positions are properly analyzed and duly reported to International Banking Division & Asset and Liability Management Cell [Global Mid Office] Risk Management Department, Baroda Corporate Centre, Mumbai. • Ensuring that the exceptions are reported to International Banking Division & Asset and Liability Management Cell [Global Mid Office], Risk Management Department, Baroda Corporate Centre, Mumbai. • Facilitating the Internal Audit Department, to review the liquidity and funding operations and management of interest rate risk independently to ensure that the liquidity management / interest rate risk policies and procedures are adhered to; • Monitoring the cost and yield pattern of resources / deployment and take necessary corrective actions in case of need.	

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.2.1 Asset & Liability Management Committee ("ALCO") and its mandate (Cont'd)

Main Responsibilities (Cont'd)		• Looking into the associated areas of funding and liquidity management such as currency risk and interest rate risks. • Reviewing the position of top 20 deposit accounts. • Providing directions on credit proposals with repayment periods exceeding 5 years. • Setting the parameters for interest rates on deposits and advances. • Reviewing the investment portfolio of the domestic branches / Global Business Branch Mauritius ("GBB") at monthly intervals and ensure that the approved investment policy guidelines are adhered to. • Setting Net Interest Margin ("NIM") targets for the territory. • Determining the lending benchmark and deposits' rates. • Assessing the vulnerability of the liquidity risk and interest rate risk profiles of the Territory in respect to all stress scenarios including market wide stress scenario on a regular basis and to formulate contingency plans and strategies to meet the stress scenarios; and • Complying with all regulatory requirements and disclosing information on liquidity risk and interest rate risks of the Territory as required by the host country and other regulatory norms and market practices. • To discuss and review respective corporate governance matters.
Other Commitments		The Chairperson of ALCO also ensures: • Review of contingency scenarios. • Timely discussion of forward planning; and • Discussion of any other matters that may warrant the attention of ALCO.

The Committee also comprises the below former members of the Management Team:

Mr. Diwakar Singh	Erstwhile Vice President (Repatriated in July 2024)
Mr. Mohit Sharma	Erstwhile CFO (Repatriated in Sep 2024)

2.2.2 Management Committee (Territorial Office Committee ["TO"]) and its mandate

The TO is responsible for overall balance sheet & PL strategy, funding and capital management and monitors exposure to key business risks and its impact on the balance sheet. The TO also monitors the external factors including market trends monetary and fiscal policies as well as the actions of the competitors. The TO is also responsible for administrative, staff related as well as other establishment matters. The committee is convened by Risk Officer.

TO- The Bank			
Frequency of Meeting	:	Monthly	
Composition		Mr. Sudheer Kumar	Vice President/Chairperson
		Mr. Prakash Seeruttun	Head of Finance
		Mr. Snehil Srivastav	Chief Manager, IT & Operations
		Mr. Sachin Jaiswal	Chief Manager, Digital, IT Infra & proc
		Mr. Siddharth Mahanty	Chief Manager, Risk Management
		Mr. Lavish Khosla	Chief Manager, Treasury
		Mrs. Neha Singh	Chief Manager, HRM & Administration
		Ms. Ruchi Pal	Chief Manager, Credit Department
		Mr. Prasanna Rai	Chief Manager, Head of Compliance
		Mr. R Balgobin	Senior Manager, Operations
		Mr. Raj Dookun*	Manager & MLRO

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.2.2 Management Committee (Territorial Office Committee ["TO"]) and its mandate (Cont'd)

TO- The Bank (Cont'd)		
Main Responsibilities	:	The responsibilities of the TO include among others: • To oversee the business strategy. • To review and monitor the performance of the branches against the target set. • To measure the performance of The Bank against the target set. • To formulate and interpret various enterprise-wide credit risk strategies including lending policies. • To take decisions on IT, administrative, staff related as well as establishment matters. • To discuss and review any matter related to remuneration of staff. • To review the external auditor's report pertaining to systems, procedures, and internal controls. • To monitor the Bank's credit risk management function; and • To monitor, manage and mitigate operational risk. • To discuss and review respective corporate governance matters.
Other Commitments		The Chairperson of TO also ensures: • To discuss/ review any other matter requiring management attention.

* *The members would not necessarily be in attendance in all meetings but as substitution Compliance Heads respectively, in his absence.*

The Committee also comprised the below former members of the Management Team:

Mr. Diwakar Singh	Erstwhile Vice President (Repatriated in July 2024)
Mr. Mohit Sharma	Erstwhile CFO (Repatriated in Sep 2024)

2.2.3 Enterprise Risk Management Committee ("ERMC") and its mandate

The Bank has also set up an ERMC which has an oversight into all the risks associated to the enterprise. The ERMC ensures that risk-taking activities are in line with the The Bank's strategy and risk appetite and covers all material risk categories applicable to the Bank.

Risk is an integral part of the banking business, and the Bank aims to achieve an appropriate trade-off between risk and returns. To ensure sustainable and consistent growth, the Bank has developed a sound risk management framework so that the risks assumed by the Bank are properly assessed, monitored and mitigated. The Bank undertakes business activities within the defined risk appetite limits and policies approved by the Board of Directors of BoB.

BoB also establishes the tone at the top by promoting risk awareness to promote a sound risk culture. The Bank ensures that material risks and risk-taking activities exceeding the risk appetite and limits, if any, are recognised, escalated and addressed in a timely manner. The committee is convened by Risk Officer.

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.2.3 Enterprise Risk Management Committee ("ERMC") and its mandate (Cont'd)

<table>
<tr><th colspan="4">ERMC OF The Bank</th></tr>
<tr><td>Frequency of Meeting</td><td>:</td><td colspan="2">Quarterly</td></tr>
<tr><td rowspan="11">Composition</td><td rowspan="11"></td><td>Mr. Sudheer Kumar</td><td>Vice President/Chairperson</td></tr>
<tr><td>Mr. Prakash Seeruttun</td><td>Head of Finance</td></tr>
<tr><td>Mr. Siddharth Mahanty</td><td>Chief Manager, Risk Management</td></tr>
<tr><td>Mr. Snehil Srivastav</td><td>Chief Manager, IT & Operations</td></tr>
<tr><td>Mr. Sachin Jaiswal</td><td>Chief Manager, Digital, IT Infra & proc</td></tr>
<tr><td>Mr. Lavish Khosla</td><td>Chief Manager, Treasury</td></tr>
<tr><td>Mrs. Neha Singh</td><td>Chief Manager, HRM & Administration</td></tr>
<tr><td>Ms. Ruchi Pal</td><td>Chief Manager, Credit Department</td></tr>
<tr><td>Mr. Prasanna Rai</td><td>Chief Manager, Head of Compliance</td></tr>
<tr><td>Mr. Ravin Balgobin*</td><td>Senior Manager, Operations</td></tr>
<tr><td>Mr. Raj Dookun*</td><td>Manager & MLRO</td></tr>
<tr><td>Main Responsibilities</td><td>:</td><td colspan="2">The responsibilities of ERMC include among others:
• To review the Key Risk Indicator ("KRI");
• To review the position of suspense accounts.
• To review cash management.
• To approve policies draft before submitting them to corporate office for board approval.
• To review the new products, process and practice implementation.
• To review the changes in existing process/ practices.
• To review the training requirements of staff with regards to KYC and other operating issues; and
• To review the risk appetite of the Bank, including its risk management framework, risk appetite statement, policies, procedures, and risk management processes.
• To discuss and review respective corporate governance matters.</td></tr>
<tr><td>Other Commitments</td><td>:</td><td colspan="2">The Chairperson of ERMC also ensures:
▪ Any fraud related matters are discussed, reported, and remediated; and
▪ Any other matters that may warrant the attention of ERMC.</td></tr>
</table>

** The members would not necessarily be in attendance in all meetings but as substitution for IT & Operations and Compliance Heads respectively, in their absence.*

The Committee also comprised the below former members of the Management Team:

Mr Diwakar Singh	Erstwhile Vice President (Repatriated in July 2024)
Mr. Mohit Sharma	Erstwhile CFO (Repatriated in Sep 2024)

2.2.4 Audit Review Committee ("ARC") and its mandate.

The Bank has set up the internal audit function, which is responsible for providing independent assurance by conducting internal risk-based audits. The reviews provide assurance to the Management that the overall governance framework including the risk governance framework is effective and that policies and processes are in place and consistently applied. The committee is convened by Risk Officer.

The role of the internal audit function is defined and overseen by the Audit Committee at the Corporate Office Level.

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.2.4 Audit Review Committee ("ARC") and its mandate (Cont'd)

ARC OF The Bank			
Frequency of Meeting	:	Quarterly	
		Mr. Sudheer Kumar	Vice President/Chairperson
		Mrs. Subbulakshmi R	Internal Auditor
		Mr. Prakash Seeruttun	Head of Finance
		Mr. Siddharth Mahanty	Chief Manager, Risk Management
		Mr. Snehil Srivastav	Chief Manager, IT & Operations
		Mr. Lavish Khosla	Head, Treasury
		Mr. Prasanna Rai	Chief Manager, Head of Compliance
		Mr. Ravin Balgobin*	Senior Manager, Operations
		Mr. Raj Dookun*	Manager & MLRO
Main Responsibilities	:	The main responsibilities of the Audit Review Committee include reviewing the internal audit reports issued by the Internal Auditor and the remedial actions proposed by management, including the timeline for such remediation.	

** The members would not necessarily be in attendance in all meetings but as substitution for IT & Operations and Compliance Heads respectively, in their absence.*

The Committee also comprised the below former members of the Management Team:

Mr Diwakar Singh	Erstwhile Vice President (Repatriated in July 2024)
Mr. Mohit Sharma	Erstwhile CFO (Repatriated in Sep 2024)

2.2.5 Compliance Committee ("CC") and its mandate

The compliance function in the Bank plays a key role in its corporate governance structure. The compliance function in the Bank is adequately enabled and made sufficiently independent with a Compliance Committee responsible for monitoring the compliance related matters. The committee is convened by Head of Compliance.

CC of The Bank			
Frequency of Meeting	:	Monthly	
		Mr. Sudheer Kumar	Vice President/Chairperson
		Mr. Snehil Srivastav	Chief Manager, IT & Operations
		Mr. Sachin Jaiswal	Chief Manager, Digital & IT Infra proc
		Mr. Siddharth Mahanty	Chief Manager, Risk Management
		Mr. Lavish Khosla	Chief Manager, Treasury
		Mr. Prasanna Rai	Chief Manager & Head of Compliance
		Mr. Raj Dookun	Manager & MLRO
		Mr. Keshraj Seewooshurn	Officer & DMLRO
		Mr. R Ballgobin	Senior Manager, Operations
Main Responsibilities	:	The responsibilities of CC include among others: ▪ Monitoring all the compliance and AML related operational matters. ▪ Providing advice to Senior Management regarding compliance with applicable laws and any changes / developments in the area. ▪ Ensuring educating employees about Compliance/ AML related issues by Circulars, ensuring periodic trainings and workshops for business staff, Senior management and LAB members. ▪ Noting the attendance of all committees executed during the period to ensure governance.	

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.2.5 Compliance Committee ("CC") and its mandate (Cont'd)

CC of The Bank (Cont'd)		
Main Responsibilities (Cont'd)		▪ Note and ensuring the policies renewal status. ▪ Note the new onboard customers risk classifications demography. ▪ Note the status of Transaction Alerts generated, closure, pendency and STRs filed count. ▪ Ensuring effectiveness of AML systems. ▪ Ensuring progress under the annual compliance plan including offsite and onsite compliance test checks and their remedial compliance status. ▪ Ensuring progress under regulatory audits and noting status. ▪ Ensuring Regulatory / Statutory Instructions received during the period are complied with their progress status. To discuss and review respective corporate governance matters.
Other Commitments	:	The Chairperson of CC also ensures: • Any other compliance or AML matter that may warrant the attention. • Any high-risk operational / procedural/ Practice gap observation under compliance test check by compliance dept.

The Committee also comprised the below former members of the Management Team:

Mr. Diwakar P. Singh	Erstwhile Vice President (Repatriated in July 2024)
Mr. Mohit Sharma	Erstwhile CFO (Repatriated in Sep 2024)
Mrs. Neha Singh	CM, HRM- Committee Quorum Re defined (Member until Dec 2024)
Ms. Ruchi Pal	CM, CREDIT- Committee Quorum Re defined (Member until Dec 2024)
Mr. Suji Abraham	BH, GBB- Committee Quorum Re defined (Member until Dec 2024)
Mr. Kunal Nevroti	BH, Portlouis- Committee Quorum Re defined (Member until Dec 2024)

2.3 Corporate Governance Committee

The Bank does not have a separate Corporate Governance Committee. All corporate governance matters are discussed in the respective committees detailed in 2.2, being chaired by the CEO/ Vice President, Mauritius, who is also executive member of LAB committee in Mauritius, for appraising pertinent governance matters to LAB. Also, overall supervision is maintained at corporate/ Head office level.

2.4 Remuneration Committee

The Bank does not have a separate Remuneration Committee. Any matter related to remuneration of staff is discussed in the TO committee. The terms of reference of the TO committee is disclosed on section 2.2.2.

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.5 Committee Attendance

Name	Title	LAB	ALCO	TO	ERMC	ARC	CC
No. of Meetings during the financial year		**4**	**12**	**12**	**8**	**3**	**12**
Mr. Nishant Ranjan	Chairperson of LAB	4	-	-	-	-	-
Mr. Prajith D Kumar	Non-Executive Member of LAB	4	-	-	-	-	-
Mr. Pradeep Malik	Independent Member of LAB	4	-	-	-	-	-
*Mr. Diwakar P Singh**	Vice President until July 24	2	4	4	2	-	4
Mr. Sudheer Kumar	Vice President from Aug 24	2	8	8	6	3	7
Mr. Prasanna Rai	Chief Manger, Head Compliance	-	-	9	8	3	12
Mr. Siddharth Mahanty	Chief Manager, Risk	-	12	12	8	3	10
Mrs.Subbulakshmi R.	Chief Manager, Internal Audit	-	-	-	-	3	-
Mr. Kunal Nevroti	Chief Manager, Port-Louis	-	-	12	-	-	9
*Mr. Mohit Sharma**	Chief Financial Officer	-	5	8	4	2	5
Mr. Prakash Seeruttun	Head of Finance	-	7	4	-	-	-
Mr. Suji Abraham	Chief Manager, GBB	-	12	12	-	-	9
Ms. Ruchi Pal	Chief Manager, Credit	-	11	9	8	3	9
Mr. Lavish Khosla	Chief Manager, Treasury	-	12	12	8	3	12
Mr. Snehil Srivastav	Chief Manager, IT & Operations	-	-	11	8	2	11
Mr. Sachin Jaiswal	Chief Manager, Digital	-	-	12	8	-	11
Mrs. Neha Singh	Chief Manager, HRM	-	-	11	5	-	9
Mr. Ravin Balgoin	Senior Manager, Operations	-	-	12	-	-	11
Mr Raj Dookun	Manager & MLRO, Compliance	-	-	-	-	-	11
Mr.Keshraj Seewooshurn	Officer & DMLRO	-	-	-	-	-	12

**The individuals left their positions over the financial year.*

2.6 Local Advisory Board Profile

Mr Nishant Ranjan (Non-Executive member and Chairperson of LAB - Since March 2024)

Mr. Nishant Ranjan joined Bank of Baroda in 1989 and having exposure of over 34 years in banking services in various capacities across India & Overseas (UK & UAE). He has worked and gained expertise in various fields including credit, branch operations, forex, planning, inspection, international credit, trade finance etc. Before heading BoB's UAE operations, he oversaw BoB's Trade, FX and Remittance and PSU business departments at corporate level. He is currently designated as Chief General Manager and Head-International Banking of BoB with overall responsibility of managing the international banking (including overseas territories, subsidiaries, associates & JV's) portfolio including finance, accounts, regulatory, administrative, and operational issues. He holds the degree of Bachelor of Arts Hons. (Statistics). He joined the Board of Directors of the Bank of Baroda (Uganda) Limited as Non-Executive Director on March 30, 2024.

Mr. Prajith D Kumar (Non-Executive member of LAB - Since September 2023)

Mr. D Prajith Kumar joined the Bank of Baroda in 1994 and has experience of over 29 years in banking. He has worked and gained expertise in various fields including credit, branch banking, inspection, audit and risk management amongst others. He worked in various capacities across India and overseas. His previous assignments include being the Regional Head, Trivandrum Region, Deputy Regional Head Udaipur, Head Operations - New York, Risk Officer - New York etc. He is currently designated as DGM, International Control Functions, with overall responsibility of monitoring BoB's Overseas operations including regulatory compliance, inspection and audit, policies, subsidiary operations, vigilance, IT etc. He holds a bachelor's degree in science (Physics).

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.6 Local Advisory Board Profile (Cont'd)

Mr Pradeep Malik (Independent member of LAB – Since April 2024)

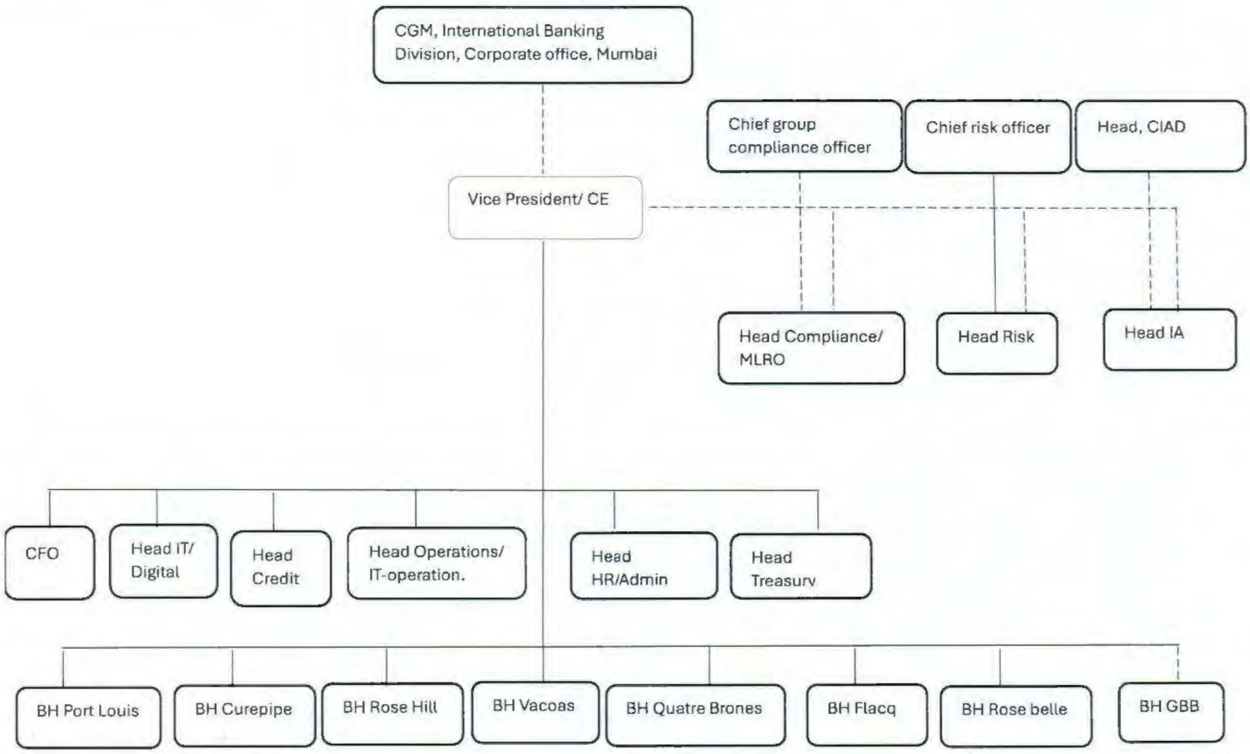
Mr. Malik is a Fellow Member of the Institute of Chartered Accountants in England and Wales and was previously a Partner at Deloitte Mauritius until his retirement in 2023. He is also a CPA (Canada) and a CA (Singapore) and has extensive expertise in GAAP, managerial practices, risk management, strategic planning, financial reporting, and internal control implementation.

Mr. Sudheer Kumar (Executive member, CEO /Vice president since Aug 2024)
Mr. Kumar is the Chief Executive Officer and Vice President of Bank of Baroda Mauritius Operations in Mauritius since August 2024. He joined BOB in March 1998 having rich exposure of banking services over 24 years in various capacities across India, he has done Bachelor of Science also holds a certificate in JAIIB and CAIIB and is Credit Groomed Officer Certified under MOODYS Analytics. Prior to his present position, he has headed multiple Head Positions at various levels as Regional Head and Head Corporate Financial Services in different parts of India, before joining Mauritius he was placed at UAE Bank OF Baroda as Head-Control & Business Operations, He has vide exposure in advances and banking operations. Mr. Kumar is convenor of the LAB committee.

2.7 Senior Management Profile

The Bank is headed by the Vice President (Mauritius Operations), Mr. Sudheer Kumar.

The set-up of The Bank is as follows:



Mr. Sudheer Kumar (Executive member, CEO /Vice president since Aug 2024)- Profile refer 2.6

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.7 Senior Management Profile (Cont'd)

Prasanna Rai (IBO- Head Compliance)
Chief Manager and Head of Compliance, he joined The Bank in September 2023 with reporting to the Group Compliance Officer at the Corporate Office, Mumbai. He is a CAMS- Certified Anti Money Laundering Specialist from ACAMS, holds a Bachelor of Engineering degree specializing in Computer Science, and an Executive MBA in financial markets. He joined BoB in 2011 and has experience spanning over 14 years in banking, including branch operations, branch head and Risk Based Supervision dept at the corporate office. He holds various Certificates in Digital Banking, JAIIB/CAIIB, Prevention of Cyber Crimes and Fraud Management, IT Security, also holder of DISA – Diploma in information system audit from IIBF and Certified OCA - Oracle certified associate. Mr. Rai is convenor of the compliance committee of THE BANK.

Rameswaran Subbulakshmi (IBO- Internal Auditor)
Mrs. Subbulakshmi joined as the Internal Auditor in October 2022 with reporting to General Manager, CIAD, Head office, Baroda. She joined BoB in 2011 as Manager and holds a Bachelor of Science-Industrial Microbiology along with a Master of Business Administration at the University of Madurai. She also holds a certificate in JAIIB and a CAIIB from the IIBF. She has more than 13 years in the banking sector.

Siddharth Mahanty (IBO- Head Risk)
Chief Manager, Territory Risk Management Department of the Bank since November 2023 with a reporting to the Group Chief Risk Officer at the Corporate Office, Mumbai. He is a FRM charter holder and responsible for all risk areas across the territory with a reporting line to the Chief Risk Officer of the Corporate Office on risk matters relating to credit risk, operational risk, liquidity risk and market risks. He joined BoB in 2009 and has worked in various roles over a career spanning over 15 years. He has earlier worked in the risk management department at BCC from 2013-2019 after which he pursued a stint in the Learning and Development vertical of BoB. Mr. Mahanty is the convenor of TO, ALCO, ERMC and ARC of THE BANK.

Lavish Khosla (IBO- Head Treasury)
Chief Manager of Global Treasury since June 2022, Mr Khosla joined BoB in 2010 in India as Credit Officer, and he holds a MBA-Finance from Mumbai University, and along with being a Certified Associate and a Certified Treasury Professionals Certificate at the IIBF. He has successfully completed Technical Analysis Training for Forex Dealers from NIBM along with Bourse course 2018 for (Forex Trading). His experience in the banking sector expands over 14 years and covers experience in Investments and Treasury Back Office credit management.

Sachin Kumar Jaiswal (IBO- Head Digital & IT infra & Proc)
Chief Manager, Digital & IT functions since September 2023. He joined Bank of Baroda as IT Specialist Officer in March 2010 and holds a master's degree in computer application and Diploma in IT hardware & Software Testing. Certification of JAIIB, CAIIB & Digital. He has over 15 years' experience in implementation & handling operations for digital products.

Neha Singh (IBO- Head HRM & Admin)
Chief Manager Human Resource Management and Administration Function at the Bank since July 2021. She joined Bank of Baroda, India in June 2009 as Manager and she holds a master's in labor laws and labor Welfare at the University of Pune, along with Bachelor of Commerce (BCom) and a certificate in Digital Banking. Her experience in the banking sector expands over 15 years in human resource management.

Snehil Srivastava (IBO- Head IT & Operations)
Mr. Srivastava is Chief Manager, IT and Operations at the Bank since October 2023. He joined BoB in 2010 as an Officer. He holds a BCA and a master's in computer applications, Certificate in Digital Banking and Cyber Security. His experience in the IT department spans more than 15 years.

Ruchi Pal (IBO- Head Credit)
Ms Ruchi Pal is the Chief Manager, Credit Department since September 2023. She joined BoB in April 2012 in India as Officer in Finance. She has a post graduate diploma in Management and JAIIB/CAIIB certification as well as being certified in commercial credit. She has more than 10 years of experience in the banking sector covering forex SME, credit operations and corporate credit.

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.7 Senior Management Profile (Cont'd)

Piyush Beniwal (IBO- Branch Head)
Chief Manager Curepipe branch since 2021. He joined the Bank as an officer and since acquired substantial experience in branch operations, compliance, and credit. He has a bachelor's from IHM Delhi and MBA from IBS Mumbai and a Chartered associate of Indian Institute of Banking and Finance.

Mr. Suji Abraham (IBO- Branch Head)
Chief Manager, Global Business Branch since December 2023, Mr Abraham joined BoB in July 2008 in India as Officer and he has PG Diploma in International Banking and Finance He also holds a certificate in JAIIB And CAIIB. Prior to his present position, he has headed multiple branches at various levels in different parts of India, with exposure in advances and banking operations.

Kunal Nevroti (IBO- Branch Head)
Chief Manager, Port Louis Branch since March 2024, Mr Nevroti joined BoB in 2010 in India as Probationary Officer and he holds a master's in marketing. He holds a certificate from JAIIB and CAIIB. Prior to his present position, he was Branch Head at Bank of Baroda, India. He has wide experience in retail, credit and branch operations.

Ravin Balgobin (LSO- Sr Manager operations)
Mr. Balgobin is the Senior Manager IT who joined the Bank in November 1988 as IT Specialist. His experience expands over 36 years. Throughout his career, Mr Balgobin has attended multiple training sessions both in India and Mauritius on IT matters including cyber security, network management and card processing.

Prakash Seeruttun (LSO- Head of finance)
Mr. Seeruttun is the Head of Finance at Bank of Baroda (Mauritius operations), having joined the Bank in November 2008. He holds a BSc in Banking and Finance and is partly ACCA qualified. Throughout his career, he has attended various finance-related training programs, enhancing his expertise and professional growth in the field. He has extensive experience in financial reporting, budgeting, and regulatory compliance. Mr. Seeruttun plays a key role in ensuring the Bank's financial strategies align with its overall objectives. He shouldered the responsibility on India repatriation of Mr. Mohit Sharma since Oct 2024.

Raj Dookun (LSO- MLRO)
Mr Raj Dookun is the MLRO since April 2023. He joined the Bank in 1988 and has experience spanning more than 36 years in the Banking Service. He has been Branch Head for more than 12 years and has experience in retail and credit and has good knowledge in operations and compliance related matters. He holds a Certificate in Computer Science & Programming from the University of Mauritius and Diploma in Computer System Design by the Association of Computer Professionals from UK.

Keshraj Seewooshurn (LSO- DMLRO)
Mr. Keshraj Seewooshurn joined the bank service in November 2008. He is holding diploma in business mgmt and ACCA certificate F1-F3 and having experience of 16 years in banking. He has worked in various branches in operations & credit and territorial departments like Accounts, Risk where he was responsible for providing various closing returns and taking care of data management/ credit portfolio assisting in financial planning & analysis. Further Looking at his experience and commitment, Mr. Seewooshurn transferred to the Compliance Department as DMLRO in 2023, he is assisting the MLRO and Head of compliance in key compliance functions.

2 Principle Two - The Structure of the Board and its Committees and Senior Management (Cont'd)

2.7 Senior Management Profile (Cont'd)

Below are the profiles of the Senior Officers who left during the financial year ended March 31, 2025:

Mr Diwakar P. Singh (IBO- Executive member-LAB, CEO /Vice president) *

Mr Singh is the Chief Executive Officer and Vice President of Bank of Baroda Mauritius Operations in Mauritius since December 2020. He joined BoB in 1996 in India, and he holds a MBA in Entrepreneurship and Leadership Management, BSc (Hons) Degree from B.N.M.U Madhepura, Bihar, a Certificate in IT from IDRT and is also a Certified Associate of IIBF. Prior to this, he was Regional Head, Bank of Baroda, Indore Region and Prayagraj Region and His experience also includes institutional banking, strategic project management, government relations and business banking. His overseas experience also includes a stint at Bank of Baroda in Nairobi, Kenya. After serving mauritius operations he repatriated back to India operations in July 2024.

Mr. Mohit Sharma (IBO- CFO) *

Chief Financial Officer since November 2023, Mr. Sharma oversees finance, strategic planning, budgeting, business finance, taxation, and regulatory reporting. He joined BoB in 2014 as a Chartered Accountant in India and worked in the finance vertical during his tenure in India. He holds a master's in commerce and JAIIB and CAIIB certification and a Certificate in Digital Banking from IIBF, a Diploma in Treasury Investment and Risk Management. After serving mauritius operations he repatriated back to India operations in Sep 2024.

2.8 Company Secretary

Since The Bank is operating as a Branch, there is no requirement for the appointment of a Company Secretary. The responsibilities are adhered to by the Senior Management, Administration for Regulatory/ Statutory filing and payments thereof. Further Conduct of meetings of governance committees as mentioned in 2.2 comes under responsibilities of respective convenor senior management official.

3. Principle Three - Director Appointment Procedures

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders."

Local Governance Oversight

As a foreign branch of Bank of Baroda, The Bank does not have a locally constituted Board of Directors as per the Companies Act 2001. Instead, The Bank complies with legal requirements through the appointment of two resident agents, in accordance with the Companies Act 2001 of Mauritius. The day-to-day administration and operations of The Bank are overseen by a Senior Management Team, composed of India-Based Officers (IBOs) and Local Senior Officials (LSOs), under the strategic direction of the Bank's Corporate/ Head Office in India.

To support local governance and promote adherence to the National Code of Corporate Governance, a Local Advisory Board (LAB) has been established. The LAB includes an independent member and is constituted to bring together a diverse mix of competence, experience, and knowledge, fostering constructive deliberation and objective oversight in key matters. Although the LAB serves in an advisory capacity, it plays a crucial role in upholding the governance framework and providing independent input into the Bank's local operations.

3. Principle Three - Director Appointment Procedures (Cont'd)

Local Governance Oversight (Cont'd)

In compliance to the companies act, The Bank is headed by Vice president and assisted by Senior management officials (15) who are resident in Mauritius and represented BOB- MU. Bank owns its Registered office at Port Louis, Mauritius for all communications in the name of Vice president. Further out of 15, there are 3 women at senior management position at BOB- MU having their respective role in committee / operational area.

Succession Planning

The Board of BoB assumes the responsibility that the Bank has an effective management team. The Bank has formal succession plans for all the critical management and senior officer roles. The Corporate/ Head Office generally appoints IBOs for a period of 3 years to Mauritius.

Board Composition at BoB level

In India, the Board of Directors is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out as per Government of India notifications and are in compliance with the provisions of the law.

The Board of Directors at BoB also comprises 2 female directors, and the Bank remains committed to improving female representation amongst its Senior Officers. There are already multiple female senior officers in the Mauritius Operations.

Management of The Bank

The Management of The Bank is entrusted to the Vice President who is assisted by Senior Executives. The Board of Directors of Bank of Baroda (India), comprising Executive, Non-Executive, and Independent Directors, exercises strategic oversight over The Bank through direct supervision of senior management and local committees. Key matters, including risk, compliance, audit, asset liability and territory management, are escalated to Board-level committees in India for review and direction. The Bank operates within the governance framework set by the Corporate/ Head Office, ensuring adherence to both group policies and local regulatory standards. The Board also promotes diversity, with female representation at both the Corporate/ Head Office and senior management levels in Mauritius.

Induction & Orientation for senior management

It is crucial that new senior managers receive a proper induction when appointed to ensure that they are familiarized, as soon as possible, with the Bank's operations, business environment and corporate strategy, as well as their duties and responsibilities. All members of senior management go through induction and orientation programme including mandatory training relevant for their roles by banks apex training academy.. This program aims as before Joining overseas operation, proposed officials to made aware about their expected roles and respective compliance adherence with jurisdictional/ cultural shifts while keeping core motto of stringent of home or host guideline adherence.

Management and employees of the Bank are all familiar with the Bank's business model. Each member of the Management is aware of his/her legal duties and roles and responsibilities and is kept informed on the Bank's operations and business environment, to enable him/her to effectively contribute to strategic discussions and oversight.

The induction programme for newly appointed senior officers is tailored based on their prior experience, with a focus on bridging any gaps to ensure a comprehensive understanding of the Bank's operations and business environment. No new senior officer was appointed during the period under review except CE/ Vice president.

3. Principle Three - Director Appointment Procedures (Cont'd)

Continuous Training & Development

Continuous training is essential to cope with the constant changes in the business environment. Management has a duty to keep up to date with industry, legal and regulatory developments. It is also the responsibility of the Bank to provide adequate training and development programme to its senior managers.

The Bank has always believed that learning and development plays a vital role in shaping the organization's human capital and accordingly in the process of capacity building, it is constantly endeavoring to create a strong culture by imparting training to the employees at all levels.

The Bank also educates employees about compliance issues by circulars, conducting periodic training and workshops for business & administrative staff and senior management through online/offline mode internally by apex academy, India & territorial dept heads as well as external trainers/ agencies. Knowledge management tools for this purpose have also been uploaded onto the Bank's intranet. Management is also imparting training under HRDC Programs duly recognized trainers under MQA to staff including LAB members.

4. Principle Four - Management Duties, Remuneration and Performance

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organization. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organization's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to the required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives."

4.1 Position Statement and Statement of Accountabilities

Each member of the management team has a clear job description which has been reviewed and approved by his respective business or functional head, outlining the incumbents' roles and responsibilities.

As a foreign branch, The Bank does not have a locally constituted Board of Directors. However, its Senior Management Team and Local Advisory Board (LAB) and TO act as the primary governance bodies in Mauritius. These structures are committed to upholding high ethical standards, managing conflicts of interest, and ensuring accountability. Management oversees information governance, IT systems, and data security in line with group policies. Regular performance reviews and timely access to relevant information support effective oversight and alignment with corporate governance expectations for foreign branches. All issues are then reported to BoB in India.

4.2 Remuneration Policy

The Bank advocates a high standard while selecting its employees to ensure a continuous positive contribution to the growth of the organization. The Vice President and the Management Team are remunerated by way of salary and other fringe benefits in accordance with the rules framed by the Government of India for the IBOs and as per the agreement reached for the local staff members. The aim of the Board of BoB is to ensure that the remuneration of each Senior Officer is in line with the market practices and that the remuneration reflects the demands, competencies, and efforts considering the scope of their work.

4. Principle Four - Management Duties, Remuneration and Performance (Cont'd)

4.2 Remuneration Policy (Cont'd)

The payment of salary, allowances, etc. to the expatriate staff members, during their tenure in Mauritius is in accordance with the decisions of the Working Group of Standing Committee in India and as approved by the Board of BoB in India. All the terms and conditions of service of the Expatriate Officers (Senior Management of BoB) are as per Government of India Guidelines on Nationalized Banks.

With regards to the staff appointed locally the salary, allowances, etc. is as per the agreement reached between the Union of Local staff and Management.

The bank does not have long-term incentive plans in place, and there is no remuneration paid in the form of share options or bonuses linked with organizational performance. Senior Officer remuneration is fixed and there are no variable components. There has been no change in the remuneration policy of the Bank since the past reporting period.

The non-executive members of the LAB have not received any emoluments during the current financial year, other than USD 6,500 which has been paid out to Mr. Pradeep Malik, the independent director for the current financial year as directors' emoluments. (2025: USD 6,500).

During the financial year ended March 31, 2025, senior management received emoluments which included salaries and other benefits as disclosed in Note 33 on related party transactions.

4.3 Legal Duties

As a foreign branch, The Bank does not have locally appointed Directors. However, the Senior Management Team and Local Advisory Board (LAB) are fully aware of their legal and regulatory responsibilities under the Banking Act, FIAMLA, and other applicable laws. They are expected to act in good faith, exercise care, skill, and diligence, and avoid conflicts of interest in the discharge of their duties. They may rely partially on others when acting collectively for their skills and knowledge in reaching a decision. The senior officers have collectively exercised reasonable care and skill during the year in review.

4.4 Conflict of Interest and Related Party Transactions

As The Bank operates as a foreign branch and does not have locally appointed Directors, the responsibility for disclosing any conflict-of-interest rests with the Senior Management Team and members of the Local Advisory Board (LAB). A register of declared conflicts is kept and may be made available for consultation by the relevant authorities or stakeholders upon written request to the Head of Compliance, in line with internal policies and applicable regulatory requirements.

There is no materially significant related party transaction that has potential conflict with interests of the Bank at large. The personal interests of management or people closely associated with management must not take precedence over those of the Bank. Management should make the best effort to avoid conflicts of interest or situations which others may reasonably perceive to be conflicts of interest. During the year under review, no conflicts of interest were reported, and management has acted in the best interests of the Bank and its stakeholders.

The Bank strictly follows the *Guideline on Related Party Transactions* issued by the Bank of Mauritius and has in place policies, processes, and governance structures to comply with the regulatory requirements. Refer to Note 33 for the disclosures on related party transactions.

4. Principle Four - Management Duties, Remuneration and Performance (Cont'd)

4.4 Information Governance

The Bank has in place all the necessary framework to ensure security, confidentiality, integrity, and availability of information as per the requirements under the Data Protection Act. IT software is implemented across various lines of business and ensures that the same caters to various business needs across different business verticals of the Bank. Management also has an oversight of all the IT projects and monitors all the expenses related to this area. THE BANK is having dedicated data protection officer at mauritius entrusted to adhere the guidelines issued by data protection office, Mauritius and separate Information security officer at mauritius entrusted to obligate the regulatory and internal guidelines.

The staff members are also required to ensure that confidentiality is maintained regarding any information that they come across while performing their duties.

The Bank has an Information Technology Risk Policy at corporate level, which is complemented by many standards emanating from its Corporate/ Head Office. Further Information security policy at mauritius for ensuring adherence of regulatory provisions. The Policy Framework considers the local law and regulation to ensure all local regulatory requirements are maintained for enhanced compliance.

All significant IT expenditure is approved by the Territory Office.

4.5 Access to information to LAB and Committee Members

All LAB Members and Committee members receive timely information so that they can contribute effectively to meetings. Any related-party transaction and conflict of interest transaction is conducted in accordance with conflict of interest and related party transaction policy at corporate level.

Subject to confidentiality rules in place and requirement of the *Data Protection Act* of Mauritius, at The Bank, members of the Local Advisory Board (LAB) and the Directors of Bank of Baroda (India) have full and unrestricted access to the Senior Management Team for any matters requiring clarification or discussion, whether at LAB or committee level. There are no limitations placed on their right to access information relevant to the Bank's operations in Mauritius. This ensures transparency, informed decision-making, and effective oversight in line with the Bank's governance framework and regulatory obligations. The Bank has a Data Protection Officer duly registered with the Data Protection Office in Mauritius.

4.6 Board evaluation

Good governance encourages the Local Advisory Board to undertake an evaluation of its own performance and of its individual members. The LAB also acknowledges that a continuous and constructive review of its performance is an important factor in achieving its objectives and realizing its full potential. A performance evaluation of the LAB and individual members has been carried out by way of a questionnaire during the year and results shared for analysis with the members of the LAB.

Any findings which will result from the evaluation performed will be shared with the LAB and any remedial actions and recommendations arising from the evaluation will be followed up and implemented as far as possible to ensure the best corporate governance practices prevail.

5. Principle Five - Risk, Governance and Internal Control

"The Board should be responsible for risk governance and should ensure that the organization develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."

5. Principle Five - Risk, Governance and Internal Control (Cont'd)

5.1 Risk Governance

Risk is an integral part of the banking business and The Bank aims to achieve an appropriate trade-off between risk and returns. To ensure sustainable and consistent growth, The Bank has developed a sound risk management framework so that the risks assumed are properly assessed and monitored. The Bank undertakes business activities within the defined risk appetite limits and duly approved policies. The ERMC has been constituted to facilitate focused oversight of the different type of risks.

Management has ultimate responsibility for monitoring and managing the risk appetite. However, all the employees of The Bank are also required to play an important role in the management of risk. Hence The Bank has implemented an integrated risk management framework for embedding a strong risk culture within the organization. The framework ensures the tools and capability are in place to facilitate risk management and decision making across the organization.

Risk management governance ensures that risk-taking activities are in-line with the The Bank's strategy and risk appetite and cover all material risk categories applicable to BoB. The Bank ensures that material risks and risk-taking activities exceeding the risk appetite and limits, if any, are recognized, escalated and addressed in a timely manner.

5.2 Risk Appetite framework

The risk appetite framework of The Bank, apart from setting the minimum capital requirements reflecting BoB's risk appetite at the aggregate level, also defines risk appetite for Pillar 1 risks, credit risk, market risk for the trading book and operational risk and Pillar 2 risk, namely liquidity risk, reputation risk, etc.

5.3 Risk Management Responsibilities

As a foreign branch, The Bank's overall risk strategy and tolerance levels are defined by the Board of Bank of Baroda (India). Locally, risk oversight is exercised through the Local Advisory Board (LAB) and the Enterprise Risk Management Committee (ERMC), the Audit Review Committee and the Compliance Committee, Asset Liability Committee and Territory office Committee which are all responsible for the design, implementation, and monitoring of the Bank's risk management framework. Day-to-day risk management is carried out by the Senior Management Team. The Bank is committed to safeguarding its assets and operating in the best interests of its stakeholders, in line with group-wide risk governance standards.

To implement effective risk management and governance framework and address the full spectrum of possible risks, the responsibilities among different units of The Bank are defined in such a way that there are three lines of defense which are independent from each other.

The Bank stands guided by the Bank of Mauritius AML/CFT policy, Group internal risk management policies and industry-standard three lines of defense model to articulate accountabilities and responsibilities for managing risk. It supports the embedding of effective risk management throughout the organization.

- First Line of Defense is the business verticals and operating units where risks are taken. While conducting business activities, staff in the business verticals and operating units hold frontline positions and undertake the primary responsibility for the proper identification, assessment, management, and reporting of risk exposures on an ongoing basis, having regard to the The Bank's risk appetite and the limits/caps therein, policies, procedures and controls.

- Second Line of Defense is provided by risk management function and compliance functions which operate and function independently of each other and of the first line of defense. It is primarily responsible for overseeing the measurement and reporting of risk while monitoring and remaining compliant with applicable laws, regulations, corporate governance rules and internal policies. The role of the Risk & Compliance function is defined and overseen by the Chief Risk Officer and Chief Group compliance officer at Corporate Office Level.

5. Principle Five - Risk, Governance and Internal Control (Cont'd)

5.3 Risk Management Responsibilities (Cont'd)

- Third Line of Defense is provided by the internal audit function, which is responsible for providing independent assurance by conducting internal risk-based and other audits. The reviews provide assurance to management that the overall governance framework including the risk and compliance governance framework is effective and that policies and processes are in place and consistently applied. The role of the internal audit function is defined and overseen by the Audit Committee of the Board at Corporate Office Level.

5.4 Risk Management Process

BoB has a comprehensive Internal Capital Adequacy Assessment Process and stress test policy on a consolidated level for all domestic and overseas branches. BoB has also put in place an incentive scheme to promote risk culture at enterprise-wide level.

The Compliance function at The Bank is one of the key elements under the corporate governance structure. The compliance function is adequately enabled and made sufficiently independent. The compliance function ensures observance of all statutory and regulatory provisions contained in the various legislations and guidelines.

On the basis KYC/AML-CFT norms, The Bank has in place an AML tool – AMLOCK with two modules namely **AMLOCK- TM (Transaction Monitoring)** for monitoring and detection of unusual transaction patterns in customers' accounts and generation of system-based transaction alerts based on predefined alert parameters in the system covering online and offline scan alerts with inbuilt jurisdictional risk management and **AMLOCK -CRP (Customer Risk Profiling)** for customer risk assessment based on weighted average methodology under dynamic environment covering variety of risk assessment parameters for all kind of relationships, during onboarding and periodically throughout the relationship which also take care of system-based risk categorization of customers' accounts on half yearly basis. The Bank is also constantly monitoring the economic scenario of the country to be able to identify any pressures that may arise in the various sectors of the economy.

5.5 Internal Control

- The Bank's internal controls help ensure it achieves its objectives in operational effectiveness and efficiency, reliable financial reporting, and in compliance with laws, regulations, and policies. They also help ensure that the Bank's risk management activities operate as designed and that the management of risk is carried out appropriately.
- The Bank has a robust internal control system to ensure compliance with the relevant regulatory and statutory guidelines as well as the internal guidelines.
- The internal policies are reviewed on regular basis to ensure that all the regulatory/statutory charges are incorporated and same are kept updated.
- The Bank through its ERMC ensures that the risks are identified and managed effectively.
- During the year under review, The Bank has not come across any significant/material deficiencies in the Bank's Internal Control System that Management was aware of.
- During the year Annual internal audit of AML and Compliance function has been completed on 06.12.2024, however no major discrepancies observed.

5.6 Compliance Function

The Bank has put in place a robust compliance function headed by the head of compliance having oversight on compliance and AML CFT functions, along with MLRO, Annual compliance plan covering various aspects, Compliance risk management system/modules for risk identification, monitoring, and reporting including a well-documented Board approved governing Compliance Policy outlining the Compliance philosophy of BoB.

5. Principle Five - Risk, Governance and Internal Control (Cont'd)

5.6 Compliance Function (Cont'd)

The Compliance Function ensures strict observance of the statutory provisions contained in various legislations such as the Banking Act, Bank of Mauritius Act, Financial Intelligence and Anti-Money Laundering Act ("FIAMLA"), Prevention of Corruption Act 2002 ("POCA"), Prevention of Terrorism Act ("POTA"), etc. it also ensures observance of the regulatory guidelines.

5.7 Whistle-Blower Guidelines

The Bank has adopted the Whistle Blower Policy of its Corporate Office. This Policy is designed to enable employees of the Bank to raise concerns internally and at a high level and discloses any information which the employee believes shows malpractice and impropriety. Risk officer at The Bank is entrusted to receive & investigate complaints from whistle blowers while maintaining secrecy.

6 Principle Six - Reporting with Integrity

"The Board should present a fair, balanced and understandable assessment of the organization's financial, environmental, social and governance position, performance and outlook in its annual report and on its website."

As a foreign branch, The Bank is committed to presenting a fair, balanced, and transparent assessment of its financial, environmental, social, and governance (ESG) position in its annual report. While ultimate oversight rests with the Board of Bank of Baroda (India), The Bank ensures that accurate and timely disclosures are made in compliance with local regulatory requirements. The Senior Management Team, supported by the Local Advisory Board and relevant committees, is responsible for ensuring the integrity of financial reporting and ESG practices. Key operational, compliance, and performance indicators are regularly reviewed and communicated to stakeholders and BoB in a clear and accessible manner.

6.1 Statement of Management's Responsibility for Financial Reporting

It is required under the Mauritius Companies Act 2001 that financial statements are prepared for each financial year which present fairly the financial position, financial performance, and cash flows of the Bank. In preparing the financial statements, the Bank is required to:

- select suitable accounting policies and apply them consistently.
- make estimates and judgements that are reasonable and prudent.
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures being disclosed and explained in the financial statements.
- prepare the financial statements on going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained.

Senior Management confirms that they have complied with all the above requirements in preparing the financial statements for the year ended March 31, 2025. Senior Management is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Bank and are also required to ensure that the financial statements comply with the Mauritius Companies Act, 2001, in so far as applicable to foreign companies, the Banking Act 2004 and the Financial Reporting Act 2004. They are also responsible for safeguarding the Bank's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

6.2 Overview of performance

Please refer to the Management Discussion and Analysis section within this annual report for an overview of the Bank's performance for the current and prior financial periods.

6 Principle Six - Reporting with Integrity (Cont'd)

6.3 Challenges and Outlook

During the year, the banking sector has remained stable and resilient, supported by robust business models adopted by key industry players and a strong legal and regulatory framework. The Bank of Mauritius also highlighted in its latest communication that, "based on the findings of the latest stress testing exercise, vulnerabilities have receded in the first half of 2024 compared to 2023"

Against this backdrop, the Bank has delivered strong performance, achieved improved profitability and maintaining a solid capital base to support prudent and quality lending growth. With "Grow Local" as a strategic focus, the Bank aims to further expand its footprint in the domestic retail and corporate sectors by capitalizing on opportunities to acquire high-value assets.

In parallel, the Bank remains committed to the continued development of its global business, pursuing expansion strategies that align with its risk appetite and international expertise. A key area of focus will also be the ongoing enhancement of digital services, through the adoption of best-in-class technologies and innovative solutions designed to meet evolving customer expectations.

Additionally, the Bank is actively fostering a customer-centric culture aimed at improving overall performance, driving employee engagement, and reinforcing its position as a trusted financial partner. Through its strong business model and disciplined financial approach, the Bank remains committed to promoting long-term, sustainable growth and responsible banking practices.

6.4 Website

The Bank's website provides all relevant and useful information to the stakeholders. The unaudited quarterly accounts as well as the Annual reports can be viewed on the Bank's website: *https://www.bankofbaroda-mu.com/about-us/annual-reports*. The Bank maintains high standard of transparency and publishes material information for the knowledge & awareness of stakeholders & public otherwise, through its website.

6.5 Health and safety

- The Bank has always promoted a working environment in which health and safety are inculcated in the culture of the Bank to this effect The Bank has also employed a part time qualified Health and Safety Officer registered with the Ministry of Lab our, Human Resource Development and Training.
- He is assisting the Management safety and health of employees and customers. Taking Fire Drills at all Branches apprising to Staff and Management about the Guidelines precautions to maintain conducive Environment at Workplace.
- The Health and Safety Officer main role is to review, address and manage health and safety risks within the premises. He is also required to recommend risk mitigation.

6.6 Data Protection Act / Data Controllers in BoB, Mauritius

- The Bank is committed to safeguarding the personal privacy of its customers and staff. We ensure that all personal data collected is used lawfully, appropriately, and with the consent of the individuals concerned. To demonstrate our compliance, The Bank is registered with the Data Protection Office of Mauritius and has appointed designated Data Controllers responsible for managing customer and employee data.
- The Bank also takes necessary measures to protect customer information from identity fraud, especially when data is transferred to our Corporate Office in BoB-India. All such data transfers are carried out in strict accordance with the provisions of the Data Protection Act 2017.

6 Principle Six - Reporting with Integrity (Cont'd)

6.7 Environmental Position

The Bank is fully committed and supports a Go Green Organizational Culture with special focus on making the work environment paperless and saving energy. The Bank has also sponsored plantation and maintenance of trees around the island to promote Go Green culture. We also Sponsor the Programs under Climate &Waste Management.

7 Principle Seven - Audit

"***Organizations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organization's internal and external auditors."***

7.1 Internal Audit

- BoB's Central Internal Audit Division ("CIAD") is responsible for Internal Audit. CIAD administers various streams of audits besides Risk Based Internal Audit ("RBIA") of branches and offices. The Audit Committee of the Board oversees the overall internal audit function and guides in developing effective internal audits, concurrent audits, and Information System ("IS") audits.

- BoB sends an Expatriate Officer as Internal Auditor at The Bank for a period of a maximum of 3 years.

- The Internal Auditor reports directly to the CIAD and to the local ARC.

- The Bank's internal audit approach is risk based, and the audit coverage is driven by the annual risk assessment results and regulatory expectations identified for the Bank.

- BoB also sends Senior Executives for an inspection of the Territory at least once every three years. These executives report to the Board through the CIAD. The Board monitors compliance of such reports through its Audit Committee.

- The composition and terms of reference of the Audit Committee of the Board inter-alia covers Internal Audit function and are governed through the guidelines / circulars issued by the regulators, which the Bank complies with.

- Vigilance administration in the Bank is an integral function like other functions of management. While carrying out these functions every endeavor is made to ensure that procedure and processes are not only efficient but ethical, just and fair as well.

- The internal audit function has direct access to the ARC at The Bank level and Audit Committee at Corporate/ Head Office level. Management of the Bank and has no restrictions to access to employees at the Bank. For the year under review, the Internal Audit had an opportunity to discuss matters directly with the Management of the Bank.

- Executive management is responsible for ensuring that issues raised by the Internal Audit function are addressed within an appropriate and agreed timetable.

- Internal audit provides independent assurance on the effectiveness of governance, risk management and internal controls.

- The audit universe includes all business units and operations across the Bank. Based on risk assessment carried out, resources are allocated and an annual risk-based audit plan, with a schedule of execution, is drawn up and approved by the Audit Review Committee.

7 Principle Seven – Audit (Cont'd)

7.1 Internal Audit (Cont'd)

- The audit plan is executed by the Internal Auditor and her team, who have the requisite experience in banking. Progress reports on the execution of the plan are tabled at each Audit Review Committee meeting of the Bank, and updates provided on critical audit findings to the LAB.

7.2 External Auditors

- As of March 31, 2025, the Bank's external auditor is **MOORE (Mauritius) LLP**, who were initially appointed to conduct the statutory audit for the financial year ending March 31, 2019, for one year following a competitive tender process.

- The re-appointment of the external auditor is contingent upon approval from the Corporate Office as well as the regulatory authorities in both India and Mauritius.

- Members of the LAB have solid financial experience in both banking and financial services. Mr. Malik is a Fellow Member of the Institute of Chartered Accountants in England and Wales and was previously a Partner at Deloitte Mauritius until his retirement in 2023. He is also a CPA (Canada) and a CA (Singapore) and has extensive expertise in GAAP, managerial practices, risk management, strategic planning, financial reporting, and internal control implementation strengthened the bank.

- Senior Management reviews the effectiveness and efficiency of the external auditor and assesses the external audit firm annually.

- The provision of non-audit services is subject to a tender process to ensure that the nature of the non-audit services, if provided by the external auditor, could not be perceived as impairing their independence on the external audit exercise. The Bank may engage the firm responsible for its external audit to provide non-audit services with prior approval of the Corporate/ Head Office which ensures that the non-audit work does not entail any conflict with the audit work.

- Senior Management has discussed the accounting policies for the year under review with the external auditor. The external auditor is also invited to present the audit plan at the start of the audit, as well as the management letter, the report on the conduct of the audit, and any significant matters arising from the audit. No significant issues have been identified in relation to the financial statements for the current and prior years.

- In the financial year 2024-25, total fees, exclusive of VAT, paid to the statutory auditor, , Moore (Mauritius) LLP, were as follows:

Year	Statutory audit Rs'000	Tax compliance Rs'000	Other audit related services Rs'000
2025	1,700	120	175
2024	1,650	165	350
2023	1,325	140	635

The audit related fees payable for the year ended March 31, 2025, include fees for group reporting to Corporate/ Head Office.

7 Principle Seven – Audit (Cont'd)

7.3 Reporting lines

At The Bank, the Internal Auditor reports directly to the Audit committee of Board through CIAD at head office, Baroda and to the Audit Review Committee (ARC) at local level thereby maintaining independence and objectivity. The Internal Auditor also maintains open and constructive communication with the Senior Management Team in Mauritius. This dual reporting structure ensures that all significant audit matters are appropriately escalated and addressed.
Additionally, The Bank reconciles it's financial reporting annually to align Indian GAAP with IFRS as required by the Corporate Office, ensuring consistency and integrity in group-wide financial reporting and audit oversight.

8. Principle Eight - Relations with Shareholders and Other Key Stakeholders

"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organization, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose."

8.1 Information for Key Stakeholders

- In Mauritius, The Bank has not issued any shares to the public and hence does not have to call for a shareholder's meeting.
- The financial results of the Bank are submitted to the Bank of Mauritius, the Registrar of Companies, and the Financial Reporting Council immediately on finalization of the Annual Report. The results are also published on the Bank's website and in the Government Gazette.
- The Bank recognizes the need to keep its members and stakeholders informed of the events of their interests through the present means of communication.

8.2 Reporting to the Corporate/ Head Office

Since the The Bank is a foreign branch of BoB, the management has constant access to and regularly reports to the Corporate/ Head Office in India. Communications happen on a day-to-day basis between the The Bank and BoB.

8.3 Customers

Customer prosperity is the topmost priority of the Bank. The Bank offers a wide range of products to its customers and ensures that services are provided in a professional manner.

8.4 Employees

- BoB has an employee engagement programme designed to foster the spirit of team bonding and collaboration at the Bank.
- BoB continuously undertakes multiples initiatives for strengthening and developing its human resources viz., recruitment, addressing training needs of employees, employee engagement and capability building.
- BoB acknowledges and thanks all its employees for their hard work, dedication, and commitment. BoB also looks forward to the continued patronage, support, and goodwill of all its employees.

8.5 Regulators

The Bank views its relationship with the regulators as essential to its development and for the maintenance of best practices.

8. Principle Eight - Relations with Shareholders and Other Key Stakeholders (Cont'd)

8.6 Third Party Management Agreement

Presently, The Bank does not have any Third-Party Management Agreement other than those between the Bank and its Corporate Office.

8.7 Dividend Policy

The profit realized by the Territory is remitted to the Corporate Office after obtaining necessary approval from the Board of the Parent Office, the Reserve Bank of India and the Bank of Mauritius and a certificate from the external auditor of the Bank. No profits have been remitted to the Corporate/ Head Office during the current and prior financial reporting periods.

8.8 Corporate Social Responsibility ("CSR")

- The Bank has a long legacy and tradition of actively contributing to the social and economic development of the communities through various developmental activities. The Bank as a responsible corporate citizen, continuously strives to contribute to the welfare of the society, particularly for the upliftment of the underprivileged sections of the society to make sustainable social changes in their lives.

- The Bank is providing skill development through training for gainful employment to individual registered under the Youth Empowerment Programme.

- The Bank is also helping different organizations engaged in various community development and socio-economic welfare activities for the benefit of weaker sections.

- The Bank has not sponsored any political donation but made donations to various charities in Mauritius for uplifting & support.

FOR BANK OF BARODA

Prakash Seeruttun
Head of Finance
(Mauritius Operations)

Sudheer Kumar
Vice President
(Mauritius Operations)

Date: June 27, 2025

We have been witnessing chronic climatic changes to temperature and rain patterns, rising sea levels, and frequent extreme weather events resulting into disrupted supply chains, damaged infrastructure, reduced crop yields and painful loss of lives and biodiversity. Climate risk is one of the most critical challenges of this century and the financial sector has an important role to play in addressing this crisis by supporting the transition to a sustainable, low-carbon economy that balances the environmental and economic needs of trade, commerce, business and industry.

The Bank of Mauritius has issued in April 2022 the *Guideline on Climate-Related and Environmental Financial Risk Management* to assist financial institutions in embedding sound governance and risk management frameworks for climate-related and environmental financial risks within their existing risk management frameworks are being duly adhered to with respect to the disclosures.

The Bank understands the complexity of developing solutions to these challenges and with an idea to continue advancing our response to these challenges, the Bank ensures to adopt best practices available in the banking community with an ambition to contribute in the transition to a low-carbon economy.

A. Governance

The Bank recognizes the impact of business operations on environment and society at large. The Bank therefore strives for conservation of natural resources, emission reduction, judicious use of plastic, responsible disposal of waste, among others. The Bank recognizes the impact of climate risk on its overall business operations. The LAB along with the Enterprise Risk Management Committee ("ERMC") (designated sub-committee for climate risk related deliberations and delivery) are committed to minimize the impact arising from both its operational as well as its credit and investment portfolio's environmental footprint.

The roles and responsibilities of the LAB in respect to environmental financial risk management are as follows:

- **a.** Ensure an appropriate collective understanding of and relevant expertise on climate-related and environmental financial risks;
- **b.** Ensure the alignment business goals and strategies with the best industry practices related to climate risk management;
- **c.** Approve and periodically review the strategy and risk management framework for climate-related and environmental financial risks and opportunities;
- **d.** Ensure effective management of climate-related and environmental financial risks at all management levels;
- **e.** Ensure review and approval of policy on climate risk and environmental financial risk; and
- **f.** Ensure relevant capacity development and training programme on climate-related and environmental financial risks.

The Territory has a board approved policy on climate risk testifying its commitment to the cause of climate change. Presently the local regulator is expectant of a Governance structure.

Roles & Responsibilities of Senior Management

Senior management of Bank of Baroda includes the Vice president (Head), the Chief Financial Officer and Heads of all the respective verticals. The Head of Risk Management is delegated to ensure oversight of the policy and framework and its implementation.

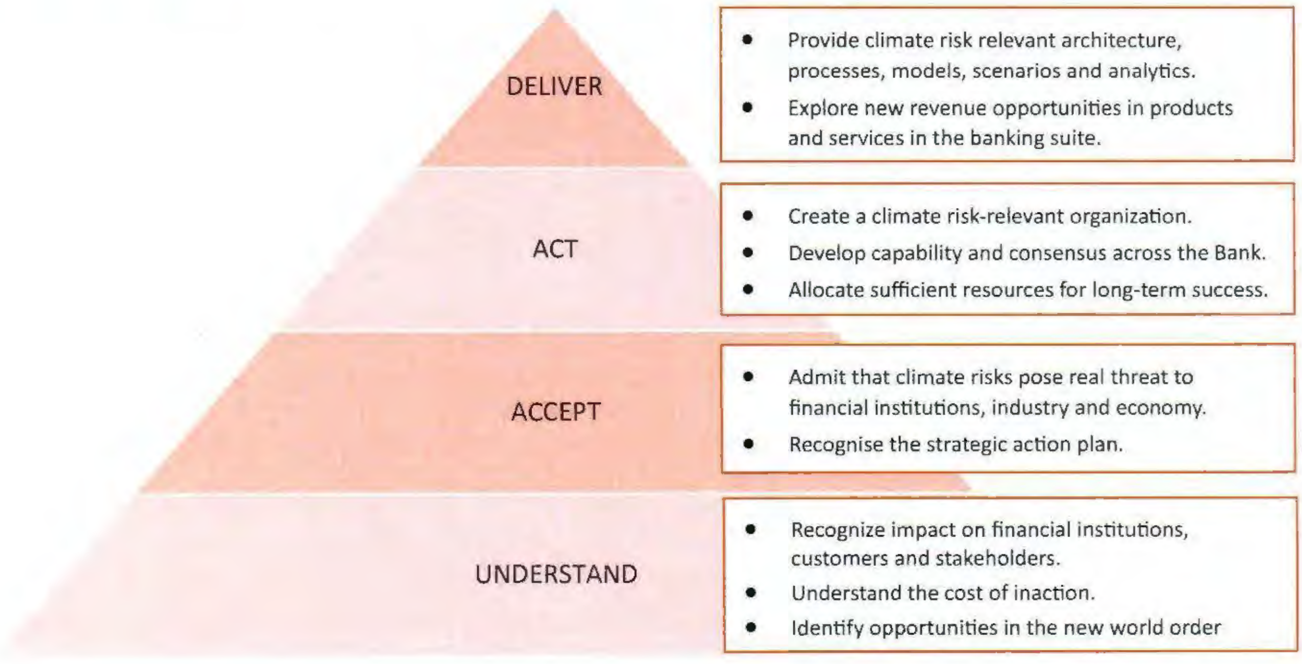
Their roles and responsibilities relating to climate related and environmental financial risks are enumerated below:

Roles & Responsibilities of Senior Management (Cont'd)

a. Develop and implement the climate-related and environmental financial risk management framework and policies;
b. Periodical review of the effectiveness of the climate related and financial risk related framework, policies, tools and controls;
c. Provide periodical updates to the LAB on climate-related and environmental financial risks issues and opportunities as well as on the effectiveness and adequacy of the framework;
d. Assigning/delegating responsibilities amongst themselves for managing climate-related and environmental financial risks;
e. Ensure the teams responsible for managing climate related and environmental financial risks are adequately resourced and skilled;
f. Ensure adequacy and appropriateness of the training and capacity development plans; and
g. Ensure that material climate-related and environmental financial risk issues are addressed in a timely manner.

B. **Approach towards Climate Risk and Sustainability**

In order to design, implement and deliver an effective strategy, the Bank has taken following approach:



C. **Risk Management**

a. Roles & Responsibilities of Risk Department

The risk department at the territory is responsible to:

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

C. **Risk Management (Cont'd)**

a. Roles & Responsibilities of Senior Management (Cont'd)

- Approve and periodically review the strategy and risk management framework for climate-related and environmental financial risks and opportunities;
- Clearly set the roles and responsibilities of senior management at territory, internal organizational structures as well as board sub-committees, as applicable, for the management of climate-related and environmental financial risks;
- Ensure adequate and timely reporting to various stakeholders whenever necessary;
- Submit requirements of relevant capacity development and training programme on climate-related and environmental financial risks;
- Shall clearly define and communicate the roles and responsibilities of business lines and three lines of defense in relation to climate-related and environmental financial risks;
- Comprise a process for the identification of climate-related and environmental risks, deemed as material, at the level of counterparty, business lines, sectors and geographical locations as appropriate;
- Consider the potential impact of such material risks in the short-, medium-, and long-term by determining thresholds in the near foreseeable future; and
- Incorporate result of stress testing and scenario analysis in the foreseeable future.

b. Managing Risk

Risk management team at the territory is delegated with the responsibilities of assessing and managing climate risk along-side credit, operational and market risk. The business line under the process has three lines of defence and their broad roles and responsibilities are enumerated below:

- Frontline staff is the first line of defence and are responsible for owning the risks related to business acquisition/onboarding processes. This line is responsible for climate risk identification, assessment and reporting. Material risk events and any losses arising out of it are reported to risk management department at territory level.
- The Head of Risk Management and the Head of Compliance along with their teams are the second line of defence responsible for independent assessment and oversight of climate related risk and also adherence to applicable rules and regulations.
- The Head Internal Audit is the third line of defence along with the internal audit team. Their roles and responsibility includes performing regular reviews of the adequacy, appropriateness and effectiveness of the risk management and internal control framework for climate-related and environmental financial risks.

c. Risk Identification

The Bank identifies climate-related and environmental financial risks in its business. It includes the following:

- Identification of climate-related and environmental risks, deemed as material, at the level of counterparty, business lines, sectors and geographical locations as appropriate; and
- Consideration the potential impact of such material risks in the short-, medium-, and long-term.

d. Risk Measurement, Monitoring & Mitigation

Measurement of financial risk is to be estimated using the relevant risk exposure limit and threshold risk along with relevant scenario analyses.

Roles & Responsibilities of Senior Management (Cont'd)

e. *Risk Reporting*

The Territory Risk Department, reports on climate-related and environmental financial risks, material risks as well as on opportunities to the Local Advisory Board of Territory at when deemed fit.

FOR BANK OF BARODA

....	....
Prakash Seeruttun	**Sudheer Kumar**
Head of Finance	**Vice President**
(Mauritius Operations)	**(Mauritius Operations)**

Date: June 27, 2025

MOORE

MOORE (Mauritius) LLP
6th Floor, Newton Tower
Sir William Newton Street
Port-Louis, Mauritius
T +230 211 6535
F +230 211 6964
E moore-mauritius@intnet.mu
www.moore-mauritius.mu

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF BANK OF BARODA
IN RESPECT OF THE MAURITIUS BRANCH

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Bank of Baroda** (Mauritius Branch) (the "Bank" or the "Public Interest Entity") set out on pages 42 to 135, which comprise the statement of financial position as at March 31, 2025 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at March 31, 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to foreign companies, 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 Financial Statements* section of our report. We are independent of the Bank in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Provision for Expected Credit Losses	
Key Audit Matter	***How our Audit Addressed the Key Audit Matter***
Management determines the allowances for expected credit losses ('ECL') on financial instruments as required under IFRS 9 Financial Instruments. The key areas where we identified significant management judgements and estimates in the application of IFRS 9 are: • **Model estimations** – Statistical modelling is used to estimate Probability of Default ('PD'); Loss Given Default ('LGD') is derived from BASEL III regulatory-prescribed LGD for secured and unsecured exposures, and Credit Conversion Factors (CCF) – as prescribed by BASEL III - are applied to undrawn commitments to arrive at Exposures at Default ('EAD'). The PD – being the parameter with the highest estimation uncertainty - remains the key driver of the ECL results and is therefore critical in the ECL modelling approach. • **Macro-Economic Forecasts** – A Credit Index is estimated to replicate the impact of macro-economic variables to compute the forward-looking Point-In-Time (PiT) PD. Credit Index is made of relevant macro-economic variables that exhibit business intuitive relationship with the portfolio, such as real GDP growth rate. Management has also used different forward-looking scenarios which were probability-weighted to determine the ECL.	Our audit procedures included: • Reviewing the critical sections of the impairment methodology papers for corporates, retail and financial institution portfolios and evaluating the appropriateness of overall ECL computation by the Bank against the requirements of IFRS 9; • Assessing the appropriateness of macro-economic forecasts used by using refreshed forecasts from accredited international agencies, such as the IMF; • Re-running statistical regressions on the updated dataset to independently estimate forward-looking PD, and benchmark the results against management's estimates. • Re-calculating the Credit Index using observed default rates during the year as part of estimating the macroeconomic impact on forward-looking PIT PD; • Obtaining external rating reports to validate management's PD assumptions for financial institution portfolios; • Validating the assumptions used around LGD and CCF against Basel III requirements; • Reviewing the criteria for staging of credit exposures and ensured these are in line with the requirements of IFRS 9, including any backstop used in the methodology;

INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF BANK OF BARODA
IN RESPECT OF THE MAURITIUS BRANCH**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

1. Provision for Expected Credit Losses (continued)	
Key Audit Matter (continued)	***How our Audit Addressed the Key Audit Matter (continued)***
• **Significant Increase in Credit Risk ('SICR')** – Determining and identifying SICR involves a higher level of judgement, especially when facilities have maturities of greater than 12 months. • **Qualitative adjustments** – Adjustments to the model-driven ECL results are raised, if any, by Management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and involve significant management judgement. For impaired credits, the most significant judgements are whether impairment events have occurred and the valuation of any underlying collateral, along with the determination of the corresponding PD and LGD. Because determining ECL allowances involves significant judgment and complex estimates, this area has been identified as a key audit matter.	▪ Performing a mathematical accuracy and completeness check on a sample of exposures subject to ECL; and ▪ Assessing whether the disclosures are in accordance with the requirements of IFRS 9. For impaired credits, we have further: ▪ Performed a risk-based test of loans and advances to customers to ensure timely identification of impaired (non-performing or NPL and stage 3) loans and appropriate, adequate allowances for ECL; ▪ Reconciled the NPL schedule as at 31 March 2025 to the general ledger and trial balance; ▪ Selected a representative sample of NPLs and for each traced to the loan master file for completeness and accuracy; ▪ Recalculated for a sample the elapsed period between each loan's disbursement date and its NPA classification date to ensure it exceeded the 90-day threshold prescribed by the Mauritius Territory policy on NPA management and recovery; and ▪ Reviewed the most recent NPL status report to assess the adequacy and effectiveness of management's remedial and recovery actions.
Refer to Note 3(d) (accounting policy) and Note 5(b) of the accompanying financial statements	

Other Information

The directors are responsible for the other information. The other information comprises the Report of Directors, Statement of Directors Responsibility for Financial Reporting, Corporate Governance Report, Statement of Compliance, Report on Climate-related and Environmental Financial Risk Management and the Directors' Discussion and Analysis, or any other statutory disclosures. The other information does not include the financial statements and our auditor's report thereon.

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

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

Directors' responsibilities for the financial statements

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to foreign companies, the Financial Reporting Act 2004 and the Banking Act 2004, and they are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF BANK OF BARODA
IN RESPECT OF THE MAURITIUS BRANCH

Report on the Audit of the Financial Statements (Continued)

Directors' responsibilities for the financial statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with 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.

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

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF BANK OF BARODA
IN RESPECT OF THE MAURITIUS BRANCH

Report on the Audit of the Financial Statements (Continued)

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Bank other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

Banking Act 2004

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

Financial Reporting Act 2004

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") as 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 and satisfactory explanation disclosed on the principles of the Code which have not been complied with.

Use of this report

This report is made solely to the Bank's Board of Directors as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's Board of Directors as a body, those matters that 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 Bank and the Bank's Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

MOORE (Mauritius) LLP
Chartered Accountants

Port Louis
Republic of Mauritius

Arvin ROGBEER, FCA, FCCA
Licensed by FRC

Date: 27th June 2025

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2025

	Notes	**2025**	2024	2023
		Rs'000	Rs'000	Rs'000
ASSETS				
Cash and cash equivalents	9	**1,653,949**	1,708,250	2,427,416
Placements with banks	10	**1,499,291**	1,407,515	1,256,715
Loans and advances to banks and customers	11	**14,201,236**	14,144,559	12,991,064
Investment securities	12	**3,119,328**	2,918,911	1,758,069
Investment property	13	**13,050**	13,050	12,302
Property and equipment	14	**247,049**	195,837	173,418
Right-of-use assets	15A	**28,718**	22,532	21,656
Deferred tax assets	16	**35,208**	26,782	55,837
Other assets	17	**692,661**	691,034	689,329
Total assets		**21,490,490**	21,128,470	19,385,806
LIABILITIES				
Deposits from banks and customers	18	**17,759,707**	14,966,916	13,930,298
Other borrowed funds	19	**368,315**	3,116,788	3,133,186
Current tax liabilities	20	**23,478**	24,604	4,093
Lease liabilities	15B	**39,100**	24,953	23,750
Other liabilities	21	**167,496**	119,069	95,260
Retirement benefit obligations	22	**24,342**	29,971	24,192
Total liabilities		**18,382,438**	18,282,301	17,210,779
EQUITY				
Assigned capital	23(a)	**400,571**	400,571	400,571
Retained earnings		**1,704,080**	1,514,425	1,092,765
Other reserves	23(b)	**1,003,401**	931,173	681,691
Total equity		**3,108,052**	2,846,169	2,175,027
Total equity and liabilities		**21,490,490**	21,128,470	19,385,806

These financial statements have been approved by Management and authorised for issue on **June 27, 2025**.

Seeruttun Prakash
Head of Finance
(Mauritius Operations)

Sudheer Kumar
Vice President
(Mauritius Operations)

The notes on pages 46 to 135 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2025

	Notes	2025	2024	2023
		Rs'000	Rs'000	Rs'000
Interest income calculated using the effective interest method	25	**1,043,309**	900,142	568,780
Interest expense	26	**(598,043)**	(521,654)	(218,862)
Net interest income		**445,266**	378,488	349,918
Net fees and commission income	27	**27,280**	44,802	69,491
Net trading income	28	**58,476**	85,802	48,069
Other income	29	**2,122**	234,868	1,664
		60,598	320,670	49,733
Operating income		**533,144**	743,960	469,142
Net impairment (losses)/gains on financial assets		**(21,545)**	177,628	(97,509)
Net operating income/(loss)		**511,599**	921,588	371,633
Personnel expenses	30	**(113,351)**	(105,315)	(85,671)
Depreciation of property and equipment	14	**(18,930)**	(8,931)	(8,924)
Depreciation of right-of-use assets	15A	**(6,719)**	(4,660)	(4,285)
Other expenses	31	**(86,415)**	(65,022)	(69,777)
Total operating expenses		**(225,415)**	(183,928)	(168,657)
Profit before taxation		**286,184**	737,660	202,976
Income tax expense	20	**(29,665)**	(63,635)	(1,907)
Profit for the year		**256,519**	674,025	201,069
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gains on property valuation, net of related tax		**-**	7,105	-
Deferred tax on remeasurements of retirement benefit obligation	16 (c)	**(404)**	752	45
Remeasurement of net defined benefit liability	22 (iii)	**5,768**	(10,740)	(646)
Other comprehensive income for the year, net of tax		**5,364**	(2,883)	(601)
Total comprehensive income for the year		**261,883**	671,142	200,468

The notes on pages 46 to 135 form an integral part of these financial statements.

BANK OF BARODA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025

	Notes	Assigned capital	Other reserves: Statutory reserve	Other reserves: Revaluation reserve	Other reserves: General banking reserve	Retained earnings	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At April 1, 2022		400,571	400,571	121,309	172,522	879,586	1,974,559
Profit for the year		-	-	-	-	201,069	201,069
Other comprehensive income for the year		-	-	-	-	(601)	(601)
Total comprehensive income for the year		-	-	-	-	200,468	200,468
Transfer to statutory reserve		-	-	-	(12,711)	12,711	-
At March 31, 2023		400,571	400,571	121,309	159,811	1,092,765	2,175,027
At April 1, 2023		400,571	400,571	121,309	159,811	1,092,765	2,175,027
Loss for the year		-	-	-	-	674,025	674,025
Other comprehensive income for the year		-	-	7,105	-	(9,988)	(2,883)
Total comprehensive income for the year		-	-	7,105	-	664,037	671,142
Transfer to General banking reserve		-	-	-	242,377	(242,377)	-
At March 31, 2024		400,571	400,571	128,414	402,188	1,514,425	2,846,169
At April 1, 2024		**400,571**	**400,571**	**128,414**	**402,188**	**1,514,425**	**2,846,169**
Profit for the year		**-**	**-**	**-**	**-**	**256,519**	**256,519**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**5,364**	**5,364**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**261,883**	**261,883**
Appropriation of retained earnings to general banking reserve		**-**	**-**	**-**	**72,228**	**(72,228)**	**-**
At March 31, 2025		**400,571**	**400,571**	**128,414**	**474,416**	**1,704,080**	**3,108,052**

The notes on pages 46 to 135 form an integral part of these financial statements.

BANK OF BARODA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2025

	Notes	2025	2024	2023
		Rs'000	Rs'000	Rs'000
Operating activities				
Profit before taxation		**286,184**	737,660	202,976
Adjustments for:				
Net impairment (gains)/ losses on financial assets		**21,545**	(177,628)	97,509
Depreciation on property and equipment	14	**18,930**	8,931	8,924
Loss on termination of lease	29	**84**	1,036	220
Retirement benefit obligations	22	**3,591**	(2,578)	6,365
Depreciation of right-of-use assets	15A	**6,719**	4,660	4,285
Bad debts written off	11(iii)	**-**	-	501,686
Loss/(Gain) on disposal of property and equipment	29 & 31	**92**	(164)	-
Revaluation gain on investment property	13	**-**	(748)	-
Write off of property and equipment	14	-	-	10
Interest expense on lease liabilities	26	**3,010**	2,081	2,206
Changes in operating assets and liabilities				
(Increase)/decrease)in other assets	17	**(1,627)**	(1,705)	52,698
Increase in other liabilities	21	**48,395**	24,299	36,751
(Increase)/decrease in placements with banks	10	**(92,286)**	(150,273)	151,915
(Decrease)/increase in other borrowed funds		**-**	-	-
Increase in loans and advances to banks and customers	11	**(69,588)**	(983,220)	(2,928,628)
Increase/(decrease) in deposits from banks and customer	18	**2,792,791**	1,036,618	(1,701,036)
Net cash flows generated from/ (used in) operations		**3,017,840**	498,969	(3,564,119)
Tax paid	20(a)	**(39,622)**	(13,852)	(13,073)
Payment of gratuity and contributions to plan assets	22	**(2,152)**	(2,383)	(6,384)
Net cash generated from/ (used in) operating activities		**2,976,066**	482,734	(3,583,576)
Cash flows from investing activities				
Acquisition of property and equipment	14	**(70,800)**	(23,775)	(12,479)
Proceeds from disposal of property and equipment		**873**	229	-
Net (increase)/decrease in investment securities at amortised cost	12	**(200,417)**	(1,154,506)	2,420,156
Net cash (used in)/generated from investing activities		**(270,344)**	(1,178,052)	2,407,677
Cash flows from financing activities				
Payment of lease liabilities		**(9,393)**	(7,450)	(7,696)
Net cash used in financing activities		**(9,393)**	(7,450)	(7,696)
Net increase/(decrease) in cash and cash equivalents		**2,696,329**	(702,768)	(1,183,595)
Movement in cash and cash equivalents				
At April 1,		**(1,408,538)**	(705,770)	477,382
Increase/(decrease) in cash and cash equivalents		**2,696,329**	(702,768)	(1,183,595)
Net foreign exchange difference		**(2,157)**	-	443
At March 31,	9	**1,285,634**	(1,408,538)	(705,770)

The notes on pages 46 to 135 form an integral part of these financial statements.

1. GENERAL INFORMATION

Bank of Baroda (the "Bank") was incorporated in Mauritius in 1962 under section 276 of the Mauritius Companies Act 2001 and operates as a foreign branch of **Bank of Baroda**, a bank incorporated in India. The registered office and the principal place of business of the Bank is Sir William Newton Street, Port Louis, Republic of Mauritius.

The Bank is licenced under the Banking Act 2004 and is regulated by the Bank of Mauritius. The principal activity of the Bank is the provision of banking and financial services to both retail and corporate clients in and out of Mauritius.

The financial statements for the year ended March 31, 2025 were authorised for issue by the Management on **June 27, 2025.**

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New Standards and Interpretations

Standards and interpretations effective and adopted in the current year but with no material effect on the financial statements

In the current year, the Bank has adopted the following standards and interpretations that are effective for the current financial year. The expected impact of these amendments on the Bank's financial statements is not material.

	Effective date: Years beginning on or after
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	1 January 2024
IFRS S2 *Climate-related disclosures*	1 January 2024

Standards and interpretations issued but not yet effective

The Bank has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Bank's accounting periods beginning on or after 1 January 2025 or later periods:

	Effective date: Years beginning on or after
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Postponed indefinitely
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONT'D)

Standards and interpretations issued but not yet effective (Cont'd)

	Effective date: Years beginning on or after
Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition • IFRS 7: Disclosure of deferred difference between fair value and transaction price • IFRS 7: Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities • IFRS 9: Transaction price • IFRS 10: Determination of a 'de facto agent' • IAS 7: Cost method	1 January 2026
IFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

Management of the Bank anticipate that the application of these amendments may have an impact on the Bank's financial statements in future periods.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the financial statements are set out below:

(a) Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in compliance with the Mauritius Companies Act 2001, in so far as applicable to foreign companies, the Banking Act 2004, the Guidelines and Guidance Notes issued by the Bank of Mauritius and the Financial Reporting Act 2004.

The financial statements have been prepared on the historical cost basis, except for certain property and equipment, investment property, defined benefit plan which are stated at fair value and financial instruments that are measured at amortised cost as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

The financial statements are presented in Mauritian Rupees ("Rs"), and all values are rounded to the nearest thousand except where otherwise indicated. The Bank presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented under note 34.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Going concern

The Directors and Management have made an assessment of the Bank's ability to continue as a going concern and satisfied, at the time of approving the financial statements, that the Bank has adequate resources to continue in operational existence for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Thus, the financial statements continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Foreign currency

Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupees ("Rs"), the currency of the primary economic environment in which the Bank operates ("functional currency"). The financial statements of the Bank are presented in Mauritian Rupees, which is its functional and presentation currency, and all values are rounded to the nearest thousand except when otherwise indicated.

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.

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 when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Recognition of income and expenses

Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss ("FVTPL") are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method.

The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is, its amortised cost before any impairment allowance) or to the amortised cost of a financial liability or, where appropriate, a shorter period. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees, incremental costs and points paid or received between parties to the contract that are directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts of the financial instruments and are integral to the effective interest rate, but not future credit losses.

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Recognition of income and expenses (Cont'd)

Net fee and commission income

Fees and commissions are recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating or participating in the negotiations of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

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

Type of service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition policies under IFRS 15**
Retail and corporate banking service	The Bank provides banking services to retail and corporate customers, including, provision of overdraft facilities, foreign currency transactions, credit card, cheque books and servicing fees. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

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

Fee and commission expense

Fee and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income comprises gains/losses on dealings in foreign exchange currency as well as realised/unrealised gains/losses on retranslation.

(d) Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets and financial liabilities (Cont'd)

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

The Bank has not applied hedge accounting to its financial instruments during the years ended March 31, 2025, March 31, 2024 and March 31, 2023.

Financial assets

For all financial assets, the amount presented in 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 Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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"); and
- 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 Bank may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Bank 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 Bank 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).

The Bank has not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL at March 31, 2025, March 31, 2024 and March 31, 2023.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Debt instruments measured at amortised cost or at FVTOCI

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the 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. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has a single business model for managing its financial instruments: all financial assets are held at amortised cost in order to collect contractual cash flows. Accordingly, financial assets that meet the contractual-cash-flow characteristics test and are held to collect those cash flows are measured at amortised cost. The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is and the financial assets held within that portfolio are evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

The Bank's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts and unsecured personal lending.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Debt instruments measured at amortised cost or at FVTOCI (Cont'd)

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

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting period to determine whether the business models have changed since the preceding period.

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.

The Bank has measured all its financial assets at amortised cost at March 31, 2025, March 31, 2024 and March 31, 2023.

Financial assets measured at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- 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.

The Bank has not designated any financial assets measured at FVTPL at March 31, 2025, March 31, 2024 and March 31, 2023.

Equity instruments designated at FVTOCI

On initial recognition, the Bank 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 Bank 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).

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Equity instruments designated at FVTOCI (Cont'd)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

The Bank does not have any equity instruments designated at FVTOCI at March 31, 2025, March 31, 2024 and March 31, 2023.

Reclassifications

If the business model under which the Bank 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 financial assets. During the current and previous financial years, there were no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made.

Cash and cash equivalents

Cash and cash equivalents are items which are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents also include placements with banks and investment securities having an original maturity of up to three months.

For the purposes of the statement of cash flows, cash and cash equivalents include unrestricted balances held with the Bank of Mauritius and highly liquid financial assets and liabilities (e.g. other borrowed funds) with original maturities of three months or less from the acquisition date including balances with financial institutions.

Cash and cash equivalents do not include the mandatory balances with the Central Bank. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets and debts instruments measured at amortised cost, exchange differences are recognised in profit or loss;

Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, bank guarantees and acceptances.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial guarantees (Cont'd)

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Bank's revenue recognition policies.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit or loss and other comprehensive income. The premium received is recognised in profit or loss in 'Fees and commission income' on a straight-line basis over the life of the guarantee.

Impairment of financial assets

The Bank recognises allowances for ECLs on the following financial instruments which are not measured at FVTPL:

- Loans and advances to banks and customers;
- Cash and cash equivalents;
- Placements with banks;
- Debt instruments at amortised cost (Investment securities); and
- Bank, financial institutions and sovereign contracts issued.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full 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.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis. More details on the measurement of ECLs are found under Note 5(b).

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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 Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding. A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

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 (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more. The Bank does not have purchased or originated credit impaired financial assets at March 31, 2025, March 31, 2024 and March 31, 2023.

Definition of default

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 Bank 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 Bank; or
- the borrower is unlikely to pay its credit obligations to the Bank in full.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Definition of default (Cont'd)

This definition of default is used by the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk (“SICR”)

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk (“SICR”) since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.
For corporate lending, forward-looking information includes the future prospects of the industries in which the counterparties operate, obtained from financial analysts and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Significant increase in credit risk (SICR) (Cont'd)

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a given exposure is on a 'watch list' once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Modification and derecognition of financial assets (Cont'd)

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Bank deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Bank considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Bank considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation. In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification.

The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Bank performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets (Cont'd)

Modification and derecognition of financial assets (Cont'd)

Where a modification does not lead to derecognition, the Bank calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are recognised in the profit or loss. Then, the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises their retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will be recorded as "Other Income" in profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECLs for financial assets measured at amortised cost are presented as a deduction from the gross carrying amount of the assets in the statement of financial position.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial liabilities and equity

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

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 Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of their 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 Bank's own equity instruments.

Equity instruments

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 Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial liabilities

Financial liabilities include deposits from banks and non-bank customers, other borrowed funds, lease liabilities and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

The Bank does not have any financial liabilities classified as at FVTPL at March 31, 2025, March 31, 2024 and March 31, 2023.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial liabilities (Cont'd)

Derecognition and modification of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency, are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Bank recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification.

(e) Offsetting 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented gross in the statement of financial position.

Income and expense will not be offset in the statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

(f) Property and equipment

Property and equipment are stated at cost (except for freehold land and buildings) less accumulated depreciation and any cumulative impairment losses. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any cumulative impairment losses.

The cost of an item of property and equipment includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing property and equipment at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an item of property and equipment. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Property and equipment (Cont'd)

Property includes land and buildings which are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. It is currently the Bank's policy to revalue its freehold land and buildings and leasehold buildings at least every three years by independent valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Land is not depreciated.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Depreciation is recognised so as to write off the cost or revalued amounts of tangible fixed assets less their residual values on a straight-line basis over the estimated useful lives at the following rates:

Buildings	5%
Furniture, fittings and equipment	18% - 45%
ATM	20%
Computer equipment	33%
Motor vehicles	33%

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

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year the asset is derecognised.

Work in Progress ("WIP") represents costs incurred on self-constructed property and equipment that is not yet ready for its intended use. WIP is not depreciated. Costs are capitalised as part of the cost of the item of PPE from the date at which it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. Directly attributable costs include, for example, site preparation, delivery and handling, installation and testing, professional fees and estimated dismantling costs. Depreciation of the completed asset commences when it is available for use - that is, when it is in the location and condition necessary to operate in the manner intended by management.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Investment property

An investment property, which is a property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Investment property comprises floors of the Bank's owned office building that are held by the Bank to earn rental income from third-party tenants. Subsequent to initial recognition, an investment property is measured at fair value. Gains or losses arising from changes in the fair value of an investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Bank uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Changes in fair values are recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

If an investment property becomes owner occupied, it is reclassified as property and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the profit or loss. Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

(h) Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(h) Impairment of non-financial assets (Cont'd)

For assets (excluding goodwill), an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU'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 exceeds 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.

(i) Leases

The Bank as a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the risk-free rate based on government bond rates.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Leases (Cont'd)

The Bank as a lessee (Cont'd)

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

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

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

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

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Bank has not used this practical expedient.

The Bank as a lessor

The Bank enters into lease agreements as a lessor in respect of its investment property, comprising floors of its owned office building held to earn rental income from third-party tenants. At inception, each lease is classified as a finance lease or an operating lease based on whether substantially all the risks and rewards incidental to ownership of the underlying asset are transferred to the lessee. All leases are classified as operating leases, as the Bank does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset. Under an operating lease, the leased asset remains recognised as investment property and is accounted for under the Bank's chosen model (fair-value or cost) in accordance with IAS 40. Rental income from operating leases is recognised on a straight-line basis over the lease term, after deducting any lease incentives granted to the lessee, to reflect the pattern of benefits derived from the asset.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Pension benefits

Retirement gratuity

The Bank is liable to pay a residual retirement gratuity in the form of a lump sum to employees who are members of the defined contribution plan at the date of their retirements under the Workers' Rights Act 2019.

The cost of providing these benefits is determined using the projected unit credit method. Actuarial gains and losses in determining the present value of the unfunded obligations are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested (that is when the employee retires). If the benefits have already vested, immediately following changes in legislation, past service costs are recognised immediately.

State pension plan

Contributions to the Contribution Sociale Généralisée ("CSG") are recognised in profit or loss in the period in which they fall due.

Defined contribution pension plan

The Bank operates a defined contribution pension plan known as the "Provident Fund". The contribution is payable by both the employer and employee in a savings account of the Bank, bearing interest.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leaves, sick leaves and vacation leaves in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Bank in respect of services provided by employees up to the reporting date.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(I) Taxation

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The Bank is subject to the Advance Payment System ("APS") whereby it pays income tax on a quarterly basis.

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

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

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

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

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

(ii) Deferred Tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(I) Taxation (Cont'd)

(ii) Deferred Tax (Cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Management has reviewed the Bank's investment property portfolios and concluded that none of the Bank's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, management has determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Bank has not recognised any deferred taxes on changes in fair value of the investment properties as the Bank is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

(iii) Current tax and deferred tax for the year

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

(iv) Corporate Social Responsibility

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of chargeable income of the preceding financial year to government approved CSR NGOs. The chargeable income excludes income derived from non-residents and companies holding a Global Business License. The Bank remits 75% of the CSR contribution to the Director General of the MRA and 25% of the CSR contribution to an approved Fund.

The required CSR fund for the year is recognised in tax expense in profit or loss. The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statement of financial position.

(v) Special Levy

The Bank is liable to pay a special levy on its leviable income (Net interest income + other income from banking transactions with residents, before deduction of expenses) at the rate of 5.5%. This amendment has come into effect starting on or after 01 July 2023.

The special levy is currently recorded in 'income tax expense' in profit or loss.

(vi) Corporate Climate Responsibility (CCR) levy

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 income as from the year of assessment commencing on 01 July 2024. CCR is payable to the MRA by all companies where the turnover exceeds MUR 50M. This levy is recognised as part of income tax expense.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(m) Related parties

For the purpose of these financial statements, parties are considered to be related to the Bank, if they have the ability, directly or indirectly to control the Bank or exercise significant influence over the Bank in making financial and operating decisions, or vice versa or where the Bank is subject to common control or common significant influence. Related parties may be individuals or other entities. Key management personnel relate to directors and senior officers of the Bank.

(n) Expenses

All expenses are accounted for in profit or loss on the accrual basis.

(o) Comparatives

Where necessary, comparative figures are restated or reclassified to conform to the current year's presentation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are summarised below with respect to judgements and estimates involved.

Judgements

<u>Determination of functional currency</u>

The determination of the functional currency of the Bank is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. Management has considered those factors therein and has determined the functional currency of the Bank as Mauritian Rupees (Rs).

<u>Deferred tax assets</u>

Recognition of deferred tax assets depends on management's intention of the Bank to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

<u>Business model assessment</u>

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Judgements (Cont'd)

Business model assessment (Cont'd)

The Bank 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 Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Calculation of ECL allowance

- Significant increase of credit risk: ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- 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 Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.
- Models and assumptions used: The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Determination of lease term

The application of IFRS 16 requires significant judgement and certain key estimations. Critical judgements include determination of the enforceable period of the lease and 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 rates to discount the lease payments and assessment of whether right of use asset is impaired.

Assessment of useful lives of property and equipment

The Bank reviews the estimated useful lives of property and equipment at the end of each reporting period. The cost of the property and equipment are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Estimates

Valuation of investment property and freehold land and buildings

The Bank measures freehold land and buildings and investment property at fair value based on periodic valuations by an external independent valuer and as estimated by the directors and management based on reference to their knowledge on the current market evidence of transaction prices for similar properties. In arriving at the valuation, assumptions and economic estimates have to be made. The actual results could differ from their estimates and the directors and management consider they have used their best estimates to arrive at fair value of the properties. Reference is made to notes 13 and 14 in the note to the financial statements.

Provision for retirement benefit obligations

The Bank provides for retirement gratuities under the Workers' Rights Act 2019. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the retirement gratuities is based on report submitted by an independent actuarial firm on an annual basis. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may differ from their estimates.

Further information on the carrying amounts of the Bank's retirement benefit obligations and the sensitivity of those amounts to changes in discount rate are provided in note 22.

Impairment losses on financial assets

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades;
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a long term ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL are assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

In relation to credit-impaired facilities, the Bank determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Estimates (Cont'd)

Incremental borrowing rate used to determine the value of right-of-use assets

The Bank cannot readily determine the interest rate implicit in the lease; therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities in line with the principles set out under IFRS 16. The IBR is the rate of interest that the Bank 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 Bank '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.

5. FINANCIAL RISK MANAGEMENT

(a) Introduction

The Bank's activities expose it to a variety of financial risk, market risk (including currency and fair value interest risk), credit risk and liquidity risk. Its overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Bank's financial performance. Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and sustained performance.

Management is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks. Management is responsible for understanding both the nature and level of risks taken by the Bank. The Board is also responsible for the overall risk management approach and for approving the risk strategies and principles. Monitoring and controlling risks are primarily performed based on limits established by the Bank in line with regulatory prescriptions. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

A description of the significant risks is given as follows together with the risk management policies applicable.

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to banks and customers (including related commitments to lend such as loan) and investments in securities. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(i) Credit risk management

The Bank's management is responsible to manage its credit risk by:

- Ensuring that it has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the stated policies and procedures, IFRS and relevant supervisory guidance from the regulators in India and Mauritius.
- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

(ii) Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

As documented in the loan policy, the Bank uses different criteria to determine whether credit risk has increased significantly as follows:

Corporate segment

- The breach of contract such as delinquency of more than 30 days;
- Significant financial difficulty to the borrower;
- Granting by the lender to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, of a concession that the lender would not otherwise consider;
- A high probability of bankruptcy or other financial reorganisation of the issuer;
- Recognition of an impairment loss on that asset in a prior financial reporting period;
- A historical pattern of collections of accounts receivables that indicates that the entire face amount of a portfolio of accounts receivable will not be collected;
- Funds obtained under the loan agreement were not used for the purpose for which they were loaned;
- The project financed by the loan has become non-viable;

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Corporate segment (Cont'd)

- When the restructuring occurs prior to the classification of the loan as impaired, the restructured loan shall be classified as impaired when, in aggregate, the period of time the loan is in arrears before restructuring and after restructuring is 90 days or more;
- The borrower is engaged in a large number of undertakings leading to over-extension of its resources. It has begun shifting support from one undertaking to another which may lead to potential delinquency of the loan under review; and
- The underlying collateral, which was heavily relied upon in granting the loan, has lost value significantly; and
- There is a loss of confidence in the borrower's integrity.

Financial institutions segment

- The breach of contract such as delinquency of more than 30 days;
- Rating downgrades where the issuer's one year default rate increases by 1%; and
- Downgrade in the sovereign rating in case of government bonds or bills.

Retail segment

- The breach of contract such as delinquency of more than 30 days; and
- Significant financial difficulty of the borrower.

(iii) Measurement of ECL

The key inputs used for measuring ECL are probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD").

Probability of default

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

Based on the historical data from March 2019 to March 2025, internal default rate series, were created on quarterly basis for the retail and corporate portfolios. There was no default observed in the historical data for financial institutions. Since there were not enough default counts to develop any statistical model, the average of quarterly default rate was used as through-the-cycle PD ("TTC PD"). Using the default rate series and macroeconomic data, a point-in-time PD ("PiT PD") model was developed. Based on forecasted PiT PD and forecasted macroeconomic information, the PiT PD term structure was created and used for ECL computation.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iii) Measurement of ECL (Cont'd)

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 any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

To compute the LGD, the collateral value has been tagged under three categories, if the collateral value >=30% of outstanding amount:

- Eligible Financial Collateral
- CRE/RRE (Commercial Real Estate/Residential Real Estate)
- Other collaterals

While allocating collateral values, the eligible financial collateral is first recognized with a 0% haircut LGD is calculated. Further, remaining balance is recognized against CRE/RRE, with a haircut of 40%. The rest of the balance is recognized against other collaterals, with a haircut of 40% as well. Remaining balance is marked as unsecured. The below table summarizes the LGD and the haircut applied based on different type of collaterals:

Type of collateral	LGD%	Haircut
Eligible Financial Collateral	0%	0%
CRE/RRE	20%	40%
Other collaterals	25%	40%
Unsecured	45%	0%

Regulatory LGD for Different Collateral Types

The value weighted average LGD is then computed as applicable LGD for the account.

For Stage 3 exposures, the extent of collaterisation of the exposures is also factored in the ECL computations.

Exposure at default

EAD 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, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iii) Measurement of ECL (Cont'd)

Exposure at default (Cont'd)

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the Bank is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments.

This is because these financial instruments are managed on a collective basis and are cancelled only when the Bank becomes aware of an increase in credit risk at the facility level.

This longer period is estimated considering the credit risk management actions that the Bank expects to take to mitigate ECL, e.g., reduction in limits or cancellation of the loan commitment.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

The ECL computations for the different stages are described below:

Stage 1 - The 12-month ECL is calculated as the portion of Lifetime ECL that represents the ECL resulting from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECL. The mechanics are similar to those explained on stage 1 assets, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3 - For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For all three segments, i.e. corporate, retail and financial institutions, the approach of calculating EAD is same which includes following steps:

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iii) Measurement of ECL (Cont'd)

Cash flow determination:

Firstly, year on year cashflow from an account is determined based on the nature of product – revolving v/s non revolving. (P_1......... P_{20})

- For revolving products (ODA scheme type), cashflow is concentrated on the present year, i.e. P1 which assumes the value of total outstanding balance of account. For all the subsequent years, Pi assumes the value 0.
- For non-revolving products:
    - If remaining term <=k, P_k = Outstanding Balance - $\sum_{i=1}^{k-1} P_i$
    - If remaining term > k, P_k is the portion of Outstanding balance to be paid for a period k, based on interest rate and tenure.
    - P_k = PPMT (Annual Interest rate, k, Remaining term, Outstanding Balance as on assessment date)

Product wise EAD Calculation:

EAD calculation varies basis the product nature as well as Stage of the account.

- For revolving products, only EAD_1 holds relevance.

$$EAD_1 = MAX(Outstanding\ Balance + Unutilized\ Limit * CCF, 0)$$
$$EAD_i = 0, for\ i = 2 \dots\dots 20$$

Equation 1: EAD Calculation for Revolving products - Retail/Corporate

The credit conversion factor ("CCF") for all the revolving products is defined by based on the type of revolving product is highlighted below:

Type of Revolving Loan	CCF
Non-Cancellable	40%
Cancellable	10%

In the current portfolio, the data related to the type of revolving loans were not provided. So, all the revolving loans were considered non-cancellable in nature and CCF of 40% was applied.

- For non-revolving products,

$$EAD_k = \sum_{i=k}^{20} P_i\ , if\ Stage = 2\ and\ k = 2 \dots\dots\dots 20$$
$$EAD_k = 0\ \ , if\ Stage = 1{,}3\ and\ k = 2 \dots\dots\dots 20$$
$$EAD_k = \sum_{i=1}^{20} P_i\ , if\ Stage = 1{,}2{,}3\ and\ k = 1$$

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iii) Measurement of ECL (Cont'd)

Incorporating forward looking information

IFRS 9 requires the Bank to use forward looking information for the computation of ECL. The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Bank has determined real GDP growth rate as being the relevant macro-economic variable and same have been used to gross up the PDs in the ECL model. A regression approach was used to establish the relationship between macroeconomic information and Credit Index (transformed default rates). Real GDP Growth rate with a lag of 2 quarters was selected as forward-looking factor. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

(iv) ECL computation under regulatory requirements

The ECL calculation for accounting purposes is different to the ECL calculation for regulatory purposes, although many inputs used are similar. The Bank has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with IFRS 9 versus the ones applied for regulatory purposes are:

Bank of Mauritius ("BoM") requirements

The Bank of Mauritius, through its *Guideline on Credit Impairment Measurement and Income Recognition* (currently on hold), has prescribed the below:

- Provisions on standard credits (defined as credits which are below 90 days) to be computed at: (i) 1 per cent of standard credit facilities consisting of bullet repayment with maturity of more than 2 years, whereby the repayment of the entire principal is at maturity; or (ii) 1 per cent of standard credit facilities for commercial real estates; or (iii) 0.5 per cent of all other standard credit facilities.

- Macro-prudential provisions to be maintained for credit facilities extended to the Resident segment of the following sectors of the economy:

Type of facility	Macroprudential Provision
Household - Housing	0.5%
Household - other than Housing	0.75%
Accommodation	1.0%
Construction (including commercial real estates)	1.0%

- Specific provisions to be maintained as follows for non-performing assets:

Classified credit facilities	Regulatory Floor for Specific Provisioning
Sub-standard	15% of outstanding amount of credit (without taking into account any securities)
Doubtful	100% of unsecured portion of outstanding credit And between 30% and 50% of secured portion of outstanding credit depending upon the period of time for which the asset has remained as non-performing.
Loss	100% of unsecured portion of outstanding credit and between 80% and 100% of secured portion of outstanding credit depending on the period of time the asset has remained as non-performing.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) ECL computation under regulatory requirements (Cont'd)

- Should the provisions compute under IFRS 9 be less than what is required under the above regulations set out in the Bank shall assign the difference to a non-distributable equity reserve created through an appropriation of reserve.

Reserve Bank of India ("RBI") requirements

For non-performing assets, the Bank computes the regulatory provisions as follows:

Sub-Standard (above 90 days to 1 year overdue)	**Rate of Provision**
Secured Exposures	20.00%
Unsecured Exposures	25.00%
Unsecured exposures to Infrastructure where safeguards like Escrow Mechanism are available	20.00%

Doubtful (between 1 to 5 years overdue)	
Unsecured Portion	100.00%
Secured Portion - Doubtful up to 1 year	25.00%
Secured Portion - Doubtful > 1 year and up to 3 years	40.00%
Secured Portion - Doubtful > 3 years	100.00%
Loss (over 5 years overdue)	100.00%

The provision for standard credits is as follows:

Standard	**Rate of Provision**
SME	0.25%
Agriculture	0.25%
Commercial Real Estate	1.00%
Commercial Real Estate- residential	0.75%
All others (Non restructured)	0.40%

The Bank transfers the excess provision computed under the regulatory norms described above and the IFRS 9 provisions to the General Banking Reserve on an annual basis, so that the aggregate of the General Banking Reserve and the provisions for ECL recognised against the loan book at all times meet the minimum regulatory requirements for both the Bank of Mauritius and the Reserve Bank of India.

At March 31, 2025, the General Banking Reserve amounted to **Rs471.1m** which added to the total provisions recognised in the books under IFRS 9 of **Rs538.6m** aggregated to **Rs1,009.7m** which is made up of provisions required under the RBI requirements.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Sensitivity analysis

The Bank has performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumptions used to calculate ECL change by 10%. Should the ECL % change by 5%, the profits of the Bank would be lower by **Rs26.9m.**

(vii) Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date equals the carrying amount of the respective financial assets and is as follows:

Credit risk exposures relating to on-balance sheet assets are as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	**1,653,949**	1,708,250	2,427,416
Placement with banks	**1,499,291**	1,407,515	1,256,715
Loans and advances to banks and customers	**14,201,236**	14,144,559	12,991,064
Investment securities	**3,119,328**	2,918,911	1,758,069
Other assets	**692,661**	691,034	689,329

Credit risk exposures relating to off-balance sheet items are as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Guarantees and other credit related liabilities	**585,807**	634,034	1,434,445
Undrawn credit facilities	**2,361,015**	2,250,965	1,568,899
Total	**2,946,822**	2,884,999	3,003,344

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(viii) Collateral on loans and advances to banks and customers

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral for credit risk mitigation. The Bank prepares a valuation of the collaterals obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are mortgages over residential properties and charges over business assets such as premises, inventory and accounts receivable. Longer term finance to corporate entities are generally secured. More details with regards to collateral held for certain classes of financial assets can be found below.

	Type of collateral held
Mortgage lending	Residual properties as collateral for mortgage loans
Personal lending	Salary pledge, unsecured
Corporate lending	Guarantees, fixed charges on property, personal guarantees of shareholders.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. The Bank's policies regarding collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collaterals held by the Bank since the prior period.

The Bank has not taken possession of any collaterals held as security against loans and advances for the current and prior years.

(viii) Write off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Bank's recovery method is foreclosing on the collateral.

The Bank may also write off financial assets that are still subject to enforcement activity. The Bank will still seek to recover amounts it is legally owed in full but which have been partially written off due to no reasonable expectation of a full recovery.

There was no material write offs in the course of the financial year ended March 31, 2025.

(ix) Concentration risk and exposure to credit risk

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review in line with the Bank's internal policies.

Limits on the level of credit risk are approved by the Bank's Head Office and followed by local management.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ix) Concentration risk and exposure to credit risk (Cont'd)

Concentrations of credit risk arise when several distinct counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, a number of controls and measures to minimise undue concentration of exposure in the Bank's portfolio have been implemented. The Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Any identified concentrations of credit risks are controlled and managed and in line with the Risk Appetite Framework and regulatory prescriptions set out in the Bank of Mauritius' *Guideline on Credit Concentration.*

The credit concentration by industry segment has been disclosed in Note 11(iv).

(x) Modification loss

There were no restructured loans during the current and prior years, and hence no material modification losses recorded in the books of the Bank at March 31, 2025 and March 31, 2024.

[This space has been intentionally left blank.]

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk

Market risk arises from open positions in interest rate and foreign currency products, all of which are exposed to general and specific market movements. The Bank's exposure to market risk is the result of both trading and asset/liability management activities. The market risk management policies of the Bank are determined by its corporate office in India.

(i) Currency risk

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Bank's foreign currency positions. The latter is exposed with respect to foreign currency risk arising from trading in foreign currency and acceptances. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly, expenses monitored and actions taken accordingly.

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table below summarises the Bank's exposure to foreign currency exchange risk at March 31, 2025, March 31, 2024 and March 31, 2023. The table shows the Bank's assets and liabilities at carrying amounts categorised by currency.

	EURO	USD	GBP	MUR	INR	OTHERS	TOTAL
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At March 31, 2025							
Financial assets							
Cash and cash equivalents	4,157	1,083,821	21,427	477,497	66,659	388	1,653,949
Placements with banks	-		1,499,291	-	-	-	1,499,291
Loans and advances to banks and customers	113,005	8,804,856	153,106	5,130,269	-	-	14,201,236
Investment securities	-	-	-	3,119,328	-	-	3,119,328
Other assets	-	-	-	692,661	-	-	692,661
Total	117,162	9,888,677	1,673,824	9,419,755	66,659	388	21,166,465
Financial liabilities							
Deposits from banks and customers	49,799	9,919,338	1,512,297	6,278,270	3	-	17,759,707
Other borrowed funds	56,787	228,404	83,124	-	-	-	368,315
Lease liabilities	-	-	-	39,100	-	-	39,100
Other liabilities	-		-	167,496	-	-	167,496
Total	106,586	10,147,742	1,595,421	6,484,866	3	-	18,334,618

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

	EURO	USD	GBP	MUR	INR	OTHERS	TOTAL
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At March 31, 2024							
Financial assets							
Cash and cash equivalents	13,895	624,891	37,448	1,010,860	20,913	243	1,708,250
Placements with banks	-	-	1,407,380	135	-	-	1,407,515
Loans and advances to banks and customers	138,809	9,481,462	93,503	4,430,785	-	-	14,144,559
Investment securities	-	-	-	2,918,911	-	-	2,918,911
Other assets	-	-	-	691,034	-	-	691,034
Total	152,704	10,106,353	1,538,331	9,051,725	20,913	243	20,870,269
Financial liabilities							
Deposits from banks and customers	40,762	7,468,534	1,499,840	5,957,777	3	-	14,966,916
Other borrowed funds	95,083	3,021,705	-	-	-	-	3,116,788
Lease liabilities	-	-	-	24,953	-	-	24,953
Other liabilities	-	44,773	-	74,296	-	-	119,069
Total	135,845	10,535,012	1,499,840	6,057,026	3	-	18,227,726

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

	EURO	USD	GBP	MUR	INR	OTHERS	TOTAL
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At March 31, 2023							
Financial assets							
Cash and cash equivalents	3,026	238,589	11,393	2,172,192	88	2,128	2,427,416
Placements with banks	-	-	1,256,715	-	-	-	1,256,715
Loans and advances to banks and customers	471,227	8,267,302	300,843	3,951,692	-	-	12,991,064
Investment securities	-	-	-	1,758,069	-	-	1,758,069
Other assets	-	-	-	689,329	-	-	689,329
Total	474,253	8,505,891	1,568,951	8,571,282	88	2,128	19,122,593
Financial liabilities							
Deposits from banks and customers	48,609	6,454,476	1,540,775	5,885,182	3	1,253	13,930,298
Other borrowed funds	411,561	2,687,813	33,812	-	-	-	3,133,186
Lease liabilities	-	-	-	23,750	-	-	23,750
Other liabilities	-	-	1,934	93,326	-	-	95,260
Total	460,170	9,142,289	1,576,521	6,002,258	3	1,253	17,182,494

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

If the Mauritian rupee had weakened/strengthened against the following significant currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

	GBP Change by 5%	USD Change by 5%	INR Change by 5%	EURO Change by 5%
Impact on result for the year	Rs'000 (+/-)	Rs'000 (+/-)	Rs'000 (+/-)	Rs'000 (+/-)
March 31, 2025	**3,920**	**12,953**	**3,333**	**529**
March 31, 2024	1,925	21,433	1,046	843
March 31, 2023	379	31,820	4	704

The Bank manages foreign currency exposures through regular monitoring of foreign exchange rates movements and ensuring that foreign currency denominated outgoing payments and inflows are reviewed and approved before processing the transactions.

(ii) Interest rate risk

Interest rate risk arises from investment securities, placements with banks, loans and advances to banks and customers, other borrowed funds and deposits from banks and customers which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the ALCO Meetings through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

Interest rate risk impact analysis

The Bank incurs interest rate risk (IRR) mainly in the form of repricing risk and uses an interest rate risk gap analysis as shown below to measure and monitor this source of risk. Amongst other methodologies, it applies Bank of Mauritius framework of a 200 basis point parallel shift in interest rates to estimate the one-year earnings impact on a static balance sheet basis as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Impact on earnings	**197,677**	195,051	166,120

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities

The table below summarises the effective interest rate by major currencies for monetary financial instruments:

At March 31, 2025	Fixed interest bearing Rs '000	Floating interest bearing Rs '000	Non-interest bearing Rs '000	Total Rs '000
Financial assets				
Cash and cash equivalents	869,536		784,413	1,653,949
Placements with banks	1,499,291	-	-	1,499,291
Loans and advances to banks and customers	-	13,655,122	546,114	14,201,236
Investment securities	-	3,119,328	-	3,119,328
Other assets	-	-	692,661	692,661
	2,368,827	16,774,450	2,023,188	21,166,465
Financial liabilities				
Deposits from banks and customers	9,107,454	6,522,293	2,129,960	17,759,707
Other borrowed funds	-	368,315	-	368,315
Lease liabilities	39,100	-	-	39,100
Other liabilities	-	-	167,496	167,496
	9,146,554	6,890,608	2,297,456	18,334,618
Net balances	(6,777,727)	9,883,842	(274,268)	2,831,847

At March 31, 2024	Fixed interest bearing Rs '000	Floating interest bearing Rs '000	Non-interest bearing Rs '000	Total Rs '000
Financial assets				
Cash and cash equivalents	-	952,165	756,085	1,708,250
Placements with banks	-	1,407,515	-	1,407,515
Loans and advances to banks and customers	-	14,530,188	(385,629)	14,144,559
Investment securities	-	2,918,911	-	2,918,911
Other assets	-	-	691,034	691,034
	-	19,808,779	1,061,490	20,870,269
Financial liabilities				
Deposits from banks and customers	5,569,917	6,939,461	2,457,538	14,966,916
Other borrowed funds	-	3,116,788	-	3,116,788
Lease liabilities	24,953	-	-	24,953
Other liabilities	-	-	119,069	119,069
	5,594,870	10,056,249	2,576,607	18,227,726
Net balances	(5,594,870)	9,752,530	(1,515,117)	2,642,543

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Interest sensitivity of assets and liabilities (Cont'd)

At March 31, 2023	Fixed interest bearing Rs '000	Floating interest bearing Rs '000	Non-interest bearing Rs '000	Total Rs '000
Financial assets				
Cash and cash equivalents	-	2,151,303	276,113	2,427,416
Placements with banks	-	1,256,715	-	1,256,715
Loans and advances to banks and customers	-	13,677,852	(686,788)	12,991,064
Investment securities	-	1,758,069	-	1,758,069
Other assets	-	-	689,329	689,329
	-	18,843,939	278,654	19,122,593
Financial liabilities				
Deposits from banks and customers	5,516,538	7,404,755	1,009,005	13,930,298
Other borrowed funds	-	3,133,186	-	3,133,186
Lease liabilities	23,750	-	-	23,750
Other liabilities	-	-	95,260	95,260
	5,540,288	10,537,941	1,104,265	17,182,494
Net balances	(5,540,288)	8,305,998	(825,611)	1,940,099

(d) Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of Bank-specific and market-wide events.

The Bank has established a comprehensive policy and control framework for managing liquidity risk. The Bank's Asset and Liability Management Committee ("ALCO") is responsible for managing the Bank's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. In order to effectively manage liquidity risk the Bank maintains a portfolio of highly liquid assets with different tenors and monitors periodic liquidity reports analysing the expected maturity profile of assets and liabilities.

Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on reputation, the strength of earnings and the Bank's financial position. Liquidity management includes control over assets maturities, volume and quality of liquid assets and short-term funds. The Bank has been in compliance with the Bank of Mauritius *Guideline on Liquidity Risk Management* for both the current and prior periods and has maintained a Liquidity Coverage Ratio ("LCR") above the minimum regulatory prescription of 100%.

The following tables present a maturity analysis of the Bank's financial assets and liabilities. The maturity analysis for loans and advances and deposits from customers have not incorporated future coupon payments as management considers that these amounts would not significantly alter the liquidity gap analysis. Hence, the liquidity analysis is not shown on an undiscounted basis.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (Cont'd)

The Bank also holds financial assets and financial liabilities for which the expected cash flows are significantly different from the contractual cash flows. The most common examples of such instruments are the current deposits from customers which are largely repayable on demand are not expected to be withdrawn immediately but to remain stable or increase. Similarly, retail mortgage loans might have a longer average contractual maturity but the average expected maturity could be lower since customers may take advantage of early repayment options.

The tables below show the expected timing of cash flows for financial assets and liabilities of the Bank, slotted as per the rules defined by the Bank of Mauritius.

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-maturity items	Total
At March 31, 2025	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**
Financial assets								
Cash and cash equivalents	1,653,949		-	-	-	-	-	1,653,949
Placements with banks	1,499,291	-	-	-			-	1,499,291
Loans and advances to banks and customers	1,718,011	1,881,171	2,976,776	1,835,357	451,067	5,869,446	(530,592)	14,201,236
Investment securities	536,050	345,584	493,127	847,743	899,408	5,191	(7,775)	3,119,328
Other assets	28,583	3,779	-	-	-	-	660,299	692,661
	5,435,884	2,230,534	3,469,903	2,683,100	1,350,475	5,874,637	121,932	21,166,465
Financial liabilities								
Deposits from banks and customers	8,591,190	6,314,520	431,899	1,921,278	470,434	30,386	-	17,759,707
Other borrowed funds	368,315	-	-	-	-	-	-	368,315
Lease liabilities	511	1,033	1,509	3,008	9,348	23,691	-	39,100
Other liabilities	-	-	-	-	-	-	167,496	167,496
Total	8,960,016	6,315,553	433,408	1,924,286	479,782	54,077	167,496	18,334,618
Net liquidity gap	(3,524,132)	(4,085,019)	3,036,495	758,814	870,693	5,820,560	(45,564)	2,831,847

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (Cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-maturity items	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At March 31, 2024								
Financial assets								
Cash and cash equivalents	1,708,250		-	-	-	-	-	1,708,250
Placements with banks	136	1,407,379	-	-			-	1,407,515
Loans and advances to banks and customers	4,374,431	1,738,883	641,146	40,267	3,793,466	4,074,227	(517,861)	14,144,559
Investment securities	801,218	496,028	471,645	414,129	738,102	5,259	(7,470)	2,918,911
Other assets	690,061	10	47	916	-	-		691,034
	7,574,096	3,642,300	1,112,838	455,312	4,531,568	4,079,486	(525,331)	20,870,269
Financial liabilities								
Deposits from banks and customers	8,528,055	2,716,944	1,878,135	1,343,500	483,509	16,773	-	14,966,916
Other borrowed funds	1,721,926	1,394,862	-	-	-	-	-	3,116,788
Lease liabilities	554	1,075	1,551	3,183	8,115	10,475	-	24,953
Other liabilities	-	-	-	-	-	-	119,069	119,069
Total	10,250,535	4,112,881	1,879,686	1,346,683	491,624	27,248	119,069	18,227,726
Net liquidity gap	(2,676,439)	(470,581)	(766,848)	(891,371)	4,039,944	4,052,238	(644,400)	2,642,543

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (Cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-maturity items	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At March 31, 2023								
Financial assets								
Cash and cash equivalents	287,522	2,139,894	-	-	-	-	-	2,427,416
Placements with banks	-	1,256,715	-	-			-	1,256,715
Loans and advances to banks and customers	3,801,041	2,582,717	874,657	39,747	3,041,744	3,339,438	(688,280)	12,991,064
Investment securities	298,373	93,126	-	78,729	872,062	429,585	(13,806)	1,758,069
Other assets	669,301	16,491	-	-	-	-	3,537	689,329
	5,056,237	6,088,943	874,657	118,476	3,913,806	3,769,023	(698,549)	19,122,593
Financial liabilities								
Deposits from banks and customers	7,789,937	3,538,776	687,424	1,495,060	403,924	15,177	-	13,930,298
Other borrowed funds	3,133,186	-	-	-	-	-	-	3,133,186
Lease liabilities	356	720	1,098	2,297	7,007	12,272	-	23,750
Other liabilities	-	-	-	-	-	-	95,260	95,260
Total	10,923,479	3,539,496	688,522	1,497,357	410,931	27,449	95,260	17,182,494
Net liquidity gap	(5,867,242)	2,549,447	186,135	(1,378,881)	3,502,875	3,741,574	(793,809)	1,940,099

Non-maturity bucket includes ECL provisions, other assets and liabilities with undetermined maturity dates.

6. FAIR VALUE OF FINANCIAL INSTRUMENT

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques mainly include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, bond and equity prices and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets Valuation models for financial instruments measured at fair value that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Basis of valuation

The fair value measurement is the Bank's estimate of 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. It does not reflect the economic benefits and costs that the Bank expects to flow from the instruments' cash flows over their expected future lives.

Loans are grouped, as far as possible, into homogeneous groups and stratified by loans with similar characteristics to improve the accuracy of estimated valuation outputs. The fair value of a loan reflects both loan impairments at the reporting date and estimates of market participants' expectations of impairment losses over the life of the loans, and the fair value effect of repricing between origination and the reporting date. The fair valuation of loans and advances is based on indirect observable inputs and therefore classifies under Level 2.

6. FAIR VALUE OF FINANCIAL INSTRUMENT (CONT'D)

For the purpose of estimating fair value, deposits by banks and customer accounts are grouped by remaining contractual maturity. Fair values are estimated by applying current rates offered for deposits of similar remaining maturities, therefore the deposits by banks and customers' accounts are under Level 2 valuation techniques. The fair value of a deposit repayable on demand is approximated by its carrying value.

6.1 Financial instruments not measured at fair value.

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

	Carrying amount	Level 1	Level 2	Level 3	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At 31 March 2025					
Financial assets					
Loans and advances to banks and customers	**14,201,236**	-	**14,201,236**	-	**14,201,236**
Placements with banks	**1,499,291**	-	**1,499,291**	-	**1,499,291**
Investment securities	**3,119,328**	-	**3,119,328**	-	**3,119,328**
Financial liabilities					
Deposits from customers	**17,759,707**	-	**17,759,707**	-	**17,759,707**
Other borrowed funds	**368,315**	-	**368,315**	-	**368,315**
At 31 March 2024					
Financial assets					
Loans and advances to banks and customers	14,144,559	-	14,144,559	-	14,144,559
Placements with banks	1,407,515	-	1,407,515	-	1,407,515
Investment securities	2,918,911	-	2,918,911	-	2,918,911
Financial liabilities					
Deposits from customers	14,966,916	-	14,966,916	-	14,966,916
Other borrowed funds	3,116,788	-	3,116,788	-	3,116,788
At 31 March 2023					
Financial assets					
Loans and advances to banks and customers	12,991,064	-	12,991,064	-	12,991,064
Placements with banks	1,256,715	-	1,256,715	-	1,256,715
Investment securities	1,758,069	-	1,758,069	-	1,758,069
Financial liabilities					
Deposits from customers	13,930,298	-	13,930,298	-	13,930,298
Other borrowed funds	3,133,186	-	3,133,186	-	3,133,186

6.1 Financial instruments not measured at fair value (Cont'd)

The following is a list of financial instruments whose carrying amount is a reasonable approximation of the fair value because, for example, they are short term in nature or reprice to current market rates frequently:

	Carrying amount	Level 1	Level 2	Level 3	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At 31 March 2025					
Cash and cash equivalents	**1,653,949**	-	**1,653,949**	-	**1,653,949**
Other liabilities	**167,496**	-	**167,496**	-	**167,496**
Other assets	**692,661**	-	**692,661**	-	**692,661**
Lease liabilities	**39,100**	-	**39,100**	-	**39,100**
At 31 March 2024					
Cash and cash equivalents	1,708,250	-	1,708,250	-	1,708,250
Other liabilities	119,069	-	119,069	-	119,069
Other assets	691,034	-	691,034	-	691,034
Lease liabilities	24,953	-	24,953	-	24,953
At 31 March 2023					
Cash and cash equivalents	2,427,416	-	2,427,416	-	2,427,416
Other liabilities	95,260	-	95,260	-	95,260
Other assets	689,329	-	689,329	-	689,329
Lease liabilities	23,750	-	23,750	-	23,750

7. CAPITAL RISK MANAGEMENT

Capital risk is the risk that the Bank has insufficient capital resources to meet the minimum regulatory requirements, to support its credit rating and to support its growth and strategic options. The Bank's regulator is the Bank of Mauritius and sets the capital requirements for the Bank. The Bank of Mauritius has adopted Basel III as from June 2014 through the Guideline on Scope of Application of Basel III and Eligible Capital.

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

- Tier 1 capital, which comprises Common Equity Tier 1 ("CET1") and Additional Tier 1 Capital. This comprises ordinary share capital, statutory reserve and retained earnings reserves.
- Tier 2 capital which includes the general banking reserve.

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

As of March 31, 2025, the Bank has complied with all externally imposed capital requirements. The Bank's Capital Adequacy Ratio is well above the regulatory requirement at March 31, 2025, 2024 and 2023.

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

8. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Financial assets at amortised cost			
Cash and cash equivalents	**1,653,949**	1,708,250	2,427,416
Placements with banks	**1,499,291**	1,407,515	1,256,715
Loans and advances to banks and customers	**14,201,236**	14,144,559	12,991,064
Investment securities	**3,119,328**	2,918,911	1,758,069
Other assets	**692,661**	691,034	689,329
Total	**21,166,465**	20,870,269	19,122,593
Financial liabilities at amortised cost			
Deposits from banks and customers	**17,759,707**	14,966,916	13,930,298
Other borrowed funds	**368,315**	3,116,788	3,133,186
Lease liabilities	**39,100**	24,953	23,750
Other liabilities	**167,496**	119,069	95,260
Total	**18,334,618**	18,227,726	17,182,494

9. CASH AND CASH EQUIVALENTS

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Current			
Cash in hand (including foreign currency notes and coins)	**31,663**	35,700	38,300
Unrestricted balances with Central Bank*	**669,027**	446,690	234,914
Placements and investment securities**	**870,893**	916,465	2,139,894
Provisions for impairment allowances on placements under stage 1	**(1,046)**	-	-
Balances with banks	**83,412**	309,395	14,308
	1,653,949	1,708,250	2,427,416

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Resident			
Cash in hand (including foreign currency notes and coins)	**31,663**	35,700	38,300
Unrestricted balances with Central Bank*	**669,027**	446,690	234,914
Placements and investment securities**	**-**	627,633	1,698,538
	700,690	1,110,023	1,971,752
Non-Resident			
Placements and investment securities**	**870,893**	288,832	441,356
Provisions for impairment allowances on placements under stage 1	**(1,046)**	-	-
Balances with banks	**83,412**	309,395	14,308
	953,259	598,227	455,664

* Unrestricted balances with Central Bank represent amounts above the minimum cash reserve requirement.

** The balances include placements with banks and investment securities having an original maturity of up to three months.

9. CASH AND CASH EQUIVALENTS (CONT'D)

	March 31, 2025 Stage 1		
	Resident	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
At April 1,	**1,110,023**	**598,227**	**1,708,250**
Additions during the year	**-**	**355,032**	**355,032**
Other movements	**(409,333)**	**-**	**(409,333)**
At March 31, 2025	**700,690**	**953,259**	**1,653,949**

	March 31, 2024 Stage 1		
	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000
At April 1,	1,971,752	455,664	2,427,416
Additions during the year	-	142,563	142,563
Other movements	(861,729)	-	(861,729)
At March 31, 2024	1,110,023	598,227	1,708,250

	March 31, 2023 Stage 1		
	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000
At April 1,	1,052,679	137,326	1,190,005
Additions during the year	919,073	318,338	1,237,411
At March 31, 2023	1,971,752	455,664	2,427,416

An analysis of changes in ECL allowances by staging as follows:

	March 31, 2025 Stage 1		
	Resident	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
ECL allowance as at April 1, 2024	-	-	-
Movement in provisions recognised in profit or loss	-	**1,046**	**1,046**
Other movements	-	-	-
At March 31, 2025	-	**1,046**	**1,046**

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified provisions for credit impairment losses were immaterial for both the current and prior years.

9. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents as shown in the statement of cash flows

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	**1,653,949**	1,708,250	2,427,416
Other borrowed funds (note 19)	**(368,315)**	(3,116,788)	(3,133,186)
Net cash and cash equivalents	**1,285,634**	(1,408,538)	(705,770)

10. PLACEMENTS WITH BANKS

	2025	2024	2023
Non-Resident	**Rs'000**	Rs'000	Rs'000
(i) Placements with banks			
- Outside Mauritius	**1,500,328**	1,408,042	1,256,715
Provisions for impairment allowances on placements under stage 1	**(1,037)**	(527)	-
	1,499,291	1,407,515	1,256,715
(ii) Remaining term to maturity			
Current			
Up to 3 months	**-**	136	1,256,715
Over 3 months year and up to 1 years	**1,499,291**	1,407,379	-
	1,499,291	1,407,515	1,256,715

While placements with banks are also subject to the impairment requirements of IFRS 9, the identified provisions for credit impairment losses were immaterial in prior years.

An analysis of changes in ECL allowances by staging as follows:

	March 31, 2025		
	Stage 1		
	Resident	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
At April 1,	**-**	**1,407,515**	**1,407,515**
Additions during the year	**-**	**91,776**	**91,776**
At March 31, 2025	**-**	**1,499,291**	**1,499,291**

	March 31, 2024		
	Stage 1		
	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000
At April 1,	-	1,256,715	1,256,715
Additions during the year	-	150,800	150,800
At March 31, 2024	-	1,407,515	1,407,515

10. PLACEMENTS WITH BANKS (CONT'D)

	March 31, 2023		
	Stage 1		
	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000
At April 1,	-	1,408,630	1,408,630
Other movements	-	(151,915)	(151,915)
At March 31, 2023	-	1,256,715	1,256,715

An analysis of changes in ECL allowances by staging as follows:

	March 31, 2025		
	Stage 1		
	Resident	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
ECL allowance as at April 1, 2024	-	**527**	**527**
Movement in provisions recognised in profit or loss	-	**510**	**510**
Other movements	-	-	-
At March 31, 2025	-	**1,037**	**1,037**

	March 31, 2024		
	Stage 1		
	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000
ECL allowance as at April 1, 2023	-	-	-
Movement in provisions recognised in profit or loss	-	527	527
Other movements	-	-	-
At March 31, 2024	-	527	527

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS

		2025	2024	2023
		Rs'000	Rs'000	Rs'000
(i)	Other Non-Financial Corporations	**1,544,841**	1,300,960	1,020,893
	Households	**2,747,630**	2,390,630	2,091,306
	Banks	**599,460**	606,185	-
	Non-Bank Deposit Taking Institutions	**450,296**	360,729	362,571
	Public Non-Financial Corporations	**398,038**	300,533	398,222
	Global Business Corporations (GBCs) Non-Bank Deposit Taking Institutions	**8,991,563**	9,703,203	9,806,352
		14,731,828	14,662,240	13,679,344
	Less allowance for credit impairment losses	**(530,592)**	(517,681)	(688,280)
		14,201,236	14,144,559	12,991,064

		2025	2024	2023
		Rs'000	Rs'000	Rs'000
	Residents			
	Other Non-Financial Corporations	**1,544,841**	1,300,962	1,020,892
	Households	**2,747,630**	2,390,630	2,091,306
	Banks	**599,460**	606,185	-
	Non-Bank Deposit Taking Institutions	**450,296**	360,729	362,571
	Public Non-Financial Corporations	**398,038**	300,533	398,222
	Less: allowance for credit impairment losses (Note (iii))	**(77,406)**	(42,638)	(138,166)
		5,662,859	4,916,401	3,734,825
	Non-Residents			
	Global Business Corporations (GBCs) Non-Bank Deposit Taking Institutions	**8,991,563**	9,703,201	9,806,353
	Less: allowance for credit impairment losses (Note (iii))	**(453,186)**	(475,043)	(550,114)
		8,538,377	9,228,158	9,256,239
	Total	**14,201,236**	14,144,559	12,991,064
(ii)	Remaining term to maturity			
	Current			
	Up to 3 months	**3,571,983**	6,092,697	6,383,757
	Over 3 months and up to 6 months	**2,969,396**	640,297	874,657
	Over 6 months and up to 12 months	**1,820,404**	40,151	39,747
	Non-current			
	Over 1 year and up to 5 years	**3,192,676**	5,059,185	3,372,816
	Over 5 years	**2,646,777**	2,312,229	2,320,087
		14,201,236	14,144,559	12,991,064
	Residents			
	Current			
	Up to 3 months	**1,711,308**	1,462,861	1,533,516
	Over 3 months and up to 6 months	**38,914**	40,990	25,883
	Over 6 months and up to 12 months	**664,067**	14,300	18,145
	Non-current			
	Over 1 year and up to 5 years	**601,792**	1,086,021	408,192
	Over 5 years	**2,646,778**	2,312,229	1,749,089
		5,662,859	4,916,401	3,734,825

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

Non-Residents			
Current			
Up to 3 months	**1,860,675**	4,629,836	4,850,241
Over 3 months and up to 6 months	**2,930,482**	599,307	848,774
Over 6 months and up to 12 months	**1,156,337**	25,851	21,602
Non-current			
Over 1 year and up to 5 years	**2,590,883**	3,973,164	2,964,624
Over 5 years	**-**	-	570,998
	8,538,377	9,228,158	9,256,239
Total	**14,201,236**	14,144,559	12,991,064

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Credit concentration of risk by industry sectors			
Name of sector			
Other Non-Financial Corporations			
A. - Agriculture, forestry and fishing	**170,391**	198,192	47,354
C - Manufacturing	**119,440**	108,847	86,610
F - Construction	**56,944**	66,931	62,953
G - Wholesale and retail trade; and repair of motor	**761,556**	627,124	550,645
H - Transportation and storage	**24,383**	19,363	17,132
I - Accommodation and food service activities	**30,651**	33,209	7,030
J - Information and communication	**392**	680	896
L - Real estate activities	**142,129**	46,425	36,293
M - Professional, scientific and technical activities	**41,102**	48,932	41,538
N- Administrative and support service activities	**18,311**	28,116	33,578
P - Education	**63,069**	1,090	2,298
Q - Human health and social work activities	**41,516**	47,912	73,152
R - Arts, entertainment and recreation	**9,151**	12,180	13,158
S - Other service activities	**37,268**	46,788	37,544
Households	**2,706,729**	2,371,421	1,969,538
Banks	**598,834**	605,527	-
Non-Bank Deposit Taking Institutions	**449,831**	356,467	359,848
Public Non-Financial Corporations	**391,161**	297,197	395,258
Global Business Corporations (GBCs)	**8,538,378**	9,228,158	9,256,239
Total	**14,201,236**	14,144,559	12,991,064
Residents			
Name of sector			
Other Non-Financial Corporations			
A. - Agriculture, forestry and fishing	**170,391**	198,192	47,354
C - Manufacturing	**119,440**	108,847	86,610
F - Construction	**56,944**	66,931	62,953
G - Wholesale and retail trade; and repair of motor	**761,556**	627,124	550,645
H - Transportation and storage	**24,383**	19,363	17,132
I - Accommodation and food service activities	**30,651**	33,209	7,030
J - Information and communication	**392**	680	896
L - Real estate activities	**142,129**	46,425	36,293
M - Professional, scientific and technical activities	**41,102**	48,932	41,538
N- Administrative and support service activities	**18,311**	28,116	33,578
P - Education	**63,069**	1,090	2,298
Q - Human health and social work activities	**41,516**	47,912	73,152
R - Arts, entertainment and recreation	**9,151**	12,180	13,158
S - Other service activities	**37,268**	46,788	37,544
Households	**2,706,730**	2,371,421	1,969,538
Banks	**598,834**	605,527	-
Non-Bank Deposit Taking Institutions	**449,831**	356,467	359,848
Public Non-Financial Corporations	**391,161**	297,197	395,258
	5,662,859	**4,916,401**	**3,734,825**
Non-Residents			
Name of sector			
Global Business Corporations (GBCs)	**8,538,377**	9,228,158	9,256,239
	8,538,377	9,228,158	9,256,239
Total	**14,201,236**	14,144,559	12,991,064

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

(iii) Allowances for credit impairment losses

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	March 31, 2025						
Internal rating grade	**Stage 1**		**Stage 2**		**Stage 3**		
	Resident	**Non-Resident**	**Resident**	**Non-Resident**	**Resident**	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Performing							
Standard grade	**5,708,369**	**8,128,294**	-	-	-	-	**13,836,663**
Past due but not impaired	-	-	-	-	-	-	-
Non-performing							
Individually impaired	-	-	-	-	**31,895**	**863,270**	**895,165**
Total	**5,708,369**	**8,128,294**	-	-	**31,895**	**863,270**	**14,731,828**

	March 31, 2024						
Internal rating grade	Stage 1		Stage 2		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Performing							
Standard grade	4,910,546	8,831,390	-	-	-	-	13,741,936
Past due but not impaired	-	-	18,787	-	-	-	18,787
Non-performing							
Individually impaired	-	-	-	-	29,706	871,811	901,517
Total	4,910,546	8,831,390	18,787	-	29,706	871,811	14,662,240

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

(iii) Allowances for credit impairment losses (Cont'd)

Internal rating grade	March 31, 2023						
	Stage 1		Stage 2		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Performing							
Standard grade	3,731,411	8,947,290	-	-	-	-	12,678,701
Past due but not impaired	-	-	103,784	-	-	-	103,784
Non-performing							
Individually impaired	-	-	-	-	37,796	859,063	896,859
Total	3,731,411	8,947,290	103,784	-	37,796	859,063	13,679,344

An analysis of changes in the gross carrying amount and the corresponding ECL allowances for the year is as follows:

	March 31, 2025						
	Stage 1		**Stage 2**		**Stage 3**		
	Resident	**Non-Resident**	**Resident**	**Non-Resident**	**Resident**	**Non-Resident**	**Total**
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Gross carrying amount as at April 1, 2024	**4,910,546**	**8,831,390**	**18,787**	-	**29,706**	**871,811**	**14,662,240**
Additions during the year	**2,019,631**	**4,595,973**	-	-	**9,826**	-	**6,625,430**
Other movements	**(1,221,808)**	**(5,299,069)**	**(18,787)**	-	**(7,637)**	**(8,541)**	**(6,555,842)**
At March 31, 2025	**5,708,369**	**8,128,294**	-	-	**31,895**	**863,270**	**14,731,828**

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

(iii) Allowances for credit impairment losses (Cont'd)

	March 31, 2024						
	Stage 1		Stage 2		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at April 1, 2023	3,731,411	8,947,290	69,674	34,110	37,796	859,063	13,679,344
Additions during the year	2,488,513	6,088,765	64	-	-	-	8,577,342
Other movements	(1,309,378)	(6,204,665)	(50,951)	(34,110)	(8,090)	12,748	(7,594,446)
At March 31, 2024	4,910,546	8,831,390	18,787	-	29,706	871,811	14,662,240

	March 31, 2023						
	Stage 1		Stage 2		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at April 1, 2022	2,643,429	7,423,318	260,414	13,783	45,216	1,367,928	11,754,088
Additions during the year	1,798,273	7,512,997	9,395	-	-	-	9,320,665
Write offs	-	-	-	-	-	(501,686)	(501,686)
Other movements	(710,291)	(5,989,025)	(200,135)	20,327	(7,420)	(7,179)	(6,893,723)
At March 31, 2023	3,731,411	8,947,290	69,674	34,110	37,796	859,063	13,679,344

An analysis of changes in ECL allowances by staging as follows:

	March 31, 2025						
	Stage 1		**Stage 2**		**Stage 3**		
	Resident	**Non-Resident**	**Resident**	**Non-Resident**	**Resident**	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
ECL allowance as at April 1, 2024	**29,374**	**37,592**	**606**	**-**	**12,001**	**438,108**	**517,681**
Movement in provisions recognised in profit or loss	**23,654**	**24,768**	**-**	**-**	**1,007**	**(27,884)**	**21,545**
Other movements	**9,949**	**(1,044)**	**(606)**	**-**	**1,422**	**(18,355)**	**(8,634)**
At March 31, 2025	**62,977**	**61,316**	**-**	**-**	**14,430**	**391,869**	**530,592**

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

(iii) Allowances for credit impairment losses (Cont'd)

	March 31, 2024						
	Stage 1		Stage 2		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at April 1, 2023	107,669	105,058	16,485	-	14,012	445,056	688,280
Movement in provisions recognised in profit or loss	(3,320)	(29,112)	-	-	(2,147)	(136,020)	(170,599)
Other movements	(74,975)	(38,354)	(15,879)	-	136	129,072	-
At March 31, 2024	29,374	37,592	606	-	12,001	438,108	517,681

	March 31, 2023						
	Stage 1		Stage 2		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at April 1, 2022	21,835	58,718	14,896	12,689	22,808	967,518	1,098,464
Additions during the year	42,762	57,952	2,076	-	-	-	102,790
Amount written off out of provisions	-	-	-	-	-	(283,566)	(283,566)
Other movements	43,072	(23,431)	(487)	(12,689)	(8,796)	(227,077)	(229,408)
At March 31, 2023	107,669	93,239	16,485	-	14,012	456,875	688,280

11. LOANS AND ADVANCES TO BANKS AND CUSTOMERS (CONT'D)

(iv) Allowances for credit impairment losses by industry sectors

	March 31, 2025					March 31, 2024	March 31, 2023
Resident	Gross amount of loans	Impaired loans included in gross amount	Stage 3 allowance for credit impairment losses	Stage 1 & 2 allowance for credit impairment losses	Total allowance for credit impairment losses	Total allowance for credit impairment losses	Total allowance for credit impairment losses
Other Non-Financial Corporations	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000	Rs'000
A. - Agriculture, forestry and fishing	173,352	-	-	2,961	2,961	1,529	371
C - Manufacturing	122,922	3,073	1,460	2,022	3,482	5,539	2,729
F - Construction	57,756	-	-	811	811	424	466
motor vehicles and motorcycles	776,567	-	-	15,011	15,011	5,587	4,461
H - Transportation and storage	24,947	323	146	419	565	284	325
I - Accommodation and food service activities	31,069	-	-	418	418	208	407
J - Information and communication	520	276	124	4	128	4	10
L - Real estate activities	143,757	-	-	1,628	1,628	294	544
M - Professional, scientific and technical activities	41,816	-	-	714	714	374	293
N- Administrative and support service activities	18,619	-	-	308	308	161	246
P - Education	64,147	-	-	1,079	1,079	10	17
Q - Human health and social work activities	42,250	-	-	734	734	378	469
R - Arts, entertainment and recreation	9,314	-	-	163	163	97	98
S - Other service activities	37,804	-	-	536	536	280	277
Households	2,747,630	28,223	12,700	28,201	40,901	19,212	121,767
Banks	450,296	-	-	626	626	659	-
Non-Bank Deposit Taking Institutions	599,460	-	-	465	465	4,262	2,723
Public Non-Financial Corporations	398,038	-	-	6,877	6,877	3,336	2,963
	5,740,264	31,895	14,430	62,977	77,407	42,638	138,166
Non-Resident							
Global Business Corporations (GBCs)	8,991,564	863,270	391,869	61,316	453,185	475,043	550,114
	8,991,564	863,270	391,869	61,316	453,185	475,043	550,114
Total	14,731,828	895,165	406,299	124,293	530,592	517,681	688,280

12. INVESTMENT SECURITIES

	2025
	Rs'000
Investment in debt securities measured at amortised cost	3,119,328
Details of investments at amortised cost:	
Government of Mauritius and Bank of Mauritius bonds	990,276
Treasury bills	2,131,636
Overseas government bonds	5,190
	3,127,102
Less allowance for credit impairment losses	
Stage 1	(2,584)
Stage 3	(5,190)
	3,119,328

Remaining term to maturity	2025					
	Within 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Resident						
Government of Mauritius and Bank of Mauritius bonds	-	-	-	990,276	-	990,276
Treasury bills	149,724	444,337	1,537,575	-	-	2,131,636
Less allowance for credit impairment losses	(485)	(247)	(467)	(1,385)	-	(2,584)
	149,239	444,090	1,537,108	988,891	-	3,119,328
Non-Resident						
Overseas government bonds	-	-	-	-	5,190	5,190
Less allowance for credit impairment losses	-	-	-	-	(5,190)	(5,190)
	-	-	-	-	-	-
	149,239	444,090	1,537,108	988,891	-	3,119,328

Other than the overseas government bonds which have been classified under stage 3, the investments in government bonds and bills are under stage 1. There have been no transfers between stages during the current and prior years.

12. INVESTMENT SECURITIES

	2024
	Rs'000
Investment in debt securities measured at amortised cost	2,918,911
Details of investments at amortised cost:	
Government of Mauritius and Bank of Mauritius bonds	1,513,312
Treasury bills	1,407,810
Overseas government bonds	5,259
	2,926,381
Less allowance for credit impairment losses	
Stage 1	(2,211)
Stage 3	(5,259)
	2,918,911

	2024					
Remaining term to maturity	Within 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Resident						
Government of Mauritius and Bank of Mauritius bonds	699,083	-	76,127	738,102	-	1,513,312
Treasury bills	598,163	471,645	338,002	-	-	1,407,810
Less allowance for credit impairment losses	(1,046)	(350)	(271)	(544)	-	(2,211)
	1,296,200	471,295	413,858	737,558	-	2,918,911
Non-Resident						
Overseas government bonds	-	-	-	-	5,259	5,259
Less allowance for credit impairment losses	-	-	-	-	(5,259)	(5,259)
	-	-	-	-	-	-
	1,296,200	471,295	413,858	737,558	-	2,918,911

Other than the overseas government bonds which have been classified under stage 3, the investments in government bonds and bills are under stage 1. There have been no transfers between stages during the current and prior years.

12. INVESTMENT SECURITIES

	2023
	Rs'000
Investment in debt securities measured at amortised cost	1,758,069
Details of investments at amortised cost:	
Government of Mauritius and Bank of Mauritius bonds	1,481,763
Treasury bills	284,952
Overseas government bonds	5,160
	1,771,875
Less allowance for credit impairment losses	
Stage 1	(8,646)
Stage 3	(5,160)
	1,758,069

Remaining term to maturity	2023					
	Within 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Resident						
Government of Mauritius and Bank of Mauritius bonds	-	93,102	78,708	1,309,953	-	1,481,763
Treasury bills	284,952	-	-	-	-	284,952
Less allowance for credit impairment losses	(5,123)	-	(200)	(3,323)	-	(8,646)
	279,829	93,102	78,508	1,306,630	-	1,758,069
Non-Resident						
Overseas government bonds	-	-	-	-	5,160	5,160
Less allowance for credit impairment losses	-	-	-	-	(5,160)	(5,160)
	-	-	-	-	-	-
	279,829	93,102	78,508	1,306,630	-	1,758,069

Other than the overseas government bonds which have been classified under stage 3, the investments in government bonds and bills are under stage 1. There have been no transfers between stages during the current and prior years.

12. INVESTMENT SECURITIES (CONT'D)

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At April 1,	**2,918,911**	1,758,069	4,184,128
Purchases	**8,151,077**	3,446,932	16,602,968
Proceeds/matured	**(7,993,300)**	(2,292,426)	(19,023,124)
Other Movements*	**50,414**	13,806	7,903
Impairment losses	**(7,774)**	(7,470)	(13,806)
	3,119,328	2,918,911	1,758,069

Others Movements include interest and amortisation adjustments.

An analysis of changes in ECL allowances by staging as follows:

	March 31, 2025				
	Stage 1		**Stage 3**		
	Resident	**Non-Resident**	**Resident**	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At April 1,	**2,918,911**	-	-	-	**2,918,911**
Purchases	**8,151,077**	-	-	-	**8,151,077**
Proceeds/matured	**(7,993,300)**	-	-	-	**(7,993,300)**
Other movements	**42,640**	-	-	-	**42,640**
At March 31, 2025	**3,119,328**	-	-	-	**3,119,328**

	March 31, 2024				
	Stage 1		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At April 1,	1,758,069	-	-	-	1,758,069
Purchases	3,446,932	-	-	-	3,446,932
Proceeds/matured	(2,292,426)	-	-	-	(2,292,426)
Other movements	6,336	-	-	-	6,336
At March 31, 2024	2,918,911	-	-	-	2,918,911

	March 31, 2023				
	Stage 1		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At April 1,	4,184,128	-	-	5,064	4,189,192
Purchases	16,602,968	-	-		16,602,968
Proceeds/matured	(19,023,124)	-	-		(19,023,124)
Other movements	(5,903)	-	-	(5,064)	(10,967)
At March 31, 2023	1,758,069	-	-	-	1,758,069

	March 31, 2025				
	Stage 1		**Stage 3**		
	Resident	**Non-Resident**	**Resident**	**Non-Resident**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
ECL allowance as at April 1, 2024	**2,211**	-	-	**5,259**	**7,470**
Movement in provisions recognised in profit or loss	**373**	-	-		**373**
Other movements	-	-	-	**(69)**	**(69)**
At March 31, 2025	**2,584**	-	-	**5,190**	**7,774**

	March 31, 2024				
	Stage 1		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at April 1, 2023	8,646	-	-	5,160	13,806
Movement in provisions recognised in profit or loss	(6,435)	-	-	-	(6,435)
Other movements	-	-	-	99	99
At March 31, 2024	2,211	-	-	5,259	7,470

	March 31, 2023				
	Stage 1		Stage 3		
	Resident	Non-Resident	Resident	Non-Resident	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at April 1, 2022	2,821	-	-	5,064	7,885
Movement in provisions recognised in profit or loss	5,825	-	-	-	5,825
Other movements	-	-	-	96	96
At March 31, 2023	8,646	-	-	5,160	13,806

13. INVESTMENT PROPERTY

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At fair value			
At April 1,	**13,050**	12,302	18,500
Transfer to property and equipment (note 14)	-	-	(6,198)
Revaluation gain	-	748	-
At March 31,	**13,050**	13,050	12,302

The fair value of the Bank's investment property at March 31, 2025 has been arrived at on the basis of a valuation carried out at that date by S. M. Ikhlaas Belath, an independent qualified valuer of the Bank. The valuation conforms to International Valuation Standards. The fair value was determined based on estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.The valuation of the Bank's investment property is made every three years. The last valuation was carry out on March 31,2024

Details of the Bank's investment property basis for valuation and information about the fair value hierarchy at the reporting period are as follows:

Details	Valuation technique	Significant unobservable input	Relationship of unobservable inputs to fair values
Investment property	Income capitalisation approach	Discount rate used, taking into account the nature of the industry and prevailing market condition	A slight increase in the discount rate would result in a decrease in fair value, and vice versa

Significant Increase/(decreasein the unobservable imput in the isolation would result in a significant higher/(lower) fair value

	Impact on fair Value	
	2025	2024
	Rs'000	Rs'000
Increase of 0.5% in discount rate	**(126)**	(126)
Decrease of 0.5% in discount rate	**136**	136

During the year for the year ended March 31, 2025, the Bank received rental income amounting **Rs 2,205,839** (2024: Rs 1,666,387 and 2023: Rs 1,902,000), which has been recognised under "Other income" in profit or loss.

14. PROPERTY AND EQUIPMENT

	Freehold land and buildings	Computer equipment	Furniture, fittings and equipment	Motor vehicles	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000		Rs'000
Cost or valuation						
At April 1, 2022	129,800	46,949	76,151	4,126	26,020	283,046
Additions during the year	-	332	964	2,867	8,316	12,479
Capitalisation of work in progress	-	-	8,677	-	(8,677)	-
Transfer from investment property (Note 13)	6,198	-	-	-	-	6,198
Write off during the year	-	-	(154)	-	-	(154)
At March 31, 2023	135,998	47,281	85,638	6,993	25,659	301,569
Additions during the year	-	2,815	2,521	2,898	15,541	23,775
Revaluation	7,640	-	-	-	-	7,640
Capitalisation of work in progress	14,389	-	3,517	-	(17,906)	-
Disposals during the year	-	-		(1,286)	-	(1,286)
At March 31, 2024	158,027	50,096	91,676	8,605	23,294	331,698
Additions during the year	**-**	**1,332**	**12,139**		**57,329**	**70,800**
Revaluation	**-**	**-**	**-**	**-**	**-**	**-**
Capitalisation of work in progress	**16,384**	**-**	**13,833**	**-**	**(30,217)**	**-**
Disposals during the year	**-**	**-**	**(34,342)**	**(1,915)**	**-**	**(36,257)**
At March 31, 2025	**174,411**	**51,428**	**83,306**	**6,690**	**50,406**	**366,241**
Accumulated depreciation						
At April 1, 2022	5,124	43,572	67,231	3,444	-	119,371
Charge for the year	4,365	1,758	1,807	994	-	8,924
Assets written off	-	-	(144)	-	-	(144)
At March 31, 2023	9,489	45,330	68,894	4,438	-	128,151
Charge for the year	4,088	1,633	2,517	693	-	8,931
Disposal adjustments	-	-		(1,221)	-	(1,221)
At March 31, 2024	13,577	46,963	71,411	3,910	-	135,861
Charge for the year	**3,353**	**1,844**	**12,265**	**1,468**	**-**	**18,930**
Disposal adjustments	**-**	**-**	**(33,760)**	**(1,839)**	**-**	**(35,599)**
At March 31, 2025	**16,930**	**48,807**	**49,916**	**3,539**	**-**	**119,192**
Carrying amount						
At March 31, 2023	126,509	1,951	16,744	2,555	25,659	173,418
At March 31, 2024	144,450	3,133	20,265	4,695	23,294	195,837
At March 31, 2025	**157,481**	**2,621**	**33,390**	**3,151**	**50,406**	**247,049**

Management is of the opinion that there are no indications of impairment of property and equipment at March 31, 2025, March 31, 2024 and March 31, 2023.

Freehold land and buildings

The land and buildings were revalued at March 31, 2024, by S. M. Ikhlaas Belath, an independent qualified valuer. The valuation was made on the basis of open market value. The fair value was determined based on estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.

14. PROPERTY AND EQUIPMENT (CONT'D)

Details of the Bank's land and building basis for valuation and information about the fair value hierarchy at the reporting period are as follows:

Details	Basis of valuation	Level 1	Level 2	Level 3	Fair value at March 31, 2025
		Rs'000	Rs'000	Rs'000	Rs'000
Land	Sales comparison approach	-	47,600	-	47,600
Buildings	Depreciated replacement cost approach	-	-	109,881	109,881
		-	47,600	109,881	157,481

Details	Basis of valuation	Level 1	Level 2	Level 3	Fair value at March 31, 2024
		Rs'000	Rs'000	Rs'000	Rs'000
Land	Sales comparison approach	-	47,600	-	47,600
Buildings	Depreciated replacement cost approach	-	-	96,850	96,850
		-	47,600	96,850	144,450

Details	Basis of valuation	Level 1	Level 2	Level 3	Fair value at March 31, 2023
		Rs'000	Rs'000	Rs'000	Rs'000
Land	Sales comparison approach	-	47,600	-	47,600
Buildings	Depreciated replacement cost approach	-	-	78,909	78,909
		-	47,600	78,909	126,509

The valuation of land was determined using the sales comparison approach which is level 2 in the fair value hierarchy and the valuation of the building was determined using the depreciated replacement cost approach which is level 3 in the fair value hierarchy

Details	Valuation technique	Significant unobservable input	Relationship of unobservable inputs to fair values
Building	Depreciated replacement approach	Price per square feet, taking into account the nature of the industry and prevailing market condition	A slight increase in the price per square feet would result in a increase in fair value, and vice versa

Significant Increase/(decrease in the unobservable impute in the isolation would result in a significant higher/(lower) fair value

14. PROPERTY AND EQUIPMENT (CONT'D)

	Impact on fair Value	
	2025	2024
	Rs'000	Rs'000
Increase of 5% in price per square feet	**5,494**	4,843
Decrease of 5% in price per square feet	(5,494)	4,843

If freehold land and building had been stated as historical cost the carrying amount would have been as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Cost	**89,108**	72,721	58,332
Accumulated depreciation	**(43,931)**	(43,134)	(39,278)
Net book value	**45,177**	29,587	19,054

The movement in the opening balance and closing balance of the property, plant and equipment categorised within level 3 of the fair value hierarchy are as follows:

	2025	2024	2023
Level 3	**Rs'000**	Rs'000	Rs'000
At April 1,	**96,850**	78,909	77,076
Additions	-	-	-
Capitalisation of work in progress	**16,384**	14,389	6,198
Depreciation charge	**(3,353)**	(4,088)	(4,365)
Revaluation adjustment	-	7,640	-
At March 31,	**109,881**	96,850	78,909

15A. RIGHT-OF-USE ASSETS

	Office-Branches	**Residential property**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Cost			
At April 1, 2022	31,197	8,269	39,466
Addition during the year	-	3,871	3,871
Derecognition of lease		(5,076)	(5,076)
At March 31, 2023	31,197	7,064	38,261
Addition during the year	-	7,228	7,228
Derecognition of lease	-	(3,484)	(3,484)
At March 31, 2024	31,197	10,808	42,005
Addition during the year	-	-	-
Derecognition of lease	-	**(673)**	**(673)**
Lease modification	**10,466**	**173**	**10,639**
At March 31, 2025	**41,663**	**10,308**	**51,971**

15A. RIGHT-OF-USE ASSETS (CONT'D)

Accumulated depreciation	Office-Branches Rs'000	Residential property Rs'000	Total Rs'000
At April 1, 2022	10,647	4,101	14,748
Charge for the year	2,881	1,404	4,285
Derecognition of lease	-	(2,428)	(2,428)
At March 31, 2023	13,528	3,077	16,605
Charge for the year	2,753	1,907	4,660
Derecognition of lease		(1,792)	(1,792)
At March 31, 2024	16,281	3,192	19,473
Charge for the year	**3,250**	**3,469**	**6,719**
Derecognition of lease	**-**	**(288)**	**(288)**
Lease modification	**(1,672)**	**(979)**	**(2,651)**
At March 31, 2025	**17,859**	**5,394**	**23,253**
Net Book Value			
At March 31, 2023	17,669	3,987	21,656
At March 31, 2024	14,916	7,616	22,532
At March 31, 2025	**23,804**	**4,914**	**28,718**

	2025 Rs'000	2024 Rs'000	2023 Rs'000
Amounts recognised in profit or loss			
Loss on termination	**84**	1,036	220
Depreciation expense of right-of-use assets (Note 15A)	**6,719**	4,660	4,285
Interest expense on lease liabilities (Note 26)	**3,010**	2,081	2,206
Total amount recognised in profit or loss	**9,813**	7,777	6,711

The Bank leases buildings to operate its branches and residential property for its expatriate staff. The average lease term is 5.6 years (2024: 4 years).

The Bank does not have option to purchase the buildings and residential property at the end of the lease term.

Management has reviewed the carrying amount of rights-of-use assets and is of the opinion that no impairment is required as at March 31, 2025, March 31, 2024 and March 31, 2023.

During the year ended March 31, 2025, the Bank has incurred **Rs 259,261** (2024: Rs 132,000 and 2023: Rs 155,822) for a short term lease which relates to rental for the residence for expatriate staff.

15B. LEASE LIABILITIES

	Office-Branches	Residential property	Total
	Rs'000	Rs'000	Rs'000
At April 1, 2022	23,506	4,291	27,797
Addition	-	3,871	3,871
Interest expense	1,865	341	2,206
Derecognition of lease	-	(2,428)	(2,428)
Lease payment	(5,250)	(2,446)	(7,696)
At March 31, 2023	20,121	3,629	23,750
Addition	-	7,228	7,228
Interest expense	1,655	426	2,081
Derecognition of lease		(656)	(656)
Lease payment	(5,250)	(2,200)	(7,450)
At March 31, 2024	16,526	8,427	24,953
Addition	**-**	**-**	**-**
Interest expense	**2,450**	**560**	**3,010**
Lease modification	**19,333**	**1,123**	**20,456**
Derecognition of lease	**-**	**(301)**	**(301)**
Lease payment	**(5,089)**	**(3,929)**	**(9,018)**
At March 31, 2025	**33,220**	**5,880**	**39,100**

The total cash outflows for leases amounted to Rs 9M for the year ended March 31, 2025 (2024: Rs 7.4M, 2023: Rs 7.7M)

At March 31, 2025, the Bank does not have any commitment for short-term leases. There are no variable lease payment in the lease contracts of the Bank.

Maturity analysis of lease liability are as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Up to 1 year	**6,061**	6,363	4,471
1 to 5 years	**20,094**	14,178	18,102
Above 5 years	**12,945**	4,412	1,177
	39,100	24,953	23,750
Further analysed into:			
Current	**6,061**	6,363	4,471
Non-current	**33,039**	18,590	19,279
	39,100	24,953	23,750

The Bank does not face a significant liquidity risk with regard to its lease liabilities. The lease liabilities are monitored within the Bank's treasury function.

16. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax liabilities and assets are offset when they relate to the same fiscal authority. The following amounts are shown in the statement of financial position:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Resident			
Deferred tax assets (see (c) below)	**42,274**	40,654	68,959
Deferred tax liabilities (see (d) below)	**(7,066)**	(13,872)	(13,122)
	35,208	26,782	55,837

Deferred tax is calculated on all temporary differences under the liability method at 7% (2024 and 2023: 7%)

(b) The movement on the deferred tax account is as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At April 1,	**26,782**	55,837	41,192
Amount (charged)/credited to profit or loss (Note 20(b))	**8,830**	(29,272)	14,600
Amount (charged)/credited to other comprehensive income	**(404)**	217	45
At March 31,	**35,208**	26,782	55,837

(c) **Deferred tax assets**

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Provision for credit impairment losses			
At April 1,	**36,809**	49,192	50,592
Amount credited/(charged) to profit or loss	**826**	(12,383)	(1,400)
At March 31,	**37,635**	36,809	49,192
Retirement benefit obligations			
At April 1,	**2,098**	1,693	1,650
Amount charged to profit or loss	**809**	(347)	(2)
Amount credited/(charged) to other comprehensive income	**(404)**	752	45
At March 31,	**2,503**	2,098	1,693
Lease liabilities			
At April 1,	**1,747**	1,663	1,984
Amount credited/ (charged) to profit or loss	**389**	84	(321)
At March 31,	**2,136**	1,747	1,663
Others			
At March 31,	**-**	-	16,411
Total	**42,274**	40,654	68,959

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(d) Deferred tax liabilities

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Asset revaluations			
At April 1,	(6,061)	(5,526)	(5,526)
Amount (charged) to other comprehensive income		(535)	-
Amount (charged)/credited to profit or loss	6,061		
At March 31,	-	(6,061)	(5,526)
Accelerated tax depreciation			
At April 1,	(6,262)	(6,080)	(5,778)
Amount (charged)/credited to profit or loss	904	(182)	(302)
At March 31,	(5,358)	(6,262)	(6,080)
Right-of-use assets			
At April 1,	(1,549)	(1,516)	(1,730)
Amount (charged)/credited to profit or loss	(159)	(33)	214
At March 31,	(1,708)	(1,549)	(1,516)
Total	(7,066)	(13,872)	(13,122)

17. OTHER ASSETS

	2025	2024	2023
Current	Rs'000	Rs'000	Rs'000
Resident			
Balances due in clearing	25,890	15,940	16,491
Mandatory balances with central bank	660,299	668,428	669,301
Others	6,472	6,666	3,537
	692,661	691,034	689,329

(a) The balances due in clearing includes transitory accounts which are subsequently cleared.

(b) The mandatory balance with the Bank of Mauritius refers to the minimum reserve requirement set out by the Bank of Mauritius. This balance is non-interest bearing and cannot be used for daily cash and treasury management of the Bank.

(c) Others include internal suspense accounts which are usually cleared within 12 months.

18. DEPOSITS FROM BANKS AND CUSTOMERS

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(a) Deposits from banks			
Demand deposits	18,757	12,404	27,729
Savings accounts	-	5,587	441
Money market deposits with remaining term to maturity:			
Up to 3 months	-	-	-
6 months to 12 months	-	-	5,011
1 year to 5 years	-	-	240
	18,757	17,991	33,421

18. DEPOSITS FROM BANKS AND CUSTOMERS (CONT'D)

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(b) Deposits from customers			
(i) Retail customers			
Current accounts	**55,603**	43,640	59,197
Savings accounts	**3,979,037**	3,717,582	3,719,107
Time deposits with remaining term to maturity:			
Up to 3 months	**2,337,983**	2,505,748	2,154,483
3 months to 6 months	**375,386**	251,025	243,526
6 months to 12 months	**939,623**	761,312	786,517
1 year to 5 years	**415,409**	375,864	372,625
	4,068,401	3,893,949	3,557,151
	8,103,041	7,655,171	7,335,455
(ii) Corporate customers			
Current accounts	**708,957**	670,161	646,583
Savings accounts	**2,396,607**	2,224,407	2,752,998
Time deposits with remaining term to maturity:			
Up to 3 months	**5,271,967**	898,232	1,909,309
3 months to 6 months	**53,026**	1,620,207	439,433
6 months to 12 months	**955,317**	570,717	693,821
1 year to 5 years	**82,208**	120,548	43,514
	6,362,518	3,209,704	3,086,077
	9,468,082	6,104,272	6,485,658
(iii) Government			
Current accounts	**57,443**	7,863	-
Savings accounts	**5,198**	1,085,461	1,211
	62,641	1,093,324	1,211
(c) Accrued interest payable	**107,186**	96,158	74,553
Total	**17,759,707**	14,966,916	13,930,298
Analysed into:			
Current	**17,262,090**	14,470,504	13,513,919
Non-Current	**497,617**	496,412	416,379
	17,759,707	14,966,916	13,930,298
(d) Deposits from banks			
Resident			
Demand deposits	**18,757**	12,404	27,729
Savings accounts	-	-	430
Money market deposits with remaining term to maturity:			
1 year to 5 years	-	-	240
	18,757	12,404	28,399
Non -Resident			
Savings accounts	-	5,587	11
Money market deposits with remaining term to maturity:			
Up to 3 months	-	-	-
6 months to 12 months	-	-	5,011
	-	5,587	5,022
Total	**18,757**	17,991	33,421

18. DEPOSITS FROM BANKS AND CUSTOMERS (CONT'D)

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(e) Deposits from customers			
(i) Retail customers			
Resident			
Current accounts	**55,603**	43,586	59,197
Savings accounts	**3,725,853**	3,437,348	3,376,356
Time deposits with remaining term to maturity			
Up to 3 months	**173,542**	177,618	162,477
3 months to 6 months	**177,173**	191,471	217,477
6 months to 12 months	**407,642**	363,510	327,935
1 year to 5 years	**405,485**	371,222	372,124
	1,163,842	1,103,821	1,080,013
	4,945,298	4,584,755	4,515,566
Non -Resident			
Current accounts	**-**	54	-
Savings accounts	**253,185**	280,234	342,751
Time deposits with remaining term to maturity			
Up to 3 months	**2,164,440**	2,328,130	1,992,006
Over 3 months and up to 6 months	**198,213**	59,554	26,049
Over 6 months and up to 12 months	**531,981**	397,802	458,582
Over 1 year and up to 5 years	**9,924**	4,642	501
	2,904,558	2,790,128	2,477,138
	3,157,743	3,070,416	2,819,889
	8,103,041	7,655,171	7,335,455
(ii) Corporate customers			
Resident			
Current accounts	**708,904**	670,161	646,529
Savings accounts	**225,876**	662,787	250,289
Time deposits with remaining term to maturity			
Up to 3 months	**103,325**	156,643	78,527
3 months to 6 months	**35,945**	46,678	100,014
6 months to 12 months	**57,388**	138,805	196,368
1 year to 5 years	**82,208**	120,548	43,514
	278,866	462,674	418,423
	1,213,646	1,795,622	1,315,241
Non -Resident			
Current accounts	**53**	-	54
Savings accounts	**2,170,731**	1,561,620	2,502,709
Time deposits with remaining term to maturity			
Up to 3 months	**5,168,641**	741,589	1,830,782
3 months to 6 months	**17,081**	1,573,529	339,419
6 months to 12 months	**897,930**	431,912	497,453
	6,083,652	2,747,030	2,667,654
	8,254,436	4,308,650	5,170,417
	9,468,082	6,104,272	6,485,658

18. DEPOSITS FROM BANKS AND CUSTOMERS (CONT'D)

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(e) **Deposits from customers (cont'd)**			
(iii) **Government**			
Resident			
Current accounts	**57,443**	7,863	-
Savings accounts	**1,435**	1,085,299	1,046
Non -Resident			
Savings accounts	**3,763**	162	165
	62,641	1,093,324	1,211
Deposit			
Resident	**6,236,579**	7,485,944	5,860,252
Non Resident	**11,415,942**	7,384,815	7,995,493
Accrued interest payable			
Resident	**41,669**	42,228	37,259
Non Resident	**65,517**	53,929	37,294
Total	**17,759,707**	14,966,916	13,930,298

19. OTHER BORROWED FUNDS

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Current			
Non -Resident	**368,315**	3,116,788	3,133,186
	368,315	3,116,788	3,133,186
Includes borrowings with original maturity of less than 3 months as shown in note 9	**368,315**	3,116,788	3,133,186

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Remaining term to maturity			
Current			
Up to 3 months	**368,315**	3,116,788	3,133,186
	368,315	3,116,788	3,133,186

The other borrowed funds carry an interest rate ranging from **2.60 %** to **6.00%** and are unsecured. (2024: 4.78% to 6.25%)

20. TAXATION

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(a) Tax liability - Segment A			
At April 1,	**24,604**	4,093	216
Tax charge for the year	**13,680**	16,599	-
Under/(over)provision in previous years	**2,418**	4,274	5,764
Bank levy	**21,050**	11,963	10,252
Tax paid	**(39,622)**	(13,852)	(13,073)
Corporate social responsibility tax	**1,348**	1,527	935
Exchange (losses)/gains	-	-	(1)
At March 31,	**23,478**	24,604	4,093

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(b) Income tax expense/(credit) - Segment A			
Current tax	**13,680**	16,599	-
Bank levy	**21,050**	11,963	10,252
Deferred tax (note 16)	**(8,830)**	29,272	(14,600)
Under/(over)provision in previous years	**2,417**	4,274	5,764
Exchange gains	-	-	(444)
Corporate social responsibility tax	**1,348**	1,527	935
	29,665	63,635	1,907

(c) Tax reconciliation

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Profit/(loss) before tax	**286,184**	737,660	202,976
Tax calculated at 5%	**14,309**	36,883	10,149
Expenses not deductible for tax purposes	**3,619**	1,190	6,154
Income not subject to tax	**(4,248)**	(21,474)	(16,764)
Special levy/Corporate climate Responsibility	**21,050**	11,963	10,252
Under/(over)provision in previous years	**2,418**	4,274	5,764
Corporate Social Responsibility tax	**1,348**	1,527	935
Deferred tax not recognised	-	-	461
Other movements	**(8,830)**	29,272	(15,044)
Tax charge/(credit)	**29,666**	63,635	1,907

21. OTHER LIABILITIES

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Current			
Bills payable	**43,562**	22,685	43,009
Others*	**123,737**	82,574	38,224
Provisions for impairment allowances on off-balance sheet items under stage 1	**197**	165	655
Non-Current			
Others	**-**	13,645	13,372
	167,496	119,069	95,260
Analysed as follows:			
Resident			
Bills payable	**43,562**	22,685	43,009
Others*	**123,737**	82,574	38,224
Provisions for impairment allowances on off-balance sheet items under stage 1	**197**	165	655
	167,496	105,424	81,888
Non-Resident			
Others	**-**	13,645	13,372
	-	13,645	13,372
Total	**167,496**	119,069	95,260

*Others include provisions made in respect of vacation leave, accruals, provisions and payables to VISA and other transitory accounts which are usually cleared within 12 months.

All off balance sheet items have been classified under stage 1 of the ECL model and their ECL allowances computed accordingly. There were no transfers between the stages during the current and prior years.

22. RETIREMENT BENEFIT OBLIGATIONS

The liability relates to retirement gratuity payable under the Workers' Right Act 2019 ("WRA"). The WRA provides for a lump sum at retirement based on final salary and years of service. The actuarial valuation was carried out at March, 31 2025 by MUA Pension Ltd. The present value of the defined benefit liability, and the related current service cost were measured using the projected unit credit method.

The amounts of Rs **5,558,000** (2024: Rs 3,828,000) corresponds to the contribution which have been made into the Portable Retirement Gratuity Fund ("PRGF") for the Bank's active employees since they are not members of any pension scheme.

(i) The amount included in the statement of financial position arising from the Bank's obligations is as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Present value of unfunded obligations	**29,900**	33,799	26,091
Fair value of plan assets	**(5,558)**	(3,828)	(1,899)
Net liability arising from defined benefit obligations	**24,342**	29,971	24,192

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

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Current service cost	**1,744**	2,007	1,453
Net interest expense	**1,847**	1,552	954
Past service cost	**-**	(6,137)	3,958
Amount recognised in personnel expenses (Note 30)	**3,591**	(2,578)	6,365

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Actuarial losses/(gain) arising from changes in financial assumptions	**(5,768)**	10,740	646

(iv) Movement in the liability recognised in the statement of financial position:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At April 1,	**33,799**	26,091	23,573
Current service cost	**1,744**	2,007	1,453
Net interest expense	**1,847**	1,551	954
Past service cost	**-**	(6,137)	3,958
Actuarial (gain)/losses arising from changes in financial assumptions	**(5,768)**	10,740	646
Benefit paid	**(1,722)**	(453)	(4,493)
At March 31,	**29,900**	33,799	26,091

(v) Movement in the fair value of the plan assets in the year were as follows:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
At April 1,	**3,828**	1,899	8
Contributions to plan assets	**2,152**	2,383	2,035
Benefits paid	**(423)**	(454)	(144)
At March 31,	**5,557**	3,828	1,899

(vi) The principal assumptions used for accounting purposes are:

	2025	2024	2023
Discount rate	**5.92%**	5.56%	5.95%
Salary rate	**5.00%**	6.50%	5.50%

(vii) Sensitivity analysis

The following sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

In presenting the following sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) Sensitivity analysis (cont'd)

The figures shown are the resulting retirement benefit obligations from an increase/ (decrease) in each of assumptions outlined:

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Increase in discount rate by 1%	**(26,017)**	(29,268)	(22,515)
Decrease in discount rate by 1%	**34,654**	39,368	30,486
Increase in salary rate by 1%	**34,654**	39,268	30,468
Decrease in salary rate by 1%	**(25,950)**	(29,260)	(22,466)

(viii) The Bank is exposed to risks as follows:

Interest rate risk

A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's investments.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(ix) The average duration of the benefit obligation at the end of the reporting period is 16 years (2024: 16 years)

23. EQUITY

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(a) **Assigned capital**			
At April 1, and March 31,	**400,571**	400,571	400,571

The Bank is in compliance with the minimum capital requirements set out under Section 20 (1) of the Banking Act 2004, which is of Rs 400m.

(b) **Other reserves**

(i) Statutory reserve

The Bank maintains a statutory reserve and transfers each year to the statutory reserve out of the profit for the year, a sum equal to not less than 15% of the profit for the year until the balance in the statutory reserve is equal to the amount paid as assigned capital. During FY 2021, the Bank transferred an amount higher than 15% of its profit for the year so as to equalise the balance in statutory reserve to its assigned capital. As at March 31, 2025, the statutory reserve is equal to the assigned capital of the Bank, and hence no more transfers were effected.

(ii) Revaluation reserve

This reserve represents revaluation gains arising on periodical revaluation of land and buildings owned by the Bank.

(iii) General banking reserve

The reserve includes the difference between the provisions for impairment allowances as required by the Reserve Bank of India and/or the Bank of Mauritius (whichever is the higher) and the impairment provisions computed under IFRS 9 *Financial Instruments* requirements. Refer to Note 5 (b) (v) under credit risk for more details.

24. CONTINGENT LIABILITIES

	2025	**2024**	2023
	Rs'000	Rs'000	Rs'000
Guarantees on account of customers			
Resident	**344,192**	329,665	224,828
Non-Resident	**226,788**	304,369	1,171,356
	570,980	634,034	1,396,184
Letters of credit on account of customers			
Resident	**-**	-	37,981
Inward/Outward bills for collection			
Non-Resident	**14,827**	-	280
	585,807	634,034	1,434,445

25. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Financial assets at amortised cost			
Placements with banks	**107,993**	92,354	35,829
Loans and advances to banks and customers	**823,432**	718,206	455,534
Investment securities	**111,884**	89,582	77,417
	1,043,309	900,142	568,780
Resident			
Placements with banks	**16,425**	16,843	2,460
Loans and advances to banks and customers	**290,760**	276,523	184,245
Investment securities	**111,669**	89,392	77,268
	418,854	382,758	263,973
Non-Resident			
Placements with banks	**91,568**	75,511	33,369
Loans and advances to banks and customers	**532,672**	441,683	271,289
Investment securities	**215**	190	149
	624,455	517,384	304,807
Total	**1,043,309**	900,142	568,780

26. INTEREST EXPENSE

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Financial liabilities at amortised cost			
Other borrowed funds	**134,283**	123,383	60,214
Deposits from banks and customers	**460,750**	396,190	156,442
Interest expense on lease liabilities (Note 15B)	**3,010**	2,081	2,206
	598,043	521,654	218,862

26. INTEREST EXPENSE (CONT'D)

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Resident			
Other borrowed funds	**75**	-	27
Deposits from banks and customers	**164,782**	166,366	76,998
Interest expense on lease liabilities	**3,010**	2,081	2,206
	167,867	168,447	79,231
Non-Resident			
Other borrowed funds	**134,208**	123,383	60,187
Deposits from banks and customers	**295,968**	229,824	79,444
	430,176	353,207	139,631
Total	**598,043**	521,654	218,862

27. NET FEES AND COMMISSION INCOME

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Retail and private banking fees	**832**	1,088	1,006
Corporate banking fees	**14,962**	14,150	12,637
Guarantee fees	**2,015**	1,487	1,899
Interbank transaction fees	**486**	444	470
Cards and other related fees	**(606)**	821	5,818
Trade finance fees	**32**	15,315	26,600
Others	**9,559**	11,497	21,061
	27,280	44,802	69,491
Resident			
Retail and private banking fees	**832**	1,088	1,006
Corporate banking fees	**14,650**	13,155	9,458
Guarantee fees	**2,015**	1,361	1,703
Interbank transaction fees	**485**	444	470
Cards and other related fees	**(606)**	821	5,818
Trade finance fees	**127**	139	315
Others	**7,910**	8,792	9,751
	25,413	25,800	28,521
Non-Resident			
Guarantee fees	**-**	126	196
Corporate banking fees	**312**	995	3,179
Trade finance fees	**(95)**	15,176	26,285
Others	**1,650**	2,705	11,310
	1,867	19,002	40,970
Total	**27,280**	44,802	69,491

28. NET TRADING INCOME

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Foreign exchange gains			
Resident	1,711	13,689	13,093
Non-Resident	56,765	72,113	34,976
	58,476	85,802	48,069

29. OTHER INCOME

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Resident			
Rental income from investment property (Note 13)	2,206	1,666	1,902
Fair value gain on revaluation of investment property	-	748	-
Profit on sales of PPE	-	164	-
Loss on termination of lease	(84)	(1,036)	(238)
	2,122	1,542	1,664
Non-Resident			
Amounts recovered on previously written off accounts	-	233,326	-
	-	233,326	-
Total	2,122	234,868	1,664

30. PERSONNEL EXPENSES

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Wages and salaries	92,356	90,918	68,235
Other social security obligations	3,105	2,644	2,303
Amount recognised in respect of retirement benefit obligations (Note 22(ii))	3,591	(2,578)	6,365
Contributions to provident fund	5,271	3,857	3,370
Others	9,028	10,474	5,398
	113,351	105,315	85,671
Resident			
Wages and salaries	89,704	83,846	63,079
Other social security obligations	2,975	2,456	1,964
Amount recognised in respect of retirement benefit obligations (Note 22(ii))	3,591	(2,578)	6,365
Contributions to provident fund	4,938	3,588	3,108
Others	8,061	9,198	4,172
	109,269	96,510	78,688
Non-Resident			
Wages and salaries	2,652	7,072	5,156
Other social security obligations	130	188	339
Contributions to provident fund	333	269	262
Others	967	1,276	1,226
	4,082	8,805	6,983
Total	113,351	105,315	85,671

31. OTHER EXPENSES

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Legal and professional fees	**15,489**	5,133	3,347
Rent, repairs, maintenance and security costs	**19,926**	21,013	29,716
Utilities	**14,309**	13,157	11,237
Advertising and marketing costs	**4,313**	4,823	7,709
Postage, courier and stationery costs	**4,837**	4,246	5,350
Insurance costs	**7,848**	3,597	904
Loss on disposal on PPE	**92**	-	-
Others	**19,601**	13,053	11,514
	86,415	65,022	69,777
Resident			
Legal & professional fees	**15,479**	5,112	3,201
Rent, repairs, maintenance and security costs	**19,160**	20,640	29,422
Utilities	**9,155**	11,102	9,277
Advertising and marketing costs	**4,313**	4,823	7,709
Postage, courier and stationery costs	**4,837**	3,796	4,805
Insurance costs	**5,892**	1,720	577
Loss on disposal on PPE	**92**	-	-
Others	**18,599**	11,118	10,876
	77,527	58,311	65,867
Non-Resident			
Legal & professional fees	**10**	21	146
Rent, repairs, maintenance and security costs	**766**	373	294
Utilities	**5,154**	2,055	1,960
Postage, courier and stationery costs	**-**	450	545
Insurance costs	**1,956**	1,877	327
Others	**1,002**	1,935	638
	8,888	6,711	3,910
Total	**86,415**	65,022	69,777

32. COMMITMENTS

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
(a) Undrawn credit facilities			
Resident	**2,034,406**	1,040,294	1,203,002
Non-Resident	**326,609**	1,210,671	365,897
	2,361,015	2,250,965	1,568,899

(b) Securities pledged

The Bank has pledged Government of Mauritius bonds of **Rs 250m** (2024: Rs 200m; 2023: Rs 250m) as collateral for the purpose of overnight facility from the Bank of Mauritius.

33. RELATED PARTY TRANSACTIONS

Below details are balances and transactions with related parties in accordance with IAS 24.

	2025	2024	2023
	Rs'000	Rs'000	Rs'000
Balances with fellow subsidiaries and inter-branch			
Balances and placements with banks*	**2,330,431**	1,993,485	1,430,947
Accrued interest on placements with banks	**40,790**	5,381	17,100
Loans and advances to banks	**3,646,558**	4,073,385	1,407,203
Accrued interest on loans and advances to banks	**13,314**	13,821	10,048
	6,031,093	6,086,072	2,865,298
Balances with fellow subsidiaries and inter-branch			
Borrowings from banks**	**139,852**	3,112,342	3,132,784
Accrued interest on borrowings from banks	**58**	4,446	402
Deposits from banks and customers	**-**	-	23,739
	139,910	3,116,788	3,156,925
Balances with key management personnel			
Loans and advances to customers	**10,900**	15,138	1,377
Deposits from banks and customers	**28,971**	24,376	9,979
	39,871	39,514	11,356
Transactions with fellow subsidiaries and inter-branch			
Interest income	**91,491**	133,102	31,053
Interest expense	**(134,283)**	(112,547)	(45,743)
Management fees paid to parent bank	**(10,718)**	(883)	(1,585)
Key management personnel			
Interest income	**506**	724	66
Interest expense	**966**	619	51
Salaries and short-term employee benefits	**30,022**	25,408	22,845
Post-employment benefits	**5,343**	1,411	2,152
Other benefits	**2,106**	4,601	4,157
	37,471	31,420	29,154
Director emoluments to a member of LAB	**USD 6,500**	USD 4,000	USD 4,000

There are no significant related party transactions between the Bank and other related parties outside the ordinary course of business.

* Placements are unsecured with tenor varying from 1 day to 5 years with rate of interest from 4.20% to 5.40% (2024: 2.70% to 5.80%). The amounts will be settled in cash on respective due dates.

** Borrowings are unsecured with tenor varying from 1 month to 5 years and rate of interest from 4.25% to 6.00% (2024: 3.10% to 4.93%). The amounts will be settled in cash on the respective due date.

The balances with related parties were classified as Stage 1 and have an immaterial loss allowance for the current and prior years.

The Bank is a branch of Bank of Baroda, incorporated in the Republic of India, with the Government of India as ultimate controlling party.

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

	2025		
	Current Rs'000	Non Current Rs'000	Total Rs'000
ASSETS			
Cash and cash equivalents	1,653,949	-	1,653,949
Placements with banks	1,499,291	-	1,499,291
Loans and advances to banks and customers	8,361,783	5,839,453	14,201,236
Investment securities	2,130,437	988,891	3,119,328
Investment property	-	13,050	13,050
Property and equipment	-	247,049	247,049
Right-of-use assets	-	28,718	28,718
Deferred tax assets	-	35,208	35,208
Other assets	692,661	-	692,661
Total assets	14,338,121	7,152,369	21,490,490
LIABILITIES			
Deposits from banks and customers	17,262,090	497,617	17,759,707
Other borrowed funds	368,315	-	368,315
Current tax liabilities	23,478	-	23,478
Lease liabilities	6,061	33,039	39,100
Other liabilities	167,496	-	167,496
Retirement benefit obligations	-	24,342	24,342
Total liabilities	17,827,440	554,998	18,382,438

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D)

	2024		
	Current	Non Current	Total
	Rs'000	Rs'000	Rs'000
ASSETS			
Cash and cash equivalents	1,708,250		1,708,250
Placements with banks	1,407,515		1,407,515
Loans and advances to banks and customers	6,773,145	7,371,414	14,144,559
Investment securities	2,181,353	737,558	2,918,911
Investment property		13,050	13,050
Property and equipment		195,837	195,837
Right-of-use assets		22,532	22,532
Deferred tax assets		26,782	26,782
Other assets	691,034		691,034
Total assets	12,761,297	8,367,173	21,128,470
LIABILITIES			
Deposits from banks and customers	14,470,504	496,412	14,966,916
Other borrowed funds	3,116,788		3,116,788
Current tax liabilities	24,604		24,604
Lease liabilities	6,363	18,590	24,953
Other liabilities	119,069		119,069
Retirement benefit obligations		29,971	29,971
Total liabilities	17,737,328	544,973	18,282,301

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D)

	2023		
	Current	Non Current	Total
	Rs'000	Rs'000	Rs'000
ASSETS			
Cash and cash equivalents	2,427,416		2,427,416
Placements with banks	1,256,715		1,256,715
Loans and advances to banks and customers	7,298,161	5,692,903	12,991,064
Investment securities	451,439	1,306,630	1,758,069
Investment property		12,302	12,302
Property and equipment		173,418	173,418
Right-of-use assets		21,656	21,656
Deferred tax assets		55,837	55,837
Other assets	689,329		689,329
Total assets	12,123,060	7,262,746	19,385,806
LIABILITIES			
Deposits from banks and customers	13,513,919	416,379	13,930,298
Other borrowed funds	3,133,186		3,133,186
Current tax liabilities	4,093		4,093
Lease liabilities	4,471	19,279	23,750
Other liabilities	95,260		95,260
Retirement benefit obligations		24,192	24,192
Total liabilities	16,750,929	459,850	17,210,779

35. SUPPLEMENTARY INFORMATION

Statement of financial position as at March 31,

		2025			2024			2023		
	Notes	**Resident**	**Non-Resident**	**Total**	Resident	Non-Resident	Total	Resident	Non-Resident	Total
ASSETS		**Rs'000**	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	9	**700,690**	**953,259**	**1,653,949**	1,110,023	598,227	1,708,250	1,971,752	455,664	2,427,416
Placements with banks	10	**-**	**1,499,291**	**1,499,291**	-	1,407,515	1,407,515	-	1,256,715	1,256,715
Loans and advances to banks and customers	11	**5,662,859**	**8,538,377**	**14,201,236**	4,916,401	9,228,158	14,144,559	4,004,387	8,986,677	12,991,064
Investment securities	12	**3,119,328**	**-**	**3,119,328**	2,918,911	-	2,918,911	1,758,069	-	1,758,069
Investment property	13	**13,050**	**-**	**13,050**	13,050	-	13,050	12,302	-	12,302
Property and equipment	14	**247,049**		**247,049**	195,837		195,837	173,418		173,418
Right- of-use assets	15	**28,718**	**-**	**28,718**	22,532	-	22,532	21,656	-	21,656
Deferred tax assets	16	**35,208**	**-**	**35,208**	26,782	-	26,782	55,837	-	55,837
Other assets	17	**692,661**		**692,661**	691,034		691,034	689,329		689,329
Total assets		**10,499,563**	**10,990,927**	**21,490,490**	9,894,570	11,233,900	21,128,470	8,686,750	10,699,056	19,385,806
LIABILITIES										
Deposits from banks and customers	18	**6,278,248**	**11,481,459**	**17,759,707**	7,528,172	7,438,744	14,966,916	5,897,511	8,032,787	13,930,298
Other borrowed funds	19	**-**	**368,315**	**368,315**	-	3,116,788	3,116,788	-	3,133,186	3,133,186
Current tax liabilities	20	**23,478**	**-**	**23,478**	24,604	-	24,604	4,093	-	4,093
Lease liabilities	15	**39,100**	**-**	**39,100**	24,953	-	24,953	23,750	-	23,750
Other liabilities	21	**167,496**	**-**	**167,496**	105,424	13,645	119,069	95,260	-	95,260
Retirement benefit obligations	22	**24,342**	**-**	**24,342**	29,971	-	29,971	24,192	-	24,192
Total liabilities		**6,532,664**	**11,849,774**	**18,382,438**	7,713,124	10,569,177	18,282,301	6,044,806	11,165,973	17,210,779
SHAREHOLDERS' EQUITY										
Assigned capital	23			**400,571**			400,571			400,571
Retained earnings				**1,704,080**			1,514,425			1,092,765
Other reserves				**1,003,401**			931,173			681,691
Total equity				**3,108,052**			2,846,169			2,175,027
Total equity and liabilities				**21,490,490**			21,128,470			19,385,806

35. SUPPLEMENTARY INFORMATION (CONT'D)

Statement of profit or loss for the year ended March 31,

		2025			2024			2023		
	Notes	**Resident**	**Non-Resident**	**Total**	Resident	Non-Resident	Total	Resident	Non-Resident	Total
		Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income calculated using the effective interest method	25	**418,854**	**624,455**	**1,043,309**	382,758	517,384	900,142	263,973	304,807	568,780
Interest expense	26	**(167,867)**	**(430,176)**	**(598,043)**	(168,447)	(353,207)	(521,654)	(79,231)	(139,631)	(218,862)
Net interest income		**250,987**	**194,279**	**445,266**	214,311	164,177	378,488	184,742	165,176	349,918
Net fees and commission income	27	**25,413**	**1,867**	**27,280**	25,800	19,002	44,802	28,521	40,970	69,491
Net trading income	28	**1,711**	**56,765**	**58,476**	13,689	72,113	85,802	13,093	34,976	48,069
Other income	29	**2,122**	**-**	**2,122**	1,542	233,326	234,868	1,664	-	1,664
		3,833	**56,765**	**60,598**	15,231	305,439	320,670	14,757	34,976	49,733
Operating income		**280,233**	**252,911**	**533,144**	255,342	488,618	743,960	228,020	241,122	469,142
Net impairment losses on financial assets		**(24,661)**	**3,116**	**(21,545)**	5,467	172,161	177,628	15,054	(112,563)	(97,509)
Net operating income		**255,572**	**256,027**	**511,599**	260,809	660,779	921,588	243,074	128,559	371,633
Personnel expenses	30	**(109,269)**	**(4,082)**	**(113,351)**	(96,510)	(8,805)	(105,315)	(78,688)	(6,983)	(85,671)
Depreciation of property and equipment		**(18,930)**		**(18,930)**	(8,931)		(8,931)	(8,924)		(8,924)
Depreciation of right-of-use assets		**(6,719)**	**-**	**(6,719)**	(4,660)	-	(4,660)	(4,285)	-	(4,285)
Other expenses	31	**(77,527)**	**(8,888)**	**(86,415)**	(58,311)	(6,711)	(65,022)	(65,867)	(3,910)	(69,777)
Total operating expenses		**(212,445)**	**(12,970)**	**(225,415)**	(168,412)	(15,516)	(183,928)	(157,764)	(10,893)	(168,657)
Profit/(loss) before taxation		**43,127**	**243,057**	**286,184**	92,397	645,263	737,660	85,310	117,666	202,976
Income tax (expense)/credit	20	**(17,513)**	**(12,152)**	**(29,665)**	(63,635)	-	(63,635)	(1,907)	-	(1,907)
Profit/(loss) for the year		**25,614**	**230,905**	**256,519**	28,762	645,263	674,025	83,403	117,666	201,069
Other comprehensive income:										
Items that will not be reclassified to profit or loss:										
Revaluation of property, plant and equipment		-	-	-	7,105	-	7,105	-	-	-
Deferred tax on remeasurements of retirement benefit obligation		**(404)**		**(404)**						
Remeasurement of retirement benefit obligations		**5,768**	-	**5,768**	(9,988)	-	(9,988)	(601)	-	(601)
Other comprehensive income		**5,364**	-	**5,364**	(2,883)	-	(2,883)	(601)	-	(601)
Total comprehensive income for the year		**30,978**	**230,905**	**261,883**	25,879	645,263	671,142	82,802	117,666	200,468

36. Events after the reporting period

Proposed Fair Share Contribution and Additional Fair Share Contribution

On 5 June 2025, as part of the Government of Mauritius Budget for 2025–2026, it was proposed that corporates with a chargeable income in excess of Rs 24 million be subject to a Fair Share Contribution at 5% of chargeable income. In addition, banks would be liable to an extra 2.5% tax on their chargeable income derived from domestic operations. These measures were announced after the reporting period (year ended 31 March 2025) and, as at the date of authorisation of these financial statements, have not been enacted or substantively enacted into law by the end of the reporting period. Accordingly, they constitute non-adjusting events under IAS 10 "Events after the Reporting Period" and have not been reflected in these financial statements. The Bank has estimated the financial impact of these new tax changes at Rs 16 million, which may be material to future periods.

Forward-looking statements may be found in the Bank's Directors' Discussion and Analysis. There is a chance that the forecasts, estimates, and assumptions will not materialise. Actual outcomes might differ significantly from the assumptions and intentions. No forward-looking statements will be updated by the Bank before the conclusion of the next fiscal year. Therefore, the readers stand cautioned not to place any undue reliance on these forecasts.

1. OVERVIEW OF THE MACRO ECONOMIC ENVIRONMENT

The below analyses for the global and Indian economies are an extract from the Annual Report of Bank of Baroda- India for the year ended March 31, 2025.

Global economy

The global economy in 2025 is characterized by a moderate but uneven recovery following the disruptions of the early 2020s. Global GDP growth is estimated at approximately 2.8% as economies stabilize from the pandemic, inflation shocks, and geopolitical instability. Advanced economies such as the United States, the Eurozone, Japan, and the United Kingdom are experiencing growth rates in the range of 1% to 2%, supported by resilient consumer demand, declining inflation, and the gradual easing of interest rates after a prolonged period of monetary tightening. Central banks in these regions, including the Federal Reserve and the European Central Bank, are adopting a cautious approach to monetary policy normalization, balancing the need to support growth while avoiding the risk of reigniting inflation.

Emerging markets and developing economies, particularly in Asia and sub-Saharan Africa, are registering stronger growth between 4% and 6%, driven by robust domestic consumption, infrastructure development, and ongoing technological adoption. However, many of these economies face continued challenges, including high debt burdens, climate vulnerabilities, and exposure to external shocks. Global inflation has generally declined from its 2022–2023 peaks, with advanced economies now seeing inflation rates between 2% and 3%, while some developing nations are still grappling with higher levels due to food and energy price volatility, currency pressures, and structural supply constraints.
Trade dynamics are shifting amid rising geopolitical tensions, including conflicts in Eastern Europe and heightened strategic competition between major powers. This has led to a restructuring of global supply chains, increased emphasis on regional trade agreements, reshoring, and friend-shoring strategies aimed at enhancing economic security and reducing dependency on single-source suppliers. Energy markets are undergoing a major transition as the global economy accelerates efforts to decarbonize and meet international climate goals. Investment in renewable energy sources such as solar, wind, and green hydrogen has increased substantially, driven by both public policy commitments and private sector innovation. Nevertheless, fossil fuels continue to play a dominant role in global energy supply, especially in energy-intensive industries and developing regions.

Technological change remains a defining force shaping the global economy. Artificial intelligence, automation, and digital infrastructure are revolutionizing productivity, transforming business models, and altering labor market dynamics across sectors including finance, manufacturing, logistics, and healthcare. These changes are contributing to labor displacement in traditional industries while creating high demand for skilled workers in data science, cybersecurity, green technology, and digital services, prompting governments and businesses to invest in education, upskilling, and workforce transition programs.
Financial markets are broadly stable but remain sensitive to interest rate changes, geopolitical events, and investor sentiment, with equity markets recovering gradually and bond markets adjusting to new monetary policy trajectories. The global financial system continues to evolve with innovations in digital finance, central bank digital currencies, and decentralized technologies, though regulators are focused on mitigating associated risks including cybersecurity, fraud, and systemic vulnerabilities.

Global inequality remains a critical issue as income disparities widen within and between countries. Lower-income and conflict-affected nations struggle to attract investment and build resilience. Climate change also poses a growing threat to economic stability, with extreme weather events disrupting agriculture, infrastructure, and supply chains, prompting international financial institutions and governments to increase funding for climate adaptation and resilience.

The outlook for the global economy remains cautiously optimistic, underpinned by strong fundamentals in many regions, growing investment in innovation and sustainability, and a renewed focus on economic diversification. However, the environment is still subject to significant risks including high public and private debt levels, fragmented global governance, political instability, and the uncertain pace of the energy transition. In this complex environment, global cooperation, policy coordination, and long-term strategic planning will be essential to navigate the challenges ahead and to ensure a more inclusive, sustainable, and resilient global economic system.

.

Indian economy

The Indian economy in 2025 continues to demonstrate strong and stable growth, consolidating its position as one of the fastest-growing major economies in the world. Real GDP growth is projected to be in the range of 6.8% to 7.2%, supported by robust domestic demand, a thriving services sector, and sustained public and private investment in infrastructure, digitalization, and manufacturing. India's economic momentum has been largely resilient in the face of global uncertainties, including geopolitical tensions, energy market volatility, and high interest rates in advanced economies. A large, youthful population, growing middle class, and government-driven reforms continue to underpin India's long-term growth potential.

Inflation has moderated compared to the levels seen in 2022–2023, with headline consumer price inflation expected to average around 4.5% to 5% in 2025, falling within the Reserve Bank of India's target range of 2% to 6%. This has allowed the RBI to adopt a more balanced monetary policy stance, holding key policy rates steady after a period of tightening. Food price volatility and monsoon dependency remain challenges, but government measures in agricultural procurement, storage, and logistics have begun to improve price stability. The Indian rupee has remained relatively stable against major currencies, aided by healthy foreign exchange reserves and steady capital inflows.

India's manufacturing sector is gaining momentum under the government's Make in India and Production-Linked Incentive (PLI) schemes, which are attracting both domestic and foreign investment in key areas such as electronics, semiconductors, electric vehicles, and pharmaceuticals. The services sector, particularly IT, business process outsourcing (BPO), digital finance, and e-commerce, continues to be a major growth engine, contributing significantly to GDP and exports. India is also becoming a global hub for startups and fintech innovation, supported by digital infrastructure such as the Unified Payments Interface (UPI) and government platforms like DigiLocker and Aadhaar.

Infrastructure development remains a central focus, with major investments in highways, railways, airports, and smart cities under the PM Gati Shakti and National Infrastructure Pipeline (NIP) programs. Urbanization, rising consumption, and improvements in ease of doing business are attracting long-term capital from sovereign wealth funds, multilateral institutions, and global corporations. The government's fiscal policy aims to balance infrastructure spending with fiscal prudence, targeting a gradual reduction in the fiscal deficit, supported by strong tax collections through GST and direct taxes.

The Indian labor market is evolving with increasing formalization, growing participation in gig and platform-based work, and an emphasis on skilling through programs like Skill India and Digital India. However, structural challenges persist in the form of underemployment, regional disparities, and a large informal sector. Reforms in education, healthcare, and social security are essential to improving human capital and long-term productivity.

On the external front, India's trade performance is improving, with exports of goods and services showing resilience despite global headwinds. Strategic trade partnerships, diversification of export markets, and domestic manufacturing policies are helping reduce the trade deficit. Remittances from the Indian diaspora continue to provide a stable source of foreign exchange. India is also playing a more active role in global forums such as the G20, BRICS, and QUAD, positioning itself as a voice for the Global South.

In terms of sustainability, India is making progress in clean energy and climate goals. The country has expanded solar and wind power capacity significantly and is investing in green hydrogen, electric mobility, and climate-resilient agriculture. Environmental challenges such as air pollution, water stress, and land degradation remain, but policy shifts and private sector involvement are increasing.
Overall, the Indian economy in 2025 is on a robust growth path, with solid macroeconomic fundamentals, growing investor confidence, and a reform-driven policy environment. While challenges persist—especially

in employment, inequality, and climate resilience—India is well-positioned to sustain high growth and emerge as a key driver of the global economy in the coming decade.

.

Mauritian economy

As of 2025, Mauritius is experiencing steady economic growth, with GDP projected to rise by 4.9% in 2024, according to *Statistics Mauritius*. This growth is fueled by strong performance in key sectors such as tourism, financial services, construction, ICT, and manufacturing. Tourist arrivals are expected to reach 1.4 million, contributing significantly to foreign exchange earnings and job creation. Both private investment (+26.5%) and public investment (+20.0%) are rising sharply, reflecting strong investor confidence and ongoing infrastructure development.

Inflation has moderated, with headline inflation falling to 4.0% as of August 2024, compared to 9.6% the year before. This has helped stabilize consumer prices and ease pressure on households. The labor market remains stable, with unemployment at 6.0% and total employment at approximately 560,300. Youth employment and digital upskilling are ongoing priorities for the government.

The country's external sector remains resilient, supported by robust exports in textiles, seafood, ICT, and tourism. Foreign direct investment and remittances continue to boost the balance of payments, while foreign exchange reserves remain healthy. Mauritius is also advancing its green energy agenda, with growing investments in solar and wind power to reduce reliance on fossil fuels.

Overall, the Mauritian economy remains on a positive trajectory, supported by strong fundamentals, a stable policy environment, and a focus on long-term sustainable and inclusive growth.

Source: Statistics Mauritius

[This space has been intentionally left blank.]

2. FINANCIAL REVIEW

2.1 Performance against objectives

OBJECTIVES FOR FY2025	PERFORMANCE FOR FY2024	OBJECTIVE FOR FY2026
Net Profit To achieve PAT of USD 7m.	The Bank achieved PAT of Rs 256.52m	To achieve PAT of USD 7m.
Return on Average Equity ("ROAE") To maintain ROAE above 25%.	The Bank achieved a ROAE of 8.84%.	To achieve ROAE above 15%.
Return on Average Assets ("ROAA") To maintain ROAE above 25%.	ROAA stood at 1.26% at March 31, 2025	To achieve ROAA above 2%.
Net Interest Margin ("NIM") To achieve a NIM of 2.40%.	The Bank achieved a NIM of 2.44%.	To achieve a NIM of 2.50%.
Expense Ratio To keep the expense ratio below 45%.	The expense ratio stood at 42.33% at March 31, 2024.	To keep the expense ratio below 45%.
Gross Loans and Advances growth To sustain the growth in the loan portfolio..	Loans and advances increased by 6.47%.	To sustain the growth in the loan portfolio.
Deposits growth To sustain the growth in the deposit portfolio.	Deposits Increased by 18.66% (YoY)	To sustain the growth in the deposit portfolio.
Investment To sustain the growth in the investment portfolio.	Investment book increased by 6.76% (YoY).	To sustain the growth in the investment portfolio.
Total assets Total assets to grow by 10% over March 2024 level.	Total assets increased by 1.71% (YoY)	Total assets to grow by 10% over March 2024 level.
Gross Non Performing Assets ("GNPA") To keep GNPA to below 5%.	GNPA stood at 6.08% at March 31, 2025.	To keep GNPA to below 5%.
Net NPA To keep Net NPA at 3%.	Net NPA stood at 3.32% at March 31, 2025.	To keep Net NPA at 3%.
Capital Adequacy Ratio (CAR) To maintain the CAR above 20%	CAR is at 41.88% as at March 31, 2024.	to maintain the CAR above 20%

2.2 Performance Highlight (Year-on-year comparison)

(Rs'm)

For the Year	2022-23	2023-24	2024-25
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Net interest income	350	378	445
Non-interest income	50	365	88
Total operating income	469	744	533
Total operating expenses	169	184	225
Profit/(loss) after tax	201	674	257
STATEMENT OF FINANCIAL POSITION			
Total assets	19,386	21,129	21,490
Loans and advances (Net)	12,991	14,145	14,201
Deposits from customers	13,930	14,967	17,759
Total equity	2,175	2,846	3,108
PERFORMANCE RATIOS (%)			
Return on average equity	9.7%	26.85%	8.84%
Loan to deposit ratio	93.3%	94.51%	79.96%
Total operating expenses to total operating income (*excluding one off recovery)	36.0%	*36.02%	42.33%
CAPITAL ADEQUACY RATIO (%)	47.40%	49.38%	41.88%

2.2.1 Net profit

The Bank's net profit after tax was Rs 248.056 million for the year ended March 31, 2025, against a profit of Rs 674.025 (including one time recovery of Rs. 233.30 million and reversal of 177..628 million) as at March 31, 2024, and Rs 201.069 million as at March 31, 2023..

INTEREST INCOME & EXPENSE

Rs'000

Interest income	
FY 2022-23	568,780
FY 2023-24	900,142
FY 2024-25	1,043,309

Rs'000

Interest expense	
FY 2022-23	218,862
FY 2023-24	521,654
FY 2024-25	598,043

NON-INTEREST INCOME

Rs'000

Other income	
FY 2022-23	1,664
FY 2023-24	234,868
FY 2024-25	2,122

Rs'000

Net fee and commission income	
FY 2022-23	69,491
FY 2023-24	44,802
FY 2024-25	27.280

Rs'000

Net trading income	
FY 2022-23	48,069
FY 2023-24	85,802
FY 2024-25	58,476

OPERATING EXPENSES

Rs'000

Personnel expenses	
FY 2022-23	85,671
FY 2023-24	105,315
FY 2024-25	113,351

Rs'000

Other expenses	
FY 2022-23	69,777
FY 2023-24	65,022
FY 2024-25	86,415

2.2.2 Cost control

	2023-24	2024-25
	Actual (Rs'000)	Actual (Rs'000)
Personnel expenses	105,315	113,351
Legal and professional fees	5,133	15,489
Rent, repairs, maintenance and security costs	21,013	19,926
Utilities	13,157	14,309
Advertising, marketing costs and sponsoring	4,823	4,313
Postage, courier and stationery costs	4,246	4,837
Insurance costs	3,597	7,848
Others	13,053	19,601
Loss on disposal of PPE	-	92
Depreciation	13,591	25,671
Total	183,928	225,415

2.2.3 Business Analysis

A. Equity and Liability Mix

Liability Mix

Rs'000

Total equity	
FY 2022-23	2,175,027
FY 2023-24	2,846,169
FY 2024-25	3,099,589

Rs'000

Deposits from banks and customers	
FY 2022-23	13,930,298
FY 2023-24	14,966,916
FY 2024-25	17,759,707

Rs'000

Other borrowed funds	
FY 2022-23	3,133,186
FY 2023-24	3,116,788
FY 2024-25	368,315

A1. Total equity

Capital and reserves stood at Rs 3.09 bn at March 31, 2025 (2024: Rs 2.85 bn and 2023: Rs2.17bn).

A2. Deposits from banks and customers

The Bank has experienced an increase in its customer deposits as at March 31, 2024 which closed at Rs17.760m (2024: Rs14.967m and 2023: Rs13.9301m). The Bank was successful in canvassing quality deposits and hence stabilise the cost of funds.

A3. Other borrowed funds

The Bank has been successful in raising borrowing from interbank counterparties at competitive rates.

The other borrowed funds as at March 31, 2025 stood at Rs 368 m against Rs 3.117m for March 31, 2024 and Rs 3.113m for March 31, 2023.

A4. Asset mix

Assets Mix

Rs'000

Net loans and advances	
FY 2022-23	12,991,064
FY 2023-24	14,144,559
FY 2024-25	14,201,236

Rs'000

Investment securities	
FY 2022-23	1,758,069
FY 2023-24	2,918,911
FY 2023-24	3,119,328

Rs'000

Placements with banks	
FY 2022-23	1,256,715
FY 2023-24	1,407,515
FY 2024-25	1,499,291

Rs'000

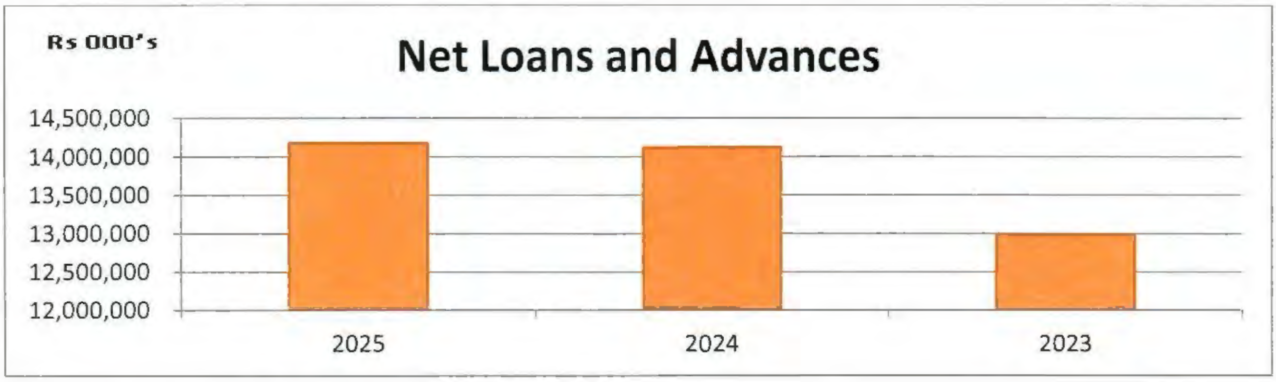
Other Assets	
FY 2022-23	689,329
FY 2023-24	691,034
FY 2023-24	692,661

Rs'000

Cash and cash equivalents	
FY 2022-23	2,427,416
FY 2023-24	1,708,250
FY 2024-25	1,653,949

Net loans and advances

Net loans and advances increased to Rs 14,201m at March 31, 2025, against Rs 14,145m for FY2024. The Bank is making ongoing efforts in sourcing new clients and encouraging existing clients to use more of the Bank's products and services which have been tailor made to suit their needs.



2.3 Credit quality

The Bank has been complying with the guidelines issued by the Bank of Mauritius and the Reserve Bank of India for identifying non–performing assets and making the necessary provisions required under the regulatory prescriptions. The credit quality for the last three years has been disclosed in Notes 5 (b) (v) and 11 of the Annual Report.

Directors have increased its efforts to recover its dues in sticky accounts while closely monitoring the loan portfolio to prevent any slippages.

Industry Wise Breakup of credit quality has been disclosed in Note 11 (IV) of the financial statements.

Geographical Distribution of Exposures (Top 5 countries)

S. No.	Name of Country	Exposure (in Rs'm)	Exposure as % of Tier-I Capital
1	Mauritius	7,895	320%
2	India	5,351	217%
3	Hong Kong	664	27%
4	United Arab Emirates(UAE)	528	21%
5	Botswana	230	9%

Industry wise Distribution of Loan Portfolio (Top 5 Sectors)

S. No.	Industry/ Sector	Fund Based Exposure (in Rs'm)	Exposure as % of Tier-I Capital
1	Global Business Operations	8,992	364%
2	Households	2,748	111%
3	Other Non-Financial Corporations	1,545	63%
4	Banks	599	24%
5	Non-Bank Deposit Taking Institutions	450	18%

2.4 Review by Business lines/Segments

Domestic Business (Segment A)

	2022-23	2023-24	2024-25
	Rs'000	Rs'000	Rs'000
Deposits	5,897,412	7,528,172	6,278,248
Advances (Net)	4,004,387	4,916,401	5,662,859

Deposits in domestic segment have decrease by 16.60% to **Rs 6.3bn** as at March 31, 2024 against **Rs 7.5bn** at March 31, 2024.

Global Operations (Segment B)

	2022-23	2023-24	2024-25
Deposits	8,032,787	7,438,744	11,481,459
Advances (Net)	8,986,677	9,228,158	8,538,377

2.5 Capital adequacy

The Bank maintains sufficient capital to cushion the risk of loss in value of exposure, businesses etc. so as to protect the depositors and general creditors against losses. The Bank has a well-defined Internal Capital Adequacy Assessment Process ("ICAAP") policy to comprehensively evaluate and document all risks and appropriate capital allocation so as to evolve a fully integrated risk capital model for both regulatory and economic capital.

The capital requirements are affected by the economic environment, the regulatory requirement and by the risk arising from the Bank's activities. The purpose of capital planning of the Bank is to ensure the adequacy of capital at the times of changing economic conditions, even at the times of economic recession.

The Bank also has a comprehensive Internal Capital Adequacy Assessment Process and stress test policy.

In capital planning process the Bank reviews:

- Current capital requirement of the Bank;
- The targeted and sustainable capital in terms of business strategy and risk appetite; and
- The future capital planning which is performed on a three-year outlook.

The capital plan is revised on annual basis and submitted to the corporate office in India.

The position of the Bank's risk weighted assets (RWA) minimum capital requirements and actual capital adequacy levels as at March 31, 2025, March 31, 2024 and March 31, 2023 are summarized as follows:

	March 31, 2025	March 31, 2024	March 31, 2023
	Rs'000	Rs'000	Rs'000
Tier 1 Capital	**2,470,013**	2,288,784	1,838,070
Tier 2 Capital	**125,161**	111,774	102,467
Total Capital	**2,595,174**	2,400,558	1,940,537
Weighted amount of on-balance sheet assets	**4,811,482**	3,980,764	3,472,934
Weighted amount of off-balance sheet exposures	**578,477**	373,907	357,365
Weighted risk assets for operational risk	**685,695**	587,640	299,775
Aggregate net open foreign exchange position	**120,558**	(80,174)	(31,461)
Total Weighted Risk Assets	**6,196,212**	4,862,136	4,098,613
Capital Adequacy Ratio	**41.88%**	49.38%	47.35%
Minimum capital requirement	**12.50%**	12.50%	12.50%

The Bank's capital adequacy ratio ("CAR") is comfortable at 41.75% under Basel III as at March 31, 2025. Stress Testing and scenario analysis are used to assess the financial and management capability of the Bank to continue to operate effectively under exceptional but plausible conditions. Such conditions may arise from economic, legal, political, environmental and social factors. The Bank has a Board approved Stress Testing Policy describing various techniques used to gauge their potential vulnerability and the Bank's capacity to sustain such vulnerability. The Bank conducted its ICAAP tests at quarterly intervals along with the stress test as per the ICAAP Policy of the Bank.

The table below shows the components of Tier 1 and Tier 2 Capital for the Bank and the resulting capital adequacy ratios calculated under the Basel III requirements.

Capital Structure

	March 31, 2025	**March 31, 2024**	**March 31, 2023**
	Rs'000	**Rs'000**	**Rs'000**
I: CAPITAL BASE			
Paid up or assigned capital	**400,571**	400,571	400,571
Statutory reserve	**400,571**	400,571	400,571
Other disclosed free reserves, incl. retained earnings	**1,447,561**	840,400	891,696
Current year's retained profits/(losses)	**256,519**	674,025	201,069
Deferred tax	**(35,208)**	(26,782)	(55,837)
Core capital (A)	**2,470,013**	2,288,784	1,838,070
Aggregate of portfolio provisions and general banking reserve capped at 1.25% of credit risk weighted assets	**67,374**	53,988	377,206
Reserves on revaluation of securities not held-for-trading (55%)	**57,786**	57,786	54,589
Supplementary capital (B)	**125,161**	111,774	102,467
CAPITAL BASE (A+B)	**2,595,174**	2,400,558	1,940,537
Total risk-weighted assets	**6,196,212**	4,862,136	4,098,613
CAPITAL ADEQUACY RATIO (%)			
BIS risk adjusted ratio	**41.88%**	49.38%	47.35%
of which Tier 1	**39.86%**	47.07%	44.85%

Risk weighted assets and off-balance sheet exposures

Risk weighted on-balance sheet assets

	BASEL III (Rs'000)			
	March 31, 2025	**March 31, 2025**	**March 31, 2024**	**March 31, 2023**
	Actual	**Weighted**		
Cash items	700,690	-	-	-
Investments	3,119,328	-	-	-
Loans and advances to customers	5,662,858	4,490,303	3,726,739	3,245,529
Investment properties	13,050	13,050	13,050	12,302
Property, plant and equipment	247,049	247,049	195,837	173,418
Other assets including IP	61,080	61,080	45,138	41,685
	9,799,514	**4,811,482**	**3,980,764**	**3,472,934**

Risk weighted off-balance sheet exposures

	BASEL III (Rs'000)			
	March 31, 2025	**March 31, 2025**	**March 31, 2024**	**March 31, 2023**
	Actual	**Weighted**		

Letters of credit, guarantees, acceptances, endorsements	343,192	171,596	165,848	116,765
Other obligations (undrawn)	2,034,406	406,881	208,059	240,600
	2,377,597	**578,477**	**373,907**	**357,365**

Operational risk under the Basic Indicator Approach

	BASEL III		
	March 31, 2025	**March 31, 2024**	**March 31, 2023**
	Rs'000	**Rs'000**	**Rs'000**
Annual gross income for the last 3 years (Segment A)	448,100	657,115	266,175
Average income for the last 3 years (Segment A)	457,130	391,760	199,850
Capital charge	68,570	58,764	29,978
Equivalent risk-weighted assets	685,695	587,640	299,775
Foreign exchange position	120,558	(80,174)	(31,461)

2.6 Risk governance and internal controls

The Bank has implemented an integrated risk management framework for embedding a strong risk culture within the organisation. The framework ensures the tools and capability are in place to facilitate risk management and decision-making across the organisation.

Risk management governance

Risk management governance ensures that risk-taking activities are in-line with the Bank's strategy and risk appetite and covers all material risk categories applicable to the Bank. Directors establish the tone at the top by promoting risk awareness to promote a sound risk culture. The Bank ensures that material risks and risk-taking activities exceeding the risk appetite and limits, if any, are recognized, escalated and addressed in a timely manner.

The risk appetite framework of the Bank, apart from setting the minimum CRAR reflecting the Bank's risk appetite at the aggregate level, also defines risk appetite for Pillar 1 risks, viz. credit risk, market risk for the trading book and operational risk and Pillar 2 risk, namely Liquidity Risk, Reputation Risk etc.

Three lines of defence

To implement effective risk management governance and address the full spectrum of possible risks, the responsibilities among different units of the Bank are defined in such a way that there are three lines of defence which are independent from each other. The Bank uses the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk. It supports the embedding of effective risk management throughout the organisation.

The first line of defence is the business verticals and operating units where risks are taken. In the course of conducting business activities, staff in the business verticals and operating units hold frontline positions and undertake the primary responsibility for the proper identification, assessment, management and reporting of risk exposures on an ongoing basis, having regard to the Bank's risk appetite and the limits/caps therein, policies, procedures and controls.

The second line of defence is provided by risk management function and compliance functions which operate and function independently of each other and of the first line of defence. It is primarily responsible for overseeing the measurement and reporting of risk while monitoring and remaining compliant with applicable laws, regulations, corporate governance rules and internal policies.

The third line of defence is provided by the internal audit function, which is responsible for providing independent assurance by conducting internal risk-based and other audits. The reviews provide assurance to the Board of the Bank at head office level and the Local Advisory Board at territory level that the overall governance framework including the risk governance framework is effective and that policies and processes are in place and consistently applied. The role of the audit function is defined and overseen by the Audit Committee of the Board at Corporate office level.

Risk management and compliance

Risk is an integral part of the banking business and the Bank aims to achieve an appropriate trade-off between risk and returns. To ensure sustainable and consistent growth, the Bank has developed a sound risk management framework so that the risks assumed by the Bank are properly assessed and monitored. The Bank undertakes business activities within the defined risk appetite limits and policies approved by the Board of Directors of the parent office. Specific committees have been constituted at a local level to facilitate focused oversight on various risks.

Enterprise risk management

The diversity of business lines requires a comprehensive Enterprise Risk Management approach to promote an enterprise-wide strong risk management culture to help in the early identification, assessment, measurement, aggregation and management of all risks and to facilitate capital allocation among various business lines. All risks are approved within the overarching risk appetite framework and are adequately hedged.

The Bank is constantly endeavouring to create a strong risk culture by imparting trainings to the employees at all levels.

Credit risk

Credit risk is managed through a Head Office approved framework that sets out policies, procedures and reporting which is in-line with international best practices. Adequate attention is given to the independence of the risk evaluators and business functions for establishing a sound credit culture and a well-structured credit approval process. Credit risk measurement models are validated by independent model validators for their discriminatory power, accuracy and stability.

The Bank has well established models for awarding internal rating to the borrowers and these models are calibrated and validated periodically. The Bank has put in place prudential caps across industries, sectors and borrowers to manage credit concentration risk. The Credit Team cell carries out detailed reviews on sectorial exposure, credit concentration, rating distributions and migration.

Concentration Risk

The Bank's internal Loan Policy and Risk Appetite Statement, as well as the BoM Guideline on Credit Concentration Limits, are used to monitor concentration risk. The Bank assesses the risk concentration of any single client or group of connected counterparties that has the potential to cause losses significant enough to jeopardize a financial institution's stability. The Bank's credit exposures are globally diversified to reduce credit concentration concerns, however India and Mauritius account for the majority. Directors monitor concentration risk on a monthly basis, and the Bank guarantees that its exposures are within the regulator's requirements.

The Top 6	Exposure as on 31.03.2025 (in MUR Mio)	% of Bank's Tier-I 31.03.2025	Tolerance Level
Borrower 1	1,197	48.46%	Exempted
Borrower 2	911	36.88%	Exempted
Borrower 3	692	28.02%	Exempted
Borrower 4	599	24.25%	Exempted
Borrower 5	528	21.38%	Exempted
Borrower 6	461	18.66%	Exempted

Related Party Transactions

The Bank operates in accordance with the principles set forth in the Bank of Mauritius Guideline on Related Party Transactions. All related party transactions undergo the Bank's established governance process and are reported quarterly to the Bank of Mauritius.

Market risk

Market risk refers to the potential loss of earnings or economic value resulting from unfavorable changes in market rates or prices within the trading portfolio. Fluctuations in the economic value of various market products are primarily influenced by factors such as interest rates, exchange rates, economic growth, and business confidence. The Bank has established clear policies to effectively control and monitor its treasury functions, which manage market risk exposures.

The Bank assesses and tracks interest rate risk in its trading book daily using metrics such as duration, modified duration, PV01, and Value at Risk (VaR). Foreign exchange risk is monitored daily through limits on Net Overnight Open Position (NOOPL), VaR, Aggregate Gap Limits (AGL), and Individual Gap Limits (IGL).

Equity price risk is controlled using VaR limits, portfolio size restrictions, and other parameters. At the transaction level, stop-loss limits and dealer-specific limits are set and enforced. Additionally, under its stress testing framework, the Bank performs comprehensive quarterly stress tests on its trading book portfolio

Asset liability management

Liquidity risk is the inability to meet both expected and unexpected cash and collateral obligations at a reasonable cost. At the Bank, liquidity risk is measured and monitored using the Flow Approach, Stock Approach, and other prudential requirements in accordance with the latest RBI guidelines. The Bank has adopted the Basel III Framework on Liquidity Standards, including the Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools, and LCR Disclosure Standards. The LCR standard ensures that banks maintain an adequate level of unencumbered High-Quality Liquid Assets, which can be quickly converted to cash to meet liquidity needs over a 30-calendar-day period under severe liquidity stress conditions. The Bank has consistently maintained LCR levels well above the prescribed minimum, both on a standalone and consolidated basis. The Bank also discloses the simple average of daily LCR for each quarter on its website and has remained compliant with the minimum LCR requirements for the current and previous years.

Interest Rate Risk in the Banking Book (IRRBB) arises from mismatches between rate-sensitive assets and liabilities, which can negatively affect the Bank's earnings and economic equity value due to changes in market interest rates. To measure and monitor IRRBB, the Bank employs risk management tools such as Traditional Gap Analysis, Earnings at Risk, and Modified Duration of Equity. The short-term impact of interest rate fluctuations on Net Interest Income (NII) is assessed using the Earnings at Risk approach, which considers parallel shifts in the yield curve, yield curve risk, basis risk, and embedded option risk. The long-term impact is evaluated through changes in the Market Value of Equity (MVE).

Operational risk

The Bank has established a comprehensive Operational Risk Management Framework ("ORMF") and Operational Risk Management System ("ORMS") to effectively manage operational risk. The ORMF encompasses the organizational structure, governance frameworks, policies, procedures, and processes for operational risk management, while the ORMS refers to the systems used to identify, measure, monitor, control, and mitigate operational risk.

To support a systematic and integrated approach, the Bank implemented a web-based Operational Risk Management System, SAS Enterprise Governance, Risk and Compliance ("SAS EGRC").

The introduction of programs such as the Key Risk Indicators ("KRI"), Risk Control and Self-Assessment ("RCSA"), and root cause analysis has further strengthened the Bank's control environment. Additionally, the Bank has developed an Internal Loss Data repository as part of its operational risk management efforts.

At the transaction level, the Bank has established a Centralized Transaction Monitoring Unit to oversee all domestic transactions from KYC, AML, and CFT perspectives. To reduce operational risk, the Bank has segregated customer-facing functions (front office) from transaction execution (back office) by centralizing several back-office operations. The creation of a Centralized Trade Finance Back Office ("TFBO") specifically aims to minimize operational risks related to forex transactions.

To foster a strong risk culture across the organization, the Bank has introduced an incentive scheme that rewards employees, both financially and non-financially, for reporting near-miss events.

2.7 Compliance

The compliance function is a key component of the Bank's corporate governance framework. It is adequately resourced and operates with sufficient independence to ensure effective oversight. This function guarantees strict adherence to all applicable statutory regulations and guidelines issued periodically, as well as compliance with the Bank's internal policies and fair practices code. The Bank has established a robust compliance system, supported by a comprehensive compliance policy that clearly defines its compliance philosophy, the role of the compliance department, and its organizational setup.

The compliance function provides guidance to senior management and the Board on the Bank's adherence to relevant laws, regulations, and global standards, keeping them regularly informed of any developments. It also promotes awareness of compliance matters by conducting periodic training sessions and workshops for business units and designated compliance officers. Additionally, the function performs both on-site and off-site compliance reviews, including KYC and AML test checks.

To build capacity, the Bank has trained all compliance officers and nominated officials for various external training programs offered by reputed institutions to stay updated on the latest compliance developments. The Bank also encourages its staff to pursue professional qualifications from recognized institutes such as IIBF and ACAMS to enhance professionalism.

No significant compliance failures were reported during FY2024.

KYC/ AML compliance

The Bank has a well-defined KYC-AML-CFT policy that forms the foundation for implementing KYC norms, AML standards, and CFT obligations in accordance with the Financial Intelligence and Anti-Money Laundering Act (FIAMLA) 2002. To support these efforts, the Bank has established a Central Transaction Monitoring Unit and deployed an AML solution to monitor and detect unusual transaction patterns in customer accounts. This system generates alerts based on predefined parameters to facilitate timely investigation. Additionally, the Bank conducts a system-based risk categorization of customer accounts on a semi-annual basis.

2.8 Internal audit

The Bank's Central Internal Audit Division (CIAD) is responsible for conducting Internal Audits. In addition to performing Risk Based Internal Audits (RBIA) of branches and offices, CIAD manages various other audit streams. The Audit Committee of the Board at the Corporate Office oversees the entire internal audit function and provides guidance for enhancing internal audits, concurrent audits, IS audits, and all other audit activities within the Bank.

2.9 Other initiatives by the Bank

Digital & Information Technology transformation

To sustain business growth in the competitive Mauritian banking environment, the Bank is committed to innovation and offering new banking solutions to meet customer demands. With support from the International IT Department, the following digital initiatives have been implemented:

- **Issuance of Chip-based Contactless RuPay Card:**
  - Customers can use RuPay Card services for payments in India at SBI and Bank of Baroda ATMs for cash withdrawals and at POS outlets across 26 banks.
  - Cash withdrawals are available at Bank of Baroda ATMs in Mauritius and POS terminals of SBM.
  - Contactless payments are allowed once daily, up to Rs 2,500 per transaction.

- **Issuance of MauCas QR Code for Merchant Payments:**
  - Merchants can accept QR-based payments from Mauritius customers using any mobile banking app such as Mconnect+, Blink, MY.t, Juice, POP, and others.
  - Features include the lowest MDR rate, no monthly rental, and no installation fees.

- **Issuance of UPI QR Code for Merchant Payments:**
  - Merchants can accept QR-based payments from Indian tourists visiting Mauritius via any Indian UPI app such as BHIM, Google Pay, Paytm, PhonePe, etc.
  - Benefits include the lowest MDR rate, no monthly rental, and no installation fees.

- **Registration, De-registration, and MPIN Setup through Bank of Baroda ATMs**

- **Acceptance of India & Mauritius RuPay Card Transactions at all Bank of Baroda ATMs:**
  - Indian tourists visiting Mauritius can withdraw cash using their RuPay cards.
  - Transactions incur the lowest cost with a withdrawal limit of up to 20,000 MUR.

- **Online Complaint Module (SPGRS) on Bank of Baroda Mauritius Website:**
  - Customers can log and track complaints related to any product by submitting relevant information online.

- **New Features Enabled in Mobile Banking:**
  - Scan & Pay MauCas QR Code
  - Scan & Pay India UPI QR Code
  - Government Payments
  - Linking of Non-BOB Bank Account

These initiatives reinforce the Bank's commitment to leveraging technology for enhanced customer convenience and market competitiveness.

Cyber security

The Bank has developed a comprehensive Cyber Security Governance framework that integrates its management structure, policy framework, and operational controls, all aligned with the Bank's business strategies to ensure effective IT risk management. To strengthen cyber resilience and manage enterprise-wide risk, the Bank continuously implements adaptive security controls that minimize the cyber-attack surface. This framework complies with both the NIST (National Institute of Standards and Technology, USA) Cyber Security Framework and the RBI Cyber Security Framework.

Cyber security is monitored and managed around the clock (24/7/365) by the Cyber Security Operation Center (CSOC), which actively oversees threats within the Bank's environment. The Global CSOC is connected with all domestic and international bank verticals and is equipped with advanced cyber security tools for threat modeling, detection, analysis, and mitigation. Furthermore, the Bank's Data Centre and Disaster Recovery Centre hold ISO 27001:2013 certification.

To further enhance cyber security, the Bank has implemented the following measures:

- Conducting regular Random Early Detection (RED) team exercises to identify vulnerabilities and assess the effectiveness of existing defenses and controls.
- Securing a Cyber Insurance Policy from a reputable provider to safeguard against internet-based risks and fraud.
- Promoting customer awareness through cyber security messages delivered via SMS, email, social media, websites, and ATMs to educate customers on cyber safety.
- Implementing Data Leak Prevention (DLP) systems to prevent confidential information from leaving the Bank's network, alongside enhanced application monitoring, email monitoring, malware protection, and user access controls.
- Utilizing Network Access Control (NAC) to restrict access to computing resources, providing improved visibility, access management, and compliance to strengthen network security.
- Employing Anti-Phishing measures, External Attack Surface Management (EASM), and Digital Risk Monitoring (DRM) services to proactively identify and mitigate cyber threats

Advertisement and Publicity

The Bank has taken various steps for focused Branding and Publicity which will have positive impact on Customers and Public at a large and better business deals. The following initiatives were taken for creating brand engagement and business generation.

- **Metro station wrapping-** Metro Express is one of the most popular mediums of commuting. The Metro station is wrapped with the Bank's product and running on different routes providing the relevant features and products of the Bank. Such branding activity assisted the Bank in reaching out to potential customers by building customer awareness.

2.10 Corporate Governance

The Bank stands guided by the National Code of Corporate Governance and the principles and the requirements outlined by the bank of Mauritius in the *Guideline on Corporate Governance*. Refer to the Corporate Governance report within this Annual Report for more details

FOR BANK OF BARODA

....	....
Prakash Seeruttun	**Sudheer Kumar**
Head of Finance	**Vice President**
(Mauritius Operations)	**(Mauritius Operations)**

Date: June 27, 2025